



SEMBCORP MARINE LTD
Registration Number: 196300098Z

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2010 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2010

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2010.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		4Q 2010 \$'000	4Q 2009 \$'000	+ / (-) %	FY 2010 \$'000	FY 2009 \$'000	+ / (-) %
Turnover	1.1a	982,886	1,343,219	(26.8)	4,554,863	5,724,742	(20.4)
Cost of sales		(614,729)	(902,961)	(31.9)	(3,426,068)	(4,738,692)	(27.7)
Gross profit	1.1b	368,157	440,258	(16.4)	1,128,795	986,050	14.5
Other operating income	1.1c	7,876	8,164	(3.5)	20,534	21,811	(5.9)
Other operating expenses	1.1c	(9,272)	3,205	n.m.	(44,730)	(4,230)	957.4
General and administrative expenses	1.1d	(68,954)	(64,592)	6.8	(162,035)	(141,277)	14.7
Operating profit		297,807	387,035	(23.1)	942,564	862,354	9.3
Dividend and interest income		2,291	22,097	(89.6)	32,179	36,607	(12.1)
Finance costs		(2,724)	(361)	654.6	(7,134)	(5,329)	33.9
Foreign exchange transactions	1.1e	-	-	-	52,640	-	n.m.
Non-operating income		-	-	-	-	368	n.m.
Non-operating expenses		-	(4,228)	n.m.	-	(11,764)	n.m.
Share of results of associates and joint ventures	1.1f	16,197	(9,695)	n.m.	57,639	25,399	126.9
Profit before income tax expense	1.2	313,571	394,848	(20.6)	1,077,888	907,635	18.8
Income tax expense	1.3	(57,003)	(62,288)	(8.5)	(184,009)	(150,870)	22.0
Profit for the period/year		256,568	332,560	(22.9)	893,879	756,765	18.1
Attributable to:							
Shareholders of the Company		239,363	297,248	(19.5)	860,266	700,118	22.9
Non-controlling interests	1.4	17,205	35,312	(51.3)	33,613	56,647	(40.7)
		256,568	332,560	(22.9)	893,879	756,765	18.1
Earnings per share (cents)	1.5						
Basic		11.54	14.41	(19.9)	41.55	34.02	22.1
Diluted		11.52	14.37	(19.8)	41.43	33.93	22.1

NOTES TO CONSOLIDATED INCOME STATEMENT:

1.1a Turnover

Group turnover decreased in 4Q 2010 mainly due to the Group achieving lower value of initial percentage of completion ("POC") revenue recognition for rig building and offshore and conversion projects.

For FY 2010, lower Group turnover was mainly due to rig building as well as offshore and conversion projects achieving lower POC revenue recognition as compared to FY 2009. There was also higher variation order settlement for offshore contracts in FY 2009.

1.1b Gross profit

Gross profit was lower in 4Q 2010 as compared to 4Q 2009. The higher gross profit in 4Q 2009 was mainly due to the resumption of margin recognition for projects upon securing new buyers during that quarter.

For FY 2010, gross profit was higher primarily due to the resumption of margin recognition for a rig building project upon securing a buyer as well as execution of projects ahead of schedule and achieving better margins for rig building, offshore and conversion projects through higher productivity.

1.1c Other operating income/(expenses)

	Note	Group			Group		
		4Q 2010 \$'000	4Q 2009 \$'000	+ / (-) %	FY 2010 \$'000	FY 2009 \$'000	+ / (-) %
Foreign exchange (loss)/gain, net	1.2d	(8,806)	3,296	n.m.	(43,577)	(3,458)	n.m.
Fair value adjustment on hedging instruments	1.2e	1,817	1,784	1.8	6,613	3,160	109.3
Other income	1.2f	6,059	6,380	(5.0)	13,921	18,651	(25.4)
Other expenses		<u>(466)</u>	<u>(91)</u>	412.1	<u>(1,153)</u>	<u>(772)</u>	49.4
		<u>(1,396)</u>	<u>11,369</u>	n.m.	<u>(24,196)</u>	<u>17,581</u>	n.m.
<i>Disclosed in Consolidated Income Statement as follows:</i>							
Other operating income		7,876	8,164	(3.5)	20,534	21,811	(5.9)
Other operating expenses		<u>(9,272)</u>	<u>3,205</u>	n.m.	<u>(44,730)</u>	<u>(4,230)</u>	957.4
		<u>(1,396)</u>	<u>11,369</u>	n.m.	<u>(24,196)</u>	<u>17,581</u>	n.m.

n.m. : not meaningful

1.1d General and administrative expenses

The higher general and administrative expenses are mainly due to provision of bonus.

1.1e Foreign exchange transactions

The Company's subsidiary, Jurong Shipyard Pte Ltd ("JSPL") has reached an agreement, strictly on a commercial basis with Societe Generale ("SG") for a full and final amicable settlement of the disputed foreign exchange transactions.

Arising from this settlement, SG had made a payment of US\$40 million (S\$52.64 million) to JSPL on the basis that there is no admission of liability by either party and S\$52.64 million had been credited to the consolidated income statement.

1.3. Income tax expense

The Group's tax charge for 4Q 2010 included an over-provision of tax in respect of prior years of \$1,596,000 (4Q 2009: over-provision of tax in respect of prior years of \$3,368,000).

The Group's tax charge for FY 2010 included an over-provision of tax in respect of prior years of \$1,290,000 (FY 2009: over-provision of tax in respect of prior years of \$5,743,000 included a write back of provision for deferred tax arising from a reduction in Singapore corporate tax rate from 18% to 17%).

1.4. Non-controlling interests

On 15 May 2010, the Company commenced proceedings in the High Court of Singapore against PPL Holdings Pte Ltd and its wholly owned subsidiary E-Interface Holdings Limited to seek the transfer the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. Pending the outcome of the Court's decision, we have continued to consolidate the Company's 85 per cent interest in PPLS and separately accounted for the 15 per cent as a "non-controlling interest".

1.5. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period/year based on net profit attributable to shareholders:	Group			Group		
	4Q 2010	4Q 2009	+ / (-) %	FY 2010	FY 2009	+ / (-) %
(i) Based on the weighted average number of shares (cents)	11.54	14.41	(19.9)	41.55	34.02	22.1
Weighted average number of shares	2,076,748,369	2,063,309,230	0.7	2,070,638,122	2,058,239,106	0.6
(ii) On a fully diluted basis (cents)	11.52	14.37	(19.8)	41.43	33.93	22.1
Adjusted weighted average number of shares	2,082,743,369	2,068,734,230	0.7	2,076,633,122	2,063,664,106	0.6

1.6. Breakdown of sales

	Group		
	FY 2010 \$'000	FY 2009 \$'000	+ / (-) %
<u>First Half Year</u>			
(i) Sales reported	2,457,326	2,861,112	(14.1)
(ii) Profit after tax before deducting non-controlling interests reported	335,088	272,629	22.9
<u>Second Half Year</u>			
(iii) Sales reported	2,097,537	2,863,630	(26.8)
(iv) Profit after tax before deducting non-controlling interests reported	558,791	484,136	15.4

1.7. **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group		Group	
	4Q 2010	4Q 2009	FY 2010	FY 2009
	\$'000	\$'000	\$'000	\$'000
Profit for the period/year	256,568	332,560	893,879	756,765
Foreign currency translation differences	(19,180)	(20,537)	(39,254)	(30,161)
Net fair value changes of cash flow hedges	21,754	(9,115)	68,839	52,593
Net fair value changes of cash flow hedges transferred to income statement	-	1,266	-	8,581
Net fair value changes of available-for-sale financial assets	28,197	(57)	101,099	22,125
Net fair value changes of available-for-sale financial assets transferred to income statement on impairment	-	4,228	-	11,764
Other comprehensive income/(expense) for the period/year	<u>30,771</u>	<u>(24,215)</u>	<u>130,684</u>	<u>64,902</u>
Total comprehensive income for the period/year	<u>287,339</u>	<u>308,345</u>	<u>1,024,563</u>	<u>821,667</u>
Attributable to:				
Shareholders of the Company	272,249	277,381	996,164	767,586
Non-controlling interests	<u>15,090</u>	<u>30,964</u>	<u>28,399</u>	<u>54,081</u>
Total comprehensive income for the period/year	<u>287,339</u>	<u>308,345</u>	<u>1,024,563</u>	<u>821,667</u>

2. BALANCE SHEETS

	Group		Company	
	31-Dec-2010 \$'000	31-Dec-2009 \$'000	31-Dec-2010 \$'000	31-Dec-2009 \$'000
Non-current Assets				
Property, plant and equipment	681,948	678,361	120,892	107,584
Investment properties	-	-	44,616	51,360
Investments in subsidiaries	-	-	482,616	629,076
Investments in associates and joint ventures	306,956	267,774	107,369	107,369
Other long-term investments	286,856	165,783	195,561	113,377
Long-term trade receivables	10,845	14,701	10,832	14,505
Other long-term receivables	54,525	36,733	59,573	65,702
Intangible assets	6,127	6,127	122	122
Deferred tax assets	47	47	-	-
Derivative financial assets	31,714	181	-	-
Total Non-current Assets	1,379,018	1,169,707	1,021,581	1,089,095
Current Assets				
Inventories and work-in-progress	750,749	1,252,500	-	-
Trade receivables	153,397	228,881	17,903	30,404
Other receivables, deposits and prepayments	40,104	55,308	8,381	9,142
Derivative financial assets	40,805	2,604	-	-
Bank balances, fixed deposits and cash	2,915,097	1,978,548	169,011	15,846
Total Current Assets	3,900,152	3,517,841	195,295	55,392
Current Liabilities				
Trade payables	1,453,815	1,565,550	43,023	33,117
Other payables	8,429	26,682	60,481	45,561
Provisions	55,383	60,601	-	-
Progress billings in excess of work-in-progress	645,704	696,031	-	-
Derivative financial liabilities	101	21,200	-	-
Provision for taxation	277,341	253,218	1,993	1,017
Interest-bearing borrowings	8,000	12,000	-	-
Total Current Liabilities	2,448,773	2,635,282	105,497	79,695
Net Current Assets/(Liabilities)	1,451,379	882,559	89,798	(24,303)
Total Assets less Current Liabilities	2,830,397	2,052,266	1,111,379	1,064,792
Non-current Liabilities				
Deferred tax liabilities	103,909	66,748	43,842	34,873
Derivative financial liabilities	-	10,912	-	-
Other long-term payables	8,804	-	-	32,987
Interest-bearing borrowings	-	8,000	-	-
Other provisions	30,758	6,198	27,895	2,895
Total Non-current Liabilities	143,471	91,858	71,737	70,755
	2,686,926	1,960,408	1,039,642	994,037
Equity attributable to shareholders of the Company				
Share capital	456,561	443,347	456,561	443,347
Reserves	2,142,842	1,440,723	583,081	550,690
	2,599,403	1,884,070	1,039,642	994,037
Non-controlling interests	87,523	76,338	-	-
Total equity	2,686,926	1,960,408	1,039,642	994,037

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-2010		As at 31-Dec-2009	
Secured	Unsecured	Secured	Unsecured
8,000,000	-	12,000,000	-

Amount repayable after one year

As at 31-Dec-2010		As at 31-Dec-2009	
Secured	Unsecured	Secured	Unsecured
-	-	8,000,000	-

Details of Collateral

Borrowing amounting to \$8,000,000 (31 December 2009: \$20,000,000) is secured on corporate guarantee from a subsidiary.

2b. Net asset value

	Group			Company		
	Dec-2010	Dec-2009	+ / (-) %	Dec-2010	Dec-2009	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	125.10	91.27	37.1	50.03	48.15	3.9

2c. Explanatory Notes to Balance Sheets

(i) Group

Inventories and work-in-progress and Bank balances, fixed deposits and cash

'Inventories and work-in-progress' decreased significantly and 'Bank balances, fixed deposits and cash' increased significantly mainly due to receipts from completed rig building projects.

(ii) Company

Investments in subsidiaries and Bank balances, fixed deposits and cash

'Investments in subsidiaries' decreased and 'Bank balances, fixed deposits and cash' increased significantly mainly due to the redemption of preference shares and capital reduction by subsidiaries.

Other long-term investments

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

3. CONSOLIDATED CASH FLOW STATEMENT

	Group		Group	
	4Q 2010	4Q 2009	FY 2010	FY 2009
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Operating profit	297,807	387,035	942,564	862,354
Adjustments for:				
Depreciation of property, plant and equipment, net	20,844	21,569	83,197	75,193
Impairment loss on property, plant and equipment	3,950	5,521	3,950	6,145
Gain on disposal of property, plant and equipment, net	(1,747)	(39)	(1,923)	(150)
Property, plant and equipment written off	150	2,084	332	2,459
Share-based payment expenses	9,900	10,577	22,993	17,858
Fair value adjustment on hedging instruments	(1,817)	(1,784)	(6,613)	(3,160)
Amortisation	-	-	-	55
Negative goodwill	-	-	-	(298)
Operating profit before working capital changes	329,087	424,963	1,044,500	960,456
Changes in working capital:				
Decrease/(increase) in inventories and work-in-progress	80,325	(302,559)	451,424	(688,670)
Decrease in receivables	40,039	415,819	76,900	265,074
Increase/(decrease) in payables	931	(237,699)	(152,409)	(81,392)
Cash generated from operations	450,382	300,524	1,420,415	455,468
Investment and interest income received	2,278	22,086	32,070	36,986
Interest paid	(319)	(490)	(2,870)	(7,046)
Income tax paid	(14,006)	(5,979)	(144,717)	(57,869)
Net cash inflow from operating activities	438,335	316,141	1,304,898	427,539
Net receipt from bank relating to foreign exchange transactions	-	-	52,640	-
	<u>438,335</u>	<u>316,141</u>	<u>1,357,538</u>	<u>427,539</u>
Cash flows from investing activities:				
Purchase of property, plant and equipment	(40,649)	(16,338)	(73,150)	(66,994)
Proceeds from sale of property, plant and equipment	3,528	3,363	4,492	7,052
Investment in joint venture	-	-	(1,166)	-
Dividend from associate	48	12,581	48	12,842
Acquisition of non-controlling interest	-	-	-	(13,428)
Cash paid to non-controlling interest upon liquidation of a subsidiary	-	-	(542)	-
Purchase of other investment	(1,994)	-	(1,994)	(32)
Net cash outflow from investing activities	(39,067)	(394)	(72,312)	(60,560)
Cash flows from financing activities:				
Payments on finance leases	-	(2,900)	-	(3,758)
Repayment of borrowings	(3,088)	(3,000)	(14,224)	(647,873)
Proceeds from borrowings	-	-	2,224	445,580
Proceeds from ESOS exercised	3,240	2,598	16,391	10,035
Dividend paid to shareholders of the Company	-	-	(311,271)	(226,666)
Dividend paid to non-controlling shareholders of subsidiaries	-	(256)	(16,496)	(5,991)
Net cash inflow/(outflow) from financing activities	152	(3,558)	(323,376)	(428,673)
Net increase/(decrease) in cash and cash equivalents	399,420	312,189	961,850	(61,694)
Cash and cash equivalents at beginning of period/year	2,525,584	1,675,787	1,978,548	2,054,032
Effect of exchange rate changes on balances held in foreign currency	(9,907)	(9,428)	(25,301)	(13,790)
Cash and cash equivalents at end of period/year	2,915,097	1,978,548	2,915,097	1,978,548

NOTES TO CONSOLIDATED CASH FLOW STATEMENT:

3a. Cash and cash equivalents

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

	31-Dec-2010	31-Dec-2009
	\$'000	\$'000
Fixed deposits	2,452,496	1,638,158
Bank balances and cash	462,601	340,390
	<u>2,915,097</u>	<u>1,978,548</u>

3b. Explanatory Notes to Consolidated Cash Flow Statement

Cash flows from operating activities before changes in working capital increased from \$960.5 million in FY 2009 to \$1,044.5 million in FY 2010. Net cash inflow from operating activities for FY 2010 increased to \$1,304.9 million was mainly due to operating profit and receipts from ongoing and completed projects.

Net cash outflow from investing activities for FY 2010 was \$72.3 million. The Group spent \$73.2 million on expansion and operational capital expenditures in FY 2010.

Net cash outflow from financing activities for FY 2010 was \$323.4 million. It relates mainly to dividends paid.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

GROUP	Attributable to shareholders of the Company							Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
9M 2010									
At 1 January 2010	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408
Total comprehensive income									
Profit for the period	-	-	-	-	-	620,903	620,903	16,408	637,311
<u>Other comprehensive income</u>									
Foreign currency translation differences	-	-	-	(17,608)	-	-	(17,608)	(2,466)	(20,074)
Net fair value changes of cash flow hedges	-	-	-	-	47,718	-	47,718	(633)	47,085
Net fair value changes of available-for-sale financial assets	-	-	-	-	72,902	-	72,902	-	72,902
Transfer from revenue reserve to capital reserves by associate	-	-	249	-	-	(249)	-	-	-
Total other comprehensive income	-	-	249	(17,608)	120,620	(249)	103,012	(3,099)	99,913
Total comprehensive income	-	-	249	(17,608)	120,620	620,654	723,915	13,309	737,224
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	9,665	-	-	-	(494)	-	9,171	-	9,171
Issuance of treasury shares	-	25,449	-	-	(21,934)	-	3,515	-	3,515
Dividend paid	-	-	-	-	-	(311,271)	(311,271)	(16,496)	(327,767)
Cost of share-based payment - charged to income statement	-	-	-	-	9,438	-	9,438	-	9,438
Realisation of reserve upon liquidation of a subsidiary	-	-	-	-	-	-	-	(718)	(718)
Total transactions with equity holders	9,665	25,449	-	-	(12,990)	(311,271)	(289,147)	(17,214)	(306,361)
At 30 September 2010	453,012	-	25,574	(48,082)	160,743	1,727,591	2,318,838	72,433	2,391,271
4Q 2010									
Total comprehensive income									
Profit for the period	-	-	-	-	-	239,363	239,363	17,205	256,568
<u>Other comprehensive income</u>									
Foreign currency translation differences	-	-	-	(17,065)	-	-	(17,065)	(2,115)	(19,180)
Net fair value changes of cash flow hedges	-	-	-	-	21,754	-	21,754	-	21,754
Net fair value changes of available-for-sale financial assets	-	-	-	-	28,197	-	28,197	-	28,197
Total other comprehensive income	-	-	-	(17,065)	49,951	-	32,886	(2,115)	30,771
Total comprehensive income	-	-	-	(17,065)	49,951	239,363	272,249	15,090	287,339
Transactions with equity holders, recorded directly in equity									
Issuance of new shares	3,549	-	-	-	(98)	-	3,451	-	3,451
Issuance of treasury shares	-	-	-	-	(267)	-	(267)	-	(267)
Cost of share-based payment - charged to income statement	-	-	-	-	5,132	-	5,132	-	5,132
Total transactions with equity holders	3,549	-	-	-	4,767	-	8,316	-	8,316
At 31 December 2010	456,561	-	25,574	(65,147)	215,461	1,966,954	2,599,403	87,523	2,686,926

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

GROUP	Attributable to shareholders of the Company								Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
9M 2009										
At 1 January 2009	443,347	(55,855)	14,084	(3,143)	(36,445)	955,997	1,317,985	41,974	1,359,959	
Total comprehensive income										
Profit for the period	-	-	-	-	-	402,870	402,870	21,335	424,205	
<u>Other comprehensive income</u>										
Foreign currency translation differences	-	-	-	(8,626)	-	-	(8,626)	(998)	(9,624)	
Net fair value changes of cash flow hedges	-	-	-	-	58,928	-	58,928	2,780	61,708	
Net fair value changes of cash flow hedges transferred to income statement	-	-	-	-	7,315	-	7,315	-	7,315	
Net fair value changes of available-for-sale financial assets	-	-	-	-	22,182	-	22,182	-	22,182	
Net fair value changes of available-for-sale financial assets transferred to income statement on impairment	-	-	-	-	7,536	-	7,536	-	7,536	
Total other comprehensive income	-	-	-	(8,626)	95,961	-	87,335	1,782	89,117	
Total comprehensive income	-	-	-	(8,626)	95,961	402,870	490,205	23,117	513,322	
Transactions with equity holders, recorded directly in equity										
Issuance of treasury shares	-	25,592	-	-	(18,432)	-	7,160	-	7,160	
Dividend paid	-	-	-	-	-	(226,666)	(226,666)	(5,735)	(232,401)	
Cost of share-based payment - charged to income statement	-	-	-	-	9,105	-	9,105	64	9,169	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(13,726)	(13,726)	
Realisation of reserve upon liquidation of subsidiary	-	-	-	(368)	-	-	(368)	-	(368)	
Total transactions with equity holders	-	25,592	-	(368)	(9,327)	(226,666)	(210,769)	(19,397)	(230,166)	
At 30 September 2009	443,347	(30,263)	14,084	(12,137)	50,189	1,132,201	1,597,421	45,694	1,643,115	
4Q 2009										
Total comprehensive income										
Profit for the period	-	-	-	-	-	297,248	297,248	35,312	332,560	
<u>Other comprehensive income</u>										
Foreign currency translation differences	-	-	-	(18,337)	-	-	(18,337)	(2,200)	(20,537)	
Net fair value changes of cash flow hedges	-	-	-	-	(6,967)	-	(6,967)	(2,148)	(9,115)	
Net fair value changes of cash flow hedges transferred to income statement	-	-	-	-	1,266	-	1,266	-	1,266	
Net fair value changes of available-for-sale financial assets	-	-	-	-	(57)	-	(57)	-	(57)	
Net fair value changes of available-for-sale financial assets transferred to income statement on impairment	-	-	-	-	4,228	-	4,228	-	4,228	
Transfer from revenue reserve to capital reserves by associate	-	-	11,241	-	-	(11,241)	-	-	-	
Total other comprehensive income	-	-	11,241	(18,337)	(1,530)	(11,241)	(19,867)	(4,348)	(24,215)	
Total comprehensive income	-	-	11,241	(18,337)	(1,530)	286,007	277,381	30,964	308,345	
Transactions with equity holders, recorded directly in equity										
Issuance of treasury shares	-	4,814	-	-	(1,886)	-	2,928	-	2,928	
Dividend paid	-	-	-	-	-	-	-	(256)	(256)	
Cost of share-based payment - charged to income statement	-	-	-	-	6,340	-	6,340	(64)	6,276	
Total transactions with equity holders	-	4,814	-	-	4,454	-	9,268	(320)	8,948	
At 31 December 2009	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408	

4b. Statements of Changes in Equity of the Company

<u>COMPANY</u>	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2010						
At 1 January 2010	443,347	(25,449)	960	64,541	510,638	994,037
Total comprehensive income						
Profit for the period	-	-	-	-	249,832	249,832
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	53,381	-	53,381
Total other comprehensive income	-	-	-	53,381	-	53,381
Total comprehensive income	-	-	-	53,381	249,832	303,213
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	9,665	-	-	(494)	-	9,171
Issuance of treasury shares	-	25,449	-	(21,469)	-	3,980
Dividend paid	-	-	-	-	(311,271)	(311,271)
Cost of share-based payment						
- charged to income statement	-	-	-	2,146	-	2,146
- issued to employees of subsidiaries	-	-	-	7,314	-	7,314
Total transactions with equity holders	9,665	25,449	-	(12,503)	(311,271)	(288,660)
At 30 September 2010	453,012	-	960	105,419	449,199	1,008,590
4Q 2010						
Total comprehensive income						
Profit for the period	-	-	-	-	4,974	4,974
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	17,487	-	17,487
Total other comprehensive income	-	-	-	17,487	-	17,487
Total comprehensive income	-	-	-	17,487	4,974	22,461
Transactions with equity holders, recorded directly in equity						
Issuance of new shares	3,549	-	-	(98)	-	3,451
Cost of share-based payment						
- charged to income statement	-	-	-	910	-	910
- issued to employees of subsidiaries	-	-	-	4,230	-	4,230
Total transactions with equity holders	3,549	-	-	5,042	-	8,591
At 31 December 2010	456,561	-	960	127,948	454,173	1,039,642

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

COMPANY	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2009						
At 1 January 2009	443,347	(55,855)	960	55,271	482,078	925,801
Total comprehensive income						
Profit for the period	-	-	-	-	160,029	160,029
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	14,907	-	14,907
Total other comprehensive income	-	-	-	14,907	-	14,907
Total comprehensive income	-	-	-	14,907	160,029	174,936
Transactions with equity holders, recorded directly in equity						
Issuance of treasury shares	-	25,592	-	(18,155)	-	7,437
Dividend paid	-	-	-	-	(226,666)	(226,666)
Cost of share-based payment	-	-	-	2,173	-	2,173
- charged to income statement	-	-	-	2,173	-	2,173
- issued to employees of subsidiaries	-	-	-	7,100	-	7,100
Total transactions with equity holders	-	25,592	-	(8,882)	(226,666)	(209,956)
At 30 September 2009	443,347	(30,263)	960	61,296	415,441	890,781
4Q 2009						
Total comprehensive income						
Profit for the period	-	-	-	-	95,197	95,197
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(1,268)	-	(1,268)
Total other comprehensive income	-	-	-	(1,268)	-	(1,268)
Total comprehensive income	-	-	-	(1,268)	95,197	93,929
Transactions with equity holders, recorded directly in equity						
Issuance of treasury shares	-	4,814	-	(2,216)	-	2,598
Cost of share-based payment	-	-	-	1,080	-	1,080
- charged to income statement	-	-	-	1,080	-	1,080
- issued to employees of subsidiaries	-	-	-	5,649	-	5,649
Total transactions with equity holders	-	4,814	-	4,513	-	9,327
At 31 December 2009	443,347	(25,449)	960	64,541	510,638	994,037

4c. Changes in the Company's share capital

Issued and Paid Up Capital

During 4Q 2010, the Company issued 1,692,536 (4Q 2009: Nil) ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP") and upon the vesting of restricted shares under the Company's Restricted Stock Plan ("RSP").

As at 31 December 2010, the Company's issued and paid up capital, excluding treasury shares comprises 2,077,902,979 (31 December 2009: 2,064,288,925) ordinary shares.

Share Options

During 4Q 2010, 1,655,392 (4Q 2009: 1,292,518) share options under the SOP were exercised and settled by way of issuance of new shares (4Q 2009: settled by way of issuance of treasury shares).

As at 31 December 2010, there were 11,480,974 (31 December 2009: 20,238,168) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 4Q 2010, no (4Q 2009: Nil) performance share were awarded under the Company's Performance Share Plan ("PSP").

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2010 was 1,970,000 (31 December 2009: 2,315,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,955,000 (31 December 2009: 3,472,500) performance shares.

Restricted Shares

During 4Q 2010, 37,144 (4Q 2009: 47,289) restricted shares were released under the RSP and 27,632 (4Q 2009: 29,306) restricted shares lapsed.

In 4Q 2010, no (4Q 2009: Nil) restricted share was awarded.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2010, was 11,380,303 (31 December 2009: 10,406,962). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2010 was 6,615,930 (31 December 2009: 6,709,730). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 9,923,895 (31 December 2009: 10,064,595) restricted shares.

Treasury Shares

During 4Q 2010, the Company did not issue (4Q 2009: 1,339,807) treasury shares pursuant to the SOP and RSP.

As at 31 December 2010, no (31 December 2009: 7,082,545) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

5. AUDIT

These 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

Except as disclosed in paragraph 8 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2009.

8. CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2010, the Group adopted the following new/amended FRS, which are relevant to the Group's operations:

FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 103 (revised)	Business Combinations
Improvements to FRSs 2009	
Amendments to FRS 102	Share-based Payment – Group Cash-settled Share-based Payment Transactions

The adoption of the above FRS (including consequential amendments) does not have any significant impact on the financial statements.

9. REVIEW OF GROUP PERFORMANCE

Group Overview

4Q 2010 versus 4Q 2009

	4Q 2010	4Q 2009	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	655.7	934.3	(278.6)	(29.8)
Offshore and Conversion	151.9	235.3	(83.4)	(35.4)
Repair	158.0	160.5	(2.5)	(1.6)
Other Activities	17.3	13.1	4.2	32.1
Group Turnover	982.9	1,343.2	(360.3)	(26.8)

Group turnover for 4Q 2010 was lower at \$982.9 million from \$1,343.2 million in 4Q 2009 due to lesser number of rig building as well as offshore and conversion projects achieving initial percentage of completion revenue recognition.

Group Operating Profit

Group operating profit decreased by 23.1% to \$297.8 million in 4Q 2010 from \$387.0 million in 4Q 2009. The higher operating profit in 4Q 2009 was due to the resumption of margin recognition for projects upon securing new buyers.

9. REVIEW OF GROUP PERFORMANCE (cont'd)

Group Profit before Income Tax Expense

Group profit before income tax expense for 4Q 2010 decreased by 20.6% to \$313.6 million from \$394.8 million in 4Q 2009. The decrease is mainly attributable to lower turnover in 4Q 2010 and the resumption of margin recognition for projects upon securing new buyers in 4Q 2009.

Group Profit Attributable to Shareholders of the Company

Group attributable profit for 4Q 2010 decreased by 19.5% to \$239.4 million from \$297.2 million in 4Q 2009.

Group Overview

FY 2010 versus FY 2009

	FY 2010 \$'m	FY 2009 \$'m	+ / (-) \$'m	+ / (-) %
Rig Building	3,047.8	3,634.7	(586.9)	(16.1)
Offshore and Conversion	820.4	1,343.3	(522.9)	(38.9)
Repair	646.1	705.9	(59.8)	(8.5)
Other Activities	40.6	40.8	(0.2)	(0.5)
Group Turnover	4,554.9	5,724.7	(1,169.8)	(20.4)

Group turnover for FY 2010 was lower at \$4,554.9 million from \$5,724.7 million in FY 2009 mainly due to rig building as well as offshore and conversion projects achieving lower percentage of completion revenue recognition. There was also higher variation order settlement for offshore contracts in FY 2009.

Group Operating Profit

Group operating profit increased by 9.3% to \$942.6 million in FY 2010 from \$862.4 million in FY 2009. The increase is mainly attributable to execution of projects ahead of schedule and achieving better margins for rig building, offshore and conversion projects through higher productivity as well as the resumption of margin recognition for a rig building project upon securing a buyer.

Group Profit before Income Tax Expense

Group profit before income tax expense increased by 18.8% to \$1,077.9 million from \$907.6 million in FY 2009 due to higher operating profit and receipt on settlement of the disputed foreign exchange transactions with Societe Generale.

Group Profit Attributable to Shareholders of the Company

Group attributable profit for FY 2010 increased by 22.9% to \$860.3 million from \$700.1 million in FY 2009.

10. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

11. PROSPECTS

The Group has a net order book of S\$4.8 billion with completion and deliveries stretching till second quarter of 2013. This includes S\$3.04 billion in contract orders secured in 2010 and S\$361 million worth of contracts secured since the start of 2011, excluding ship repair contracts.

Although global recovery has improved in past months, recent events in the Middle-East and North Africa may create uncertainties in the world economy which may have an impact on businesses.

For the oil and gas industry, the fundamentals remain intact with oil prices expected to sustain above US\$80 per barrel. Exploration and production (E&P) spending budgets continue to show positive development with oil companies reporting intention to increase E&P spending further in 2011.

Given the highly skewed ageing rig fleet and the bifurcation in the jack-up market with oil companies increasingly focused on new, safer and efficient rigs, demand for premium and high specification rigs is expected to remain strong. The Group has since the fourth quarter of 2010 secured eight firm orders of jack-up rigs amounting to S\$2.0 billion with options for another ten units.

While drilling activities in the Gulf of Mexico have slowed pending finalization of deepwater drilling regulations, deepwater drilling activities for the rest of the world are expected to increase. This optimism is reflected in the number of newbuild orders, in particular for drillships, by drilling contractors since the last quarter of 2010. Sembcorp Marine, with its proven track record in deepwater rigs, will be well-positioned to capture new orders and meet the industry's most stringent operating requirements.

Overall enquiries have improved though competition remains keen.

The ship repair market continues to improve with continued demand for bigger docks. The Group has secured several long-term contracts from its customers, in particular in the niche segments for the repair, upgrading and life extension of LNG carriers and passenger/cruise vessels. These long-term customers will continue to provide a stable base-load for the Group's ship repair sector.

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*

Name of Dividend	Interim Ordinary	Final Ordinary	Final Special	Total
Dividend Type	Cash	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	25.00 cents per ordinary share one-tier tax exempt	36.00 cents per ordinary share one-tier tax exempt

(b) *Corresponding Period of the Immediately Preceding Financial Year*

Name of Dividend	Interim Ordinary	Final Ordinary	Final Special	Total
Dividend Type	Cash	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	4.00 cents per ordinary share one-tier tax exempt	15.00 cents per ordinary share one-tier tax exempt

(c) *Date payable*

The proposed final ordinary one-tier tax exempt dividend of 6.00 cents per ordinary share and special one-tier tax exempt dividend of 25.00 cents per ordinary share, if approved at the AGM to be held on 20 April 2011, will be paid on 11 May 2011.

(d) *Books closure date*

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 29 April 2011 for the preparation of dividend warrants. Duly completed transfers received by the Registrar, KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00 KH Kea building, Singapore 188721, up to 5 p.m. on 28 April 2011 will be registered before entitlements to dividend are determined.

(e) *Total Annual Dividend*

	2010 \$'000	2009 \$'000
Interim Ordinary dividend	103,795	103,124
Final Ordinary dividend*	124,674	124,486
Final Special dividend*	519,476	82,990
Total	747,945	310,600

* 2010 proposed final ordinary and special dividend are estimated based on share capital of 2,077,902,979 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
<i>(i) By business segment: FY 2010</i>					
<u>Turnover</u>					
Sales to external parties	4,537,483	-	17,380	-	4,554,863
Inter-segment sales	-	-	82,119	(82,119)	-
Total	4,537,483	-	99,499	(82,119)	4,554,863
<u>Results</u>					
Segment results	941,777	(223)	1,010	-	942,564
Dividend and interest income	32,148	-	31	-	32,179
Finance costs	(7,134)	-	-	-	(7,134)
Foreign exchange transactions	52,640	-	-	-	52,640
Share of results of associates & joint ventures	53,417	4,179	43	-	57,639
Profit before income tax expense	1,072,848	3,956	1,084	-	1,077,888
Income tax expense	(183,671)	(104)	(234)	-	(184,009)
Profit for the year	889,177	3,852	850	-	893,879
<u>Assets</u>					
Segment assets	4,907,346	14,807	50,014	-	4,972,167
Investments in associates & joint ventures	275,473	30,961	522	-	306,956
Deferred tax assets	-	-	47	-	47
Total assets	5,182,819	45,768	50,583	-	5,279,170
<u>Liabilities</u>					
Segment liabilities	2,197,672	5	13,317	-	2,210,994
Deferred tax liabilities	103,354	-	555	-	103,909
Provision for taxation	276,465	-	876	-	277,341
Total liabilities	2,577,491	5	14,748	-	2,592,244
Capital expenditure	101,303	-	18	-	101,321
<u>Significant non-cash item</u>					
Depreciation	82,028	-	1,169	-	83,197

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

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(i) By business segment: FY 2009					
Turnover					
Sales to external parties	5,705,156	-	19,586	-	5,724,742
Inter-segment sales	-	-	125,584	(125,584)	-
Total	5,705,156	-	145,170	(125,584)	5,724,742
Results					
Segment results	856,801	(145)	5,698	-	862,354
Dividend and interest income	36,586	-	21	-	36,607
Finance costs	(5,329)	-	-	-	(5,329)
Non-operating income	368	-	-	-	368
Non-operating expenses	(11,764)	-	-	-	(11,764)
Share of results of associates & joint ventures	17,503	7,856	40	-	25,399
Profit before income tax expense	894,165	7,711	5,759	-	907,635
Income tax expense	(149,425)	(632)	(813)	-	(150,870)
Profit for the year	744,740	7,079	4,946	-	756,765
Assets					
Segment assets	4,352,194	15,496	50,332	-	4,418,022
Investments in associates & joint ventures	239,831	27,411	532	-	267,774
Deferred tax assets	-	-	47	-	47
Tax recoverable	1,705	-	-	-	1,705
Total assets	4,593,730	42,907	50,911	-	4,687,548
Liabilities					
Segment liabilities	2,393,503	10	13,661	-	2,407,174
Deferred tax liabilities	66,201	-	547	-	66,748
Provision for taxation	251,317	525	1,376	-	253,218
Total liabilities	2,711,021	535	15,584	-	2,727,140
Capital expenditure	66,981	-	13,473	-	80,454
Significant non-cash items					
Depreciation	73,965	-	1,228	-	75,193
Amortisation	55	-	-	-	55

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

13. SEGMENTAL REPORTING (Cont'd)**(ii) *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	Total \$'000
FY 2010					
Revenue from external customers	601,387	922,635	2,072,609	958,232	4,554,863
Segment assets	4,808,118	150,231	3,644	10,174	4,972,167
Total assets	4,839,648	425,704	3,644	10,174	5,279,170
Capital expenditure	93,021	8,021	-	279	101,321
FY 2009					
Revenue from external customers	574,053	2,236,593	2,166,215	747,881	5,724,742
Segment assets	4,269,369	140,966	-	7,687	4,418,022
Total assets	4,299,064	380,797	-	7,687	4,687,548
Capital expenditure	74,085	6,276	-	93	80,454

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 2010 \$'000	FY 2009 \$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines and its associates	2,333	-
PSA International Pte Ltd and its associates	2,246	4,495
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	29,758	28,450
PSA International Pte Ltd and its associates	130	-
Management and Support Services		
Sembcorp Industries Limited	250	250
Total Interested Person Transactions	34,717	33,195

BY ORDER OF THE BOARD

**KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES**

23 February 2011