

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 2006 \$'000	Group 4Q 2005 \$'000	+ / (-) %	FY 2006 \$'000	Group FY 2005 \$'000	+ / (-) %
Turnover	1,331,460	749,966	77.5	3,545,049	2,119,279	67.3
Cost of sales	(1,214,079)	(698,579)	73.8	(3,250,039)	(1,949,783)	66.7
Gross profit	117,381	51,387	128.4	295,010	169,496	74.1
Other operating income	6,510	5,839	11.5	24,356	19,461	25.2
Other operating expenses	(6,270)	(4,127)	51.9	(17,023)	(9,850)	72.8
General and administrative expenses	(29,386)	(19,980)	47.1	(74,110)	(54,558)	35.8
Operating profit	88,235	33,119	166.4	228,233	124,549	83.2
Dividend and interest income	4,960	4,305	15.2	20,960	16,534	26.8
Finance costs	(4,839)	(1,270)	281.0	(10,549)	(4,785)	120.5
Non-operating income	25,598	11,196	128.6	36,616	11,196	227.0
Non-operating expenses	(875)	(7,177)	(87.8)	(8,753)	(7,177)	22.0
Share of results of associated companies and joint ventures	15,481	2,710	471.3	44,364	19,538	127.1
Profit before tax	128,560	42,883	199.8	310,871	159,855	94.5
Taxation	(29,886)	(10,561)	183.0	(62,340)	(34,271)	81.9
Profit after taxation	98,674	32,322	205.3	248,531	125,584	97.9
Attributable to:						
Shareholders of the Company	95,299	30,265	214.9	238,388	121,398	96.4
Minority Interests	3,375	2,057	64.1	10,143	4,186	142.3
	98,674	32,322	205.3	248,531	125,584	97.9
Attributable to Shareholders of the Company excluding non- operating items	75,695	28,228	168.2	217,848	119,361	82.5
Earnings per share (cents)						
Basic	6.52	2.09	212.0	16.39	8.45	94.0
Diluted	6.36	2.04	211.8	15.99	8.25	93.8

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

	4Q 2006 \$'000	Group 4Q 2005 \$'000	+ / (-) %	FY 2006 \$'000	Group FY 2005 \$'000	+ / (-) %
Investment income	22	15	46.7	1,430	920	55.4
Interest income	4,938	4,290	15.1	19,530	15,614	25.1
Interest expenses	(4,429)	(1,270)	248.7	(10,139)	(4,785)	111.9
Depreciation and amortisation	(13,924)	(12,100)	15.1	(48,224)	(38,065)	26.7
(Allowance)/write-back for doubtful debts, net and bad debts (written off)/written-back, net	(1,773)	(995)	78.2	(2,287)	539	n.m
Allowance for stock obsolescence, net and stock written off	(187)	(445)	(58.0)	(297)	(528)	(43.8)
Foreign exchange loss, net	(4,804)	(5,120)	(6.2)	(15,140)	(2,858)	429.7

	4Q 2006	Group 4Q 2005	% + / (-)	FY 2006	Group FY 2005	% + / (-)
Profit after taxation as a percentage of Turnover	7.41%	4.31%	71.9	7.01%	5.93%	18.2
Net profit attributable to shareholders as a percentage of Issued Capital and Reserves at end of period	7.12%	2.84%	150.7	17.81%	11.39%	56.4

n.m. : not meaningful

Notes:

	Group 4Q 2006 \$'000	Group 4Q 2005 \$'000	Group FY 2006 \$'000	Group FY 2005 \$'000
(i) Under-provision of tax in respect of prior years, net	(923)	(607)	(909)	(607)
(ii) Gain/(loss) on disposal of fixed assets, net	1,543	(324)	1,679	1,268
(iii) Non-operating income: Gain on disposal of:				
- other long-term equity investment	25,598	10,644	25,598	10,644
- subsidiary company	-	-	11,018	-
- associated company	-	552	-	552
	25,598	11,196	36,616	11,196
(iv) Non-operating expenses				
Allowance for impairment in value of:				
- investment in associated companies	-	(6,214)	-	(6,214)
- asset previously held for sale	-	(963)	(6,127)	(963)
Depreciation of asset previously held for sale	(875)	-	(2,626)	-
	(875)	(7,177)	(8,753)	(7,177)

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

Balance Sheet

	Group		Company	
	31-Dec-2006	31-Dec-2005	31-Dec-2006	31-Dec-2005
	\$'000	\$'000	\$'000	\$'000
Non Current Assets				
Fixed assets	679,024	579,584	172,557	177,679
Subsidiary companies	-	-	588,271	490,852
Associated companies and joint venture	163,229	123,645	92,445	66,259
Other long-term investments	346,987	77,931	162,262	77,438
Long-term trade debtors	39,952	47,390	36,952	41,602
Intangible assets	13,657	3,601	122	122
Deferred tax asset	-	872	-	-
Total Non Current Assets	1,242,849	833,023	1,052,609	853,952
Current Assets				
Stocks and work-in-progress	1,192,057	632,990	-	-
Trade debtors	426,182	239,199	37,450	44,278
Asset held for sale	-	52,230	-	-
Other debtors	64,925	37,238	35,471	101,033
Fixed deposits	380,051	457,468	59,619	51,746
Bank and cash balances	123,437	73,989	13,223	10,381
Total Current Assets	2,186,652	1,493,114	145,763	207,438
Current Liabilities				
Trade creditors	925,533	558,749	14,569	11,248
Other creditors and provisions	28,278	22,991	36,561	3,226
Excess progress billings over work-in-progress	542,744	375,299	-	-
Borrowings	140,443	-	-	-
Provision for taxation	53,898	25,832	2,722	801
Total Current Liabilities	1,690,896	982,871	53,852	15,275
Net Current Assets	495,756	510,243	91,911	192,163
Total Assets less Current Liabilities	1,738,605	1,343,266	1,144,520	1,046,115
Non-Current Liabilities				
Long term borrowings	250,545	149,720	149,795	149,720
Deferred taxation	109,535	69,567	58,184	41,872
Hire purchase creditors	303	213	-	-
Other provisions	7,999	8,069	2,895	2,895
Total Non-Current Liabilities	368,382	227,569	210,874	194,487
	1,370,223	1,115,697	933,646	851,628
Capital & Reserves				
Share Capital*	418,631	145,036	418,631	145,036
Reserves	919,708	920,509	515,015	706,592
	1,338,339	1,065,545	933,646	851,628
Minority interests	31,884	50,152	-	-
	1,370,223	1,115,697	933,646	851,628

* Pursuant to the Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. The credit in the share premium account has been transferred to the share capital account as at that date.

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-2006		As at 31-Dec-2005	
Secured	Unsecured	Secured	Unsecured
12,000,000	128,443,000	-	-

Amount repayable after one year

As at 31-Dec-2006		As at 31-Dec-2005	
Secured	Unsecured	Secured	Unsecured
100,750,000	149,795,000	-	149,720,000

Details of Collateral

Borrowing amounting to \$112,750,000 is secured on corporate guarantee from a subsidiary company.

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

	Group		Group	
	4Q 2006	4Q 2005	FY 2006	FY 2005
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities:				
Operating profit	88,235	33,119	228,233	124,549
Adjustments for:				
Depreciation of fixed assets	13,023	12,068	45,461	37,977
(Profit)/loss on disposal of fixed assets	(1,543)	324	(1,679)	(1,268)
Fixed assets written off	511	1	881	8
Share-based payment expenses	5,673	1,010	8,570	2,537
Negative goodwill	-	-	(677)	-
Fair value adjustment of financial instruments	(27)	-	(27)	-
Amortisation	26	32	137	88
Operating income before reinvestment in working capital	105,898	46,554	280,899	163,891
Decrease/(increase) in debtors	20,618	18,052	(47,265)	67,125
Decrease/(increase) in stocks and work-in-progress	69,659	(43,105)	(291,174)	(2,834)
(Decrease)/increase in creditors	(82,820)	(8,144)	(25,858)	78,963
Cash provided by/ (used in) operations	113,355	13,357	(83,398)	307,145
Investment and interest income received	4,557	5,135	20,557	16,533
Interest paid	(3,071)	(135)	(9,185)	(4,785)
Income taxes paid	975	(1,405)	(28,481)	(15,806)
Net cash provided/(used in) by operating activities	115,816	16,952	(100,507)	303,087
Cash flow from investing activities:				
Proceeds from disposal of a subsidiary company	-	-	151,926	-
Acquisition of subsidiary companies	(425)	(8,581)	(26,697)	(8,581)
Purchase of fixed assets	(37,239)	(40,937)	(126,278)	(139,586)
Capital refund from an associated company	-	-	329	-
Capital contribution to associated companies	-	-	(8,731)	-
Purchase of associated companies	-	-	-	(47,456)
Purchase of long term investment	(50)	-	(120,464)	-
Proceeds from sale of fixed assets	3,409	192	3,667	2,172
Proceeds from sale of long term investment	58,311	14,205	58,311	14,310
Dividends from associated companies	-	4,920	2,070	6,265
Net cash provided by/(used in) investing activities	24,006	(30,201)	(65,867)	(172,876)
Cash flow from financing activities:				
Dividend paid				
- by the Company	-	-	(122,362)	(98,037)
- by subsidiary companies to minority shareholders	(939)	(1,303)	(1,162)	(1,303)
Repayment of hire purchase creditors	(110)	(225)	(269)	(1,276)
Proceeds from hire purchase creditors	543	-	543	-
Repayment of bank loans	(101,127)	(9,787)	(145,606)	-
Proceeds from bank loans	58,095	-	376,451	-
Proceeds from issue of new shares:				
- by the Company	3,011	2,755	14,055	19,004
- by a subsidiary company to minority shareholder	-	6,655	6,415	13,374
Net cash (used in)/provided by financing activities	(40,527)	(1,905)	128,065	(68,238)
Net increase/(decrease) in cash and cash equivalents	99,295	(15,154)	(38,309)	61,973
Cash and cash equivalents at beginning of period	393,853	546,611	531,457	469,484
Cash and cash equivalents at end of period	493,148	531,457	493,148	531,457

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

	Group			
	4Q 2006	4Q 2005	FY 2006	FY 2005
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	-	(175,657)	-
Debtors	-	-	(28)	-
Bank and cash balances	-	-	(1,076)	-
Due to shareholders	-	-	3,196	-
Creditors	-	-	29	-
Net assets disposed	-	-	(173,536)	-
Minority interests	-	-	31,552	-
Gain on disposal	-	-	(11,018)	-
Disposal consideration received	-	-	(153,002)	-

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

Cash received	-	-	153,002	-
Less: Bank and cash balances disposed	-	-	(1,076)	-
Net cash inflow	-	-	151,926	-

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

	Group			
	4Q 2006	4Q 2005	FY 2006	FY 2005
	\$'000	\$'000	\$'000	\$'000
Fixed assets	(29)	12,074	164,411	12,074
Investment in associated company	400	-	400	-
Intangible asset	-	75	-	75
Stocks and work-in-progress	-	331	100,448	331
Debtors	(1,435)	7,793	157,089	7,793
Bank and cash balances	(115)	741	42,023	741
Creditors	791	(4,721)	(404,069)	(4,721)
Deferred tax	-	(3,047)	-	(3,047)
Net assets acquired	(388)	13,246	60,302	13,246
Minority interests	384	-	(838)	-
Amount taken up as long term investment	-	(3,700)	-	(3,700)
Amount taken up as associated company	-	-	(859)	-
Goodwill on acquisition	*314	(224)	*10,115	(224)
Purchase consideration	310	9,322	68,720	9,322

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

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

Cash paid	(310)	(9,322)	(68,720)	(9,322)
Less: Bank and cash balances acquired	(115)	741	42,023	741
Net cash outflow	(425)	(8,581)	(26,697)	(8,581)

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

	31-Dec-2006	31-Dec-2005
	\$'000	\$'000
Fixed deposit, bank and cash balances	503,488	531,457
Bank overdraft	(10,340)	-
	<u>493,148</u>	<u>531,457</u>

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

GROUP	Attributable to equity holders of the Company								
	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	Minority Interest \$'000	Total Equity \$'000
9M 2006									
At 1 January 2006	145,036	259,540	6,770	(1,209)	53,170	602,238	1,065,545	50,152	1,115,697
Transfer to share capital	259,540	(259,540)	-	-	-	-	-	-	-
Issue of new shares									
- under Share Option Plan	11,044	-	-	-	-	-	11,044	-	11,044
- to minority shareholders	-	-	-	-	-	-	-	6,415	6,415
Disposal of a subsidiary company	-	-	-	-	-	-	-	(31,552)	(31,552)
Acquisition of a subsidiary	-	-	-	-	-	-	-	1,222	1,222
Additional equity interest in a subsidiary company	-	-	-	-	-	-	-	(677)	(677)
2005 final dividend paid	-	-	-	-	-	(81,495)	(81,495)	-	(81,495)
2006 interim dividend paid	-	-	-	-	-	(40,867)	(40,867)	(223)	(41,090)
Foreign currency translation	-	-	-	(7,687)	-	-	(7,687)	(2,104)	(9,791)
Net fair value changes	-	-	-	-	95,403	-	95,403	-	95,403
Cost of share-based payment	-	-	-	-	2,868	-	2,868	29	2,897
Profit for the period	-	-	-	-	-	143,089	143,089	6,768	149,857
At 30 September 2006	415,620	-	6,770	(8,896)	151,441	622,965	1,187,900	30,030	1,217,930
4Q 2006									
Issue of new shares									
- under Share Option Plan	3,011	-	-	-	-	-	3,011	-	3,011
Transfer from revenue reserve to statutory reserve by associated companies	-	-	7,649	-	-	(7,649)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	(384)	(384)
Dividend paid to minority shareholder	-	-	-	-	-	-	-	(939)	(939)
Foreign currency translation	-	-	-	(3,159)	-	-	(3,159)	(229)	(3,388)
Net fair value changes	-	-	-	-	74,241	-	74,241	5	74,246
Realisation of fair value through profit & loss account upon disposal	-	-	-	-	(24,600)	-	(24,600)	-	(24,600)
Cost of share-based payment	-	-	-	-	5,647	-	5,647	26	5,673
Profit for the period	-	-	-	-	-	95,299	95,299	3,375	98,674
At 31 December 2006	418,631	-	14,419	(12,055)	206,729	710,615	1,338,339	31,884	1,370,223

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

<u>GROUP</u>	Attributable to equity holders of the Company							Total \$'000	Minority Interest \$'000	Total Equity \$'000
	Share capital \$'000	Share premium \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000				
9M 2005										
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 policy										
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 final 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	
At 30 September 2005	144,704	257,117	1,243	(4,783)	70,754	577,500	1,046,535	42,737	1,089,272	
4Q 2005										
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	
At 31 December 2005	145,036	259,540	6,770	(1,209)	53,170	602,238	1,065,545	50,152	1,115,697	

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

<u>COMPANY</u>	Share Capital \$'000	Share premium \$'000	Capital reserves \$'000	Other Reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2006						
At 1 January 2006	145,036	259,540	960	50,196	395,896	851,628
Transfer to share capital	259,540	(259,540)	-	-	-	-
Issue of new shares - under Share Option Plan	11,044	-	-	-	-	11,044
2005 final dividend paid	-	-	-	-	(81,495)	(81,495)
2006 interim dividend paid	-	-	-	-	(40,867)	(40,867)
Net fair value changes	-	-	-	32,475	-	32,475
Cost of share-based payment	-	-	-	478	-	478
Profit for the period	-	-	-	-	3,654	3,654
At 30 September 2006	415,620	-	960	83,149	277,188	776,917
4Q 2006						
Issue of new shares - under Share Option Plan	3,011	-	-	-	-	3,011
Net fair value changes	-	-	-	35,408	-	35,408
Cost of share-based payment	-	-	-	2,163	-	2,163
Profit for the period	-	-	-	-	116,147	116,147
At 31 December 2006	418,631	-	960	120,720	393,335	933,646

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

	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2005						
At 1 January 2005						
- As previously reported	142,761	242,811	960	-	417,377	803,909
- Changes in accounting policy						
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
At 30 September 2005	144,704	257,117	960	68,598	330,406	801,785
3Q 2005						
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
At 31 December 2005	145,036	259,540	960	50,196	395,896	851,628

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

Pursuant to the Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. The credit in the share premium account has been transferred to the share capital account as at that date.

During the financial period ended 31 December 2006, the Company issued 13,551,200 ordinary shares upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 31 December 2006, there were 43,002,225 (31 December 2005: 48,412,175) unexercised options for un-issued ordinary shares under the Plan.

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

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 2005.

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

Not applicable.

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 2006	Group 4Q 2005	+/(-)%	FY 2006	Group FY 2005	+/(-)%
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)	6.52	2.09	212.0	16.39	8.45	94.0
Weighted average number of shares	1,461,504,282	1,448,063,262	0.9	1,454,242,320	1,436,843,784	1.2
(ii) On a fully diluted basis (cents)	6.36	2.04	211.8	15.99	8.25	93.8
Adjusted weighted average number of shares	1,498,359,282	1,483,517,262	1.0	1,491,097,320	1,472,297,784	1.3

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-2006	Group Dec-2005	+/(-) %	Company Dec-2006	Company Dec-2005	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	91.42	73.47	24.4	63.78	58.72	8.6

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 2006 versus 4Q 2005

	4Q 2006	4Q 2005	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	194.9	137.7	57.2	41.5
Conversion and Offshore	371.6	366.2	5.4	1.5
Rig Building	707.0	180.5	526.5	291.7
Shipbuilding	50.4	42.7	7.7	18.0
Other Activities	7.6	22.9	(15.3)	(66.8)
Group Turnover	1,331.5	750.0	581.5	77.5

Group turnover for 4Q 2006 increased by 77.5% from \$750.0 million in 4Q 2005 to \$1,331.5 million with growth mainly from the rig building and repair businesses.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 166.4% from \$33.1 million in 4Q 2005 to \$88.2 million in 4Q 2006. Group pre-tax profits increased by 199.8% from \$42.9 million in 4Q 2005 to \$128.6 million. The increase is mainly attributable to higher operating margin from rig building and ship repair businesses, gain on disposal of long term equity investment, as well as better contribution from associated companies.

Group Profit Attributable to Members of the Company

Group attributable profits increased by 214.9% from \$30.3 million in 4Q 2005 to \$95.3 million. Excluding the non-operating items of \$19.6 million, Group attributable profits increased by 168.2% to \$75.7 million.

FY 2006 versus FY 2005

	FY 2006	FY 2005	+ / (-)	+ / (-)
	S\$m	S\$m	S\$m	%
Repair	612.1	530.6	81.5	15.4
Conversion and Offshore	913.4	886.3	27.1	3.1
Rig Building	1,728.9	381.3	1,347.6	353.4
Shipbuilding	210.6	188.6	22.0	11.7
Other Activities	80.0	132.5	(52.5)	(39.6)
Group Turnover	3,545.0	2,119.3	1,425.7	67.3

Group turnover for FY 2006 increased by 67.3% from \$2.12 billion in FY 2005 to \$3.55 billion, with growth mainly attributable to rig building and repair businesses.

Group Operating Profit and Pre-tax Profit

Group operating profits increased by 83.2% from \$124.5 million in FY 2005 to \$228.2 million in FY 2006. Group pre-tax profits increased by 94.5% from \$159.9 million in FY 2005 to \$310.9 million. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses, gain on disposal of investments as well as better contribution from associated companies.

Group Profit Attributable to Members of the Company

Group attributable profits increased by 96.4% from \$121.4 million in FY 2005 to \$238.4 million. Excluding the non-operating items of \$20.5 million, Group attributable profits increased by 82.5% to \$217.8 million.

Review of Balance Sheet

Fixed assets

Group 'Fixed assets' increased significantly mainly due to the acquisition of subsidiary companies offset by the disposal of a subsidiary company.

Other long-term investments

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

Stocks and work-in progress and Trade creditors

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

Trade debtors

Group 'Trade debtors' balances increased mainly due to higher sales.

Other debtors

Group 'Other debtors' balances increased mainly due to consolidation of SMOE Pte Ltd following the Group's acquisition in Aug 2006.

Asset held for sale

Group 'Asset held for sale' as at 31 December 2005 of \$52.2 million relates to a vessel which was acquired in June 2004 when a subsidiary company exercised its rights as mortgagee to take possession of the asset when the owners defaulted on their payment under financing terms granted in respect of the vessel's repair.

This amount has been reclassified as fixed asset during the first quarter as the offer to buy the vessel has not materialised. An impairment in value of \$6.1 million has been recorded as a non-operating expense in the profit and loss account during the year, based on an independent external valuation. The Group is actively pursuing various alternatives of either selling or chartering out this vessel soon.

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

There is no variance from the previous forecast.

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

The Group has a strong net order book of \$7.1 billion with completion and deliveries till 2010. This includes new orders of \$1.7 billion secured since the end of the financial year.

The Group expects FY 2007 to be a better year than FY 2006 based on the schedule of completion of projects.

Ship repair demand remains strong especially in the specialised market of LNG/LPG gas tankers, VLCC tankers and container vessels.

Global demand for energy continues to grow with exploration and production activities remaining positive despite the recent dip in oil prices. Prospects for the Floating Production Storage and Offloading (FPSO) vessels, Floating Storage and Offloading (FSO) vessels and Offshore Platforms continue to strengthen.

The outlook for the rig building sector remains strong with high charter rates, near 100% utilisation levels and an aging fleet worldwide.

Overall, the market outlook for all sectors in the offshore and marine industry remains strong. The Group will continue to benefit from further growth in these sectors.

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

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim	Final	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	3.50 cents per ordinary share less 20% tax	9.00 cents per ordinary share less 20% or applicable tax rate	12.50 cents per ordinary share less 20% or applicable tax rate
		2.50 cents per ordinary share one-tier tax exempt	2.50 cents per ordinary share one-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim	Final	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	2.50 cents per ordinary share less 20% tax	7.00 cents per ordinary share less 20% tax	9.50 cents per ordinary share less 20% tax

(c) Date payable

The final proposed dividend will be paid on 18 May 2007.

(d) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed from 8 May 2007 to 9 May 2007, 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 7 May 2007 will be registered before entitlements to dividend are determined.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment: FY2006					
Turnover					
Sales to external parties	3,482,274	-	62,775	-	3,545,049
Inter-segment sales	160	-	136,112	(136,272)	-
Consolidated sales	3,482,434	-	198,887	(136,272)	3,545,049
Results					
Segment results	220,925	(949)	8,257	-	228,233
Dividend and interest income	20,262	209	489	-	20,960
Finance costs	(10,546)	-	(3)	-	(10,549)
Non-operating income	36,616	-	-	-	36,616
Non-operating expenses	(8,753)	-	-	-	(8,753)
Share of results of associated companies & joint venture	40,166	3,432	766	-	44,364
Profit before taxation	298,670	2,692	9,509	-	310,871
Taxation	(60,651)	(9)	(1,680)	-	(62,340)
Profit after taxation	238,019	2,683	7,829	-	248,531
Other information					
Capital expenditure	280,204	-	1,966	-	282,170
Depreciation	46,694	141	1,252	-	48,087
Amortisation	137	-	-	-	137
Other segment assets	2,726,221	526	33,882	-	2,760,629
Interest bearing assets	490,962	4,603	7,893	-	503,458
Investments in associated companies & joint venture	139,507	21,621	2,101	-	163,229
Tax recoverable	1,689	-	496	-	2,185
Total segment assets	3,358,379	26,750	44,372	-	3,429,501
Other segment liabilities	1,489,453	56	14,652	-	1,504,161
Interest bearing liabilities	391,216	-	468	-	391,684
Deferred taxation	108,573	-	962	-	109,535
Provision for taxation	51,834	66	1,998	-	53,898
Total segment liabilities	2,041,076	122	18,080	-	2,059,278

Information by segment on Group operations (cont'd)

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment: FY2005					
Turnover					
Sales to external parties	2,018,386	-	100,893	-	2,119,279
Inter-segment sales	122	-	176,294	(176,416)	-
Consolidated sales	2,018,508	-	277,187	(176,416)	2,119,279
Results					
Segment results	119,531	1	5,017	-	124,549
Dividend and interest income	16,009	323	202	-	16,534
Finance costs	(4,785)	-	-	-	(4,785)
Non-operating income	11,196	-	-	-	11,196
Non-operating expense	(7,177)	-	-	-	(7,177)
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	118,128	891	6,565	-	125,584
Other information					
Capital expenditure	195,183	-	440	-	195,623
Depreciation	35,890	155	1,932	-	37,977
Amortisation	88	-	-	-	88
Other segment assets	1,604,187	574	40,066	-	1,644,827
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 asset	865	-	7	-	872
Tax recoverable	-	-	496	-	496
Total segment assets	2,242,171	25,576	58,390	-	2,326,137
Other segment liabilities	942,895	18	21,940	-	964,853
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	1,183,971	1,023	25,446	-	1,210,440

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

(b) By geographical area

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

	Singapore \$'000	Rest of Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
2006						
Revenue from external customers	541,338	671,597	1,956,876	375,238	-	3,545,049
Total segment assets	3,209,095	191,798	-	28,608	-	3,429,501
Capital expenditure	280,242	1,413	-	515	-	282,170
2005						
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

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

	Group		
	2006 \$'000	2005 \$'000	+ / (-) %
Sales reported for first half	1,540,314	918,089	67.8
Operating profit after tax before deducting minority interests reported for first half	103,398	59,427	74.0
Sales reported for second half	2,004,735	1,201,190	66.9
Operating profit after tax before deducting minority interests reported for second half	145,133	66,157	119.4

16. Annual Dividend

	2006 \$'000	2005 \$'000
Ordinary-Interim dividend	40,867	28,880
Ordinary-Final dividend*	141,999	81,495
Total	182,866	110,375

* 2006 final dividend is estimated based on share capital of 1,463,908,815 ordinary shares at the end of the financial year.

17. Interested Person Transactions

	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	FY 2006	FY 2005
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
Keppel Corporation Ltd and its associates	1,191	39,628
Neptune Orient Lines Ltd and its associates	4,508	1,543
SembCorp Industries Limited and its associates	1,123	3,272
PSA International Pte Ltd and its associates	(191)	2,191
Transaction for the Purchase of Goods and Services		
Keppel Corporation Ltd and its associates	3,564	-
SembCorp Industries Limited and its associates	28,242	23,718
Management and Support Services		
SembCorp Industries Limited	250	250
Total Interested Person Transactions	38,687	70,602
Treasury Transactions		
Placement of Funds with - as at 31 December		
SembCorp Industries Limited and its associates	-	8,319

	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 2006	FY 2005
	\$'000	\$'000
Transaction for the Purchase of Goods and Services		
Neptune Orient Lines Ltd and its associates	-	1,700
Transaction for the Acquisition/(Disposal) of Investments		
SembCorp Industries Limited and its associates	*66,747	-
Temasek Holdings (Private) Limited and its associates	120,336	-
SembCorp Logistics Ltd	-	(2,498)

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

BY ORDER OF THE BOARD

TAN YAH SZE
COMPANY SECRETARY

15 February 2007