



SEMBCORP MARINE LTD
Registration Number: 196300098Z

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2012 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2012

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 2012.

1. CONSOLIDATED INCOME STATEMENT

| | Note | Group | | | Group | | |
|---|------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
| | | 4Q 2012 \$'000 | 4Q 2011 \$'000 | + / (-) % | FY 2012 \$'000 | FY 2011 \$'000 | + / (-) % |
| Turnover | 2a | 1,378,157 | 997,588 | 38.1 | 4,430,123 | 3,960,230 | 11.9 |
| Cost of sales | 2a | (1,203,835) | (780,097) | 54.3 | (3,735,622) | (3,094,118) | 20.7 |
| Gross profit | 2a | 174,322 | 217,491 | (19.8) | 694,501 | 866,112 | (19.8) |
| Other operating income | 2b | 8,855 | 6,037 | 46.7 | 33,579 | 19,167 | 75.2 |
| Other operating expenses | 2b | 9,132 | 11,726 | (22.1) | (24,598) | (10,076) | n.m. |
| General and administrative expenses | 2c | (44,066) | (34,176) | 28.9 | (149,264) | (138,074) | 8.1 |
| Operating profit | | 148,243 | 201,078 | (26.3) | 554,218 | 737,129 | (24.8) |
| Finance income | 2d | 948 | 9,135 | (89.6) | 21,439 | 59,977 | (64.3) |
| Finance costs | 2e | (942) | (740) | 27.3 | (3,262) | (2,491) | 31.0 |
| Investment income | 2f | - | - | - | 3,421 | 4,464 | (23.4) |
| Non-operating income | 2g | 81 | - | n.m. | 127 | 355 | (64.2) |
| Non-operating expenses | 2h | (5) | (2,399) | (99.8) | (2,566) | (2,399) | 7.0 |
| Share of results of associates and joint ventures | 2i | 14,512 | 16,283 | (10.9) | 56,270 | 62,878 | (10.5) |
| Profit before tax | | 162,837 | 223,357 | (27.1) | 629,647 | 859,913 | (26.8) |
| Tax credit/(expense) | 2j | 17,839 | 17,491 | 2.0 | (62,209) | (90,784) | (31.5) |
| Profit for the period/year | | 180,676 | 240,848 | (25.0) | 567,438 | 769,129 | (26.2) |
| Profit attributable to: | | | | | | | |
| Owners of the Company | | 167,076 | 229,022 | (27.0) | 538,453 | 751,903 | (28.4) |
| Non-controlling interests | 2k | 13,600 | 11,826 | 15.0 | 28,985 | 17,226 | 68.3 |
| Profit for the period/year | | 180,676 | 240,848 | (25.0) | 567,438 | 769,129 | (26.2) |
| Earnings per share (cents) | | | | | | | |
| Basic | 2l | 8.00 | 10.99 | (27.2) | 25.81 | 36.13 | (28.6) |
| Diluted | | 8.00 | 10.99 | (27.2) | 25.80 | 36.10 | (28.5) |

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

| | | Group | | | Group | | |
|---|------|-------------------|-------------------|--------------|-------------------|-------------------|--------------|
| | | 4Q 2012 \$'000 | 4Q 2011 \$'000 | + / (-) % | FY 2012 \$'000 | FY 2011 \$'000 | + / (-) % |
| Turnover | (i) | 1,378,157 | 997,588 | 38.1 | 4,430,123 | 3,960,230 | 11.9 |
| Cost of sales | | (1,203,835) | (780,097) | 54.3 | (3,735,622) | (3,094,118) | 20.7 |
| Gross profit | (ii) | 174,322 | 217,491 | (19.8) | 694,501 | 866,112 | (19.8) |
| <i>Included in cost of sales:</i> | | | | | | | |
| Depreciation and amortisation | | (26,150) | (23,243) | 12.5 | (85,922) | (79,229) | 8.4 |
| (Allowance for)/write-back of inventory obsolescence, net | | (193) | 28 | n.m. | (296) | (76) | n.m. |

- (i) Group turnover for 4Q 2012 and FY 2012 increased mainly due to the higher revenue recognition for rig building and offshore platform projects.
- (ii) Group gross profit was lower primarily due to the lower margin from new design rigs in 4Q 2012 and FY 2012 and there was resumption of margin recognition on completion and delivery of the Songa Eclipse semi-submersible rig in FY 2011.

2b. Other operating income/(expenses)

| | | Group | | | Group | | |
|--|-------|-------------------|-------------------|--------------|-------------------|-------------------|--------------|
| | | 4Q 2012 \$'000 | 4Q 2011 \$'000 | + / (-) % | FY 2012 \$'000 | FY 2011 \$'000 | + / (-) % |
| Other operating income | | 8,855 | 6,037 | 46.7 | 33,579 | 19,167 | 75.2 |
| Other operating expenses | | 9,132 | 11,726 | (22.1) | (24,598) | (10,076) | n.m. |
| | | 17,987 | 17,763 | 1.3 | 8,981 | 9,091 | (1.2) |
| <i>Included in other operating income/(expenses):</i> | | | | | | | |
| Foreign exchange gain/(loss), net | (i) | 9,388 | 10,412 | (9.8) | (23,953) | (3,777) | n.m. |
| Fair value adjustment on hedging instruments | (ii) | (2,101) | 1,311 | n.m. | 1,647 | (5,961) | n.m. |
| Gain on disposal of property, plant and equipment, net | | 96 | 212 | (54.7) | 484 | 420 | 15.2 |
| Negative goodwill | | 2,363 | - | n.m. | 2,363 | - | n.m. |
| Other income | (iii) | 8,497 | 5,825 | 45.9 | 29,085 | 18,747 | 55.1 |
| Other expenses | | (256) | 3 | n.m. | (645) | (338) | 90.8 |
| | | 17,987 | 17,763 | 1.3 | 8,981 | 9,091 | (1.2) |

- (i) Foreign exchange gain/(loss), net in 4Q 2012 and FY 2012 mainly arose from the revaluation of assets denominated in Euro and United States dollar to Singapore dollar.
- (ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.
- (iii) Other income increased in 4Q 2012 and FY 2012 was mainly due to higher rental income.

2. NOTES TO CONSOLIDATED INCOME STATEMENT (Cont'd)

2c. General and administrative expenses

| | Group | | | Group | | |
|---|----------|----------|---------|-----------|-----------|---------|
| | 4Q 2012 | 4Q 2011 | + / (-) | FY 2012 | FY 2011 | + / (-) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| General and administrative expenses (i) | (44,066) | (34,176) | 28.9 | (149,264) | (138,074) | 8.1 |
| <i>Included in general and administrative expenses:</i> | | | | | | |
| Depreciation and amortisation | (2,066) | (1,928) | 7.2 | (8,066) | (7,049) | 14.4 |
| (Allowance) for/write-back of doubtful debts/bad debts, net | (556) | (712) | (21.9) | (354) | (433) | (18.2) |

(i) The higher general and administrative expenses were mainly due to new project development costs and higher personnel related expenses.

2d. Finance income

Lower finance income in 4Q 2012 and FY 2012 was mainly attributable to lower interest income received for deferred payment granted to customers.

2e. Finance costs

| | Group | | | Group | | |
|---|---------|---------|---------|---------|---------|---------|
| | 4Q 2012 | 4Q 2011 | + / (-) | FY 2012 | FY 2011 | + / (-) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Finance costs | (942) | (740) | 27.3 | (3,262) | (2,491) | 31.0 |
| <i>Included in finance costs:</i> | | | | | | |
| Interest expense (i) | (567) | (97) | n.m. | (962) | (234) | n.m. |
| Fair value adjustment on interest rate swap | - | 3 | n.m. | - | 101 | n.m. |
| Financing commitment and facility fees | (375) | (646) | (42.0) | (2,300) | (2,358) | (2.5) |
| | (942) | (740) | 27.3 | (3,262) | (2,491) | 31.0 |

(i) Higher interest expense in 4Q 2012 and FY 2012 was mainly due to higher bank borrowings as compared to the corresponding periods in 2011.

2f. Investment income

Lower investment income in FY 2012 was mainly due to lower dividend received from quoted investments.

2g. Non-operating income

| | Group | | | Group | | |
|--|---------|---------|---------|---------|---------|---------|
| | 4Q 2012 | 4Q 2011 | + / (-) | FY 2012 | FY 2011 | + / (-) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Non-operating income | 81 | - | n.m. | 127 | 355 | (64.2) |
| <i>Included in non-operating income:</i> | | | | | | |
| Gain on disposal of other long-term equity investments | - | - | - | 46 | 355 | (87.0) |
| Gain on liquidation of subsidiary | 81 | - | n.m. | 81 | - | n.m. |
| | 81 | - | n.m. | 127 | 355 | (64.2) |

2. NOTES TO CONSOLIDATED INCOME STATEMENT (Cont'd)

2h. Non-operating expenses

Non-operating expenses were mainly due to impairment of other long-term equity investments.

2i. Share of results of associates and joint ventures

The decrease in the share of results of associates and joint ventures in 4Q 2012 and FY 2012 was mainly due to lower contribution from Cosco Shipyard Group Co. Ltd.

2j. Tax expense

| | Group | | | Group | | |
|--|---------|---------|---------|----------|----------|---------|
| | 4Q 2012 | 4Q 2011 | + / (-) | FY 2012 | FY 2011 | + / (-) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Tax credit/(expense) | 17,839 | 17,491 | 2.0 | (62,209) | (90,784) | (31.5) |
| <i>Included in tax expense:</i> | | | | | | |
| Write back of over provision of tax in respect of prior years, net (i) | 43,869 | 52,507 | (16.5) | 45,760 | 54,814 | (16.5) |

(i) In 4Q 2012 and FY 2012, the over provision was mainly attributable to prior year gain on disposal of equity investments. In 4Q 2011 and FY 2011, the over provision was primarily related to the tax deduction which has been allowed for losses from the foreign exchange transactions.

2k. 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 for various reliefs, including the transfer of the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. On 30 May 2012, the High Court released its judgement together with the Grounds of Decision. The decision was not favourable to the Company. On 29 June 2012, the Company filed an appeal to the Court of Appeal which was heard on 8 November 2012. Judgement has been reserved.

Pending the outcome of the appeal, the Group will continue to consolidate its 85 per cent interest in PPLS and separately account for the 15 per cent as a "non-controlling interest".

2l. Earnings per ordinary share

| Earnings per ordinary share of the Group based on net profit attributable to owners of the Company: | Group | | | Group | | |
|---|-----------|-----------|---------|-----------|-----------|---------|
| | 4Q 2012 | 4Q 2011 | + / (-) | FY 2012 | FY 2011 | + / (-) |
| | | | % | | | % |
| (i) Based on the weighted average number of shares (cents) | 8.00 | 10.99 | (27.2) | 25.81 | 36.13 | (28.6) |
| Weighted average number of shares ('000) | 2,087,778 | 2,083,015 | 0.2 | 2,085,879 | 2,080,968 | 0.2 |
| (ii) On a fully diluted basis (cents) | 8.00 | 10.99 | (27.2) | 25.80 | 36.10 | (28.5) |
| Adjusted weighted average number of shares ('000) | 2,089,184 | 2,084,757 | 0.2 | 2,087,285 | 2,082,710 | 0.2 |

2m. Profitability ratios

| | Group | | | Group | | |
|---|---------|---------|---------|---------|---------|---------|
| | 4Q 2012 | 4Q 2011 | + / (-) | FY 2012 | FY 2011 | + / (-) |
| | | | % | | | % |
| Profit after taxation as a percentage of Turnover | 13.11% | 24.14% | (45.7) | 12.81% | 19.42% | (34.0) |
| Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period/year | 6.85% | 9.49% | (27.8) | 22.08% | 31.14% | (29.1) |

2. NOTES TO CONSOLIDATED INCOME STATEMENT (Cont'd)

2n. Breakdown of sales

| | Group | | |
|---|-------------------|-------------------|--------------|
| | FY 2012 \$'000 | FY 2011 \$'000 | + / (-) % |
| <u>First Half Year</u> | | | |
| (i) Sales reported | 2,159,553 | 1,660,199 | 30.1 |
| (ii) Profit after tax before deducting non-controlling interests reported | 267,129 | 303,380 | (11.9) |
| <u>Second Half Year</u> | | | |
| (iii) Sales reported | 2,270,570 | 2,300,031 | (1.3) |
| (iv) Profit after tax before deducting non-controlling interests reported | 300,309 | 465,749 | (35.5) |

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Group | | | Group | | |
|---|---------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
| | | 4Q 2012 \$'000 | 4Q 2011 \$'000 | + / (-) % | FY 2012 \$'000 | FY 2011 \$'000 | + / (-) % |
| Profit for the period/year | | 180,676 | 240,848 | (25.0) | 567,438 | 769,129 | (26.2) |
| Foreign currency translation differences | 3a(i) | (1,518) | 39,866 | n.m. | (57,759) | 12,436 | n.m. |
| Net change in fair value of cash flow hedges | 3a(ii) | (11,916) | (13,331) | (10.6) | 34,043 | (55,605) | n.m. |
| Net change in fair value of available-for-sale financial assets | 3a(iii) | (1,636) | (11,976) | (86.3) | 11,360 | (132,219) | n.m. |
| Other comprehensive income for the period/year, net of tax | | (15,070) | 14,559 | n.m. | (12,356) | (175,388) | (93.0) |
| Total comprehensive income for the period/year | | 165,606 | 255,407 | (35.2) | 555,082 | 593,741 | (6.5) |
| Total comprehensive income attributable to: | | | | | | | |
| Owners of the Company | | 152,094 | 239,778 | (36.6) | 531,870 | 576,425 | (7.7) |
| Non-controlling interests | | 13,512 | 15,629 | (13.5) | 23,212 | 17,316 | 34.0 |
| Total comprehensive income for the period/year | | 165,606 | 255,407 | (35.2) | 555,082 | 593,741 | (6.5) |

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The translation differences arose from the consolidation of entities whose functional currencies are United States dollars and Renminbi.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts.
- (iii) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.

4. BALANCE SHEETS

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Dec-2012 \$'000 | 31-Dec-2011 \$'000 | 31-Dec-2012 \$'000 | 31-Dec-2011 \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 1,476,206 | 1,034,345 | 99,618 | 111,418 |
| Investment properties | - | - | 31,123 | 38,014 |
| Investments in subsidiaries | - | - | 451,573 | 448,975 |
| Investments in associates and joint ventures | 417,329 | 380,065 | 107,369 | 107,369 |
| Other financial assets | 154,332 | 126,956 | 98,664 | 90,413 |
| Trade and other receivables | 61,674 | 72,521 | 66,435 | 75,284 |
| Intangible assets | 33,653 | 36,996 | 122 | 122 |
| Deferred tax assets | 2,388 | 1,894 | - | - |
| | <u>2,145,582</u> | <u>1,652,777</u> | <u>854,904</u> | <u>871,595</u> |
| Current assets | | | | |
| Inventories and work-in-progress | 1,731,227 | 926,248 | - | - |
| Trade and other receivables | 468,264 | 480,114 | 82,543 | 43,686 |
| Tax recoverable | 83 | 367 | - | - |
| Other financial assets | 32,394 | 2,528 | - | - |
| Cash and cash equivalents | 1,408,907 | 1,989,612 | 75,900 | 126,808 |
| | <u>3,640,875</u> | <u>3,398,869</u> | <u>158,443</u> | <u>170,494</u> |
| Current liabilities | | | | |
| Trade and other payables | 1,687,321 | 1,786,393 | 64,643 | 70,008 |
| Progress billings in excess of work-in-progress | 884,038 | 352,445 | - | - |
| Provisions | 17,463 | 47,334 | - | - |
| Other financial liabilities | 1,428 | 4,993 | - | - |
| Current tax payable | 94,983 | 173,976 | 2,629 | 1,554 |
| Interest-bearing borrowings | 32,981 | 35,111 | - | - |
| | <u>2,718,214</u> | <u>2,400,252</u> | <u>67,272</u> | <u>71,562</u> |
| Net current assets | <u>922,661</u> | <u>998,617</u> | <u>91,171</u> | <u>98,932</u> |
| | <u>3,068,243</u> | <u>2,651,394</u> | <u>946,075</u> | <u>970,527</u> |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 131,131 | 85,197 | 23,556 | 27,381 |
| Provisions | 44,243 | 30,342 | 27,895 | 27,895 |
| Other financial liabilities | 78 | 13,659 | - | - |
| Interest-bearing borrowings | 300,000 | - | - | - |
| Other payables | 45,766 | 16,116 | - | - |
| | <u>521,218</u> | <u>145,314</u> | <u>51,451</u> | <u>55,276</u> |
| | <u>2,547,025</u> | <u>2,506,080</u> | <u>894,624</u> | <u>915,251</u> |
| Equity attributable to owners of the Company | | | | |
| Share capital | 480,086 | 470,596 | 480,086 | 470,596 |
| Other reserves | (26,335) | (24,695) | 28,583 | 15,172 |
| Revenue reserve | 1,984,773 | 1,968,356 | 385,955 | 429,483 |
| | <u>2,438,524</u> | <u>2,414,257</u> | <u>894,624</u> | <u>915,251</u> |
| Non-controlling interests | 108,501 | 91,823 | - | - |
| Total equity | <u>2,547,025</u> | <u>2,506,080</u> | <u>894,624</u> | <u>915,251</u> |

4. BALANCE SHEETS (Cont'd)

4a. **Group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

| As at 31-Dec-2012 | | As at 31-Dec-2011 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| - | 32,981 | - | 35,111 |

Amount repayable after one year

| As at 31-Dec-2012 | | As at 31-Dec-2011 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| - | 300,000 | - | - |

4b. **Net asset value**

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 31-Dec-2012 | 31-Dec-2011 | 31-Dec-2012 | 31-Dec-2011 |
| Net asset value per ordinary share based on issued share capital at the end of the financial year (cents) | 116.80 | 115.92 | 42.85 | 43.95 |

4c. **Explanatory notes to Balance Sheets**

Group

(i) **Property, plant and equipment**

'Property, plant and equipment' increased mainly due to capital expenditures for the Integrated New Yard facility in Tuas View Extension.

(ii) **Other financial assets and Other financial liabilities**

'Other financial assets' increased and 'Other financial liabilities' decreased mainly due to fair value adjustment on foreign currency forward contracts.

(iii) **Trade and other receivables**

Non-current 'Trade and other receivables' decreased mainly due to collections from finance lease receivables.

(iv) **Deferred tax assets and Deferred tax liabilities**

'Deferred tax assets' and 'Deferred tax liabilities' increased mainly due to the tax effects of capital expenditures for the Integrated New Yard facility in Tuas View Extension, mark-to-market adjustments of quoted equity shares in Cosco Corporation (Singapore) Limited and foreign currency forward contracts.

(v) **Inventories and work-in-progress**

'Inventories and work-in-progress' increased significantly mainly due to payment terms of rig building projects.

(vi) **Tax recoverable**

'Tax recoverable' decreased significantly mainly due to receipt during the year.

4. **BALANCE SHEETS** (Cont'd)

4c. **Explanatory notes to Balance Sheets** (Cont'd)

Group (Cont'd)

(vii) Cash and cash equivalents

'Cash and cash equivalents' decreased mainly due to the capital expenditures for the Integrated New Yard facility in Tuas View Extension, dividends paid and working capital changes for ongoing projects.

(viii) Progress billings in excess of work-in-progress

'Progress billings in excess of work-in-progress' increased significantly mainly due to receipts from customers for rig building projects.

(ix) Provisions

Current 'Provisions' decreased mainly due to write-back of warranty provision and non-current 'Provisions' increased mainly due to provision for restoration costs for the Integrated New Yard facility in Tuas View Extension.

(x) Other payables

Non-current 'Other payables' increased mainly due to higher accrued operating expenses.

(xi) Current tax payable

'Current tax payable' decreased mainly due to payments made during the year, offset by current year tax provision.

(xii) Interest-bearing borrowings

Non-current 'Interest-bearing borrowings' increased mainly due to borrowing for capital expenditures for the Integrated New Yard facility in Tuas View Extension.

Company

(i) Property, plant and equipment and Investment properties

'Property, plant and equipment' and 'Investment properties' decreased mainly due to depreciation charge for the year.

(ii) Trade and other receivables

Non-current 'Trade and other receivables' decreased mainly due to collections from finance lease receivables. Current 'Trade and other receivables' increased mainly due to timing of receipts.

(iii) Cash and cash equivalents

'Cash and cash equivalents' decreased mainly due to dividends paid.

(iv) Current tax payable

'Current tax payable' increased mainly due to current year tax provision, offset by payments made during the year.

(v) Deferred tax liabilities

'Deferred tax liabilities' decreased mainly due to the tax effects of mark-to-market adjustments of quoted equity shares in Cosco Corporation (Singapore) Limited.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

| | Group | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 4Q 2012 | 4Q 2011 | FY 2012 | FY 2011 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from Operating Activities: | | | | |
| Profit for the period/year | 180,676 | 240,848 | 567,438 | 769,129 |
| Adjustments for: | | | | |
| Finance income | (948) | (9,135) | (21,439) | (59,977) |
| Finance costs | 942 | 740 | 3,262 | 2,491 |
| Investment income | - | - | (3,421) | (4,464) |
| Depreciation of property, plant and equipment, net | 27,377 | 22,486 | 90,632 | 83,593 |
| Amortisation of intangible assets | 839 | 2,685 | 3,356 | 2,685 |
| Share of results of associates and joint ventures | (14,512) | (16,283) | (56,270) | (62,878) |
| Gain on disposal of property, plant and equipment, net | (96) | (212) | (484) | (420) |
| Gain on liquidation of subsidiary | (81) | - | (81) | - |
| Gain on disposal of other investments | - | - | (46) | (355) |
| Fair value adjustment of hedging instruments | 2,101 | (1,311) | (1,647) | 5,961 |
| Share-based payment expenses | 6,417 | 6,332 | 24,135 | 22,673 |
| Property, plant and equipment written off | 21 | 504 | 459 | 925 |
| Impairment loss on intangible assets | 5 | 5 | 5 | 5 |
| Impairment loss on other long-term equity investments | 5 | 2,399 | 2,566 | 2,399 |
| Tax (credit)/expense | (17,839) | (17,491) | 62,209 | 90,784 |
| Operating profit before working capital changes | 184,907 | 231,567 | 670,674 | 852,551 |
| Changes in working capital: | | | | |
| Inventories and work-in-progress | (155,204) | (198,844) | (276,356) | (468,758) |
| Trade and other receivables | 259,440 | (21,762) | 25,306 | (292,639) |
| Trade and other payables | 43,487 | 194,243 | (145,057) | 343,307 |
| Cash generated from operations | 332,630 | 205,204 | 274,567 | 434,461 |
| Investment and interest income received | 983 | 9,215 | 24,872 | 64,523 |
| Interest paid | (553) | (699) | (1,685) | (2,757) |
| Tax (paid)/refunded, net | (1,195) | 43,057 | (90,218) | (170,060) |
| Net cash generated from operating activities | 331,865 | 256,777 | 207,536 | 326,167 |
| Cash flows from Investing Activities: | | | | |
| Purchase of property, plant and equipment | (174,110) | (190,577) | (516,797) | (437,940) |
| Proceeds from sale of property, plant and equipment | 105 | 382 | 496 | 630 |
| Proceeds from sale of other investment | - | - | 349 | 1,685 |
| Purchase of intangible assets | (1) | (6,664) | (19) | (33,559) |
| Acquisition of subsidiary, net of cash acquired | - | - | 1,575 | - |
| Capital contribution by non-controlling interests | - | - | 594 | - |
| Investments in associate and joint venture | (1,469) | - | (13,706) | (8,559) |
| Dividend from associate | 42 | 45 | 823 | 634 |
| Net cash used in investing activities | (175,433) | (196,814) | (526,685) | (477,109) |
| Cash flows from Financing Activities: | | | | |
| Proceeds from borrowings | 300,000 | 35,111 | 350,000 | 35,111 |
| Repayment of borrowings | (50,000) | - | (50,000) | (8,000) |
| Proceeds from share options exercised | 222 | 26 | 2,460 | 14,408 |
| Purchase of treasury shares | (875) | (1,735) | (5,234) | (43,053) |
| Dividends paid to owners of the Company | - | - | (522,060) | (750,501) |
| Dividends paid to non-controlling interests of subsidiaries | - | - | (7,128) | (12,978) |
| Return of unclaimed dividends | 13 | - | 24 | - |
| Net cash generated from/(used in) financing activities | 249,360 | 33,402 | (231,938) | (765,013) |
| Net increase/(decrease) in cash and cash equivalents | 405,792 | 93,365 | (551,087) | (915,955) |
| Cash and cash equivalents at beginning of the period/year | 1,015,827 | 1,863,690 | 1,989,612 | 2,915,097 |
| Effect of exchange rate changes on balances held in foreign currency | (12,712) | 32,557 | (29,618) | (9,530) |
| Cash and cash equivalents at end of the period/year | 1,408,907 | 1,989,612 | 1,408,907 | 1,989,612 |

5. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

5a. Cash flows on acquisition of subsidiary, net of cash

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

| | Group FY 2012 \$'000 | FY 2011 \$'000 |
|--|----------------------------|-------------------|
| Repayment of loan from Smulders Group (previous owner) | (4,947) | - |
| Less: Cash and cash equivalent in subsidiary acquired | 6,522 | - |
| Net cash inflow on acquisition | <u>1,575</u> | <u>-</u> |

The fair values of net assets of subsidiary and business acquired were as follows:

| | Group FY 2012 \$'000 | FY 2011 \$'000 |
|---|----------------------------|-------------------|
| Identifiable assets acquired and liabilities assumed | | |
| Property, plant and equipment | 7,047 | - |
| Inventories and work-in-progress | 232 | - |
| Trade and other receivables | 6,744 | - |
| Cash and cash equivalents | 6,522 | - |
| Total assets | <u>20,545</u> | <u>-</u> |
| Trade and other payables | (9,860) | - |
| Progress billings in excess of work-in-progress | (3,202) | - |
| Loan from related party | (4,947) | - |
| Provisions | (46) | - |
| Deferred tax liabilities | (127) | - |
| Total liabilities | <u>(18,182)</u> | <u>-</u> |
| Total net identifiable assets | 2,363 | - |
| Less: Non-controlling interests | (709) | - |
| Less: Negative goodwill | (1,654) | - |
| Consideration transferred for the business (amounted to £1) | <u>-</u> | <u>-</u> |

5b. Cash and cash equivalents

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

| | 31-Dec-2012 \$'000 | 31-Dec-2011 \$'000 |
|------------------------|-----------------------|-----------------------|
| Fixed deposits | 847,721 | 1,402,787 |
| Bank balances and cash | 561,186 | 586,825 |
| | <u>1,408,907</u> | <u>1,989,612</u> |

5. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

5c. Explanatory notes to Consolidated Statement of Cash Flows

(i) Fourth Quarter

Cash flows from operating activities before changes in working capital was \$184.9 million in 4Q 2012. Net cash inflow from operating activities for 4Q 2012 increased to \$331.9 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 4Q 2012 was \$175.4 million. The Group spent \$174.1million on expansion and operational capital expenditure, mainly for the Integrated New Yard facility in Tuas View Extension.

Net cash inflow from financing activities for 4Q 2012 was \$249.4 million. It relates mainly to net proceeds from borrowings.

(ii) Full Year

Cash flows from operating activities before changes in working capital was \$670.7 million in FY 2012. Net cash inflow from operating activities for FY 2012 of \$207.5 million was mainly due to lower operating profit from rig building projects and interest income received, offset by lower tax paid.

Net cash outflow from investing activities for FY 2012 was \$526.7 million. The Group spent \$516.8 million on expansion and operational capital expenditure, mainly for the Integrated New Yard facility in Tuas View Extension and \$13.7 million on investment in associate and joint venture.

Net cash outflow from financing activities for FY 2012 was \$231.9 million. It relates mainly to dividends paid, partially offset by net proceeds from borrowings.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

| | Attributable to owners 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 | \$'000 |
| 9M 2012 | | | | | | | | | |
| At 1 January 2012 | 470,596 | (10,555) | 25,574 | (52,796) | 13,082 | 1,968,356 | 2,414,257 | 91,823 | 2,506,080 |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 371,377 | 371,377 | 15,385 | 386,762 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | - | - | - | (50,556) | - | - | (50,556) | (5,685) | (56,241) |
| Net fair value changes of cash flow hedges | - | - | - | - | 45,959 | - | 45,959 | - | 45,959 |
| Net fair value changes of available-for-sale financial assets | - | - | - | - | 12,996 | - | 12,996 | - | 12,996 |
| Total other comprehensive income | - | - | - | (50,556) | 58,955 | - | 8,399 | (5,685) | 2,714 |
| Total comprehensive income | - | - | - | (50,556) | 58,955 | 371,377 | 379,776 | 9,700 | 389,476 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | | |
| Issuance of new shares | 9,490 | - | - | - | (8,908) | - | 582 | - | 582 |
| Purchase of treasury shares | - | (4,359) | - | - | - | - | (4,359) | - | (4,359) |
| Issuance of treasury shares | - | 11,488 | - | - | (9,898) | - | 1,590 | - | 1,590 |
| Dividends paid | - | - | - | - | - | (522,060) | (522,060) | (7,128) | (529,188) |
| Return of unclaimed dividends | - | - | - | - | - | 11 | 11 | - | 11 |
| Cost of share-based payment - charged to profit or loss | - | - | - | - | 12,334 | - | 12,334 | - | 12,334 |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | - | 594 | 594 |
| Total transactions with owners | 9,490 | 7,129 | - | - | (6,472) | (522,049) | (511,902) | (6,534) | (518,436) |
| At 30 September 2012 | 480,086 | (3,426) | 25,574 | (103,352) | 65,565 | 1,817,684 | 2,282,131 | 94,989 | 2,377,120 |
| 4Q 2012 | | | | | | | | | |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 167,076 | 167,076 | 13,600 | 180,676 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | - | - | - | (1,430) | - | - | (1,430) | (88) | (1,518) |
| Net fair value changes of cash flow hedges | - | - | - | - | (11,916) | - | (11,916) | - | (11,916) |
| Net fair value changes of available-for-sale financial assets | - | - | - | - | (1,636) | - | (1,636) | - | (1,636) |
| Total other comprehensive income | - | - | - | (1,430) | (13,552) | - | (14,982) | (88) | (15,070) |
| Total comprehensive income | - | - | - | (1,430) | (13,552) | 167,076 | 152,094 | 13,512 | 165,606 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | | |
| Purchase of treasury shares | - | (875) | - | - | - | - | (875) | - | (875) |
| Issuance of treasury shares | - | 1,078 | - | - | (837) | - | 241 | - | 241 |
| Return of unclaimed dividends | - | - | - | - | - | 13 | 13 | - | 13 |
| Cost of share-based payment - charged to profit or loss | - | - | - | - | 5,001 | - | 5,001 | - | 5,001 |
| Transfer of reserve upon liquidation of a subsidiary | - | - | - | - | (81) | - | (81) | - | (81) |
| Total transactions with owners | - | 203 | - | - | 4,083 | 13 | 4,299 | - | 4,299 |
| At 31 December 2012 | 480,086 | (3,223) | 25,574 | (104,782) | 56,096 | 1,984,773 | 2,438,524 | 108,501 | 2,547,025 |

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6a. Statements of Changes in Equity for the Group (Cont'd)

| | Attributable to owners 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 | \$'000 |
| 9M 2011 | | | | | | | | | |
| At 1 January 2011 | 456,561 | - | 25,574 | (65,147) | 215,461 | 1,966,954 | 2,599,403 | 87,523 | 2,686,926 |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 522,881 | 522,881 | 5,400 | 528,281 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | - | - | - | (23,717) | - | - | (23,717) | (3,713) | (27,430) |
| Net fair value changes of cash flow hedges | - | - | - | - | (42,274) | - | (42,274) | - | (42,274) |
| Net fair value changes of available-for-sale financial assets | - | - | - | - | (120,243) | - | (120,243) | - | (120,243) |
| Total other comprehensive income | - | - | - | (23,717) | (162,517) | - | (186,234) | (3,713) | (189,947) |
| Total comprehensive income | - | - | - | (23,717) | (162,517) | 522,881 | 336,647 | 1,687 | 338,334 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | | |
| Issuance of new shares | 14,035 | - | - | - | (240) | - | 13,795 | - | 13,795 |
| Purchase of treasury shares | - | (41,318) | - | - | - | - | (41,318) | - | (41,318) |
| Issuance of treasury shares | - | 32,307 | - | - | (31,882) | - | 425 | - | 425 |
| Dividends paid | - | - | - | - | - | (750,501) | (750,501) | (12,978) | (763,479) |
| Cost of share-based payment - charged to profit or loss | - | - | - | - | 11,172 | - | 11,172 | - | 11,172 |
| Transfer of reserve upon liquidation of subsidiaries | - | - | - | 5 | 23 | - | 28 | (38) | (10) |
| Total transactions with owners | 14,035 | (9,011) | - | 5 | (20,927) | (750,501) | (766,399) | (13,016) | (779,415) |
| At 30 September 2011 | 470,596 | (9,011) | 25,574 | (88,859) | 32,017 | 1,739,334 | 2,169,651 | 76,194 | 2,245,845 |
| 4Q 2011 | | | | | | | | | |
| Total comprehensive income | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 229,022 | 229,022 | 11,826 | 240,848 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation differences | - | - | - | 36,063 | - | - | 36,063 | 3,803 | 39,866 |
| Net fair value changes of cash flow hedges | - | - | - | - | (13,331) | - | (13,331) | - | (13,331) |
| Net fair value changes of available-for-sale financial assets | - | - | - | - | (11,976) | - | (11,976) | - | (11,976) |
| Total other comprehensive income | - | - | - | 36,063 | (25,307) | - | 10,756 | 3,803 | 14,559 |
| Total comprehensive income | - | - | - | 36,063 | (25,307) | 229,022 | 239,778 | 15,629 | 255,407 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | | |
| Purchase of treasury shares | - | (1,735) | - | - | - | - | (1,735) | - | (1,735) |
| Issuance of treasury shares | - | 191 | - | - | (120) | - | 71 | - | 71 |
| Cost of share-based payment - charged to profit or loss | - | - | - | - | 6,492 | - | 6,492 | - | 6,492 |
| Total transactions with owners | - | (1,544) | - | - | 6,372 | - | 4,828 | - | 4,828 |
| At 31 December 2011 | 470,596 | (10,555) | 25,574 | (52,796) | 13,082 | 1,968,356 | 2,414,257 | 91,823 | 2,506,080 |

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6b. Statements of Changes in Equity of the Company

| | Share capital \$'000 | Reserve for own shares \$'000 | Capital reserves \$'000 | Other reserves \$'000 | Revenue reserve \$'000 | Total Equity \$'000 |
|---|-------------------------|----------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| 9M 2012 | | | | | | |
| At 1 January 2012 | 470,596 | (10,555) | 960 | 24,767 | 429,483 | 915,251 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | - | 479,237 | 479,237 |
| Other comprehensive income | | | | | | |
| Net fair value changes of available-for-sale financial assets | - | - | - | 7,483 | - | 7,483 |
| Total other comprehensive income | - | - | - | 7,483 | - | 7,483 |
| Total comprehensive income | - | - | - | 7,483 | 479,237 | 486,720 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Issuance of new shares | 9,490 | - | - | (8,908) | - | 582 |
| Purchase of treasury shares | - | (4,359) | - | - | - | (4,359) |
| Issuance of treasury shares | - | 11,488 | - | (9,832) | - | 1,656 |
| Dividends paid | - | - | - | - | (522,060) | (522,060) |
| Return of unclaimed dividends | - | - | - | - | 11 | 11 |
| Cost of share-based payment | | | | | | |
| - charged to profit or loss | - | - | - | 2,562 | - | 2,562 |
| - issued to employees of subsidiaries | - | - | - | 9,772 | - | 9,772 |
| Total transactions with owners | 9,490 | 7,129 | - | (6,406) | (522,049) | (511,836) |
| At 30 September 2012 | 480,086 | (3,426) | 960 | 25,844 | 386,671 | 890,135 |
| 4Q 2012 | | | | | | |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | - | (729) | (729) |
| Other comprehensive income | | | | | | |
| Net fair value changes of available-for-sale financial assets | - | - | - | 833 | - | 833 |
| Total other comprehensive income | - | - | - | 833 | - | 833 |
| Total comprehensive income | - | - | - | 833 | (729) | 104 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Purchase of treasury shares | - | (875) | - | - | - | (875) |
| Issuance of treasury shares | - | 1,078 | - | (832) | - | 246 |
| Return of unclaimed dividends | - | - | - | - | 13 | 13 |
| Cost of share-based payment | | | | | | |
| - charged to profit or loss | - | - | - | 836 | - | 836 |
| - issued to employees of subsidiaries | - | - | - | 4,165 | - | 4,165 |
| Total transactions with owners | - | 203 | - | 4,169 | 13 | 4,385 |
| At 31 December 2012 | 480,086 | (3,223) | 960 | 30,846 | 385,955 | 894,624 |

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6b. Statements of Changes in Equity of the Company (Cont'd)

| | Share capital \$'000 | Reserve for own shares \$'000 | Capital reserves \$'000 | Other reserves \$'000 | Revenue reserve \$'000 | Total Equity \$'000 |
|---|-------------------------|----------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| 9M 2011 | | | | | | |
| At 1 January 2011 | 456,561 | - | 960 | 127,948 | 454,173 | 1,039,642 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | - | 730,253 | 730,253 |
| Other comprehensive income | | | | | | |
| Net fair value changes of available-for-sale financial assets | - | - | - | (78,558) | - | (78,558) |
| Total other comprehensive income | - | - | - | (78,558) | - | (78,558) |
| Total comprehensive income | - | - | - | (78,558) | 730,253 | 651,695 |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Issuance of new shares | 14,035 | - | - | (240) | - | 13,795 |
| Purchase of treasury shares | - | (41,318) | - | - | - | (41,318) |
| Issuance of treasury shares | - | 32,307 | - | (31,720) | - | 587 |
| Dividends paid | - | - | - | - | (750,501) | (750,501) |
| Cost of share-based payment | | | | | | |
| - charged to profit or loss | - | - | - | 2,044 | - | 2,044 |
| - issued to employees of subsidiaries | - | - | - | 8,818 | - | 8,818 |
| Total transactions with owners | 14,035 | (9,011) | - | (21,098) | (750,501) | (766,575) |
| At 30 September 2011 | 470,596 | (9,011) | 960 | 28,292 | 433,925 | 924,762 |
| 4Q 2011 | | | | | | |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | - | (4,442) | (4,442) |
| Other comprehensive income | | | | | | |
| Net fair value changes of available-for-sale financial assets | - | - | - | (10,206) | - | (10,206) |
| Total other comprehensive income | - | - | - | (10,206) | - | (10,206) |
| Total comprehensive income | - | - | - | (10,206) | (4,442) | (14,648) |
| Transactions with owners of the Company, recognised directly in equity | | | | | | |
| Purchase of treasury shares | - | (1,735) | - | - | - | (1,735) |
| Issuance of treasury shares | - | 191 | - | (121) | - | 70 |
| Cost of share-based payment | | | | | | |
| - charged to profit or loss | - | - | - | 956 | - | 956 |
| - issued to employees of subsidiaries | - | - | - | 5,846 | - | 5,846 |
| Total transactions with owners | - | (1,544) | - | 6,681 | - | 5,137 |
| At 31 December 2011 | 470,596 | (10,555) | 960 | 24,767 | 429,483 | 915,251 |

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

During 4Q 2012, the Company did not issue (4Q 2011: Nil) ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP").

As at 31 December 2012, the Company's issued and paid up capital, excluding treasury shares, comprises 2,087,787,225 (31 December 2011: 2,082,711,503) ordinary shares.

(ii) Share Options

During 4Q 2012, 136,950 (4Q 2011: 32,150) share options under the SOP were exercised and settled by way of issuance of treasury shares.

In 4Q 2012, 115,400 (4Q 2011: Nil) share options lapsed.

As at 31 December 2012, there were 2,516,257 (31 December 2011: 3,800,312) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

(iii) Performance Shares

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 2012 was 1,865,000 (31 December 2011: 1,765,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,797,500 (31 December 2011: 2,647,500) performance shares.

(iv) Restricted Shares

During 4Q 2012, 110,200 (4Q 2011: 12,000) restricted shares were released under the Company's Restricted Share Plan ("RSP") and 64,900 (4Q 2011: 25,550) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2012 was 9,543,530 (31 December 2011: 10,150,285). 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 2012 was 5,688,200 (31 December 2011: 6,242,400). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 8,532,300 (31 December 2011: 9,363,600) restricted shares.

(v) Treasury Shares

During 4Q 2012, the Company acquired 200,000 (4Q 2011: 500,000) ordinary shares in the Company by way of on-market purchases.

In 4Q 2012, 247,150 (4Q 2011: 44,150) treasury shares were re-issued pursuant to the SOP and RSP.

As at 31 December 2012, 739,000 (31 December 2011: 2,451,985) 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 Company's Performance Share Plan and RSP respectively.

7. AUDIT

The figures have not been audited or reviewed by the Company's auditors. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 – Engagements to Perform Agreed-upon Procedures Regarding Financial Information. These procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 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 2011.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2012.

Amendments to FRS 12 – Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101 – Severe Hyperinflation and Removal of Fixed Dates of First-time Adopters
Amendments to FRS 107 Disclosures – Transfer of Financial Assets

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

11. REVIEW OF GROUP PERFORMANCE

(i) Turnover

| | 4Q 2012 | 4Q 2011 | + / (-) | + / (-) | FY 2012 | FY 2011 | + / (-) | + / (-) |
|--------------------------------|----------------|--------------|--------------|-------------|----------------|----------------|--------------|-------------|
| | \$'m | \$'m | \$'m | % | \$'m | \$'m | \$'m | % |
| Rig Building | 869.9 | 602.4 | 267.5 | 44.4 | 2,356.0 | 2,205.0 | 151.0 | 6.8 |
| Offshore and Conversion | 330.1 | 226.1 | 104.0 | 46.0 | 1,395.4 | 1,072.9 | 322.5 | 30.1 |
| Repair | 167.4 | 158.9 | 8.5 | 5.3 | 641.7 | 643.9 | (2.2) | (0.3) |
| Other Activities | 10.7 | 10.2 | 0.5 | 4.9 | 37.0 | 38.4 | (1.4) | (3.6) |
| | 1,378.1 | 997.6 | 380.5 | 38.1 | 4,430.1 | 3,960.2 | 469.9 | 11.9 |

Group turnover for 4Q 2012 and FY 2012 increased mainly due to the higher revenue recognition for rig building and offshore platform projects.

(ii) Operating profit

Group operating profit was lower primarily due to the lower margin from new design rigs in 4Q 2012 and FY 2012 and there was resumption of margin recognition on completion and delivery of the Songa Eclipse semi-submersible rig in FY 2011

(iii) Profit attributable to Owners of the Company

Group profit attributable to owners of the Company for 4Q 2012 and FY 2012 was lower due to lower operating profit from rig building projects.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

The Group has a net order book of \$13.6 billion with completion and deliveries stretching into 2019. This includes \$11 billion in contract orders secured in 2012 and a \$900 million contract secured since the start of 2013, excluding ship repair contracts. Moving ahead, the Group remains focused on operational efficiency, productivity improvements, safety management and the timely deliveries of these record orders to its customers.

Amid the fragile global economic environment, the long-term industry fundamentals for the Offshore Oil and Gas sector remain sound underpinned by high oil prices and projected increases in offshore exploration and production (E&P) spending. Demand for rigs is expected to remain strong given the ageing rig fleet and the increasing focus by oil companies for new, safer and efficient rigs and rigs capable of operating in harsh environment.

There is continued demand for repair, upgrading and life extension work, in particular in the niche segments of LNG carriers, passenger/cruise vessels and offshore vessels. Demand for the Group's big docks remains strong as the alliance and long-term customers continue to provide a stable and steady base-load.

The Group continues to receive healthy enquiries for the various segments although competition remains keen with effects on margin.

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.

14. DIVIDEND

(i) Current Financial Period Reported On

| Name of Dividend | Interim Ordinary One-tier tax exempt | Proposed Final Ordinary One-tier tax exempt | Proposed Final Special One-tier tax exempt | Total |
|-----------------------------------|--------------------------------------|---|--|-------|
| Dividend Type | Cash | Cash | Cash | Cash |
| Dividend Amount (cents per share) | 5.0 | 6.0 | 2.0 | 13.0 |

(ii) Corresponding Period of the Immediately Preceding Financial Year

| Name of Dividend | Interim Ordinary One-tier tax exempt | Proposed Final Ordinary One-tier tax exempt | Proposed Final Special One-tier tax exempt | Total |
|-----------------------------------|--------------------------------------|---|--|-------|
| Dividend Type | Cash | Cash | Cash | Cash |
| Dividend Amount (cents per share) | 5.0 | 6.0 | 14.0 | 25.0 |

(iii) Date payable

The proposed final ordinary one-tier tax exempt dividend of 6.0 cents per ordinary share and special one-tier tax exempt dividend of 2.0 cents per ordinary share, if approved at the AGM to be held on 19 April 2013, will be paid on 13 May 2013.

(iv) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 30 April 2013 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 29 April 2013 will be registered before entitlements to dividend are determined.

(v) Total Annual Dividend

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------|----------------|----------------|
| Interim Ordinary dividend | 104,382 | 104,185 |
| Final Ordinary dividend* | 125,267 | 125,303 |
| Final Special dividend* | 41,756 | 292,375 |
| Total | 271,405 | 521,863 |

* 2012 proposed final ordinary and special dividend are estimated based on share capital of 2,087,787,225 ordinary shares at the end of the financial year.

15. SEGMENTAL REPORTING

FY 2012

(i) Business Segments:

| | Ship & rig repair, building, conversion and offshore \$'000 | Ship chartering \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|---|--|------------------------------|------------------|------------------------|------------------|
| Turnover | | | | | |
| Sales to external parties | 4,407,969 | - | 22,154 | - | 4,430,123 |
| Inter-segment sales | - | - | 198,832 | (198,832) | - |
| Total | 4,407,969 | - | 220,986 | (198,832) | 4,430,123 |
| Results | | | | | |
| Segment results | 545,968 | (213) | 8,463 | - | 554,218 |
| Finance income | 21,399 | - | 40 | - | 21,439 |
| Finance costs | (3,262) | - | - | - | (3,262) |
| Investment income | 78 | - | 3,343 | - | 3,421 |
| Non-operating income | 81 | - | 46 | - | 127 |
| Non-operating expenses | (2,566) | - | - | - | (2,566) |
| Share of results of associates and joint ventures | 42,692 | 10,763 | 2,815 | - | 56,270 |
| Profit before tax | 604,390 | 10,550 | 14,707 | - | 629,647 |
| Tax expense | (100,993) | (486) | 39,270 | - | (62,209) |
| Profit for the period | 503,397 | 10,064 | 53,977 | - | 567,438 |
| Assets | | | | | |
| Segment assets | 5,174,093 | 14,347 | 178,217 | - | 5,366,657 |
| Investments in associates and joint ventures | 371,457 | 42,539 | 3,333 | - | 417,329 |
| Deferred tax assets | 966 | - | 1,422 | - | 2,388 |
| Tax recoverable | 83 | - | - | - | 83 |
| Total assets | 5,546,599 | 56,886 | 182,972 | - | 5,786,457 |
| Liabilities | | | | | |
| Segment liabilities | 3,002,218 | 4 | 11,096 | - | 3,013,318 |
| Deferred tax liabilities | 122,182 | - | 8,949 | - | 131,131 |
| Current tax payable | 93,600 | - | 1,383 | - | 94,983 |
| Total liabilities | 3,218,000 | 4 | 21,428 | - | 3,239,432 |
| Capital expenditure | | | | | |
| Significant non-cash item | 535,864 | - | 116 | - | 535,980 |
| Depreciation and amortisation | 92,913 | - | 1,075 | - | 93,988 |
| Impairment/write off of assets | 464 | - | - | - | 464 |

(ii) Geographical Segments:

| | Turnover from external customers \$'000 | Non-current assets ⁽¹⁾ \$'000 | Total assets \$'000 | Capital expenditure \$'000 |
|----------------------------------|---|--|------------------------|----------------------------------|
| Singapore | 361,372 | 1,455,901 | 5,180,888 | 460,456 |
| China | 2,173 | 343,535 | 343,651 | 39 |
| Rest of ASEAN, Australia & India | 802,848 | 131,222 | 174,857 | 38,347 |
| Middle East & Africa | 550,711 | - | - | - |
| Norway | 1,148,957 | - | - | - |
| Rest of Europe | 223,144 | 7,039 | 27,435 | 186 |
| Cayman Islands | 730,362 | - | - | - |
| Other Countries | 610,556 | 51,008 | 59,626 | 36,952 |
| Total | 4,430,123 | 1,988,705 | 5,786,457 | 535,980 |

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.

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

FY 2011

(i) **Business Segments:**

| | Ship & rig repair, building, conversion and offshore \$'000 | Ship chartering \$'000 | Others \$'000 | Eliminations \$'000 | Total \$'000 |
|---|--|------------------------------|------------------|------------------------|------------------|
| Turnover | | | | | |
| Sales to external parties | 3,934,356 | - | 25,874 | - | 3,960,230 |
| Inter-segment sales | - | - | 244,250 | (244,250) | - |
| Total | 3,934,356 | - | 270,124 | (244,250) | 3,960,230 |
| Results | | | | | |
| Segment results | 726,342 | (28) | 10,815 | - | 737,129 |
| Finance income | 59,935 | - | 42 | - | 59,977 |
| Finance costs | (2,491) | - | - | - | (2,491) |
| Investment income | - | - | 4,464 | - | 4,464 |
| Non-operating income | - | - | 355 | - | 355 |
| Non-operating expenses | (2,399) | - | - | - | (2,399) |
| Share of results of associates and joint ventures | 56,191 | 5,850 | 837 | - | 62,878 |
| Profit before tax | 837,578 | 5,822 | 16,513 | - | 859,913 |
| Tax expense | (89,572) | 572 | (1,784) | - | (90,784) |
| Profit for the period | 748,006 | 6,394 | 14,729 | - | 769,129 |
| Assets | | | | | |
| Segment assets | 4,482,655 | 14,766 | 171,899 | - | 4,669,320 |
| Investments in associates and joint ventures | 341,370 | 37,383 | 1,312 | - | 380,065 |
| Deferred tax assets | 332 | - | 1,562 | - | 1,894 |
| Tax recoverable | 367 | - | - | - | 367 |
| Total assets | 4,824,724 | 52,149 | 174,773 | - | 5,051,646 |
| Liabilities | | | | | |
| Segment liabilities | 2,272,692 | 5 | 13,696 | - | 2,286,393 |
| Deferred tax liabilities | 76,497 | - | 8,700 | - | 85,197 |
| Current tax payable | 131,101 | - | 42,875 | - | 173,976 |
| Total liabilities | 2,480,290 | 5 | 65,271 | - | 2,545,566 |
| Capital expenditure | | | | | |
| 471,220 | - | 279 | - | - | 471,499 |
| Significant non-cash item | | | | | |
| Depreciation and amortisation | 85,129 | - | 1,149 | - | 86,278 |
| Impairment/write-off of assets | 930 | - | - | - | 930 |

(ii) **Geographical Segments:**

| | Turnover from external customers \$'000 | Non-current assets ⁽¹⁾ \$'000 | Total assets \$'000 | Capital expenditure \$'000 |
|----------------------------------|---|--|------------------------|----------------------------------|
| Singapore | 180,242 | 1,071,095 | 4,565,511 | 443,562 |
| China | 739 | 326,302 | 326,681 | - |
| Rest of ASEAN, Australia & India | 464,233 | 101,157 | 138,186 | 15,155 |
| Norway | 1,171,685 | - | - | - |
| Cyprus | 659,090 | - | - | - |
| UK | 566,140 | - | - | - |
| Rest of Europe | 140,374 | - | 37 | - |
| Cayman Islands | 560,996 | - | - | - |
| Other Countries | 216,731 | 17,980 | 21,231 | 12,782 |
| Total | 3,960,230 | 1,516,534 | 5,051,646 | 471,499 |

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

15a. **Explanatory notes to Segmental Reporting**

(i) Business segments

The Group has two reportable segments, which are the Group's strategic business units. The strategic business units are managed separately because of their different business activities. The two reportable segments are (i) ship and rig repair, building, conversion and offshore and (ii) ship chartering.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

(ii) Geographical segments

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.

(iii) Review of segment performance

Please refer to paragraph 11.

16. **INTERESTED PERSON TRANSACTIONS**

| | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000) | |
|---|--|---------------|
| | FY 2012 | FY 2011 |
| | \$'000 | \$'000 |
| Transaction for the Sales of Goods and Services | | |
| Temasek Holdings (Private) Limited and its associates | 54,256 | - |
| PSA International Pte Ltd and its associates | 2,941 | 2,331 |
| Transaction for the Purchase of Goods and Services | | |
| Sembcorp Industries Limited and its associates | 41,261 | 38,834 |
| PSA International Pte Ltd and its associates | 105 | 312 |
| Singapore Technologies Engineering Ltd and its associates | 212 | 228 |
| Singapore Technologies Telemedia Pte Ltd and its associates | 1,618 | 2,588 |
| Management and Support Services | | |
| Sembcorp Industries Limited | 250 | 250 |
| Total Interested Person Transactions | 100,643 | 44,543 |

17. **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

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

21 February 2013