



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## FIRST QUARTER ENDED 31 MARCH 2010 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the first quarter ended 31 March 2010.

**1. CONSOLIDATED INCOME STATEMENT**

		Group		
	Note	1Q 2010 \$'000	1Q 2009 \$'000	+ / (-) %
<b>Turnover</b>		<b>1,359,383</b>	<b>1,363,494</b>	<b>(0.3)</b>
Cost of sales		(1,167,938)	(1,217,271)	(4.1)
<b>Gross profit</b>	<b>1.1a</b>	<b>191,445</b>	<b>146,223</b>	<b>30.9</b>
Other operating income	1.1b	3,747	19,027	(80.3)
Other operating expenses	1.1b	(10,780)	(9,689)	11.3
General and administrative expenses	1.1c	(24,831)	(20,958)	18.5
<b>Operating profit</b>		<b>159,581</b>	<b>134,603</b>	<b>18.6</b>
Dividend and interest income		14,163	2,615	441.6
Finance costs		(1,274)	(1,261)	1.0
Share of results of associates and joint ventures	1.1d	12,421	15,328	(19.0)
<b>Profit before income tax expense</b>	<b>1.2</b>	<b>184,891</b>	<b>151,285</b>	<b>22.2</b>
Income tax expense	1.3	(33,212)	(24,398)	36.1
<b>Profit for the period</b>		<b>151,679</b>	<b>126,887</b>	<b>19.5</b>
Attributable to:				
<b>Shareholders of the Company</b>		<b>148,811</b>	<b>120,199</b>	<b>23.8</b>
Non-controlling interests		2,868	6,688	(57.1)
		<b>151,679</b>	<b>126,887</b>	<b>19.5</b>
<b>Earnings per share (cents)</b>	<b>1.4</b>			
Basic		7.21	5.85	23.2
Diluted		7.18	5.84	22.9

## NOTES TO CONSOLIDATED INCOME STATEMENT:

### **1.1a Gross profit**

Gross profit margin was higher in 1Q 2010 compared with 1Q 2009 primarily due to higher margins from rig building and offshore and conversion projects.

### **1.1b Other operating income/(expenses)**

	Note	Group		+ / (-) %
		1Q 2010 \$'000	1Q 2009 \$'000	
Foreign exchange (loss)/gain, net	1.2c	(10,416)	14,915	n.m.
Fair value adjustment on hedging instruments	1.2d	419	(9,280)	n.m.
Other income	1.2e	3,328	4,112	(19.1)
Other expenses		<u>(364)</u>	<u>(409)</u>	(11.0)
		<u>(7,033)</u>	<u>9,338</u>	n.m.

*Disclosed in Consolidated Income Statement as follows :-*

Other operating income		3,747	19,027	(80.3)
Other operating expenses		<u>(10,780)</u>	<u>(9,689)</u>	11.3
		<u>(7,033)</u>	<u>9,338</u>	n.m.

n.m. : not meaningful

### **1.1c General and administrative expenses**

The higher general and administrative expenses are mainly due to higher personnel related costs and higher depreciation charges in 1Q 2010.

### **1.1d Share of results of associates and joint ventures**

Decreases in the share of results of associates and joint ventures in 1Q 2010 are mainly due to lower contribution from Cosco Shipyard Group Co. Ltd and Pacific Workboats Pte Ltd.



#### 1.4. Earnings per ordinary share

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	Group		+/(-) %
	1Q 2010	1Q 2009	
(i) Based on the weighted average number of shares (cents)	7.21	5.85	23.2
Weighted average number of shares	2,064,959,031	2,055,830,011	0.4
(ii) On a fully diluted basis (cents)	7.18	5.84	22.9
Adjusted weighted average number of shares	2,073,347,031	2,058,739,011	0.7

#### 1.5. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	1Q 2010 \$'000	1Q 2009 \$'000
<b>Profit for the period</b>	<b>151,679</b>	<b>126,887</b>
Foreign currency translation differences	4,449	26,840
Net fair value changes of cash flow hedges	6,059	(65,359)
Net fair value changes of cash flow hedges transferred to income statement	-	7,884
Net fair value changes of available-for-sale financial assets	12,303	(12,465)
Other comprehensive income/(loss) for the period	22,811	(43,100)
<b>Total comprehensive income for the period</b>	<b>174,490</b>	<b>83,787</b>
<b>Attributable to:</b>		
Shareholders of the Company	171,056	77,785
Non-controlling Interests	3,434	6,002
<b>Total comprehensive income for the period</b>	<b>174,490</b>	<b>83,787</b>

## 2. BALANCE SHEETS

	Group		Company	
	31-Mar-2010 \$'000	31-Dec-2009 \$'000	31-Mar-2010 \$'000	31-Dec-2009 \$'000
<b>Non-current Assets</b>				
Property, plant and equipment	665,058	678,361	105,268	107,584
Investment properties	-	-	49,703	51,360
Investment in subsidiaries	-	-	530,803	629,076
Investment in associates and joint ventures	279,351	267,774	107,369	107,369
Other long-term investments	178,982	165,783	125,865	113,377
Long-term derivative financial assets	-	181	-	-
Long-term trade receivables	13,636	14,701	13,601	14,505
Long-term other receivables	36,734	36,733	65,702	65,702
Intangible assets	6,127	6,127	122	122
Deferred tax assets	47	47	-	-
<b>Total Non-current Assets</b>	<b>1,179,935</b>	<b>1,169,707</b>	<b>998,433</b>	<b>1,089,095</b>
<b>Current Assets</b>				
Inventories and work-in-progress	1,168,266	1,252,500	-	-
Trade receivables	272,508	228,881	35,273	30,404
Other receivables, deposits and prepayments	44,654	55,308	8,296	9,142
Derivative financial assets	4,169	2,604	-	-
Fixed deposits	1,900,809	1,638,158	100,000	-
Bank balances and cash	436,258	340,390	21,743	15,846
<b>Total Current Assets</b>	<b>3,826,664</b>	<b>3,517,841</b>	<b>165,312</b>	<b>55,392</b>
<b>Current Liabilities</b>				
Trade payables	1,566,449	1,565,550	26,638	33,117
Other payables	23,784	26,682	34,727	45,561
Provisions	58,090	60,601	-	-
Progress billings in excess of work-in-progress	845,929	696,031	-	-
Interest-bearing borrowings	12,000	12,000	-	-
Derivative financial liabilities	15,112	21,200	-	-
Provision for taxation	255,985	253,218	1,188	1,017
<b>Total Current Liabilities</b>	<b>2,777,349</b>	<b>2,635,282</b>	<b>62,553</b>	<b>79,695</b>
<b>Net Current Assets/(Liabilities)</b>	<b>1,049,315</b>	<b>882,559</b>	<b>102,759</b>	<b>(24,303)</b>
<b>Total Assets less Current Liabilities</b>	<b>2,229,250</b>	<b>2,052,266</b>	<b>1,101,192</b>	<b>1,064,792</b>
<b>Non-current Liabilities</b>				
Long-term interest-bearing borrowings	5,000	8,000	-	-
Long-term derivative financial liabilities	7,960	10,912	-	-
Deferred tax liabilities	69,278	66,748	35,349	34,873
Long-term other payables	-	-	33,000	32,987
Other provisions	6,158	6,198	2,895	2,895
<b>Total Non-current Liabilities</b>	<b>88,396</b>	<b>91,858</b>	<b>71,244</b>	<b>70,755</b>
	<b>2,140,854</b>	<b>1,960,408</b>	<b>1,029,948</b>	<b>994,037</b>
<b>Capital &amp; Reserves</b>				
Share capital	443,926	443,347	443,926	443,347
Reserves	1,617,574	1,440,723	586,022	550,690
	<b>2,061,500</b>	<b>1,884,070</b>	<b>1,029,948</b>	<b>994,037</b>
Non-controlling interests	79,354	76,338	-	-
	<b>2,140,854</b>	<b>1,960,408</b>	<b>1,029,948</b>	<b>994,037</b>

## NOTES TO GROUP BALANCE SHEETS:

### 2a. Group's borrowings and debt securities

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

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

#### Amount repayable after one year

As at 31-Mar-2010		As at 31-Dec-2009	
Secured	Unsecured	Secured	Unsecured
5,000,000	-	8,000,000	-

#### Details of Collateral

Borrowing amounting to \$17,000,000 (31 December 2009: \$20,000,000) is secured on corporate guarantee from a subsidiary.

### 2b. Net asset value

	Group			Company		
	Mar-2010	Dec-2009	+ / (-) %	Mar-2010	Dec-2009	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	99.51	91.27	9.0	49.72	48.15	3.3

### 2c. Explanatory Notes to Balance Sheets

#### (i) Group

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

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

#### (ii) Company

##### **Investment in subsidiaries, Fixed deposits and Bank balances and cash**

'Investment in subsidiaries' decreased and 'Fixed deposits' and 'Bank balances and cash' increased significantly mainly due to the redemption of preference shares by a subsidiary.

### 3. CONSOLIDATED CASH FLOW STATEMENT

	Group	
	1Q 2010	1Q 2009
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
<b>Operating profit</b>	<b>159,581</b>	<b>134,603</b>
Adjustments for:		
Depreciation of property, plant and equipment, net	20,540	17,554
Gain on disposal of property, plant and equipment, net	(167)	(68)
Property, plant and equipment written off	131	4
Share-based payment expenses	2,939	1,387
Fair value adjustment on hedging instruments	(419)	9,280
Amortisation	-	18
Negative goodwill	-	(298)
Operating profit before working capital changes	182,605	162,480
Changes in working capital:		
Decrease/(increase) in inventories and work-in-progress	234,132	(199,673)
Increase in receivables	(33,104)	(154,889)
(Decrease)/increase in payables	(5,204)	296,843
<b>Cash generated from operations</b>	<b>378,429</b>	<b>104,761</b>
Investment and interest income received	14,189	2,257
Interest paid	(184)	(2,632)
Income tax paid	(28,383)	(11,821)
<b>Net cash inflow from operating activities</b>	<b>364,051</b>	<b>92,565</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(6,630)	(26,341)
Proceeds from sale of property, plant and equipment	167	841
Acquisition of non-controlling interest	-	(13,428)
<b>Net cash outflow from investing activities</b>	<b>(6,463)</b>	<b>(38,928)</b>
<b>Cash flows from financing activities:</b>		
Payments on finance leases	-	(290)
Repayment of borrowings	(3,000)	(111,304)
Proceeds from borrowings	-	113,303
Proceeds from ESOS exercised	4,349	16
Dividend paid to non-controlling shareholders of subsidiaries	(418)	-
<b>Net cash inflow from financing activities</b>	<b>931</b>	<b>1,725</b>
<b>Net increase in cash and cash equivalents</b>	<b>358,519</b>	<b>55,362</b>
Cash and cash equivalents at beginning of period	1,978,548	2,054,032
<b>Cash and cash equivalents at end of period</b>	<b>2,337,067</b>	<b>2,109,394</b>

## **NOTES TO CONSOLIDATED CASH FLOW STATEMENT:**

### **3a. Cash and cash equivalents**

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

	<b>31-Mar-2010</b>	<b>31-Mar-2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	1,900,809	1,579,626
Bank balances and cash	436,258	529,768
	<u>2,337,067</u>	<u>2,109,394</u>

### **3b. Explanatory Notes to Consolidated Cash Flow Statement**

Cash flows from operating activities before changes in working capital increased from \$162.5 million in 1Q 2009 to \$182.6 million in 1Q 2010. Net cash inflow from operating activities for 1Q 2010 increased to \$364.1 million was mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 1Q 2010 was \$6.5 million. The Group spent \$6.6 million on expansion and operational capital expenditures in 1Q 2010.

Net cash inflow from financing activities for 1Q 2010 was \$0.9 million. It relates mainly to proceeds from ESOS exercised offset by repayment of bank borrowings.

#### 4. STATEMENTS OF CHANGES IN EQUITY

##### 4a. Statements of Changes in Equity for the Group

GROUP	Attributable to shareholders of the Company						Total \$'000	Non- controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000			
<b>1Q 2010</b>									
<b>At 1 January 2010</b>	443,347	(25,449)	25,325	(30,474)	53,113	1,418,208	1,884,070	76,338	1,960,408
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	148,811	148,811	2,868	151,679
<u>Other comprehensive income</u>									
Foreign currency translation differences	-	-	-	4,013	-	-	4,013	436	4,449
Net fair value changes of cash flow hedges	-	-	-	-	5,929	-	5,929	130	6,059
Net fair value changes of available-for-sale financial assets	-	-	-	-	12,303	-	12,303	-	12,303
Total other comprehensive income	-	-	-	4,013	18,232	-	22,245	566	22,811
<b>Total comprehensive income</b>	-	-	-	<b>4,013</b>	<b>18,232</b>	<b>148,811</b>	<b>171,056</b>	<b>3,434</b>	<b>174,490</b>
<b>Transactions with equity holders, recorded directly in equity</b>									
Issuance of new shares	579	-	-	-	-	-	579	-	579
Issuance of treasury shares	-	25,449	-	-	(21,775)	-	3,674	-	3,674
Dividend paid to - non-controlling shareholder	-	-	-	-	-	-	-	(418)	(418)
Cost of share-based payment - charged to income statement	-	-	-	-	2,121	-	2,121	-	2,121
<b>Total transactions with equity holders</b>	<b>579</b>	<b>25,449</b>	<b>-</b>	<b>-</b>	<b>(19,654)</b>	<b>-</b>	<b>6,374</b>	<b>(418)</b>	<b>5,956</b>
<b>At 31 March 2010</b>	<b>443,926</b>	<b>-</b>	<b>25,325</b>	<b>(26,461)</b>	<b>51,691</b>	<b>1,567,019</b>	<b>2,061,500</b>	<b>79,354</b>	<b>2,140,854</b>

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

<b>GROUP</b>	<b>Attributable to shareholders of the Company</b>						<b>Total</b> <b>\$'000</b>	<b>Non-</b> <b>controlling</b> <b>interests</b> <b>\$'000</b>	<b>Total</b> <b>Equity</b> <b>\$'000</b>
	<b>Share</b> <b>capital</b> <b>\$'000</b>	<b>Reserve</b> <b>for own</b> <b>shares</b> <b>\$'000</b>	<b>Capital</b> <b>reserves</b> <b>\$'000</b>	<b>Foreign</b> <b>currency</b> <b>translation</b> <b>reserve</b> <b>\$'000</b>	<b>Other</b> <b>reserves</b> <b>\$'000</b>	<b>Revenue</b> <b>reserve</b> <b>\$'000</b>			
<b>1Q 2009</b>									
<b>At 1 January 2009</b>	<b>443,347</b>	<b>(55,855)</b>	<b>14,084</b>	<b>(3,143)</b>	<b>(36,445)</b>	<b>955,997</b>	<b>1,317,985</b>	<b>41,974</b>	<b>1,359,959</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	120,199	120,199	6,688	126,887
<u>Other comprehensive income</u>									
Foreign currency translation differences	-	-	-	25,209	-	-	25,209	1,631	26,840
Net fair value changes of cash flow hedges	-	-	-	-	(63,042)	-	(63,042)	(2,317)	(65,359)
Net fair value changes of cash flow hedges transferred to income statement	-	-	-	-	7,884	-	7,884	-	7,884
Net fair value changes of available-for-sale financial assets	-	-	-	-	(12,465)	-	(12,465)	-	(12,465)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,209</b>	<b>(67,623)</b>	<b>-</b>	<b>(42,414)</b>	<b>(686)</b>	<b>(43,100)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,209</b>	<b>(67,623)</b>	<b>120,199</b>	<b>77,785</b>	<b>6,002</b>	<b>83,787</b>
<b>Transactions with equity holders, recorded directly in equity</b>									
Issuance of treasury shares	-	10,185	-	-	(10,250)	-	(65)	-	(65)
Cost of share-based payment - charged to income statement	-	-	-	-	2,364	-	2,364	18	2,382
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(13,726)	(13,726)
<b>Total transactions with equity holders</b>	<b>-</b>	<b>10,185</b>	<b>-</b>	<b>-</b>	<b>(7,886)</b>	<b>-</b>	<b>2,299</b>	<b>(13,708)</b>	<b>(11,409)</b>
<b>At 31 March 2009</b>	<b>443,347</b>	<b>(45,670)</b>	<b>14,084</b>	<b>22,066</b>	<b>(111,954)</b>	<b>1,076,196</b>	<b>1,398,069</b>	<b>34,268</b>	<b>1,432,337</b>

#### 4b. Statements of Changes in Equity of the Company

<u>COMPANY</u>	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1Q 2010</b>						
<b>At 1 January 2010</b>	443,347	(25,449)	960	64,541	510,638	994,037
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	17,422	17,422
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	12,012	-	12,012
Total other comprehensive income	-	-	-	12,012	-	12,012
<b>Total comprehensive income</b>	-	-	-	12,012	17,422	29,434
<b>Transactions with equity holders, recorded directly in equity</b>						
Issuance of new shares	579	-	-	-	-	579
Issuance of treasury shares	-	25,449	-	(21,679)	-	3,770
Cost of share-based payment						
- charged to income statement	-	-	-	406	-	406
- issued to employees of subsidiaries	-	-	-	1,722	-	1,722
<b>Total transactions with equity holders</b>	579	25,449	-	(19,551)	-	6,477
<b>At 31 March 2010</b>	443,926	-	960	57,002	528,060	1,029,948
<b>1Q 2009</b>						
<b>At 1 January 2009</b>	443,347	(55,855)	960	55,271	482,078	925,801
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	6,457	6,457
<u>Other comprehensive income</u>						
Net fair value changes of available-for-sale financial assets	-	-	-	(6,767)	-	(6,767)
Total other comprehensive income	-	-	-	(6,767)	-	(6,767)
<b>Total comprehensive income</b>	-	-	-	(6,767)	6,457	(310)
<b>Transactions with equity holders, recorded directly in equity</b>						
Issuance of treasury shares	-	10,185	-	(10,169)	-	16
Cost of share-based payment						
- charged to income statement	-	-	-	596	-	596
- issued to employees of subsidiaries	-	-	-	1,762	-	1,762
<b>Total transactions with equity holders</b>	-	10,185	-	(7,811)	-	2,374
<b>At 31 March 2009</b>	443,347	(45,670)	960	40,693	488,535	927,865

#### **4c. Changes in the Company's share capital**

##### Issued and Paid Up Capital

During 1Q 2010, the Company issued 271,952 (1Q 2009: Nil) ordinary shares for cash upon the exercise of options granted under the Company's Share Option Plan ("SOP").

As at 31 March 2010, the Company's issued and paid up capital, excluding treasury shares comprises 2,071,643,422 (31 December 2009: 2,064,288,925) ordinary shares.

##### Share Options

During 1Q 2010, the Company issued 2,162,163 (1Q 2009: 21,150) ordinary shares by way of issuance of treasury shares and 271,952 (1Q 2009: Nil) ordinary shares by way of issuance of new shares upon the exercise of the options under the SOP.

As at 31 March 2010, there were 17,755,803 (31 March 2009: 25,795,519) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

##### Performance Shares

During 1Q 2010, there was no (1Q 2009: Nil) performance share granted under the Company's Performance Share Plan ("PSP").

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 March 2010 was 1,335,000 (31 March 2009: 1,770,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,002,500 (31 March 2009: 2,655,000) performance shares.

##### Restricted Shares

During 1Q 2010, there was no (1Q 2009: Nil) restricted share granted conditionally under the Company's Restricted Stock Plan ("RSP"). 1,675,250 (1Q 2009: 1,182,233) restricted shares were vested and 33,212 (1Q 2009: 76,925) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 March 2010, was 8,343,818 (31 March 2009: 7,466,507). 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 March 2010 was 3,339,830 (31 March 2009: 3,417,200). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 5,009,745 (31 March 2009: 5,125,800) restricted shares.

##### Treasury Shares

The Company issued 7,082,545 (1Q 2009: 2,834,402) treasury shares during 1Q 2010 pursuant to the SOP, PSP and RSP.

As at 31 March 2010, no (31 March 2009: 12,709,965) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

## 5. AUDIT

These figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. These procedures are substantially less in scope than an audit or a review in accordance with Singapore Standard on Review Engagements (SSRE) 2410.

## 6. AUDITORS' REPORT

Not applicable.

## 7. ACCOUNTING POLICIES

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

## 8. CHANGES IN ACCOUNTING POLICIES

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

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

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

## 9. REVIEW OF GROUP PERFORMANCE

### Group Overview

#### 1Q 2010 versus 1Q 2009

	1Q 2010	1Q 2009	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
<b>Rig Building</b>	886.5	759.5	127.0	16.7
<b>Offshore and Conversion</b>	319.8	401.0	(81.2)	(20.2)
<b>Repair</b>	143.7	196.0	(52.3)	(26.7)
<b>Other Activities</b>	9.4	7.0	2.4	34.3
<b>Group Turnover</b>	<b>1,359.4</b>	<b>1,363.5</b>	<b>(4.1)</b>	<b>(0.3)</b>

Group turnover for 1Q 2010 was comparable at \$1,359.4 million from \$1,363.5 million in 1Q 2009.

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

Group operating profit increased by 18.6% to \$159.6 million in 1Q 2010 from \$134.6 million in 1Q 2009.

Group pre-tax profit increased by 22.2% to \$184.9 million from \$151.3 million in 1Q 2009. The increase is mainly attributable to higher operating margins from rig building and offshore and conversion projects.

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

Group attributable profit for 1Q 2010 increased by 23.8% to \$148.8 million from \$120.2 million in 1Q 2009.

**10. VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

**11. PROSPECTS**

The Group has a net order book of S\$5.0 billion with completion and deliveries stretching till December 2012. This includes S\$680 million contract orders secured to-date since January 2010 comprising S\$550 million for the construction of Ekofisk accommodation topside for the North Sea for ConocoPhillips Skandinavia AS, Norway and the \$130 million pre-FPSO conversion contract for Petrobras Netherlands B.V.

The outlook for global oil demand continues to improve. Oil prices have fluctuated within the range of mid-US\$70 to mid-US\$80 a barrel. The long-term fundamentals driving deepwater exploration and production activities are expected to continue to boost production reserves to meet growing energy demand.

While the current oil spill in the Gulf of Mexico may affect offshore drilling in that region, it is too early to assess the incident's overall effect on the drilling rig market. Our initial appraisal of the situation gives us no major cause for immediate concern.

FY 2009 was an exceptional year in terms of profit. The Group expects to achieve satisfactory results for FY 2010.

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

**12. DIVIDEND**

No interim dividend for the period ended 31 March 2010 is recommended.

### 13. SEGMENTAL REPORTING

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<i>(i) By business segment: 1Q 2010</i>					
<b><u>Turnover</u></b>					
Sales to external parties	1,354,670	-	4,713	-	1,359,383
Inter-segment sales	-	-	27,216	(27,216)	-
<b>Total</b>	<b>1,354,670</b>	<b>-</b>	<b>31,929</b>	<b>(27,216)</b>	<b>1,359,383</b>
<b><u>Results</u></b>					
Segment results	158,179	18	1,384	-	159,581
Dividend and interest income	14,158	-	5	-	14,163
Finance costs	(1,274)	-	-	-	(1,274)
Share of results of associates & joint ventures	11,665	746	10	-	12,421
Profit before income tax expense	182,728	764	1,399	-	184,891
Income tax expense	(33,062)	(98)	(52)	-	(33,212)
<b>Profit for the period</b>	<b>149,666</b>	<b>666</b>	<b>1,347</b>	<b>-</b>	<b>151,679</b>
<b><u>Assets</u></b>					
Segment assets	4,664,019	15,257	46,210	-	4,725,486
Investments in associates & joint ventures	250,751	28,059	541	-	279,351
Deferred tax assets	-	-	47	-	47
Tax recoverable	1,714	-	1	-	1,715
<b>Total assets</b>	<b>4,916,484</b>	<b>43,316</b>	<b>46,799</b>	<b>-</b>	<b>5,006,599</b>
<b><u>Liabilities</u></b>					
Segment liabilities	2,523,038	11	17,433	-	2,540,482
Deferred tax liabilities	68,822	-	456	-	69,278
Provision for taxation	253,944	525	1,516	-	255,985
<b>Total liabilities</b>	<b>2,845,804</b>	<b>536</b>	<b>19,405</b>	<b>-</b>	<b>2,865,745</b>
<b><u>Capital expenditure</u></b>	<b>6,627</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>6,630</b>
<b><u>Significant non-cash item</u></b>					
Depreciation	20,250	-	290	-	20,540

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

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<i>(i) By business segment: 1Q 2009</i>					
<b>Turnover</b>					
Sales to external parties	1,359,145	-	4,349	-	1,363,494
Inter-segment sales	-	-	46,914	(46,914)	-
<b>Total</b>	<b>1,359,145</b>	<b>-</b>	<b>51,263</b>	<b>(46,914)</b>	<b>1,363,494</b>
<b>Results</b>					
Segment results	132,858	251	1,494	-	134,603
Dividend and interest income	2,613	-	2	-	2,615
Finance costs	(1,261)	-	-	-	(1,261)
Share of results of associates & joint ventures	13,284	2,030	14	-	15,328
Profit before income tax expense	147,494	2,281	1,510	-	151,285
Income tax expense	(23,697)	(348)	(353)	-	(24,398)
<b>Profit for the period</b>	<b>123,797</b>	<b>1,933</b>	<b>1,157</b>	<b>-</b>	<b>126,887</b>
<b>Assets</b>					
Segment assets	4,820,522	16,255	51,883	-	4,888,660
Investments in associates & joint ventures	275,009	21,869	522	-	297,400
Deferred tax assets	14,861	-	59	-	14,920
Tax recoverable	3,740	-	-	-	3,740
<b>Total assets</b>	<b>5,114,132</b>	<b>38,124</b>	<b>52,464</b>	<b>-</b>	<b>5,204,720</b>
<b>Liabilities</b>					
Segment liabilities	3,518,713	7	21,368	-	3,540,088
Deferred tax liabilities	52,052	-	614	-	52,666
Provision for taxation	176,994	525	2,110	-	179,629
<b>Total liabilities</b>	<b>3,747,759</b>	<b>532</b>	<b>24,092</b>	<b>-</b>	<b>3,772,383</b>
<b>Capital expenditure</b>	<b>26,341</b>	<b>-</b>	<b>13,428</b>	<b>-</b>	<b>39,769</b>
<b>Significant non-cash items</b>					
Depreciation	17,249	-	305	-	17,554
Amortisation	18	-	-	-	18

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

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

#### (ii) *By geographical area*

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

	<b>Singapore \$'000</b>	<b>Rest of Asia \$'000</b>	<b>Europe \$'000</b>	<b>Others \$'000</b>	<b>Total \$'000</b>
<b>1Q 2010</b>					
Revenue from external customers	279,915	307,873	636,207	135,388	1,359,383
Total segment assets	4,592,863	406,089	27	7,620	5,006,599
Capital expenditure	6,043	587	-	-	6,630
<b>1Q 2009</b>					
Revenue from external customers	319,434	450,002	434,750	159,308	1,363,494
Total segment assets	4,800,834	393,552	-	10,334	5,204,720
Capital expenditure	37,432	2,251	-	86	39,769

#### 13a. Review of segment performance

Please refer to paragraph 9.

### 14. INTERESTED PERSON TRANSACTIONS

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

	<b>1Q 2010 \$'000</b>	<b>1Q 2009 \$'000</b>
<b>Transaction for the Sales of Goods and Services</b>		
PSA International Pte Ltd and its associates	552	1,133
<b>Transaction for the Purchase of Goods and Services</b>		
Sembcorp Industries Limited and its associates	7,082	7,022
<b>Management and Support Services</b>		
Sembcorp Industries Limited	63	63
<b>Total Interested Person Transactions</b>	<b>7,697</b>	<b>8,218</b>

**15. CONFIRMATION PURSUANT TO THE RULE 705(4) OF THE LISTING MANUAL**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the first quarter ended 31 March 2010 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

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

**7 May 2010**