



SEMBCORP MARINE LTD & ITS SUBSIDIARIES
Registration Number: 196300098Z

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2008 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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SEMBCORP MARINE LTD AND ITS SUBSIDIARIES
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2008

The Board of Directors of Sembcorp Marine Ltd wishes to announce the unaudited results of the Group for the fourth quarter and full year ended 31 December 2008.

1. GROUP INCOME STATEMENT

	Group			Group		
	4Q 2008	4Q 2007	+ / (-)	FY 2008	FY 2007	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	1,617,491	1,336,713	21.0	5,063,948	4,513,123	12.2
Cost of sales	(1,355,610)	(1,177,509)	15.1	(4,408,772)	(4,101,637)	7.5
Gross profit	261,881	159,204	64.5	655,176	411,486	59.2
Other operating income	(6,115)	18,688	n.m.	19,638	42,859	(54.2)
Other operating expenses	(51,612)	(10,935)	372.0	(54,129)	(12,823)	322.1
General and administrative expenses	(35,384)	(40,128)	(11.8)	(118,848)	(92,493)	28.5
Operating profit	168,770	126,829	33.1	501,837	349,029	43.8
Dividend and interest income	7,269	7,688	(5.5)	32,940	27,530	19.7
Finance costs	(1,597)	(4,212)	(62.1)	(11,370)	(13,692)	(17.0)
Foreign exchange transactions	(43,749)	(302,922)	(85.6)	(43,749)	(302,922)	(85.6)
Non-operating income	-	230,001	n.m.	-	230,625	n.m.
Non-operating expenses	-	(5,308)	n.m.	-	(7,642)	n.m.
Share of results of associates and joint ventures	(42,538)	24,902	n.m.	65,300	81,793	(20.2)
Profit before tax	88,155	76,978	14.5	544,958	364,721	49.4
Taxation	(10,748)	(71,531)	(85.0)	(93,716)	(112,994)	(17.1)
Profit after taxation	77,407	5,447	n.m.	451,242	251,727	79.3
Attributable to:						
Shareholders of the Company	69,432	792	n.m.	429,918	240,989	78.4
Minority Interests	7,975	4,655	71.3	21,324	10,738	98.6
	77,407	5,447	n.m.	451,242	251,727	79.3
Attributable to Shareholders of the Company excluding foreign exchange transactions and non-operating items	113,181	120,366	(6.0)	473,667	362,273	30.7
Earnings per share (cents)						
Basic	3.38	0.04	n.m.	20.83	11.72	77.7
Diluted	3.36	0.04	n.m.	20.72	11.63	78.2

Notes to Group Income Statement:

1a. Profit for the period is arrived at after crediting/(charging) the following significant items:

	Group			Group		
	4Q 2008	4Q 2007	+ / (-)	FY 2008	FY 2007	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Investment income	6	22	(72.7)	7,810	6,044	29.2
Interest income	7,263	7,666	(5.3)	25,130	21,486	17.0
Interest expenses	(1,597)	(4,238)	(62.3)	(11,370)	(13,692)	(17.0)
Depreciation and amortisation	(19,622)	(18,251)	7.5	(70,707)	(66,414)	6.5
(Allowance for)/write-back of doubtful debts/bad debts, net	(4,439)	744	n.m.	(4,351)	1,903	n.m.
Allowance for inventory obsolescence, net	(1,547)	(657)	135.5	(1,757)	(816)	115.3
Foreign exchange loss, net	(21,050)	(13,845)	52.0	(10,371)	(11,072)	(6.3)
(Loss)/gain on disposal of fixed assets, net	(100)	644	n.m.	822	4,781	(82.8)
Non-operating income:						
Gain on disposal of:						
- other long-term equity investment	-	229,692	n.m.	-	229,692	n.m.
- subsidiary	-	309	n.m.	-	933	n.m.
Non-operating expenses:						
Professional fees incurred on disputing the foreign exchange transactions	-	(5,308)	n.m.	-	(5,308)	n.m.
Depreciation of asset previously held for sale	-	-	n.m.	-	(2,334)	n.m.
	Group			Group		
	4Q 2008	4Q 2007	+ / (-)	FY 2008	FY 2007	+ / (-)
			%			%
Profit after taxation as a percentage of Turnover	4.79%	0.41%	n.m.	8.91%	5.58%	59.7
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	5.27%	0.05%	n.m.	32.62%	14.34%	127.5

n.m. : not meaningful

Notes:

- (i) Higher investment income was due to higher dividend income received from quoted investments.
- (ii) Higher interest income was because of higher interest bearing asset balances.
- (iii) The increase in foreign exchange loss in 4Q 2008 was mainly due to the revaluation on United States dollars monetary items.

1b. Income Tax

The Group's tax charge for 4Q 2008 included a write back of an over provision of tax in respect of prior years of \$5,382,000 (4Q 2007: under provision of tax in respect of prior years of \$79,000), resulting in a lower effective tax rate of 12% in 4Q 2008.

The Group's tax charge for FY 2008 included a write back of an over provision of tax in respect of prior years of \$6,328,000 (FY 2007: over provision of tax in respect of prior years of \$4,545,000 mainly due to a write back of provision for deferred tax arising from a 2% reduction in Singapore corporate income tax rate).

The effective tax rate for 4Q 2007 and FY2007 was 93% and 31% respectively as the Group has not taken the benefit of claiming a tax deduction for the amount arising from the foreign exchange transactions as a matter of prudence.

1c. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	Group			Group		
	4Q 2008	4Q 2007	+/(-)%	FY 2008	FY 2007	+/(-)%
(i) Based on the weighted average number of shares (cents)	3.38	0.04	n.m.	20.83	11.72	77.7
Weighted average number of shares	2,055,693,024	2,069,872,575	(0.7)	2,064,292,229	2,055,671,704	0.4
(ii) On a fully diluted basis (cents)	3.36	0.04	n.m.	20.72	11.63	78.2
Adjusted weighted average number of shares	2,065,943,024	2,086,558,575	(1.0)	2,074,542,229	2,072,357,704	0.1

1d. Notes to Group Income Statement

Group turnover increased by 12.2% in FY 2008 mainly due to higher percentage of completion achieved in the rig building, offshore, conversion projects and higher repair sales.

Gross profit margin was higher in 4Q 2008 and FY 2008 primarily due to higher operating margins from rig building and ship repair businesses.

Other operating income decreased mainly due to mark-to-market adjustments of foreign currency forward contracts.

Other operating expenses increased mainly due to mark-to-market adjustments of foreign currency forward contracts and lower gain on disposal of property, plant and equipment.

The higher general and administrative expenses are mainly due to higher personnel related costs as a result of an increase in the number of personnel due to more projects undertaken by the Group in FY 2008.

Arising from the various unauthorised foreign exchange transactions entered into previously by an employee of the Company for the account of one of its wholly-owned subsidiary, Jurong Shipyard Pte Ltd ("JSPL"), S\$302.9 million was charged to the income statement in 2007. During the year, another S\$43.7 million had been charged to the income statement following the full and final amicable settlement of BNP Paribas's claim of S\$73.1 million, strictly on commercial basis. Going forward, JSPL intends to recover the S\$289.9 million paid to Societe Generale ("SG") in 2007 as JSPL's position is that the underlying transactions with SG are not valid and binding. If JSPL succeeds in doing so, there will be an inflow of funds to be recognised in the financial statements at that relevant point in time.

Decreases in the share of results of associates and joint ventures in 4Q 2008 and FY 2008 are mainly due to losses in 4Q 2008 leading to lower contribution for the year from Cosco Shipyard Group Co. Ltd.

2. BALANCE SHEETS

Balance Sheets	Group		Company	
	31-Dec-2008 \$'000	31-Dec-2007 \$'000	31-Dec-2008 \$'000	31-Dec-2007 \$'000
Non Current Assets				
Property, plant and equipment	697,702	675,585	111,532	114,423
Investment properties	-	-	54,037	55,950
Investment in subsidiaries	-	-	620,252	631,243
Investment in associates and joint ventures	269,609	205,502	107,369	109,161
Other long-term investments	138,376	689,554	97,317	435,353
Long-term trade receivables	18,025	21,400	18,025	21,400
Long-term other receivables	37,023	17,001	73,944	229,693
Intangible assets	6,127	7,589	122	122
Deferred tax assets	9,436	-	-	-
Total Non-Current Assets	1,176,298	1,616,631	1,082,598	1,597,345
Current Assets				
Inventories and work-in-progress	834,789	1,560,709	-	-
Trade receivables	480,396	450,714	16,123	22,588
Other receivables, deposits and prepayments	66,302	81,463	166,846	20,718
Derivative financial assets	-	12,853	-	-
Fixed deposits	1,630,147	526,558	-	67,508
Bank balances and cash	423,885	213,919	12,454	6,574
Total Current Assets	3,435,519	2,846,216	195,423	117,388
Current Liabilities				
Trade payables	1,638,812	1,384,701	18,843	15,430
Other payables	26,869	69,772	113,103	110,826
Provisions	38,188	2,797	-	-
Progress billings in excess of work-in-progress	966,990	564,608	-	-
Interest-bearing borrowings	202,238	259,800	149,945	-
Derivative financial liabilities	71,394	731	-	-
Provision for taxation	167,149	115,014	422	2,830
Total Current Liabilities	3,111,640	2,397,423	282,313	129,086
Net Current Assets/(Liabilities)	323,879	448,793	(86,890)	(11,698)
Total Assets less Current Liabilities	1,500,177	2,065,424	995,708	1,585,647
Non-Current Liabilities				
Long-term interest-bearing borrowings	20,000	181,869	-	149,869
Long-term derivative financial liabilities	49,731	-	-	-
Deferred tax liabilities	61,261	168,738	34,163	95,850
Long-term other payables	2,603	1,599	32,849	-
Other provisions	6,623	7,502	2,895	2,895
Total Non-current Liabilities	140,218	359,708	69,907	248,614
	1,359,959	1,705,716	925,801	1,337,033
Capital & Reserves				
Share capital	443,347	442,549	443,347	442,549
Reserves	874,638	1,237,511	482,454	894,484
	1,317,985	1,680,060	925,801	1,337,033
Minority interests	41,974	25,656	-	-
	1,359,959	1,705,716	925,801	1,337,033

Notes to Group Balance Sheets:

2a. Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31-Dec-2008		As at 31-Dec-2007	
Secured	Unsecured	Secured	Unsecured
12,000,000	190,238,000	12,000,000	247,800,000

Amount repayable after one year

As at 31-Dec-2008		As at 31-Dec-2007	
Secured	Unsecured	Secured	Unsecured
20,000,000	-	32,000,000	149,869,000

Details of Collateral

Borrowing amounting to \$32,000,000 (31 December 2007: \$44,000,000) is secured on corporate guarantee from a subsidiary.

2b. Net asset value

	Group			Company		
	Dec-2008	Dec-2007	+ / (-) %	Dec-2008	Dec-2007	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	64.11	81.13	(21.0)	45.03	64.56	(30.3)

The decrease in net asset value per share is mainly due to the mark-to-market adjustments of quoted equity shares taken directly into reserves.

2c. Notes to Balance Sheets

(i) Group

Other long-term investments

'Other long-term investments' decreased significantly mainly due to mark-to-market adjustments of quoted equity shares in Cosco Corporation (S) Ltd.

Derivative financial assets/liabilities

'Derivative financial assets' decreased and 'Derivative financial liabilities' increased due to mark-to-market adjustments of foreign currency forward contracts.

Deferred tax assets/liabilities

The increase in 'Deferred tax assets' and decrease in 'Deferred tax liabilities' was largely due to deferred tax on mark-to-market adjustments of quoted equity shares and foreign currency forward contracts.

Inventories and work-in progress, Progress billings in excess of work-in-progress, Fixed deposits and Bank balances and cash

'Inventories and work-in-progress' decreased significantly and 'Progress billings in excess of work-in-progress', 'Fixed deposits' and 'Bank balances and cash' increased significantly mainly due to receipts from customers for both rig building projects in progress and completed projects.

Net Current Assets

The decrease in net current assets is mainly due to reclassification of long-term borrowings to short-term in the current year as it is repayable in the next twelve months.

(ii) Company

Long-term other receivables and Other receivables, deposits and prepayments

'Long-term other receivables' decreased significantly and 'Other receivables, deposits and prepayments' increased significantly mainly due to a long-term loan to a related company that is classified to short-term in the current year as it is repayable in the next twelve months.

3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	4Q 2008	4Q 2007	FY 2008	FY 2007
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
Cash flows from operating activities:				
Operating profit	168,770	126,829	501,837	349,029
Adjustments for:				
Depreciation of property, plant and equipment, net	19,238	17,486	69,130	59,831
Loss/(gain) on disposal of property, plant and equipment, net	100	(644)	(822)	(4,781)
Property, plant and equipment written off	692	1,042	701	1,057
Share-based payment expenses	4,630	5,087	19,484	15,312
Fair value adjustment of financial instruments	30,401	(12,836)	42,755	(13,136)
Amortisation	384	765	1,577	4,249
Operating income before reinvestment in working capital	224,215	137,729	634,662	411,561
Decrease/(Increase) in receivables	161,404	44,835	(32,123)	(33,317)
(Increase)/decrease in inventories and work-in-progress	(90,539)	(319,550)	1,128,302	(345,786)
Increase in payables	35,020	239,009	301,732	469,776
Cash generated from operations	330,100	102,023	2,032,573	502,234
Investment and interest income received	7,116	7,543	32,504	27,779
Interest paid	(1,901)	(2,499)	(12,069)	(12,798)
Income taxes paid	(4,106)	(6,160)	(42,613)	(44,960)
Net cash inflow from operating activities	331,209	100,907	2,010,395	472,255
Net payment to banks relating to foreign exchange transactions	(43,749)	(260,589)	(93,452)	(260,589)
	<u>287,460</u>	<u>(159,682)</u>	<u>1,916,943</u>	<u>211,666</u>
Cash flow from investing activities:				
Proceeds from disposal of a subsidiary, net	-	-	-	3,208
Acquisition of subsidiaries, net of cash	-	160	-	160
Investment in associates and joint ventures	(250)	-	(250)	(4,819)
Purchase of property, plant and equipment	(26,859)	(13,620)	(96,924)	(103,874)
Capital refund from an associate	-	-	-	52
Capital contribution by minority shareholders	-	-	529	-
Dividend from associates	-	-	10,478	12,760
Purchase of long term investment	-	(36,708)	-	(44,244)
Proceeds from sale of other long term investments	22	272,220	22	272,950
Proceeds from sale of property, plant and equipment	(53)	681	1,141	46,008
Net cash (outflow)/inflow from investing activities	(27,140)	222,733	(85,004)	182,201
Cash flow from financing activities:				
Dividend paid				
- by the Company	-	-	(209,259)	(216,266)
- by a subsidiary to minority shareholder	-	(10,794)	(5,822)	(14,347)
Repayment of hire purchase creditors	(538)	(47)	(1,761)	(759)
Repayment of bank loans	(229,423)	(103,776)	(837,531)	(375,107)
Proceeds from bank loans	97,145	142,810	618,021	436,023
Proceeds from issue of shares by the Company	305	2,657	11,713	23,918
Purchase of Treasury shares	-	-	(93,745)	-
Net cash (outflow)/inflow from financing activities	(132,511)	30,850	(518,384)	(146,538)
Net increase in cash and cash equivalents	127,809	93,901	1,313,555	247,329
Cash and cash equivalents at beginning of period	1,926,223	646,576	740,477	493,148
Cash and cash equivalents at end of period	2,054,032	740,477	2,054,032	740,477

3. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

3.1 Cash flows on disposal of a subsidiary, net of cash

The disposal of a subsidiary in FY 2007 was shown as a single item. There was no disposal in FY 2008.

	Group		Group	
	4Q 2008	4Q 2007	FY 2008	FY 2007
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	-	-	-	(578)
Investment in associate	-	-	-	(2,099)
Inventories and work-in-progress	-	-	-	(1,036)
Receivables	-	-	-	(18,390)
Other assets	-	-	-	(26)
Bank balances and cash	-	-	-	(222)
Payables	-	-	-	17,374
Bank overdraft	-	-	-	577
Provision for taxation and deferred tax liabilities	-	-	-	347
Net assets disposed	-	-	-	(4,053)
Minority interests	-	-	-	1,824
Gain on disposal	-	-	-	(624)
Disposal consideration received	-	-	-	(2,853)

The disposal of a subsidiary, net of cash, was represented by:

Cash received	-	-	-	2,853
Less: Bank balances and cash disposed	-	-	-	(222)
Add: Bank overdraft disposed	-	-	-	577
Net cash inflow	-	-	-	3,208

3. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

3.2 Cash flows on acquisition of subsidiaries, net of cash

The acquisition of subsidiaries in FY 2007 was shown as a single item. There was no acquisition in FY 2008.

	Group		Group	
	4Q 2008	4Q 2007	FY 2008	FY 2007
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	-	18	-	3,824
Intangible assets	-	-	-	5,603
Receivables	-	14	-	14
Bank balances and cash	-	511	-	511
Payables	-	(42)	-	(42)
Deferred taxation	-	-	-	(1,882)
Net assets acquired	-	501	-	8,028
Minority interests	-	(150)	-	(150)
Goodwill on acquisition	-	-	-	(7,527)
Purchase consideration	-	351	-	351

The acquisition of subsidiaries, net of cash, was represented by:

Cash paid	-	(351)	-	(351)
Less: Bank balances and cash acquired	-	511	-	511
Net cash inflow	-	160	-	160

3.3 Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flow statement comprise the following balance sheet amounts:

	31-Dec-2008	31-Dec-2007
	\$'000	\$'000
Fixed deposit	1,630,147	526,558
Bank balances and cash	423,885	213,919
	<u>2,054,032</u>	<u>740,477</u>

3.4 Notes to Consolidated Cash Flow Statement

Net cash inflow from operating activities for FY 2008 was \$2,010.4 million. The strong operating cash flow was mainly contributed by the higher operating margins from rig building and ship repair businesses and the completion of rig building projects in FY 2008.

Net cash outflow from investing activities for FY 2008 was \$85.0 million. The Group spent \$96.9 million on expansion and operational capital expenditures in FY 2008.

Net cash outflow from financing activities for FY 2008 was \$518.4 million. It relates mainly to dividends paid, purchase of treasury shares and repayment of bank borrowings.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

GROUP	Attributable to equity holders of the Company							Minority interests	Total Equity
	Share capital	Treasury shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2008									
At 1 January 2008	442,549	-	14,084	(18,304)	506,393	735,338	1,680,060	25,656	1,705,716
Foreign currency translation	-	-	-	11,374	-	-	11,374	(56)	11,318
Net fair value changes	-	-	-	-	(442,097)	-	(442,097)	(2,969)	(445,066)
Net income recognised directly in equity	-	-	-	11,374	(442,097)	-	(430,723)	(3,025)	(433,748)
Profit for the period	-	-	-	-	-	360,486	360,486	13,349	373,835
Total recognised income and expenses for the period	-	-	-	11,374	(442,097)	360,486	(70,237)	10,324	(59,913)
Capital contribution by minority shareholder	-	-	-	-	-	-	-	529	529
Issue of shares under Share Option Plan	798	-	-	-	-	-	798	-	798
Purchase of treasury shares	-	(93,745)	-	-	-	-	(93,745)	-	(93,745)
Issuance of treasury shares	-	37,105	-	-	(27,070)	-	10,035	-	10,035
Dividend paid to									
- Company's shareholders	-	-	-	-	-	(209,259)	(209,259)	-	(209,259)
- minority shareholder	-	-	-	-	-	-	-	(5,822)	(5,822)
Cost of share-based payment - charged to income statement	-	-	-	-	8,839	-	8,839	75	8,914
At 30 September 2008	443,347	(56,640)	14,084	(6,930)	46,065	886,565	1,326,491	30,762	1,357,253
4Q 2008									
Foreign currency translation	-	-	-	3,787	-	-	3,787	238	4,025
Net fair value changes	-	-	-	-	(85,422)	-	(85,422)	2,969	(82,453)
Net income recognised directly in equity	-	-	-	3,787	(85,422)	-	(81,635)	3,207	(78,428)
Profit for the period	-	-	-	-	-	69,432	69,432	7,975	77,407
Total recognised income and expenses for the period	-	-	-	3,787	(85,422)	69,432	(12,203)	11,182	(1,021)
Issuance of treasury shares	-	785	-	-	(594)	-	191	-	191
Cost of share-based payment - charged to income statement	-	-	-	-	3,506	-	3,506	30	3,536
At 31 December 2008	443,347	(55,855)	14,084	(3,143)	(36,445)	955,997	1,317,985	41,974	1,359,959

4a. Statements of Changes in Equity for the Group (Cont'd)

GROUP	Attributable to equity holders of the Company							
	Share capital	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total	Minority interests	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 shares under Share Option Plan	21,261	-	-	-	-	21,261	-	21,261
Dividend paid to	-	-	-	-	(216,266)	(216,266)	-	(216,266)
- Company's shareholders	-	-	-	-	-	-	-	(3,553)
- minority shareholders	-	-	-	-	-	-	(1,824)	(1,824)
Disposal of subsidiaries	-	-	-	-	-	-	(1,824)	(1,824)
Cost of share-based payment - charged to income statement	-	-	-	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 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 subsidiaries	-	(335)	40	(14)	-	(309)	-	(309)
Realisation of fair value through income statement upon disposal	-	-	-	(147,413)	-	(147,413)	-	(147,413)
Cost of share-based payment - charged to income statement	-	-	-	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

4b. Statements of Changes in Equity of the Company

COMPANY	Share capital	Treasury shares	Capital reserves	Other reserves	Revenue reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2008						
At 1 January 2008	442,549	-	960	347,065	546,459	1,337,033
Net fair value changes	-	-	-	(245,312)	-	(245,312)
Net income recognised directly in equity	-	-	-	(245,312)	-	(245,312)
Profit for the period	-	-	-	-	105,282	105,282
Total recognised income and expenses for the period	-	-	-	(245,312)	105,282	(140,030)
Issue of shares under Share Option Plan	798	-	-	-	-	798
Purchase of treasury shares	-	(93,745)	-	-	-	(93,745)
Issuance of treasury shares	-	37,105	-	(26,495)	-	10,610
Dividend paid to - Company's shareholders	-	-	-	-	(209,259)	(209,259)
Cost of share-based payment - charged to income statement - issued to employees of subsidiaries	-	-	-	2,291 6,601	-	2,291 6,601
At 30 September 2008	443,347	(56,640)	960	84,150	442,482	914,299
4Q 2008						
Net fair value changes	-	-	-	(31,915)	-	(31,915)
Net income recognised directly in equity	-	-	-	(31,915)	-	(31,915)
Profit for the period	-	-	-	-	39,596	39,596
Total recognised income and expenses for the period	-	-	-	(31,915)	39,596	7,681
Issuance of treasury shares	-	785	-	(480)	-	305
Cost of share-based payment - charged to income statement - issued to employees of subsidiaries	-	-	-	859 2,657	-	859 2,657
At 31 December 2008	443,347	(55,855)	960	55,271	482,078	925,801

4b. Statements of Changes in Equity of the Company (Cont'd)

<u>COMPANY</u>	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 shares under Share Option Plan	21,261	-	-	-	21,261
Dividend paid to - Company's shareholders	-	-	-	(216,266)	(216,266)
Cost of share-based payment - charged to income statement - issued to employees of subsidiaries	-	-	2,406 7,564	-	2,406 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 shares under Share Option Plan	2,657	-	-	-	2,657
Cost of share-based payment - charged to income statement - issued to employees of subsidiaries	-	-	1,232 3,923	-	1,232 3,923
At 31 December 2007	442,549	960	347,065	546,459	1,337,033

4c. Changes in the Company's share capital

Issued Share Capital

During 4Q 2008, no (4Q 2007: 1,674,640) ordinary share is issued by the Company for cash upon the exercise of options granted under the Sembcorp Marine Share Option Plan (the "Plan"). As at 31 December 2008, the Company's issued and paid up capital, excluding 15,544,367 (31 December 2007: Nil) treasury shares held comprises 2,055,827,103 (31 December 2007: 2,070,855,320) ordinary shares.

Share Options

During 4Q 2008, there is no share option (4Q 2007: Nil) granted under the Plan. As at 31 December 2008, there were 25,919,044 (31 December 2007: 35,576,870) unexercised options for unissued ordinary shares under the Plan.

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 2008, there is no (4Q 2007: Nil) performance share granted under the Company's Performance Share Plan ("PSP"). The total number of performance shares in awards granted conditionally and representing 100% of targets achieved but not released as at 31 December 2008 was 2,610,000 (31 December 2007: 2,905,000).

Under the PSP, 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 2008, there is no (4Q 2007: Nil) restricted share granted conditionally under the Company's Restricted Stock Plan ("RSP"). The total number of restricted shares in awards granted conditionally and representing 100% of targets achieved but not released as at 31 December 2008 was 8,762,851 (31 December 2007: 5,747,227).

Under the RSP, 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 150% 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. As at 31 December 2008, 1,340,265 restricted shares has vested for the performance period 2006 to 2007, which will be released in 2009 and 2010.

Treasury Shares

During 4Q 2008, the Company made no purchases of its ordinary shares after acquiring a total of 11,806,000 ordinary shares in 3Q 2008. It transferred 218,175 (4Q 2007: Nil) ordinary shares from the treasury shares held pursuant to the exercise of options granted under the Plan. As at 31 December 2008, 15,544,367 treasury shares were held that may be issued upon the exercise of the options under the Plan, and upon the release of performance shares and restricted shares under the PSP and RSP respectively.

5. AUDIT

The figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. The audit is in progress and has not yet been completed.

6. AUDITORS' REPORT

Not applicable.

7. ACCOUNTING POLICIES

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 2007.

8. CHANGES IN ACCOUNTING POLICIES

Not applicable.

9. REVIEW OF GROUP PERFORMANCE

Group Overview

4Q 2008 versus 4Q 2007

	4Q 2008	4Q 2007	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	862.8	736.2	126.6	17.2
Offshore and Conversion	534.2	364.0	170.2	46.8
Repair	201.2	195.7	5.5	2.8
Shipbuilding	-	10.9	(10.9)	n.m.
Other Activities	19.3	29.9	(10.6)	(35.5)
Group Turnover	1,617.5	1,336.7	280.8	21.0

Group turnover for 4Q 2008 increased by 21.0% to \$1,617.5 million from \$1,336.7 million in 4Q 2007.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 33.1% to \$168.8 million in 4Q 2008 from \$126.8 million in 4Q 2007.

Group pre-tax profits increased by 14.5% to \$88.2 million from \$77.0 million in 4Q 2007. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses, offset by losses from Cosco Shipyard Group Co. Ltd.

Group Profit Attributable to Members of the Company

Group attributable profits increased to \$69.4 million from \$0.8 million in 4Q 2007.

9. REVIEW OF GROUP PERFORMANCE (Cont'd)

FY 2008 versus FY 2007

	FY 2008	FY 2007	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	2,839.6	2,498.9	340.7	13.6
Offshore and Conversion	1,354.4	1,130.5	223.9	19.8
Repair	794.8	731.1	63.7	8.7
Shipbuilding	2.0	81.6	(79.6)	(97.5)
Other Activities	73.1	71.0	2.1	3.0
Group Turnover	5,063.9	4,513.1	550.8	12.2

Group turnover for FY 2008 increased by 12.2% to \$5,063.9 million from \$4,513.1 million in FY 2007.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 43.8% to \$501.8 million in FY 2008 from \$349.0 million in FY 2007.

Group pre-tax profits increased by 49.4% to \$545.0 million from \$364.7 million in FY 2007. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses, offset by lower contribution from Cosco Shipyard Group Co. Ltd.

Group Profit Attributable to Members of the Company

Group attributable profits increased by 78.4% to \$429.9 million from \$241.0 million in FY 2007.

10. VARIANCE FROM PROSPECT STATEMENT

There is no variance from the previous forecast.

11. PROSPECTS

While the financial turmoil has a damaging impact on the world economy and the current oil prices, the Group is confident that the long-term fundamentals and outlook for the marine and offshore industry continue to be positive in the light of continued global reliance on oil and gas and accelerating depletion of oil and gas reserves.

The Group has a net order book of S\$9.0 billion, comprising rig building, ship conversion and offshore projects, of which S\$5.7 billion were secured in FY 2008. These projects will keep the Group's shipyards busy with a sufficient base-load.

For ship repair, the Group's strategic alliances and partnerships with long-term customers for synergistic benefits and "win-win" solutions should provide the Group with a stable base load. It should also cushion the Group from the impact arising from the current financial turmoil.

Market for the large FPSO (floating production storage offloading) units and production platforms is expected to remain strong based on owners' long-term commercial viability of the projects. Such projects have longer gestation period and constitute part of the owners' investment portfolio designed to provide future output to replace depleting reserves.

The immediate economic outlook is uncertain. However, with our strong net cash and balance sheet position, the Group is well positioned to ride out the challenges of the year ahead.

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.

12. 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	5.00 cents per ordinary share one-tier tax exempt	6.00 cents per ordinary share one-tier tax exempt	11.00 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	*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

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

(c) Date payable

The final proposed dividend will be paid on 13 May 2009.

(d) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed from 29 April 2009 to 30 April 2009, 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 28 April 2009 will be registered before entitlements to dividend are determined.

(e) Total Annual Dividend

	2008 \$'000	2007 \$'000
Ordinary-Interim dividend	102,906	73,783
Ordinary-Final dividend*	123,350	106,353
Total	226,256	180,136

* 2008 final dividend is estimated based on share capital of 2,055,827,103 ordinary shares at the end of the financial year.

13. SEGMENTAL REPORTING

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment: FY 2008					
Turnover					
Sales to external parties	5,011,414	-	52,534	-	5,063,948
Inter-segment sales	-	-	281,344	(281,344)	-
Consolidated sales	5,011,414	-	333,878	(281,344)	5,063,948
Results					
Segment results	492,733	(378)	9,482	-	501,837
Dividend and interest income	32,917	-	23	-	32,940
Finance costs	(11,370)	-	-	-	(11,370)
Foreign exchange transactions	(43,749)	-	-	-	(43,749)
Share of results of associates & joint venture	56,953	8,308	39	-	65,300
Profit before taxation	527,484	7,930	9,544	-	544,958
Taxation	(91,700)	(131)	(1,885)	-	(93,716)
Profit after taxation	435,784	7,799	7,659	-	451,242
Other information					
Capital expenditure	95,259	-	4,789	-	100,048
Depreciation	67,793	-	1,337	-	69,130
Amortisation	1,577	-	-	-	1,577
Other segment assets					
Other segment assets	2,536,650	15,764	31,585	-	2,583,999
Interest bearing assets	1,726,825	-	17,255	-	1,744,080
Investments in associates & joint venture	248,915	20,187	507	-	269,609
Deferred tax assets	9,374	-	62	-	9,436
Tax recoverable	4,693	-	-	-	4,693
Total segment assets	4,526,457	35,951	49,409	-	4,611,817
Other segment liabilities					
Other segment liabilities	2,781,534	5	15,913	-	2,797,452
Interest bearing liabilities	225,996	-	-	-	225,996
Deferred tax liabilities	60,611	-	650	-	61,261
Provision for taxation	164,798	525	1,826	-	167,149
Total segment liabilities	3,232,939	530	18,389	-	3,251,858

13. **SEGMENTAL REPORTING (Cont'd)**

	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
Finance costs	(13,692)	-	-	-	(13,692)
Foreign exchange transactions	(302,922)	-	-	-	(302,922)
Non-operating income	230,625	-	-	-	230,625
Non-operating expenses	(7,642)	-	-	-	(7,642)
Share of results of associates & joint venture	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 associates & joint venture	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

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

13. SEGMENTAL REPORTING (Cont'd)

(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 \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
FY 2008						
Revenue from external customers	1,269,577	1,889,064	1,595,358	309,949	-	5,063,948
Total segment assets	4,238,607	363,683	-	9,527	-	4,611,817
Capital expenditure	83,406	16,556	-	86	-	100,048
FY 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

13a. Review of segment performance

Please refer to paragraph 9.

14. INTERESTED PERSON TRANSACTIONS

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

	FY 2008 \$'000	FY 2007 \$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines Ltd and its associates	10,152	15,853
PSA International Pte Ltd and its associates	2,853	2,053
Transaction for the Purchase of Goods and Services		
PSA International Pte Ltd and its associates	4,780	-
Sembcorp Industries Limited and its associates	34,574	26,631
Management and Support Services		
Sembcorp Industries Limited	250	250
Total Interested Person Transactions	52,609	44,787

BY ORDER OF THE BOARD

KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES

24 February 2009