



SEMBCORP MARINE LTD & ITS SUBSIDIARIES
Registration Number: 196300098Z

2007 FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT

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SEMBCORP MARINE LTD

Full Year Financial Statements

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	4Q 2007 \$'000	Group 4Q 2006 \$'000	+ / (-) %	FY 2007 \$'000	Group FY 2006 \$'000	+ / (-) %
Turnover	1,336,713	1,331,460	0.4	4,513,123	3,545,049	27.3
Cost of sales	(1,177,509)	(1,214,079)	(3.0)	(4,101,637)	(3,250,039)	26.2
Gross profit	159,204	117,381	35.6	411,486	295,010	39.5
Other operating income	18,688	6,510	187.1	42,859	24,356	76.0
Other operating expenses	(10,935)	(6,270)	74.4	(12,823)	(17,023)	(24.7)
General and administrative expenses	(40,128)	(29,386)	36.6	(92,493)	(74,110)	24.8
Operating profit	126,829	88,235	43.7	349,029	228,233	52.9
Dividend and interest income	7,688	4,960	55.0	27,530	20,960	31.3
Finance costs	(4,212)	(4,839)	(13.0)	(13,692)	(10,549)	29.8
Non-operating income	230,001	25,598	798.5	230,625	36,616	529.8
Non-operating expenses	(308,230)	(875)	n.m	(310,564)	(8,753)	n.m
Share of results of associated companies and joint ventures	24,902	15,481	60.9	81,793	44,364	84.4
Profit before tax	76,978	128,560	(40.1)	364,721	310,871	17.3
Taxation	(71,531)	(29,886)	139.3	(112,994)	(62,340)	81.3
Profit after taxation	5,447	98,674	(94.5)	251,727	248,531	1.3
Attributable to:						
Shareholders of the Company	792	95,299	(99.2)	240,989	238,388	1.1
Minority Interests	4,655	3,375	37.9	10,738	10,143	5.9
	5,447	98,674	(94.5)	251,727	248,531	1.3
Attributable to Shareholders of the Company excluding non- operating items	120,366	75,695	59.0	362,273	217,848	66.3
Earnings per share (cents)						
Basic	0.04	*4.66	(99.1)	11.72	*11.71	0.1
Diluted	0.04	*4.54	(99.1)	11.63	*11.42	1.8

* Adjusted for two Bonus Shares for every five existing ordinary shares

Note (a)

On 22 October 2007, the Company announced that its former Director, Group Finance, Mr Wee Sing Guan, had entered into various unauthorised foreign exchange transactions (the "Unauthorised Transactions") for the account of one of its wholly-owned subsidiary company, Jurong Shipyard Pte Ltd ("JSPL").

The Unauthorised Transactions were made with 11 banks. JSPL had successfully negotiated the complete close out of all outstanding Unauthorised Transactions with these banks by 1 November 2007. These arrangements were made without prejudice to the respective positions of JSPL and the banks in relation to whether the Unauthorised Transactions were valid or binding on JSPL.

Subsequent to year end on 14 February 2008, the Company announced that JSPL has reached full and final settlement with 9 of the 11 banks involved, all strictly on commercial basis, as JSPL deems it in its best interests to avoid incurring substantial time and expense to engage in complex litigation with these banks. All the commercial settlements were entered into without any admission on the part of JSPL or the banks as to whether the Unauthorised Transactions were valid or binding on JSPL.

The net position arising from the Unauthorised Transactions has now been reduced from US\$303 million to US\$258.7 million.

The breakdown is as follows:

Banks	US\$ Million
Societe Generale ("SG")	198.9
BNP Paribas ("BNP")	50.7
Others (including commercial settlements with 9 banks)	9.1
Total Amount	258.7

The amount of US\$198.9 million paid to SG is comprised of US\$83.5 million paid before the Unauthorised Transactions were uncovered in October 2007 and US\$115.4 million that was paid as a pre-condition for closing out of transactions with JSPL, subject to JSPL's right to a refund of the monies from SG if the dispute is resolved in JSPL's favour. JSPL intends to recover from SG the sum of US\$198.9 million. The US\$50.7 million claimed by BNP is disputed by JSPL.

JSPL's position is that the Unauthorised Transactions are not valid and binding and it is not liable for the loss. Accordingly, JSPL had made an application in court for an injunction to restrain the presentation of a winding up petition by BNP.

At the date of this announcement, based on available information and legal advice, the Directors are of the opinion that the underlying transactions with SG are not contractually binding. JSPL intends to seek to recover the amounts paid to SG.

In addition, BNP's claim for US\$50.7m had not been recognised in the financial statements as of 31 December 2007. At the date of this announcement, based on available information and legal advice which is premised on the accuracy of that information, the Directors are of the opinion that the underlying transactions with BNP have not met all the conditions for recognising a provision. Accordingly, no provision has been made in these financial statements for BNP's claim.

In compliance with Singapore Financial Reporting Standards, a sum of US\$208.0 million is expensed in the Group's 4Q 2007 Profit and Loss Statement and US\$50.7 million will be disclosed as a contingent liability.

JSPL's position is that it is not liable to SG or BNP in relation to the Unauthorised Transactions. As the full details of the Unauthorised Transactions have yet to be ascertained and the disputes with the relevant banks regarding the Unauthorised Transactions are likely to be determined by the Courts, the benefit of claiming a tax deduction for the amounts arising from the Unauthorised Transactions has not been shown in the financial statements as a matter of prudence. However JSPL expressly reserves its position to claim the tax deduction at the relevant time. If the amounts are available for tax deduction, the improvement to the Group's Profit after taxation will be \$55,481,000.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets

	Group		Company	
	31-Dec-2007 \$'000	31-Dec-2006 \$'000	31-Dec-2007 \$'000	31-Dec-2006 \$'000 (Restated)
Non-current Assets				
Fixed assets	675,585	679,024	114,423	116,894
Investment Properties	-	-	55,950	55,663
Investment in subsidiary companies	-	-	631,243	319,877
Investment in associated companies and joint ventures	205,502	147,255	109,161	92,445
Other long-term investments	689,554	346,987	435,353	162,262
Long-term trade debtors	21,400	39,952	21,400	36,952
Long-term other debtors	17,001	15,974	229,693	276,892
Intangible assets	7,589	13,657	122	122
Total Non-current Assets	1,616,631	1,242,849	1,597,345	1,061,107
Current Assets				
Stocks and work-in-progress	1,560,709	1,192,057	-	-
Trade debtors	450,714	426,182	22,588	37,450
Other debtors, deposits and prepayments	81,463	64,925	20,718	35,471
Derivative financial assets	12,853	-	-	-
Fixed deposits	526,558	380,051	67,508	59,619
Bank and cash balances	213,919	123,437	6,574	13,223
Total Current Assets	2,846,216	2,186,652	117,388	145,763
Current Liabilities				
Trade creditors	1,384,701	922,835	15,430	14,569
Other creditors and provisions	72,569	23,006	110,826	36,561
Progress billings in excess of work-in-progress	564,608	542,744	-	-
Borrowings	259,800	140,443	-	-
Derivative financial liabilities	731	7,970	-	-
Provision for taxation	115,014	53,898	2,830	2,722
Total Current Liabilities	2,397,423	1,690,896	129,086	53,852
Net Current Assets/(Liabilities)	448,793	495,756	(11,698)	91,911
Total Assets less Current Liabilities	2,065,424	1,738,605	1,585,647	1,153,018
Non-current Liabilities				
Long term borrowings	181,869	250,545	149,869	149,795
Deferred taxation	168,738	109,535	95,850	58,184
Hire purchase creditors	1,599	303	-	-
Other provisions	7,502	7,999	2,895	2,895
Total Non-current Liabilities	359,708	368,382	248,614	210,874
	1,705,716	1,370,223	1,337,033	942,144
Capital & Reserves				
Share Capital	442,549	418,631	442,549	418,631
Reserves	1,237,511	919,708	894,484	523,513
	1,680,060	1,338,339	1,337,033	942,144
Minority interests	25,656	31,884	-	-
	1,705,716	1,370,223	1,337,033	942,144

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31-Dec-2007		As at 31-Dec-2006	
Secured	Unsecured	Secured	Unsecured
12,000,000	247,800,000	12,000,000	128,443,000

Amount repayable after one year

As at 31-Dec-2007		As at 31-Dec-2006	
Secured	Unsecured	Secured	Unsecured
32,000,000	149,869,000	100,750,000	149,795,000

Details of Collateral

Borrowing amounting to \$44,000,000 (31 December 2006: \$112,750,000) is secured on corporate guarantee from a subsidiary company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	4Q 2007	4Q 2006	FY2007	FY2006
	\$'000	\$'000	\$'000	\$'000
				(Restated)
Cash flow from operating activities:				
Operating profit	126,829	88,235	349,029	228,233
Adjustments for:				
Depreciation of fixed assets	17,486	13,023	59,831	45,461
Gain on disposal of fixed assets, net	(644)	(1,543)	(4,781)	(1,679)
Fixed assets written off	1,042	511	1,057	881
Share-based payment expenses	5,087	5,673	15,312	8,570
Fair value adjustment of financial instruments	(12,836)	(27)	(13,136)	414
Negative goodwill	-	-	-	(677)
Amortisation	765	26	4,249	137
Operating cash flow before changes in working capital	137,729	105,898	411,561	281,340
Decrease/(increase) in debtors	44,835	20,618	(33,317)	(47,173)
(Increase)/decrease in stocks and work-in-progress	(319,550)	69,659	(345,786)	(291,174)
Increase /(decrease) in creditors	239,009	(82,820)	469,776	(26,391)
Cash generated from/(used in) operations	102,023	113,355	502,234	(83,398)
Investment and interest income received	7,543	4,557	27,779	20,557
Interest paid	(2,499)	(3,071)	(12,798)	(9,185)
Income taxes paid	(6,160)	975	(44,960)	(28,481)
Net cash provided by/(used in) operating activities	100,907	115,816	472,255	(100,507)
Net payment to banks from Unauthorised Transactions	(260,589)	-	(260,589)	-
	<u>(159,682)</u>	<u>115,816</u>	<u>211,666</u>	<u>(100,507)</u>
Cash flow from investing activities:				
Proceeds from disposal of a subsidiary company, net	-	-	3,208	151,926
Acquisition of subsidiary companies, net of cash	160	(425)	160	(26,697)
Investment in associated companies and joint ventures	-	-	(4,819)	-
Purchase of fixed assets	(13,620)	(37,239)	(103,874)	(126,278)
Capital refund from an associated company	-	-	52	329
Capital contribution to associated companies	-	-	-	(8,731)
Dividend from associated companies	-	-	12,760	2,070
Purchase of long term investment	(36,708)	(50)	(44,244)	(120,464)
Proceeds from sale of other long term investments	272,220	58,311	272,950	58,311
Proceeds from sale of fixed assets	681	3,409	46,008	3,667
Net cash provided by/(used in) investing activities	222,733	24,006	182,201	(65,867)
Cash flow from financing activities:				
Dividend paid				
- by the Company	-	-	(216,266)	(122,362)
- by a subsidiary company to minority shareholder	(10,794)	(939)	(14,347)	(1,162)
Repayment of hire purchase creditors	(47)	(110)	(759)	(269)
Loan from hire purchase creditors	-	543	-	543
Repayment of bank loans	(103,776)	(101,127)	(375,107)	(145,606)
Proceeds from bank loans	142,810	58,095	436,023	376,451
Proceeds from issue of new shares:				
- by the Company	2,657	3,011	23,918	14,055
- by a subsidiary company to minority shareholder	-	-	-	6,415
Net cash provided by/(used in) financing activities	30,850	(40,527)	(146,538)	128,065
Net increase/(decrease) in cash and cash equivalents	93,901	99,295	247,329	(38,309)
Cash and cash equivalents at beginning of period	646,576	393,853	493,148	531,457
Cash and cash equivalents at end of period	740,477	493,148	740,477	493,148

The disposal of a subsidiary company has been shown as a single item. The effect on the individual assets and liabilities is set out below.

	Group		Group	
	4Q 2007	4Q 2006	FY2007	FY2006
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	-	(578)	(175,657)
Investment in associated company	-	-	(2,099)	-
Stocks and work-in-progress	-	-	(1,036)	-
Debtors	-	-	(18,390)	(28)
Other assets	-	-	(26)	-
Bank and cash balances	-	-	(222)	(1,076)
Due to shareholders	-	-	-	3,196
Creditors	-	-	17,374	29
Bank overdraft	-	-	577	-
Provision for taxation and deferred taxation	-	-	347	-
Net assets disposed	-	-	(4,053)	(173,536)
Minority interests	-	-	1,824	31,552
Realisation of reserves and gain on disposal to profit and loss account	-	-	(624)	(11,018)
Disposal consideration received	-	-	(2,853)	(153,002)

The disposal of subsidiary company, net of cash is represented by:

Cash received	-	-	2,853	153,002
Less: Bank and cash balances disposed	-	-	(222)	(1,076)
Add: Bank overdraft disposed	-	-	577	-
Net cash inflow	-	-	3,208	151,926

The acquisition of subsidiary companies has been shown as a single item. The effect on the individual assets and liabilities is set out below.

Fixed assets	18	(29)	3,824	164,411
Investment in associated company	-	400	-	400
Intangible assets	-	-	5,603	-
Stocks and work-in-progress	-	-	-	100,448
Debtors	14	(1,435)	14	157,089
Bank and cash balances	511	(115)	511	42,023
Creditors	(42)	791	(42)	(404,069)
Deferred taxation	-	-	(1,882)	-
Net assets acquired	501	(388)	8,028	60,302
Minority interests	(150)	384	(150)	(838)
Amount taken up as associated company	-	-	-	(859)
Goodwill on acquisition	-	*314	(7,527)*	*10,115
Purchase consideration	351	310	351	68,720

* The goodwill provisionally determined in 2006 was reduced by \$7,527,000 and fixed assets, intangible assets, and deferred taxation increased by \$3,806,000, \$5,603,000, and \$1,882,000 respectively in the current year based on the final valuation report received from the independent valuer during the year.

The acquisition of subsidiary companies, net of cash is represented by:

Cash paid	(351)	(310)	(351)	(68,720)
Less: Bank and cash balances acquired	511	(115)	511	42,023
Net cash inflow/(outflow)	160	(425)	160	(26,697)

Cash and cash equivalents included in the consolidated statement of cash flows comprise:

	31-Dec-2007	31-Dec-2006
	\$'000	\$'000
Fixed deposit, bank and cash balances	740,477	503,488
Bank overdraft	-	(10,340)
	740,477	493,148

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity for the period ended 31 December

<u>GROUP</u>	Attributable to equity holders of the Company							
	Share Capital	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue Reserve	Total	Minority Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2007								
At 1 January 2007	418,631	14,419	(12,055)	206,729	710,615	1,338,339	31,884	1,370,223
Foreign currency translation	-	-	1,505	-	-	1,505	(308)	1,197
Net fair value changes	-	-	-	425,434	-	425,434	-	425,434
Net income recognised directly in equity	-	-	1,505	425,434	-	426,939	(308)	426,631
Profit for the period	-	-	-	-	240,197	240,197	6,083	246,280
Total recognised income and expenses for the period	-	-	1,505	425,434	240,197	667,136	5,775	672,911
Issue of new shares								
- under Share Option Plan	21,261	-	-	-	-	21,261	-	21,261
Dividend paid to								
- Company's shareholders	-	-	-	-	(216,266)	(216,266)	-	(216,266)
- minority shareholders	-	-	-	-	-	-	(3,553)	(3,553)
Disposal of subsidiary companies	-	-	-	-	-	-	(1,824)	(1,824)
Cost of share-based payment	-	-	-	10,145	-	10,145	80	10,225
At 30 September 2007	439,892	14,419	(10,550)	642,308	734,546	1,820,615	32,362	1,852,977
4Q 2007								
Foreign currency translation	-	-	(7,794)	-	-	(7,794)	(740)	(8,534)
Net fair value changes	-	-	-	6,451	-	6,451	-	6,451
Net income recognised directly in equity	-	-	(7,794)	6,451	-	(1,343)	(740)	(2,083)
Profit for the period	-	-	-	-	792	792	4,655	5,447
Total recognised income and expenses for the period	-	-	(7,794)	6,451	792	(551)	3,915	3,364
Issue of new shares								
- under Share Option Plan	2,657	-	-	-	-	2,657	-	2,657
- minority shareholders	-	-	-	-	-	-	147	147
Dividend paid to minority shareholders	-	-	-	-	-	-	(10,794)	(10,794)
Disposal of subsidiary companies	-	(335)	40	(14)	-	(309)	-	(309)
Realisation of fair value through profit and loss account upon disposal	-	-	-	(147,413)	-	(147,413)	-	(147,413)
Cost of share-based payment	-	-	-	5,061	-	5,061	26	5,087
At 31 December 2007	442,549	14,084	(18,304)	506,393	735,338	1,680,060	25,656	1,705,716

Statement of Changes in Equity for the period ended 31 December (cont'd)

GROUP	Attributable to equity holders of the Company						Total	Minority Interest	Total Equity
	Share capital	Share premium	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2006	145,036	259,540	6,770	(1,209)	53,170	602,238	1,065,545	50,152	1,115,697
Foreign currency translation	-	-	-	(7,687)	-	-	(7,687)	(2,104)	(9,791)
Net fair value changes	-	-	-	-	95,403	-	95,403	-	95,403
Net income recognised directly in equity	-	-	-	(7,687)	95,403	-	87,716	(2,104)	85,612
Profit for the period	-	-	-	-	-	143,089	143,089	6,768	149,857
Total recognised income and expenses for the period	-	-	-	(7,687)	95,403	143,089	230,805	4,664	235,469
Transfer to share capital	259,540	(259,540)	-	-	-	-	-	-	-
Issue of new shares									
- under Share Option Plan	11,044	-	-	-	-	-	11,044	-	11,044
- to minority shareholder	-	-	-	-	-	-	-	6,415	6,415
Acquisition of a subsidiary company	-	-	-	-	-	-	-	1,222	1,222
Additional equity interest in a subsidiary company	-	-	-	-	-	-	-	(677)	(677)
Dividend paid to Company's shareholders	-	-	-	-	-	(122,362)	(122,362)	(223)	(122,585)
Disposal of a subsidiary company	-	-	-	-	-	-	-	(31,552)	(31,552)
Cost of share-based payment	-	-	-	-	2,868	-	2,868	29	2,897
At 30 September 2006	415,620	-	6,770	(8,896)	151,441	622,965	1,187,900	30,030	1,217,930
Foreign currency translation	-	-	-	(3,159)	-	-	(3,159)	(229)	(3,388)
Net fair value changes	-	-	-	-	74,241	-	74,241	5	74,246
Net income recognised directly in equity	-	-	-	(3,159)	74,241	-	71,082	(224)	70,858
Profit for the period	-	-	-	-	-	95,299	95,299	3,375	98,674
Total recognised income and expenses for the period	-	-	-	(3,159)	74,241	95,299	166,381	3,151	169,532
Transfer to Capital Reserves	-	-	7,649	-	-	(7,649)	-	-	-
Issue of new shares									
- under Share Option Plan	3,011	-	-	-	-	-	3,011	-	3,011
Acquisition of a subsidiary company	-	-	-	-	-	-	-	(384)	(384)
Realisation of fair value through profit and loss account upon disposal	-	-	-	-	(24,600)	-	(24,600)	-	(24,600)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(939)	(939)
Cost of share-based payment	-	-	-	-	5,647	-	5,647	26	5,673
At 31 December 2006	418,631	-	14,419	(12,055)	206,729	710,615	1,338,339	31,884	1,370,223

Statement of Changes in Equity for the period ended 31 December (cont'd)

COMPANY	Share Capital	Capital reserves	Other Reserves	Revenue reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2007					
At 1 January 2007					
- As previously stated	418,631	960	120,720	393,335	933,646
- Changes in accounting policy	-	-	8,498	-	8,498
- As restated	418,631	960	129,218	393,335	942,144
Net fair value changes	-	-	198,691	-	198,691
Net income recognised directly in equity	-	-	198,691	-	198,691
Profit for the period	-	-	-	66,182	66,182
Total recognised income and expenses for the period	-	-	198,691	66,182	264,873
Issue of new shares					
- under Share Option Plan	21,261	-	-	-	21,261
2006 final dividend paid	-	-	-	(142,483)	(142,483)
2007 interim dividend paid	-	-	-	(73,783)	(73,783)
Cost of share-based payment					
- Charge to profit and loss account	-	-	2,406	-	2,406
- Issued to employees of subsidiary companies	-	-	7,564	-	7,564
At 30 September 2007	439,892	960	337,879	243,251	1,021,982
4Q 2007					
Net fair value changes	-	-	4,031	-	4,031
Net income recognised directly in equity	-	-	4,031	-	4,031
Profit for the period	-	-	-	303,208	303,208
Total recognised income and expenses for the period	-	-	4,031	303,208	307,239
Issue of new shares under Share Option Plan	2,657	-	-	-	2,657
Cost of share-based payment					
- Charge to profit and loss account	-	-	1,232	-	1,232
- Issued to employees of subsidiary companies	-	-	3,923	-	3,923
At 31 December 2007	442,549	960	347,065	546,459	1,337,033

Statement of Changes in Equity for the period ended 31 December (cont'd)

COMPANY	Share Capital	Share Premium	Capital reserves	Other Reserves	Revenue reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2006						
At 1 January 2006						
- As previously stated	145,036	259,540	960	50,196	395,896	851,628
- Changes in accounting policy	-	-	-	2,991	-	2,991
- As restated	145,036	259,540	960	53,187	395,896	854,619
Net fair value changes	-	-	-	32,475	-	32,475
Net income recognised directly in equity	-	-	-	32,475	-	32,475
Profit for the period	-	-	-	-	3,654	3,654
Total recognised income and expenses for the period	-	-	-	32,475	3,654	36,129
Transfer to share capital	259,540	(259,540)	-	-	-	-
Issue of new shares						
- under Share Option Plan	11,044	-	-	-	-	11,044
2005 final dividend paid	-	-	-	-	(81,495)	(81,495)
2006 interim dividend paid	-	-	-	-	(40,867)	(40,867)
Cost of share-based payment						
- Charge to profit and loss account	-	-	-	478	-	478
- Issued to employees of subsidiary companies	-	-	-	2,183	-	2,183
At 30 September 2006	415,620	-	960	88,323	277,188	782,091
4Q 2006						
Net fair value changes	-	-	-	35,408	-	35,408
Net income recognised directly in equity	-	-	-	35,408	-	35,408
Profit for the period	-	-	-	-	116,147	116,147
Total recognised income and expenses for the period	-	-	-	35,408	116,147	151,555
Issue of new shares						
- under Share Option Plan	3,011	-	-	-	-	3,011
Cost of share-based payment						
- Charge to profit and loss account	-	-	-	2,163	-	2,163
- Issued to employees of subsidiary companies	-	-	-	3,324	-	3,324
At 31 December 2006	418,631	-	960	129,218	393,335	942,144

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued Share Capital

During 4Q 2007, the Company issued 1,674,640 (4Q 2006: 2,972,700) ordinary shares for cash upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan"). As at 31 December 2007, the Company's issued and paid up capital comprises 2,070,855,320 (31 December 2006: 1,463,908,815) ordinary shares.

Share Options

During 4Q 2007, there is no share option (4Q 2006: 9,875,075) granted under the Plan. As at 31 December 2007, there were 35,576,870 (31 December 2006: 43,002,225) unexercised options for unissued ordinary shares under the Plan. The unexercised options have been adjusted during the year to effect two Bonus Shares credited as fully paid for every five existing ordinary shares.

The details of the Plan, which was started in 1991 as the Jurong Shipyard Limited Executives' Share Option Scheme, were set out in the financial statements of that year.

Performance Shares

During 4Q 2007, there is no (4Q 2006: 600,000) performance shares were granted conditionally under the Company's Performance Share Plan. The total number of performance shares in awards granted conditionally and representing 100% of targets achieved but not released as at 31 December 2007 was 2,905,000 (31 December 2006: 1,955,000). The performance shares in awards granted conditionally have been adjusted during the year to effect two Bonus Shares credited as fully paid for every five existing ordinary shares.

Under the Performance Share Plan, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, performance shares to be delivered at the end of the 3-year performance cycle will range from 0% to 150% of the original award.

Restricted Shares

During 4Q 2007, there is no (4Q 2006: 1,222,400) restricted shares were granted conditionally under the Company's Restricted Stock Plan. The total number of restricted shares in awards granted conditionally and representing 100% of targets achieved but not released as at 31 December 2007 was 6,793,685 (31 December 2006: 1,212,320). The restricted shares awards granted conditionally have been adjusted during the year to effect two Bonus Shares credited as fully paid for every five existing ordinary shares.

Under the Restricted Stock Plan, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted shares to be delivered will range from 0% to 130% of the original award.

A specific number of restricted shares shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting of three years after the performance period, during which one-third of the awarded shares are released each year.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by its auditors, Messrs Ernst & Young.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2006 except for the changes mentioned in Section 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of, the change

With effect from 1 January 2007, the Group adopted the following FRS which are relevant to their operations:

FRS 1 -- Amendment to FRS 1 (revised) Presentation of financial statements (Capital Disclosures)
 FRS 40 -- Investment Property
 FRS 107 -- Financial Instruments: Disclosures

With effect from 1 January 2007, the Group early adopted INT FRS 111 -- FRS 102—Group and Treasury Share Transactions which is relevant to their operations.

The effects of adoption of the above FRS/INT FRS did not result in substantial changes to the Group's accounting policies and did not give rise to any material adjustments to the opening balances of revenue reserve or changes to comparatives.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	4Q 2007	Group 4Q 2006	+/(-)%	FY 2007	Group FY 2006	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:						
(i) Based on the weighted average number of shares (cents)	0.04	*4.66	(99.1)	11.72	*11.71	0.1
Weighted average number of shares	2,069,872,575	*2,046,105,995	1.2	2,055,671,704	*2,035,939,248	1.0
(ii) On a fully diluted basis (cents)	0.04	*4.54	(99.1)	11.63	*11.42	1.8
Adjusted weighted average number of shares	2,086,558,575	*2,097,702,995	(0.5)	2,072,357,704	*2,087,536,248	(0.7)

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Dec-2007	Group Dec-2006	+/(-) %	Company Dec-2007	Company Dec-2006	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	81.13	*65.30	24.2	64.56	*45.97	40.4
* Adjusted for two Bonus Shares for every five existing ordinary shares						

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on

Review of Group Performance

4Q 2007 versus 4Q 2006

	4Q 2007	4Q 2006	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	195.7	194.9	0.8	0.4
Offshore and Conversion	364.0	371.6	(7.6)	(2.0)
Rig Building	736.2	707.0	29.2	4.1
Shipbuilding	10.9	50.4	(39.5)	(78.4)
Other Activities	29.9	7.6	22.3	293.4
Group Turnover	1,336.7	1,331.5	5.2	0.4

Group turnover for 4Q 2007 increased by 0.4% from \$1,331.5 million in 4Q 2006 to \$1,336.7 million with growth mainly from the rig building and ship repair businesses.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 43.7% from \$88.2 million in 4Q 2006 to \$126.8 million in 4Q 2007. Group pre-tax profits decreased by 40.1% from \$128.6 million in 4Q 2006 to \$77.0 million in 4Q 2007. The decrease is primarily due to \$308.2 million charged to the profit and loss account arising from the Unauthorised Transactions and its related expenses ("the Charge of \$308.2 million"), offset by higher operating margin from rig building and ship repair businesses, better contribution from associated companies, and gain on sale of other long-term equity investment amounting to \$229.7 million.

Excluding the effect arising from the Unauthorised Transactions, pre-tax profit increased 199.6% to \$385.2 million.

Group Profit Attributable to Shareholders of the Company

Notwithstanding the Charge of \$308.2 million to the 4Q 2007 profit and loss account, the Group reported a net profit of \$0.8 million for the fourth quarter.

Excluding net non-operating items, Group attributable profits increased by 59.0% to \$120.4 million. Excluding the effect arising from the Unauthorised Transactions, Group attributable profits increased by 224.3% to \$309.0 million.

FY 2007 versus FY 2006

	FY 2007	FY 2006	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	731.1	612.1	119.0	19.4
Offshore and Conversion	1,130.5	913.4	217.1	23.8
Rig Building	2,498.9	1,728.9	770.0	44.5
Shipbuilding	81.6	210.6	(129.0)	(61.3)
Other Activities	71.0	80.0	(9.0)	(11.3)
Group Turnover	4,513.1	3,545.0	968.1	27.3

Group turnover for FY 2007 increased by 27.3% from \$3,545.0 million in FY 2006 to \$4,513.1 million in FY 2007 with growth mainly from the rig building, ship repair, offshore and conversion businesses.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 52.9% from \$228.2 million in FY 2006 to \$349.0 million in FY 2007. Group pre-tax profits increased by 17.3% from \$310.9 million in FY 2006 to \$364.7 million in FY 2007. The increase is mainly attributable to higher turnover and operating margin from rig building and ship repair businesses, better contribution from associated companies, and gain on sale of other long-term equity investment amounting to \$229.7 million. This is offset by the Charge of \$308.2 million.

Excluding the effect arising from the Unauthorised Transactions, pre-tax profit increased 116.5% to \$673.0 million.

Group Profit Attributable to Shareholders of the Company

Notwithstanding the Charge of \$308.2 million from the Unauthorised Transactions to the 4Q 2007 profit and loss account, the Group reported an increase in net profit from \$238.4 million in FY 2006 to \$241.0 million in FY 2007.

Excluding net non-operating items, Group attributable profits increased by 66.3% to \$362.3 million. Excluding the effect arising from the Unauthorised Transactions, Group attributable profits increased by 130.4% to \$549.2 million.

Review of Balance Sheet

Other long-term investments

Group 'Other long-term investments' increased significantly mainly due to mark-to-market adjustments of quoted equity shares.

Stocks and work-in progress and Trade creditors

Group 'Stocks and work-in-progress' and 'Trade creditors' balances increased significantly mainly due to increase in rig building, offshore and conversion projects.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no variance from the previous forecast.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group has a strong net order book of \$7.4 billion with completion and deliveries till 2011.

The fundamentals for the offshore market remain strong, underpinned by a positive growth in the global demand for oil and gas resulting in sustained high oil prices supporting continued exploration and production activities.

High demand for ship repair and dock space booking continues to benefit the Group.

Demand for rig building continues to be strong with demand trending towards deepwater rigs. The positive outlook for the offshore production market will see increasing demand for fixed and floating production systems, including Floating Production Storage and Offloading (FPSO) units.

The Group expects FY 2008 to be a better year than FY 2007 based on the schedule of completion of the projects.

The disputes relating to the Unauthorised Transactions with BNP and SG are on going.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes.

Name of Dividend	Interim	Final	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	*3.57 cents per ordinary share one-tier tax exempt	5.16 cents per ordinary share one-tier tax exempt	8.73 cents per ordinary share one-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes.

Name of Dividend	Interim	Final	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	*2.50 cents per ordinary share less 20% tax	-	*2.50 cents per ordinary share less 20% tax
		*7.14 cents per ordinary share less 18% tax	*7.14 cents per ordinary share less 18% tax
		*1.07 cents per ordinary share one tier-tax exempt	*1.07 cents per ordinary share one-tier tax exempt

* Adjusted for two Bonus Shares for every five existing ordinary shares

(c) Date payable

The final proposed dividend will be paid on 16 May 2008.

(d) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed from 5 May 2008 to 6 May 2008, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Registrar, Kon Choon Kooi Pte Ltd, 47 Hill Street #06-02, Chinese Chamber of Commerce & Industry Building, Singapore 179365, up to 5 p.m. on 2 May 2008 will be registered before entitlements to dividend are determined.

12. If no dividend has been declared/(recommended), a statement to that effect

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment: FY 2007					
Turnover					
Sales to external parties	4,475,281	-	37,842	-	4,513,123
Inter-segment sales	-	-	174,210	(174,210)	-
Consolidated sales	4,475,281	-	212,052	(174,210)	4,513,123
Results					
Segment results	342,041	(515)	7,503	-	349,029
Dividend and interest income	26,927	141	462	-	27,530
Interest expenses	(13,692)	-	-	-	(13,692)
Non-operating income	230,625	-	-	-	230,625
Non-operating expenses	(310,564)	-	-	-	(310,564)
Share of results of associated companies & joint ventures	73,627	8,118	48	-	81,793
Profit before taxation	348,964	7,744	8,013	-	364,721
Taxation	(108,962)	(2,217)	(1,815)	-	(112,994)
Profit after taxation	240,002	5,527	6,198	-	251,727
Other information					
Capital expenditure	155,095	500	232	-	155,827
Depreciation	60,922	-	1,243	-	62,165
Amortisation	4,249	-	-	-	4,249
Other segment assets	3,445,938	17,783	29,027	-	3,492,748
Interest bearing assets	741,238	385	18,267	-	759,890
Investments in associated companies & joint ventures	191,234	12,011	2,257	-	205,502
Tax recoverable	4,707	-	-	-	4,707
Total segment assets	4,383,117	30,179	49,551	-	4,462,847
Other segment liabilities	2,010,906	10	18,149	-	2,029,065
Interest bearing liabilities	444,314	-	-	-	444,314
Deferred taxation	167,979	-	759	-	168,738
Provision for taxation	112,190	538	2,286	-	115,014
Total segment liabilities	2,735,389	548	21,194	-	2,757,131

Information by segment on Group operations (cont'd)

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment: FY 2006					
Turnover					
Sales to external parties	3,482,274	-	62,775	-	3,545,049
Inter-segment sales	160	-	136,112	(136,272)	-
Consolidated sales	3,482,434	-	198,887	(136,272)	3,545,049
Results					
Segment results	220,925	(949)	8,257	-	228,233
Dividend and interest income	20,262	209	489	-	20,960
Interest expenses	(10,546)	-	(3)	-	(10,549)
Non-operating income	36,616	-	-	-	36,616
Non-operating expenses	(8,753)	-	-	-	(8,753)
Share of results of associated companies & joint venture	40,166	3,432	766	-	44,364
Profit before taxation	298,670	2,692	9,509	-	310,871
Taxation	(60,651)	(9)	(1,680)	-	(62,340)
Profit after taxation	238,019	2,683	7,829	-	248,531
Other information					
Capital expenditure	280,204	-	1,966	-	282,170
Depreciation	46,694	141	1,252	-	48,087
Amortisation	137	-	-	-	137
Other segment assets					
Interest bearing assets	490,962	4,603	7,893	-	503,458
Investments in associated companies & joint venture	139,507	5,647	2,101	-	147,255
Tax recoverable	1,689	-	496	-	2,185
Total segment assets	3,358,379	26,750	44,372	-	3,429,501
Other segment liabilities					
Interest bearing liabilities	391,216	-	468	-	391,684
Deferred taxation	108,573	-	962	-	109,535
Provision for taxation	51,834	66	1,998	-	53,898
Total segment liabilities	2,041,076	122	18,080	-	2,059,278

Pricing of inter-segment sales and transfers are carried out on an arm's length basis.

(b) By geographical area

The Group operates principally in the Republic of Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore	Rest of Asia	Europe	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2007						
Revenue from external customers	1,015,449	1,055,206	2,188,761	253,707	-	4,513,123
Total segment assets	4,099,879	346,028	-	16,940	-	4,462,847
Capital expenditure	143,720	12,107	-	-	-	155,827
2006						
Revenue from external customers	541,338	671,597	1,956,876	375,238	-	3,545,049
Total segment assets	3,209,095	191,798	-	28,608	-	3,429,501
Capital expenditure	280,242	1,413	-	515	-	282,170

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

15. A breakdown of sales

Not applicable.

16. Annual Dividend

	2007	2006
	\$'000	\$'000
Ordinary-Interim dividend	73,783	40,867
Ordinary-Final dividend*	106,856	142,483
Total	180,639	183,350

* 2007 final dividend is estimated based on share capital of 2,070,855,320 ordinary shares at the end of the financial year.

17. Interested Person Transactions

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)

	FY 2007	FY 2006
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
Keppel Corporation Ltd and its associates	2,177	1,191
Neptune Orient Lines Ltd and its associates	15,853	4,508
SembCorp Industries Limited and its associates	-	1,123
PSA International Pte Ltd and its associates	2,053	(191)
Transaction for the Purchase of Goods and Services		
Keppel Corporation Ltd and its associates	2,659	3,564
SembCorp Industries Limited and its associates	26,631	28,242
Management and Support Services		
SembCorp Industries Limited	250	250
Total Interested Person Transactions	49,623	38,687

Aggregate value of all transactions excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual

	FY 2007	FY 2006
	\$'000	\$'000
Investment Transactions		
SembCorp Industries Ltd and its associates	-	*66,747
Temasek Holdings (Private) Limited and its associates	-	120,336

* In addition to a loan amount of \$116,983,000 assumed by a subsidiary company for purpose of acquisition of the properties at Admiralty Road, Singapore.

BY ORDER OF THE BOARD

KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES

22 February 2008