



**SEMBCORP MARINE LTD**  
**Full Year Financial Statements**

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

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

	4Q 2005 \$'000	Group 4Q 2004 \$'000 (Restated)	+ / (-) %	FY 2005 \$'000	Group FY 2004 \$'000 (Restated)	+ / (-) %
<b>Turnover</b>	<b>749,966</b>	<b>396,945</b>	<b>88.9</b>	<b>2,119,279</b>	<b>1,362,764</b>	<b>55.5</b>
Cost of sales	(698,579)	(372,555)	87.5	(1,949,783)	(1,242,400)	56.9
Gross profit	51,387	24,390	110.7	169,496	120,364	40.8
Other operating income	5,839	11,644	(49.9)	19,461	24,198	(19.6)
Other operating expenses	(4,127)	(1,040)	296.8	(9,850)	(3,078)	220.0
General and administrative expenses	(19,980)	(17,068)	17.1	(54,558)	(48,551)	12.4
<b>Operating profit</b>	<b>33,119</b>	<b>17,926</b>	<b>84.8</b>	<b>124,549</b>	<b>92,933</b>	<b>34.0</b>
Dividend and interest income	4,305	2,227	93.3	16,534	12,766	29.5
Interest expenses	(1,270)	(1,269)	0.1	(4,785)	(2,822)	69.6
Non-operating income	11,196	3,444	225.1	11,196	5,434	106.0
Non-operating expenses	(7,177)	(3,500)	105.1	(7,177)	(8,500)	(15.6)
Share of results of associated companies and joint venture	2,710	9,705	(72.1)	19,538	13,278	47.1
<b>Profit before tax</b>	<b>42,883</b>	<b>28,533</b>	<b>50.3</b>	<b>159,855</b>	<b>113,089</b>	<b>41.4</b>
Taxation	(10,561)	(3,134)	237.0	(34,271)	(15,990)	114.3
<b>Profit after taxation</b>	<b>32,322</b>	<b>25,399</b>	<b>27.3</b>	<b>125,584</b>	<b>97,099</b>	<b>29.3</b>
Attributable to:						
<b>Shareholders of the Company</b>	<b>30,265</b>	<b>24,549</b>	<b>23.3</b>	<b>121,398</b>	<b>94,087</b>	<b>29.0</b>
Minority Interests	2,057	850	142.0	4,186	3,012	39.0
	<b>32,322</b>	<b>25,399</b>	<b>27.3</b>	<b>125,584</b>	<b>97,099</b>	<b>29.3</b>
<b>Attributable to Shareholders of the Company excluding prior year tax under/over-provision</b>	<b>30,872</b>	<b>24,324</b>	<b>26.9</b>	<b>122,005</b>	<b>89,887</b>	<b>35.7</b>
<b>Earnings per share (cents)</b>						
Basic	2.09	1.72		8.45	6.62	
Diluted	2.04	1.72		8.25	6.60	

(a)(ii) items, which if significant must be included in the income statement.

	4Q 2005 \$'000	Group 4Q 2004 \$'000 (Restated)	+ / (-) %	FY 2005 \$'000	Group FY 2004 \$'000 (Restated)	+ / (-) %
Investment income	15	63	(76.2)	920	1,120	(17.9)
Interest income	4,290	2,164	98.2	15,614	11,646	34.1
Interest expenses	(1,270)	(1,269)	0.1	(4,785)	(2,822)	69.6
Depreciation and amortisation	(12,100)	(10,205)	18.6	(38,065)	(37,519)	1.5
(Allowance)/write-back of allowance for doubtful debts, net & bad debts written off	(995)	(674)	47.6	539	(418)	n.m.
(Allowance)/write-back for stock obsolescence, net	(445)	83	n.m.	(528)	23	n.m.
Foreign exchange loss, net	(5,120)	(2,497)	105.0	(2,858)	(1,822)	56.9
Profit after taxation as a percentage of Turnover	4.31%	6.40%	(32.7)	5.93%	7.13%	(16.8)
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	2.84%	2.53%	12.3	11.39%	9.71%	17.3

n.m. : not meaningful

**Notes:**

	4Q 2005 \$'000	Group 4Q 2004 \$'000	FY 2005 \$'000	Group FY 2004 \$'000
(i) (Under)/over-provision of tax in respect of prior years, net	(607)	225	(607)	4,200
(ii) (Loss)/profit on disposal of property, plant and equipment, net	(324)	4,110	1,268	7,681
(iii) Non-operating income comprises:				
Profit on disposal of investment in other long term equity investment	10,644	-	10,644	1,990
Profit on disposal of:				
- Joint venture	-	3,444	-	3,444
- Associated company	552	-	552	-
Non-operating income	11,196	3,444	11,196	5,434
(vi) Non-operating expense comprises:				
Loss on disposal of investment in unquoted bonds	-	-	-	(5,000)
Allowance for impairment in value of:				
- Fixed assets	-	(3,500)	-	(3,500)
- Investment in associated companies	(6,214)	-	(6,214)	-
- Asset held for sale	(963)	-	(963)	-
Non-operating expenses	(7,177)	(3,500)	(7,177)	(8,500)

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

<b>Balance Sheet</b>	<b>Group</b>		<b>Company</b>	
	<b>31-Dec-2005</b>	<b>31-Dec-2004</b> (Restated)	<b>31-Dec-2005</b>	<b>31-Dec-2004</b> (Restated)
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non Current Assets</b>				
Fixed assets	579,584	460,020	177,679	176,449
Subsidiary companies	-	-	490,852	490,852
Associated companies and joint venture	123,645	67,487	66,259	26,387
Other long-term investments	77,931	23,666	77,438	19,105
Long-term trade debtors	47,390	83,249	41,602	56,000
Intangible assets	3,601	3,539	122	122
Deferred tax asset	872	1,470	-	-
<b>Total Non Current Assets</b>	<b>833,023</b>	<b>639,431</b>	<b>853,952</b>	<b>768,915</b>
<b>Current Assets</b>				
Stocks and work-in-progress	632,990	390,940	-	-
Trade debtors	239,199	267,237	44,278	70,798
Asset held for sale	52,230	53,192	-	-
Other debtors	37,238	39,081	101,033	53,073
Fixed deposits	457,468	361,164	51,746	70,893
Bank and cash balances	73,989	108,320	10,381	29,561
<b>Total Current Assets</b>	<b>1,493,114</b>	<b>1,219,934</b>	<b>207,438</b>	<b>224,325</b>
<b>Current Liabilities</b>				
Trade creditors	558,749	474,643	11,248	6,236
Other creditors and provisions	22,991	24,358	3,226	2,075
Excess progress billings over work-in-progress	375,299	136,414	-	-
Provision for taxation	25,832	16,277	801	343
<b>Total Current Liabilities</b>	<b>982,871</b>	<b>651,692</b>	<b>15,275</b>	<b>8,654</b>
<b>Net Current Assets</b>	<b>510,243</b>	<b>568,242</b>	<b>192,163</b>	<b>215,671</b>
<b>Total Assets less Current Liabilities</b>	<b>1,343,266</b>	<b>1,207,673</b>	<b>1,046,115</b>	<b>984,586</b>
<b>Non-Current Liabilities</b>				
Long term borrowings	149,720	149,645	149,720	149,645
Deferred taxation	69,567	47,980	41,872	28,137
Hire purchase creditors	213	333	-	-
Other provisions	8,069	7,005	2,895	2,895
<b>Total Non-Current Liabilities</b>	<b>227,569</b>	<b>204,963</b>	<b>194,487</b>	<b>180,677</b>
	<b>1,115,697</b>	<b>1,002,710</b>	<b>851,628</b>	<b>803,909</b>
<b>Capital &amp; Reserves</b>				
Share Capital	145,036	142,761	145,036	142,761
Reserves	920,509	826,139	706,592	661,148
	1,065,545	968,900	851,628	803,909
Minority interests	50,152	33,810	-	-
	<b>1,115,697</b>	<b>1,002,710</b>	<b>851,628</b>	<b>803,909</b>

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

**Amount repayable in one year or less, or on demand**

As at 31-Dec-2005		As at 31-Dec-2004	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 31-Dec-2005		As at 31-Dec-2004	
Secured	Unsecured	Secured	Unsecured
-	149,720,000	-	149,645,000

**Details of Collateral**

Not Applicable.

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

**Cash Flow Statement for the period ended 31 December**

	Group			
	4Q 2005 \$'000	4Q 2004 \$'000 (Restated)	FY 2005 \$'000	FY 2004 \$'000 (Restated)
<b>Cash flow from operating activities:</b>				
<b>Operating profit</b>	<b>33,119</b>	<b>17,926</b>	<b>124,549</b>	<b>92,933</b>
<b>Adjustments for:</b>				
Depreciation of fixed assets	12,068	10,185	37,977	37,499
Loss/(gain) on sale of fixed assets	324	(4,110)	(1,268)	(7,681)
Fixed assets written off	1	12	8	12
Share-based payment expenses	1,010	376	2,537	920
Goodwill on consolidation of subsidiary companies written off	-	-	-	292
Amortisation	32	20	88	20
<b>Operating income before reinvestment in working capital</b>	<b>46,554</b>	<b>24,409</b>	<b>163,891</b>	<b>123,995</b>
Decrease/(increase) in debtors	18,052	(53,783)	67,125	74,344
Increase in asset held for sale	-	-	-	(53,192)
(Increase)/decrease in stocks and work-in-progress	(43,105)	252,697	(2,834)	(10,676)
(Decrease)/increase in creditors	(8,144)	12,004	78,963	85,927
<b>Cash provided by operations</b>	<b>13,357</b>	<b>235,327</b>	<b>307,145</b>	<b>220,398</b>
Investment and interest income received	5,135	2,227	16,533	13,565
Interest paid	(135)	(99)	(4,785)	(1,655)
Income taxes paid	(1,405)	(1,402)	(15,806)	(14,034)
<b>Net cash provided by operating activities</b>	<b>16,952</b>	<b>236,053</b>	<b>303,087</b>	<b>218,274</b>
<b>Cash flow from investing activities:</b>				
Acquisition of subsidiary companies, net of cash	(8,581)	-	(8,581)	(660)
Purchase of fixed assets	(40,937)	(44,252)	(139,586)	(88,552)
Purchase of associated companies	-	-	(47,456)	(1,309)
Purchase of other long term investments	-	(16)	-	(14,314)
Proceeds from sale of fixed assets	192	23,116	2,172	57,572
Proceeds from sale of a joint venture	-	6,832	-	21,443
Proceeds from partial redemption of investment in bond	-	-	-	720
Proceeds from sale of long term investment	14,205	-	14,310	59,302
Dividends from associated companies	4,920	240	6,265	5,185
<b>Net cash (used in)/provided by investing activities</b>	<b>(30,201)</b>	<b>(14,080)</b>	<b>(172,876)</b>	<b>39,387</b>
<b>Cash flow from financing activities:</b>				
Dividends paid by the Company	-	(1)	(98,037)	(56,881)
Dividends paid by subsidiary companies to minority shareholders	(1,303)	(1)	(1,303)	(402)
Repayment of short term bank loan, net	(9,787)	(30,000)	-	(101,029)
Repayment of hire purchase creditors	(225)	(427)	(1,276)	(1,401)
Fixed deposit pledge discharged with a bank for banking facilities	-	54,379	-	54,379
Proceeds from issue of medium term notes	-	-	-	149,625
Proceeds from issue of new shares:				
- by the Company	2,755	3,455	19,004	5,617
- by a subsidiary company to minority shareholder	6,655	-	13,374	13,508
<b>Net cash (used in)/provided by financing activities</b>	<b>(1,905)</b>	<b>27,405</b>	<b>(68,238)</b>	<b>63,416</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15,154)</b>	<b>249,378</b>	<b>61,973</b>	<b>321,077</b>
Cash and cash equivalents at beginning of period	546,611	220,106	469,484	148,407
<b>Cash and cash equivalents at end of period</b>	<b>531,457</b>	<b>469,484</b>	<b>531,457</b>	<b>469,484</b>

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

	* Group			
	4Q 2005	4Q 2004	FY 2005	FY 2004
	\$'000	\$'000	\$'000	\$'000
Fixed assets	#12,074	-	#12,074	4,976
Other long term quoted investment	-	-	-	1
Intangible asset	75	-	75	-
Stocks and work-in-progress	331	-	331	7,450
Debtors	7,793	-	7,793	18,454
Bank and cash balances	741	-	741	456
Bank overdrafts, unsecured	-	-	-	(722)
Hire Purchase creditors	-	-	-	(704)
Creditors	(4,721)	-	(4,721)	(22,157)
Provision for taxation	-	-	-	(310)
Deferred tax	(3,047)	-	(3,047)	(102)
Net assets acquired	13,246	-	13,246	7,342
Minority interests	-	-	-	(3,304)
Amount taken up as long term investment	(3,700)	-	(3,700)	-
Amount taken up as associated company	-	-	-	(3,671)
(Negative goodwill)/goodwill on acquisition	#(224)	-	#(224)	27
Purchase consideration paid	9,322	-	9,322	394

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

	Group			
	4Q 2005	4Q 2004	FY 2005	FY 2004
	\$'000	\$'000	\$'000	\$'000
Cash paid	(9,322)	-	(9,322)	(394)
Less: Bank and cash balances acquired	741	-	741	456
Add: Bank overdrafts, unsecured acquired	-	-	-	(722)
Net cash outflow	(8,581)	-	(8,581)	(660)

\* Represents both book values and fair values of assets and liabilities acquired.

# Provisionally determined, pending final valuation report from the independent valuer.

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

	Group	
	FY 2005	FY 2004
	\$'000	\$'000
Fixed deposit, bank and cash balances	531,457	469,484

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

**Statement of Changes in Equity for the period ended 31 December**

<b>GROUP</b>	Attributable to equity holders of the Company								
	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Other Reserves \$'000	Revenue reserve \$'000	Total \$'000	Minority Interest \$'000	Total Equity \$'000
<b>9M 2005</b>									
At 1 January 2005									
- As previously reported	142,761	242,811	1,243	(4,417)	-	586,502	968,900	33,810	1,002,710
- Changes in accounting policies									
FRS 102	-	-	-	-	1,135	(1,135)	-	-	-
FRS 39*	-	-	-	-	24,040	(963)	23,077	63	23,140
- As restated	142,761	242,811	1,243	(4,417)	25,175	584,404	991,977	33,873	1,025,850
Issue of new shares									
- under Share Option Plan	1,943	14,306	-	-	-	-	16,249	-	16,249
- to minority shareholder	-	-	-	-	-	-	-	6,708	6,708
2004 final dividend paid	-	-	-	-	-	(69,157)	(69,157)	-	(69,157)
2005 interim dividend paid	-	-	-	-	-	(28,880)	(28,880)	-	(28,880)
Foreign currency translation	-	-	-	(366)	-	-	(366)	14	(352)
Net fair value changes*	-	-	-	-	44,065	-	44,065	-	44,065
Cost of share-based payment	-	-	-	-	1,514	-	1,514	13	1,527
Profit for the period	-	-	-	-	-	91,133	91,133	2,129	93,262
<b>At 30 September 2005</b>	<b>144,704</b>	<b>257,117</b>	<b>1,243</b>	<b>(4,783)</b>	<b>70,754</b>	<b>577,500</b>	<b>1,046,535</b>	<b>42,737</b>	<b>1,089,272</b>
<b>4Q 2005</b>									
Issue of new shares									
- under Share Option Plan	332	2,423	-	-	-	-	2,755	-	2,755
- to minority Shareholder	-	-	-	-	-	-	-	6,666	6,666
Transfer from revenue reserve to statutory reserve by associated companies	-	-	5,527	-	-	(5,527)	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(1,303)	(1,303)
Foreign currency translation	-	-	-	3,574	-	-	3,574	(17)	3,557
Net fair value changes*	-	-	-	-	(10,653)	-	(10,653)	-	(10,653)
Realisation of fair value through profit & loss account upon disposal	-	-	-	-	(7,929)	-	(7,929)	-	(7,929)
Cost of share-based payment	-	-	-	-	998	-	998	12	1,010
Profit for the period	-	-	-	-	-	30,265	30,265	2,057	32,322
<b>At 31 December 2005</b>	<b>145,036</b>	<b>259,540</b>	<b>6,770</b>	<b>(1,209)</b>	<b>53,170</b>	<b>602,238</b>	<b>1,065,545</b>	<b>50,152</b>	<b>1,115,697</b>

\* After adjustments for deferred taxation.

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

<b>GROUP</b>	Attributable to equity holders of the Company								
	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Other Reserves \$'000	Revenue Reserve \$'000	Total \$'000	Minority Interest \$'000	Total Equity \$'000
<b>9M 2004</b>									
At 1 January 2004									
- As previously Reported	142,005	237,950	1,357	(2,566)	-	548,381	927,127	14,746	941,873
- Changes in accounting policy									
FRS 102	-	-	-	-	220	(220)	-	-	-
- As restated	142,005	237,950	1,357	(2,566)	220	548,161	927,127	14,746	941,873
Issue of new shares									
- under Share Option Plan	301	1,861	-	-	-	-	2,162	-	2,162
- to minority shareholder	-	-	-	-	-	-	-	13,496	13,496
Acquisition of subsidiary companies	-	-	-	-	-	-	-	3,306	3,306
Write off by associated company	-	-	(114)	-	-	-	(114)	-	(114)
Foreign currency translation	-	-	-	1,747	-	-	1,747	-	1,747
2003 final dividend paid	-	-	-	-	-	(39,814)	(39,814)	-	(39,814)
2004 interim dividend paid	-	-	-	-	-	(17,067)	(17,067)	-	(17,067)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(402)	(402)
Cost of share-based payment	-	-	-	-	542	-	542	2	544
Profit for the period	-	-	-	-	-	69,538	69,538	2,162	71,700
<b>At 30 September 2004</b>	<b>142,306</b>	<b>239,811</b>	<b>1,243</b>	<b>(819)</b>	<b>762</b>	<b>560,818</b>	<b>944,121</b>	<b>33,310</b>	<b>977,431</b>
<b>4Q 2004</b>									
Issue of new shares									
- under Share Option Plan	455	3,000	-	-	-	-	3,455	-	3,455
Foreign currency translation	-	-	-	(3,598)	-	-	(3,598)	(353)	(3,951)
Cost of share-based payment	-	-	-	-	373	-	373	3	376
Profit for the period	-	-	-	-	-	24,549	24,549	850	25,399
<b>At 31 December 2004</b>	<b>142,761</b>	<b>242,811</b>	<b>1,243</b>	<b>(4,417)</b>	<b>1,135</b>	<b>585,367</b>	<b>968,900</b>	<b>33,810</b>	<b>1,002,710</b>

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

<b>COMPANY</b>	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Other Reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>9M 2005</b>						
At 1 January 2005						
- As previously reported	142,761	242,811	960	-	417,377	803,909
- Changes in accounting policies						
FRS 102	-	-	-	224	(224)	-
FRS 39*	-	-	-	24,035	-	24,035
- As restated	142,761	242,811	960	24,259	417,153	827,944
Issue of new shares						
- under Share Option Plan	1,943	14,306	-	-	-	16,249
2004 final dividend paid	-	-	-	-	(69,157)	(69,157)
2005 interim dividend paid	-	-	-	-	(28,880)	(28,880)
Net fair value changes*	-	-	-	44,113	-	44,113
Cost of share-based payment	-	-	-	226	-	226
Profit for the period	-	-	-	-	11,290	11,290
<b>At 30 September 2005</b>	<b>144,704</b>	<b>257,117</b>	<b>960</b>	<b>68,598</b>	<b>330,406</b>	<b>801,785</b>
<b>4Q 2005</b>						
Issue of new shares						
- under Share Option Plan	332	2,423	-	-	-	2,755
Net fair value changes*	-	-	-	(10,704)	-	(10,704)
Realisation of fair value through profit & loss account upon disposal	-	-	-	(7,929)	-	(7,929)
Cost of share-based payment	-	-	-	231	-	231
Profit for the period	-	-	-	-	65,490	65,490
<b>At 31 December 2005</b>	<b>145,036</b>	<b>259,540</b>	<b>960</b>	<b>50,196</b>	<b>395,896</b>	<b>851,628</b>
<b>9M 2004</b>						
At 1 January 2004						
- As previously reported	142,005	237,950	960	-	419,744	800,659
- Changes in accounting policy						
FRS 102	-	-	-	44	(44)	-
- As restated	142,005	237,950	960	44	419,700	800,659
Issue of new shares						
- under Share Option Plan	301	1,861	-	-	-	2,162
2003 final dividend paid	-	-	-	-	(39,814)	(39,814)
2004 interim dividend paid	-	-	-	-	(17,066)	(17,066)
Cost of share-based payment	-	-	-	108	-	108
Profit for the period	-	-	-	-	30,031	30,031
<b>At 30 September 2004</b>	<b>142,306</b>	<b>239,811</b>	<b>960</b>	<b>152</b>	<b>392,851</b>	<b>776,080</b>
<b>4Q 2004</b>						
Issue of new shares						
- under Share Option Plan	455	3,000	-	-	-	3,455
Cost of share-based payment	-	-	-	72	-	72
Profit for the period	-	-	-	-	24,302	24,302
<b>At 31 December 2004</b>	<b>142,761</b>	<b>242,811</b>	<b>960</b>	<b>224</b>	<b>417,153</b>	<b>803,909</b>

\* After adjustments for deferred taxation.



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

During the financial year, the Company issued 22,749,985 ordinary shares of \$0.10 each upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 31 December 2005, there were 48,412,175 (31 December 2004: 56,753,150) unexercised options for un-issued ordinary shares of \$0.10 each under the Plan.

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2004 except for the adoption of the following new Financial Report standards (FRS) that are mandatory for the financial years beginning on or after 1 January 2005:

FRS 39	Financial instruments: recognition and measurement
FRS 102	Share-based payment

The impact of the changes in accounting policies is as follows:

**FRS 39**

In accordance with the transitional provisions of FRS 39, the effect of recognition, derecognition and measurement of financial instruments, for periods prior to 1 January 2005, is not restated. Consequently, the comparative figures for 2004 have not been restated. On 1 January 2005, the following transitional adjustments were made:

	<b>Group Fair Value Reserves</b>	<b>Group Revenue Reserves</b>	<b>Group Total</b>	<b>Company Fair Value Reserves</b>	<b>Company Revenue Reserves</b>	<b>Company Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair valuation of:						
Long term investments	24,040	-	24,040	24,035	-	24,035
Derivatives	-	(963)	(963)	-	-	-
<b>Total</b>	<b>24,040</b>	<b>(963)</b>	<b>23,077</b>	<b>24,035</b>	<b>-</b>	<b>24,035</b>

The adoption of FRS 39 has resulted in an increase in equity of the Group and the Company as at 1 January 2005 of \$23.0 million and \$24.0 million respectively, after adjusting for the related deferred taxes. In accordance with the transitional adjustment rules, there is no restatement of the FY 2004 profit and loss account of the Group and the Company.

The impact of FRS 39 on FY 2005 profit and loss account of the Group and Company was a charge of \$6.1 million and \$nil million respectively.

**Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied (cont'd)**

FRS 102

As a result of adopting FRS 102, the Group and the Company adjusted downwards the opening Revenue Reserves as at 1 January 2004 by \$220,000 and \$44,000 respectively. The opening Other Reserves were adjusted upward by the same amounts. Overall, as at 1 January 2004, there was no impact on the Shareholders Equity of the Group and the Company.

Net profit for the Group and the Company for FY 2004 were decreased by \$915,000 and \$180,000 respectively. The effect of FRS 102 on the Group's basic and diluted EPS for FY 2004 is as follows:

Basic EPS : reduction of 0.06 cents  
Diluted EPS : reduction of 0.05 cents

The impact of FRS 102 on FY 2005 profit and loss account of the Group and Company was a charge of \$2.5 million and \$0.5 million respectively.

Other revised FRSs

Apart from the above, the Group adopted FRS 105 Non-Current Assets held for Sale and Discontinued Operations and the various revisions in FRS, applicable from 1 January 2005. These do not have a material financial impact on the Group.

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

Please refer to paragraph 4.

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

	4Q 2005	4Q 2004 (Restated)	Group +/(-)%	FY 2005	FY 2004 (Restated)	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:						
(i) Based on the weighted average number of shares (cents)	2.09	1.72	21.5	8.45	6.62	27.6
Weighted average number of shares	1,448,063,262	1,423,943,455	1.7	1,436,843,784	1,421,361,495	1.1
(ii) On a fully diluted basis (cents)	2.04	1.72	18.6	8.25	6.60	25.0
Adjusted weighted average number of shares	1,483,517,262	1,429,219,455	3.8	1,472,297,784	1,426,637,495	3.2

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

	Dec-2005	Group Dec-2004 (Restated)	+/(-) %	Company Dec-2005	Company Dec-2004 (Restated)	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	73.47	67.87	8.3	58.72	56.31	4.3

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

#### Review of Group Performance

##### 4Q 2005 versus 4Q 2004

	4Q 2005	4Q 2004	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Ship Repair	137.7	117.9	19.8	16.8
Conversion	366.2	171.0	195.2	114.2
Rig Building	180.5	66.3	114.2	172.2
Shipbuilding	42.7	16.3	26.4	162.0
Other Activities	22.9	25.4	(2.5)	(9.8)
<b>4Q Group Turnover</b>	<b>750.0</b>	<b>396.9</b>	<b>353.1</b>	<b>88.9</b>

Group turnover for 4Q 2005 increased by 88.9% from \$396.9 million in 4Q 2004 to \$750.0 million with growth across all core business segments.

##### **Group Operating Profit and Pre-tax Profit**

Group operating profits increased by 84.8% from \$17.9 million in 4Q 2004 to \$33.1 million in 4Q 2005. Group pre-tax profits increased by 50.3% from \$28.5 million in 4Q 2004 to \$42.9 million. The increase is mainly attributable to better operating profits from offshore conversion and rig building segments.

##### **Group Profit Attributable to Members of the Company**

Group attributable profits increased by 23.3% from \$24.5 million in 4Q 2004 to \$30.3 million.

##### FY 2005 versus FY 2004

	FY 2005	FY 2004	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Ship Repair	530.6	456.2	74.4	16.3
Conversion	886.3	615.0	271.3	44.1
Rig Building	381.3	118.2	263.1	222.6
Shipbuilding	188.6	81.1	107.5	132.6
Other Activities	132.5	92.3	40.2	43.6
<b>Group Turnover</b>	<b>2,119.3</b>	<b>1,362.8</b>	<b>756.5</b>	<b>55.5</b>

Group turnover for FY 2005 increased by 55.5% from \$1.36 billion in FY 2004 to \$2.12 billion. The increase is mainly attributable to the growth across all business segments, especially offshore conversion and rig building.

##### **Group Operating Profit and Pre-tax Profit**

Group operating profits increased by 34.0% from \$92.9 million in FY 2004 to \$124.5 million in FY 2005. Group pre-tax profits increased by 41.4% from \$113.1 million in FY 2004 to \$159.9 million. The increase is mainly attributable to better operating profits as well as contribution from the associated company acquired during the year.

##### **Group Profit Attributable to Members of the Company**

Group attributable profits increased by 29.0% from \$94.1 million in FY 2004 to \$121.4 million.

Group tax charge in FY 2005 is higher than FY 2004 mainly due to a \$4.2 million net write-back of prior years' tax over-provision, arising from a 2% reduction in corporate income tax rate in FY 2004. Excluding the prior year tax under/(over)-provision, Group attributable profits increased 35.7% from \$89.9 million in FY 2004 to \$122.0 million.

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

There is no variance from the previous forecast.

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

During FY 2005, the Group secured record contracts worth a total of \$4.2 billion with deliveries and completion till 2009. The increase is 102 percent as compared with the \$2.1 billion worth of contracts secured for the year 2004. Total outstanding order book, excluding ship repair, currently stands at \$5.9 billion.

Based on the scheduled completion of projects, the Group expects the current year's overall performance to be stronger than FY 2005.

The market outlook for the ship repair sector is expected to be strong amid competitive environment. For ship conversion and offshore sector, market fundamentals for Floating Production Storage Offloading (FPSO) vessels and Floating Storage Offloading (FSO) vessels will continue to be strong, driven mainly by high oil prices and exploration and production activities.

Rig building demand is also expected to be strong attributed mainly to worldwide high utilisation and unprecedented high charter rates.

Overall, market outlook for all sectors in the marine and offshore industry is expected to remain strong.

*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, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.*

**11. Dividend**

**(a) Current Financial Period Reported On**

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

Name of Dividend	Interim	Final	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	2.50 cents per ordinary share less tax	7.00 cents per ordinary share less tax	9.50 cents per ordinary share less tax
Par value of shares	0.10	0.10	0.10
Tax Rate	20.0	20.0	20.0

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

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

Name of Dividend	Interim	Final	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	1.50 cents per ordinary share less tax	6.00 cents per ordinary share less tax	7.50 cents per ordinary share less tax
Par value of shares	0.10	0.10	0.10
Tax Rate	20.0	20.0	20.0

**(c) Date payable**

The final proposed dividend will be paid on 18 May 2006.

**(d) Books closure date**

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed from 4 May 2006 to 9 May 2006, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Registrar, Kon Choon Kooi Pte Ltd, 47 Hill Street #06-02, Chinese Chamber of Commerce & Industry Building, Singapore 179365, up to 5 p.m. on 3 May 2006 will be registered before entitlements to dividend are determined.

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

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

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

	Ship & rig repair, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment: FY2005</b>					
<b>Turnover</b>					
Sales to external parties	2,018,386	-	100,893	-	2,119,279
Inter-segment sales	319,031	-	177,087	(496,118)	-
Consolidated sales	<u>2,337,417</u>	<u>-</u>	<u>277,980</u>	<u>(496,118)</u>	<u>2,119,279</u>
<b>Results</b>					
<b>Segment results</b>	<b>119,531</b>	<b>1</b>	<b>5,017</b>	<b>-</b>	<b>124,549</b>
Non-operating income	11,196	-	-	-	11,196
Non-operating expense	(7,177)	-	-	-	(7,177)
Investment and interest income	16,009	323	202	-	16,534
Interest expenses	(4,785)	-	-	-	(4,785)
Share of results of associated companies & joint venture	15,513	1,433	2,592	-	19,538
Profit before taxation	150,287	1,757	7,811	-	159,855
Taxation	(32,159)	(866)	(1,246)	-	(34,271)
Profit after taxation	<u>118,128</u>	<u>891</u>	<u>6,565</u>	<u>-</u>	<u>125,584</u>
<b>Other information</b>					
Capital expenditure	195,183	-	440	-	195,623
Depreciation	35,890	155	1,932	-	37,977
Amortisation	88	-	-	-	88
<b>Other segment assets</b>	<b>1,604,187</b>	<b>574</b>	<b>40,066</b>	<b>-</b>	<b>1,644,827</b>
Interest bearing assets	537,375	6,017	12,905	-	556,297
Investments in associated companies & joint venture	99,744	18,985	4,916	-	123,645
Deferred tax assets	865	-	7	-	872
Tax recoverable	-	-	496	-	496
Total segment assets	<u>2,242,171</u>	<u>25,576</u>	<u>58,390</u>	<u>-</u>	<u>2,326,137</u>
<b>Other segment liabilities</b>	<b>942,895</b>	<b>18</b>	<b>21,940</b>	<b>-</b>	<b>964,853</b>
Interest bearing liabilities	150,188	-	-	-	150,188
Deferred taxation	68,331	59	1,177	-	69,567
Provision for taxation	22,557	946	2,329	-	25,832
Total segment liabilities	<u>1,183,971</u>	<u>1,023</u>	<u>25,446</u>	<u>-</u>	<u>1,210,440</u>

Information by segment on Group operations (cont'd)

	Ship & rig repair, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment: FY2004</b>					
<b>Turnover</b>					
Sales to external parties	1,315,086	12,798	34,880	-	1,362,764
Inter-segment sales	230,873	178	140,497	(371,548)	-
Consolidated sales	1,545,959	12,976	175,377	(371,548)	1,362,764
<b>Results</b>					
<b>Segment results</b>	<b>73,525</b>	<b>12,745</b>	<b>6,663</b>	<b>-</b>	<b>92,933</b>
Non-operating income	5,434	-	-	-	5,434
Non-operating expense	(8,500)	-	-	-	(8,500)
Investment and interest income	12,285	467	14	-	12,766
Interest expenses	(2,822)	-	-	-	(2,822)
Share of results of associated companies & joint venture	13,113	2,157	(1,992)	-	13,278
Profit before taxation	93,035	15,369	4,685	-	113,089
Taxation	(14,859)	(34)	(1,097)	-	(15,990)
Profit after taxation	78,176	15,335	3,588	-	97,099
<b>Other information</b>					
Capital expenditure	103,685	-	1,150	-	104,835
Depreciation	34,589	1,685	1,225	-	37,499
Amortisation	20	-	-	-	20
<b>Other segment assets</b>	<b>1,228,684</b>	<b>4,838</b>	<b>38,095</b>	<b>-</b>	<b>1,271,617</b>
Interest bearing assets	498,791	10,449	9,433	-	518,673
Investments in associated companies & joint venture	55,653	9,625	2,209	-	67,487
Tax recoverable	-	-	118	-	118
Deferred tax asset	1,463	-	7	-	1,470
Total segment assets	1,784,591	24,912	49,862	-	1,859,365
<b>Other segment liabilities</b>	<b>617,178</b>	<b>2,262</b>	<b>18,035</b>	<b>-</b>	<b>637,475</b>
Interest bearing liabilities	154,923	-	-	-	154,923
Deferred taxation	46,405	93	1,482	-	47,980
Provision for taxation	15,028	114	1,135	-	16,277
Total segment liabilities	833,534	2,469	20,652	-	856,655

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

**(b) By geographical area**

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

	<b>Singapore</b>	<b>Rest of</b>	<b>Europe</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>\$'000</b>	<b>Asia</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2005</b>						
Revenue from external customers	181,432	413,636	1,265,747	258,464	-	2,119,279
Total segment assets	2,144,461	150,180	-	31,496	-	2,326,137
Capital expenditure	195,167	456	-	-	-	195,623
<b>2004</b>						
Revenue from external customers	201,145	218,343	647,600	295,676	-	1,362,764
Total segment assets	1,753,186	88,847	-	17,332	-	1,859,365
Capital expenditure	104,635	200	-	-	-	104,835

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

Please refer to paragraph 8.

**15. A breakdown of sales**

	<b>Group</b>		<b>+ / (-)</b>
	<b>2005</b>	<b>2004</b>	<b>%</b>
	<b>\$'000</b>	<b>\$'000</b>	
		(Restated)	
Sales reported for first half	918,089	575,838	59.4
Operating profit after tax before deducting minority interests reported for first half	59,427	48,923	21.5
Sales reported for second half	1,201,190	786,926	52.6
Operating profit after tax before deducting minority interests reported for second half	66,157	48,176	37.3

**16. Annual Dividend**

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary	110,100	86,224
Preference	-	-
<b>Total</b>	<b>110,100</b>	<b>86,224</b>

## 17. Interested Person Transactions

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

	FY 2005 \$'000	FY 2004 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
Keppel Corporation Ltd and its associates	39,628	221
Neptune Orient Lines Ltd and its associates	1,543	1,890
SembCorp Industries Limited and its associates	3,272	6,262
PSA International Pte Ltd and its associates	2,191	-
<b>Transaction for the Purchase of Goods and Services</b>		
Keppel Corporation Ltd and its associates	-	2,351
Neptune Orient Lines Ltd and its associates	-	2,310
SembCorp Industries Limited and its associates	23,718	23,499
<b>Management and Support Services</b>		
SembCorp Industries Limited	250	1,000
Total Interested Person Transactions	<u>70,602</u>	<u>37,533</u>
<b>Treasury Transactions</b>		
<b>Sales of Debt Securities</b>		
Neptune Orient Lines Ltd	-	54,280
<b>Placement of Funds with/(from) - as at 31 December</b>		
SembCorp Industries Limited and its associates	8,319	10,648
SembCorp Industries Limited and its associates	-	(3,504)

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

	FY 2005 \$'000	FY 2004 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
Neptune Orient Lines Ltd and its associates	1,700	-
<b>Disposal of Investments</b>		
SembCorp Logistics Ltd	2,498	-
Total Interested Person Transactions	<u>4,198</u>	<u>-</u>

**BY ORDER OF THE BOARD**

**KWONG SOOK MAY**  
Company Secretary  
14 February 2006