



SEMBCORP MARINE LTD
Registration Number: 196300098Z

**FIRST QUARTER ENDED 31 MARCH 2015 FINANCIAL STATEMENTS
 & RELATED ANNOUNCEMENT**

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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 2015.

1. CONSOLIDATED INCOME STATEMENT

		Group		
	Note	1Q 2015	1Q 2014	+ / (-)
		\$'000	\$'000	%
Turnover	2a	1,303,687	1,335,300	(2.4)
Cost of sales	2a	(1,134,578)	(1,164,684)	(2.6)
Gross profit	2a	169,109	170,616	(0.9)
Other operating income	2b	13,222	12,446	6.2
Other operating expenses	2b	(13,453)	(1,592)	n.m.
General and administrative expenses	2c	(30,646)	(32,628)	(6.1)
Operating profit		138,232	148,842	(7.1)
Finance income	2d	2,432	2,972	(18.2)
Finance costs	2e	(9,533)	(2,477)	n.m.
Investment income	2f	-	78	n.m.
Non-operating income	2g	187	-	n.m.
Non-operating expenses	2g	(1)	(171)	(99.4)
Share of results of associates and joint ventures, net of tax	2h	3,868	5,645	(31.5)
Profit before tax		135,185	154,889	(12.7)
Tax expense	2i	(26,288)	(26,440)	(0.6)
Profit for the period		108,897	128,449	(15.2)
Profit attributable to:				
Owners of the Company		105,871	122,475	(13.6)
Non-controlling interests		3,026	5,974	(49.3)
Profit for the period		108,897	128,449	(15.2)
Earnings per share (cents)	2j			
Basic		5.07	5.87	(13.6)
Diluted		5.07	5.87	(13.6)

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group		
		1Q 2015	1Q 2014	+ / (-)
		\$'000	\$'000	%
Turnover	(i)	1,303,687	1,335,300	(2.4)
Cost of sales		(1,134,578)	(1,164,684)	(2.6)
Gross profit	(ii)	169,109	170,616	(0.9)
<i>Included in cost of sales:</i>				
Depreciation and amortisation	(iii)	(29,781)	(26,868)	10.8
Allowance for inventory obsolescence		(35)	(34)	2.9

- (i) Group turnover for 1Q 2015 decreased mainly due to the lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired, mitigated by higher revenue recognition for offshore and conversion projects.
- (ii) Gross profit for 1Q 2015 decreased mainly due to lower contribution from rig building and repair projects, offset by higher contribution from offshore and conversion projects.
- (iii) Depreciation and amortisation for 1Q 2015 increased mainly due to depreciation charge for Phase I of Sembmarine Integrated Yard @ Tuas and Brazil new yard; and amortisation of intellectual property rights.

2b. Other operating income/(expenses)

		Group		
		1Q 2015	1Q 2014	+ / (-)
		\$'000	\$'000	%
Other operating income		13,222	12,446	6.2
Other operating expenses		(13,453)	(1,592)	n.m.
		(231)	10,854	n.m.
<i>Included in other operating income/(expenses):</i>				
Foreign exchange (loss)/gain, net	(i)	(10,869)	3,363	n.m.
Changes in fair value of financial instruments	(ii)	(2,158)	(1,520)	42.0
Gain on disposal of property, plant and equipment, net		123	38	n.m.
Other income	(iii)	13,099	9,045	44.8
Other expenses		(426)	(72)	n.m.
		(231)	10,854	n.m.

- (i) Foreign exchange loss in 1Q 2015 mainly arose from the revaluation of assets and liabilities denominated in Euro, United States dollar and Brazilian Real.
- (ii) Fair value adjustment on financial instruments was due to mark-to-market adjustments of foreign currency forward contracts.
- (iii) Higher other income in 1Q 2015 was mainly due to higher sales of scrap and rental income.

2c. General and administrative expenses

		Group		
		1Q 2015	1Q 2014	+ / (-)
		\$'000	\$'000	%
General and administrative expenses	(i)	(30,646)	(32,628)	(6.1)
<i>Included in general and administrative expenses:</i>				
Depreciation and amortisation		(1,036)	(784)	32.1
(Allowance for)/write-back of doubtful debts and bad debts		(359)	129	n.m.

- (i) Lower general and administrative expenses in 1Q 2015 were mainly due to lower personnel related costs.

2d. Finance income

Lower finance income in 1Q 2015 was mainly due to lower interest income from lower bank balances.

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

2e. Finance costs

		Group		
		1Q 2015 \$'000	1Q 2014 \$'000	+ / (-) %
Finance costs		(9,533)	(2,477)	n.m.
<i>Included in finance costs:</i>				
Interest expense	(i)	(8,920)	(1,951)	n.m.
Commitment and facility fees		(613)	(526)	16.5
		(9,533)	(2,477)	n.m.

(i) Higher interest expense in 1Q 2015 was mainly due to higher bank borrowings as compared to the corresponding periods in 2014.

2f. Investment income

Investment income in 1Q 2014 was mainly due to dividend received from investments.

2g. Non-operating income/(expenses)

		Group		
		1Q 2015 \$'000	1Q 2014 \$'000	+ / (-) %
Non-operating income		187	-	n.m.
Non-operating expenses		(1)	(171)	(99.4)
		186	(171)	n.m.
<i>Included in non-operating income/(expenses):</i>				
Changes in fair value of other financial assets		186	(171)	n.m.

2h. Share of results of associates and joint ventures, net of tax

The share of results of associates and joint ventures decreased in 1Q 2015 mainly due to lower contribution from associates.

2i. Tax expense

		Group		
		1Q 2015 \$'000	1Q 2014 \$'000	+ / (-) %
Tax expense		(26,288)	(26,440)	(0.6)
<i>Included in tax expense:</i>				
Write-back of tax in respect of prior years, net		1,609	71	n.m.

2j. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group		
	1Q 2015	1Q 2014	+ / (-) %
(i) Based on the weighted average number of shares (cents)	5.07	5.87	(13.6)
Weighted average number of shares ('000)	2,088,848	2,086,803	0.1
(ii) On a fully diluted basis (cents)	5.07	5.87	(13.6)
Adjusted weighted average number of shares ('000)	2,089,268	2,087,778	0.1

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

2k. Profitability ratios

	Group		
	1Q 2015 %	1Q 2014 %	+ / (-) %
Profit after taxation as a percentage of Turnover	8.35	9.62	(13.2)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period	3.41	4.38	(22.1)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		
		1Q 2015 \$'000	1Q 2014 \$'000	+ / (-) %
Profit for the period		108,897	128,449	(15.2)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	3a(i)	89,094	4,956	n.m.
Net change in fair value of cash flow hedges	3a(ii)	(36,859)	5,626	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii)	1,247	(6,882)	n.m.
Other comprehensive income for the period, net of tax		53,482	3,700	n.m.
Total comprehensive income for the period		162,379	132,149	22.9
Total comprehensive income attributable to:				
Owners of the Company		148,994	125,203	19.0
Non-controlling interests		13,385	6,946	92.7
Total comprehensive income for the period		162,379	132,149	22.9

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

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

4. BALANCE SHEETS

	Group		Company	
	31-Mar-2015	31-Dec-2014	31-Mar-2015	31-Dec-2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	3,078,734	3,008,909	90,923	90,805
Investment properties	-	-	22,011	22,535
Investments in subsidiaries	-	-	504,206	502,675
Interests in associates and joint ventures	497,262	470,277	107,369	107,369
Other financial assets	95,399	90,443	63,052	59,528
Trade and other receivables	40,731	41,015	43,240	73,824
Intangible assets	51,112	52,614	184	184
Deferred tax assets	8,225	8,044	-	-
	<u>3,771,463</u>	<u>3,671,302</u>	<u>830,985</u>	<u>856,920</u>
Current assets				
Inventories and work-in-progress	2,830,555	3,005,419	-	-
Trade and other receivables	563,144	468,532	59,015	40,869
Tax recoverable	903	203	-	-
Other financial assets	39,086	14,188	-	-
Cash and cash equivalents	1,126,591	1,078,776	13,576	22,402
	<u>4,560,279</u>	<u>4,567,118</u>	<u>72,591</u>	<u>63,271</u>
Total assets	<u>8,331,742</u>	<u>8,238,420</u>	<u>903,576</u>	<u>920,191</u>
Current liabilities				
Trade and other payables	1,543,291	1,825,676	6,181	18,430
Excess of progress billings over work-in-progress	916,723	1,005,353	-	-
Provisions	19,370	15,690	-	-
Other financial liabilities	25,926	46,771	-	-
Current tax payable	127,070	121,259	3,586	3,682
Interest-bearing borrowings	724,696	433,848	-	-
	<u>3,357,076</u>	<u>3,448,597</u>	<u>9,767</u>	<u>22,112</u>
Net current assets	<u>1,203,203</u>	<u>1,118,521</u>	<u>62,824</u>	<u>41,159</u>
Non-current liabilities				
Deferred tax liabilities	129,882	130,309	11,069	11,069
Provisions	82,624	100,274	27,895	27,895
Other financial liabilities	80,038	35,673	-	-
Interest-bearing borrowings	1,310,024	1,307,519	-	-
Other payables	85,816	84,021	16,823	16,823
	<u>1,688,384</u>	<u>1,657,796</u>	<u>55,787</u>	<u>55,787</u>
Total liabilities	<u>5,045,460</u>	<u>5,106,393</u>	<u>65,554</u>	<u>77,899</u>
Net assets	<u>3,286,282</u>	<u>3,132,027</u>	<u>838,022</u>	<u>842,292</u>
Equity attributable to owners of the Company				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(41,783)	(76,625)	(21,429)	(16,733)
Revenue reserve	2,663,326	2,557,455	375,163	374,737
	<u>3,105,831</u>	<u>2,965,118</u>	<u>838,022</u>	<u>842,292</u>
Non-controlling interests	<u>180,451</u>	<u>166,909</u>	<u>-</u>	<u>-</u>
Total equity	<u>3,286,282</u>	<u>3,132,027</u>	<u>838,022</u>	<u>842,292</u>

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

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

		As at 31-Mar-2015 \$'000	As at 31-Dec-2014 \$'000
Interest-bearing borrowings:			
(i)	<u>Amount repayable in one year or less, or on demand</u> Unsecured	724,696	433,848
(ii)	<u>Amount repayable after one year</u> Unsecured	1,310,024	1,307,519

4b. **Net asset value**

	Group		Company	
	31-Mar-2015	31-Dec-2014	31-Mar-2015	31-Dec-2014
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	148.70	141.92	40.12	40.31

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

(i) **Group**

Non-current assets

'Interests in associates and joint ventures' increased mainly due to contribution from associates and joint ventures.

'Other financial assets' increased mainly due to fair value adjustments of foreign currency forward contracts and quoted equity shares.

Current assets

'Inventories and work-in-progress' decreased mainly due to receipt from completed rig building projects.

'Trade and other receivables' increased mainly due to billings for ongoing projects and timing of receipts.

'Tax recoverable' increased mainly due to payment made during the period.

'Other financial assets' increased mainly due to fair value adjustments on foreign currency forward contracts.

'Cash and cash equivalents' increased mainly due to receipt from completed rig building projects.

Current liabilities

'Trade and other payables' decreased mainly due to payments made during the period.

'Excess of progress billings over work-in-progress' decreased mainly due to timing of billing for rig building projects.

'Provisions' increased mainly due to allowance made for warranty provision.

'Other financial liabilities' decreased mainly due to fair value adjustments on foreign currency forward contracts.

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

'Interest-bearing borrowings' increased mainly due to borrowings for working capital and capital expenditures for the new yard in Brazil.

Non-current liabilities

'Provisions' decreased mainly due to net write back of allowance made for warranty provision.

'Other financial liabilities' increased mainly due to fair value adjustments on foreign currency forward contracts.

4. BALANCE SHEETS (Cont'd)

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

(i) Group (Cont'd)

Equity

'Other reserves' deficit decreased mainly due to foreign currency translation gain for foreign operations, offset by fair value adjustments on foreign currency forward contracts.

(ii) Company

Non-current assets

'Other financial assets' increased mainly due to fair value adjustments of quoted equity shares.

'Trade and other receivables' decreased mainly due to receipts received.

Current assets

'Trade and other receivables' increased mainly due to timing of receipts.

'Cash and cash equivalents' decreased mainly due to net payments made.

Current liabilities

'Trade and other payables' decreased mainly due to payments made during the period.

Equity

'Other reserves' deficit increased mainly due to treasury shares issued, offset by fair value adjustments on quoted prices of available-for-sale financial assets.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q 2015	1Q 2014
	\$'000	\$'000
Cash flows from Operating Activities:		
Profit for the period	108,897	128,449
Adjustments for:		
Finance income	(2,432)	(2,972)
Finance costs	9,533	2,477
Investment income	-	(78)
Depreciation of property, plant and equipment	29,315	26,813
Amortisation of intangible assets	1,502	839
Share of results of associates and joint ventures, net of tax	(3,868)	(5,645)
Gain on disposal of property, plant and equipment, net	(123)	(38)
Changes in fair value of financial instruments	2,158	1,520
Share-based payment expenses	2,345	2,452
Assets written-off	6	26
Changes in fair value of other financial assets	(186)	171
Tax expense	26,288	26,440
Operating profit before working capital changes	173,435	180,454
Changes in working capital:		
Inventories and work-in-progress	86,234	507,342
Trade and other receivables	(94,383)	57,480
Trade and other payables	(181,742)	(42,729)
Cash (used in)/generated from operations	(16,456)	702,547
Investment and interest income received	2,487	3,048
Interest paid	(20,224)	(3,330)
Tax paid	(15,492)	(16,542)
Net cash (used in)/generated from operating activities	(49,685)	685,723
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(221,623)	(138,103)
Proceeds from sale of property, plant and equipment	276	226
Capital contribution by non-controlling interests	157	-
Acquisition of other financial assets	(16)	(19)
Net cash used in investing activities	(221,206)	(137,896)
Cash flows from Financing Activities:		
Proceeds from borrowings	320,188	246,248
Repayment of borrowings	(4,178)	(200,000)
Proceeds from share options exercised	397	141
Purchase of treasury shares	(10,505)	(9,973)
Unclaimed dividends	-	5
Net cash generated from financing activities	305,902	36,421
Net increase in cash and cash equivalents	35,011	584,248
Cash and cash equivalents at beginning of the period	1,076,783	1,694,901
Effect of exchange rate changes on balances held in foreign currencies	12,795	4,082
Cash and cash equivalents at end of the period	1,124,589	2,283,231

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

5a. Cash and cash equivalents

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

	31-Mar-2015 \$'000	31-Mar-2014 \$'000
Fixed deposits	307	98,486
Cash and bank balances	1,126,284	2,184,745
Cash and cash equivalents in balance sheets	1,126,591	2,283,231
Bank overdrafts	(2,002)	-
Cash and cash equivalents in consolidated statement of cash flows	1,124,589	2,283,231

5b. Explanatory notes to Consolidated Statement of Cash Flows

(i) First Quarter

Cash flows from operating activities before changes in working capital was \$173.4 million in 1Q 2015. Net cash used in operating activities for 1Q 2015 at \$49.7 million was mainly due to working capital for the ongoing rig building projects.

Net cash used in investing activities for 1Q 2015 was \$221.2 million. The Group spent \$221.6 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas.

Net cash generated from financing activities for 1Q 2015 was \$305.9 million. It relates mainly to net proceeds from borrowings.

(ii) Significant non-cash transactions

Purchase of property, plant and equipment includes net payment of \$17.3 million on prior year's accrued capital expenditure for the Brazil new yard (1Q 2014: excludes accrued capital expenditure of \$33.0 million for the Brazil new yard).

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company							Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1Q 2015									
At 1 January 2015	484,288	(1,715)	25,574	(17,044)	(83,440)	2,557,455	2,965,118	166,909	3,132,027
Total comprehensive income									
Profit for the period	-	-	-	-	-	105,871	105,871	3,026	108,897
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	78,735	-	-	78,735	10,359	89,094
Net fair value changes of cash flow hedges	-	-	-	-	(36,859)	-	(36,859)	-	(36,859)
Net fair value changes of available-for-sale financial assets	-	-	-	-	1,247	-	1,247	-	1,247
Total other comprehensive income	-	-	-	78,735	(35,612)	-	43,123	10,359	53,482
Total comprehensive income	-	-	-	78,735	(35,612)	105,871	148,994	13,385	162,379
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(10,505)	-	-	-	-	(10,505)	-	(10,505)
Issue of treasury shares	-	8,823	-	-	(8,426)	-	397	-	397
Cost of share-based payment - charged to profit or loss	-	-	-	-	1,827	-	1,827	-	1,827
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	157	157
Total transactions with owners	-	(1,682)	-	-	(6,599)	-	(8,281)	157	(8,124)
At 31 March 2015	484,288	(3,397)	25,574	61,691	(125,651)	2,663,326	3,105,831	180,451	3,286,282
1Q 2014									
At 1 January 2014	484,288	(7,759)	25,574	(67,406)	(26,588)	2,268,927	2,677,036	132,476	2,809,512
Total comprehensive income									
Profit for the period	-	-	-	-	-	122,475	122,475	5,974	128,449
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	3,984	-	-	3,984	972	4,956
Net fair value changes of cash flow hedges	-	-	-	-	5,626	-	5,626	-	5,626
Net fair value changes of available-for-sale financial assets	-	-	-	-	(6,882)	-	(6,882)	-	(6,882)
Total other comprehensive income	-	-	-	3,984	(1,256)	-	2,728	972	3,700
Total comprehensive income	-	-	-	3,984	(1,256)	122,475	125,203	6,946	132,149
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(9,973)	-	-	-	-	(9,973)	-	(9,973)
Issue of treasury shares	-	15,310	-	-	(15,169)	-	141	-	141
Unclaimed dividends	-	-	-	-	-	5	5	-	5
Cost of share-based payment - charged to profit or loss	-	-	-	-	1,952	-	1,952	-	1,952
Total transactions with owners	-	5,337	-	-	(13,217)	5	(7,875)	-	(7,875)
At 31 March 2014	484,288	(2,422)	25,574	(63,422)	(41,061)	2,391,407	2,794,364	139,422	2,933,786

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

6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1Q 2015						
At 1 January 2015	484,288	(1,715)	960	(15,978)	374,737	842,292
Total comprehensive income						
Profit for the period	-	-	-	-	426	426
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	3,524	-	3,524
Total other comprehensive income	-	-	-	3,524	-	3,524
Total comprehensive income	-	-	-	3,524	426	3,950
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(10,505)	-	-	-	(10,505)
Issue of treasury shares	-	8,823	-	(8,426)	-	397
Cost of share-based payment						
- charged to profit or loss	-	-	-	357	-	357
- issued to employees of subsidiaries	-	-	-	1,531	-	1,531
Total transactions with owners	-	(1,682)	-	(6,538)	-	(8,220)
At 31 March 2015	484,288	(3,397)	960	(18,992)	375,163	838,022
1Q 2014						
At 1 January 2014	484,288	(7,759)	960	2,748	409,509	889,746
Total comprehensive income						
Profit for the period	-	-	-	-	3,070	3,070
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(5,433)	-	(5,433)
Total other comprehensive income	-	-	-	(5,433)	-	(5,433)
Total comprehensive income	-	-	-	(5,433)	3,070	(2,363)
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(9,973)	-	-	-	(9,973)
Issue of treasury shares	-	15,310	-	(15,169)	-	141
Unclaimed dividends	-	-	-	-	5	5
Cost of share-based payment						
- charged to profit or loss	-	-	-	395	-	395
- issued to employees of subsidiaries	-	-	-	1,557	-	1,557
Total transactions with owners	-	5,337	-	(13,217)	5	(7,875)
At 31 March 2014	484,288	(2,422)	960	(15,902)	412,584	879,508

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

As at 31 March 2015, the Company's issued and paid up capital, excluding treasury shares, comprises 2,088,665,620 (31 December 2014: 2,089,343,860) ordinary shares.

(ii) Share Options

During 1Q 2015, there was no (1Q 2014: 86,050 exercised and settled by way of issuance of treasury shares) share options exercised under the Company's Share Option Plan ("SOP").

As at 31 March 2015, there were 1,676,502 (31 March 2014: 2,074,129) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

During 1Q 2015, there was no (1Q 2014: 162,060) performance shares released under the Company's Performance Share Plan ("PSP") and no (1Q 2014: 62,225) performance shares lapsed.

In 1Q 2015, 675,000 (1Q 2014: 360,715) performance shares lapsed due to the under achievement of performance targets.

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 2015 was 2,135,000 (31 March 2014: 1,330,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,202,500 (31 March 2014: 1,995,000) performance shares.

(iv) Restricted Shares

During 1Q 2015, 2,821,760 (1Q 2014: 3,333,805) restricted shares were released under the Company's Restricted Share Plan ("RSP") and 101,647 (1Q 2014: 124,819) restricted shares lapsed. The restricted shares released were settled by way of issuance of treasury shares.

In 1Q 2015, there were additional 198,159 (1Q 2014: 508,977) restricted shares awarded for the over-achievement of the performance targets.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 March 2015 was 5,537,553 (31 March 2014: 5,595,503). 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 2015 was 2,895,200 (31 March 2014: 2,595,340). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,342,800 (31 March 2014: 3,893,010) restricted shares.

(v) Treasury Shares

During 1Q 2015, the Company acquired 3,500,000 (1Q 2014: 2,350,000) ordinary shares in the Company by way of on-market purchases.

In 1Q 2015, 2,821,760 treasury shares were issued pursuant to the RSP (1Q 2014: 3,581,915 treasury shares were issued pursuant to the SOP, PSP and RSP).

As at 31 March 2015, 1,094,487 (31 March 2014: 566,847) 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.

7. AUDIT

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

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2014.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2015:

Amendments to FRS 19 Employee Benefit Plans: Employee Contributions

Improvements to FRSs (January 2014)

- FRS 16 Property, Plant and Equipment
- FRS 38 Intangible Assets
- FRS 24 Related Party Disclosures
- FRS 102 Share-based Payment
- FRS 103 Business Combinations
- FRS 108 Operating Segments

Improvements to FRSs (February 2014)

- FRS 103 Business Combinations
- FRS 113 Fair Value Measurements
- FRS 40 Investment Property

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

11. REVIEW OF GROUP PERFORMANCE

(i) **Group Turnover**

	1Q 2015	1Q 2014	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rig Building	753.0	796.1	(43.1)	(5.4)
Offshore and Conversion	431.1	361.8	69.3	19.2
Repair	100.1	157.7	(57.6)	(36.5)
Other Activities	19.5	19.7	(0.2)	(1.0)
	1,303.7	1,335.3	(31.6)	(2.4)

Group turnover for 1Q 2015 decreased mainly due to the lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired, mitigated by higher revenue recognition for offshore and conversion projects.

(ii) **Group Profit**

Group operating profit for 1Q 2015 declined mainly due to lower contribution from rig building and repair projects.

Group profit before tax and net profit for 1Q 2015 decreased mainly due to lower operating profit, higher finance costs and lower associates and joint ventures contributions.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

The ongoing cutback in global exploration and production expenditure has resulted in the scarcity of new orders for the industry this year. Customers strive to conserve cash and consolidate their offshore fleet operations as charters are not renewed or are renewed at significantly lower rates. New rigs face the prospect of not securing charters despite their higher technical specifications and superior capabilities. As a result, the Group faces a challenging year ahead.

Meanwhile, Brazil's oil and gas industry continues to be mired in uncertainty. We continue to engage with our customers to find the best way forward for our drillship projects and are exploring all options including slowing down the construction.

The Group's net orderbook to-date stands at \$10.6 billion with deliveries stretching into 2019. Competition for new projects remains intense. The Group will focus on cost and capital management and will continue to leverage on its strong track record, expanded product capabilities and alliance partnerships.

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

14. DIVIDEND

There is no dividend recommended for the period ended 31 March 2015.

15. SEGMENTAL REPORTING

1Q 2015

(i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	1,284,866	13,748	5,073	-	1,303,687
Inter-segment sales	-	-	58,510	(58,510)	-
Total	1,284,866	13,748	63,583	(58,510)	1,303,687
Results					
Segment results	131,298	4,651	2,283	-	138,232
Finance income	2,385	-	47	-	2,432
Finance costs	(8,800)	(733)	-	-	(9,533)
Non-operating income	187	-	-	-	187
Non-operating expenses	(1)	-	-	-	(1)
Share of results of associates and joint ventures, net of tax	1,532	1,937	399	-	3,868
Profit before tax	126,601	5,855	2,729	-	135,185
Tax expense	(25,870)	-	(418)	-	(26,288)
Profit for the period	100,731	5,855	2,311	-	108,897
Assets					
Segment assets	7,442,575	256,880	125,897	-	7,825,352
Investments in associates and joint ventures	429,187	61,612	6,463	-	497,262
Deferred tax assets	8,225	-	-	-	8,225
Tax recoverable	903	-	-	-	903
Total assets	7,880,890	318,492	132,360	-	8,331,742
Liabilities					
Segment liabilities	4,650,122	130,744	7,642	-	4,788,508
Deferred tax liabilities	129,470	-	412	-	129,882
Current tax payable	123,890	-	3,180	-	127,070
Total liabilities	4,903,482	130,744	11,234	-	5,045,460
Capital expenditure	204,311	-	36	-	204,347
Significant non-cash item					
Depreciation and amortisation	28,348	2,245	224	-	30,817
Assets written-off	6	-	-	-	6

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	223,094	2,026,823	6,561,221	95,082
China	-	420,845	420,922	-
Rest of ASEAN, Australia & India	87,622	156,231	185,212	4,665
Middle East & Africa	2,545	-	-	-
Norway	332,293	-	-	-
The Netherlands	193,780	240,505	256,831	-
Rest of Europe	133,555	6,620	20,430	144
Brazil	18,472	812,585	881,000	104,440
U.S.A.	262,307	4,185	6,126	16
Other Countries	50,019	-	-	-
Total	1,303,687	3,667,794	8,331,742	204,347

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

15. SEGMENTAL REPORTING (Cont'd)

1Q 2014

(i) Business Segments:

	Ship & rig repair, building, conversion and offshore \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<u>Turnover</u>					
Sales to external parties	1,315,903	12,253	7,144	-	1,335,300
Inter-segment sales	-	-	47,540	(47,540)	-
Total	1,315,903	12,253	54,684	(47,540)	1,335,300
<u>Results</u>					
Segment results	142,006	3,520	3,316	-	148,842
Finance income	2,952	-	20	-	2,972
Finance costs	(2,477)	-	-	-	(2,477)
Investment income	78	-	-	-	78
Non-operating expenses	(171)	-	-	-	(171)
Share of results of associates and joint ventures, net of tax	4,318	898	429	-	5,645
Profit before tax	146,706	4,418	3,765	-	154,889
Tax expense	(26,031)	-	(409)	-	(26,440)
Profit for the period	120,675	4,418	3,356	-	128,449
<u>Assets</u>					
Segment assets	6,768,784	235,243	138,934	-	7,142,961
Investments in associates and joint ventures	394,618	50,190	4,833	-	449,641
Deferred tax assets	7,018	-	-	-	7,018
Tax recoverable	274	-	-	-	274
Total assets	7,170,694	285,433	143,767	-	7,599,894
<u>Liabilities</u>					
Segment liabilities	4,394,320	5,629	21,739	-	4,421,688
Deferred tax liabilities	129,691	-	551	-	130,242
Current tax payable	111,336	-	2,842	-	114,178
Total liabilities	4,635,347	5,629	25,132	-	4,666,108
<u>Capital expenditure</u>	171,082	-	13	-	171,095
<u>Significant non-cash item</u>					
Depreciation and amortisation	25,368	2,091	193	-	27,652
Assets written-off	26	-	-	-	26

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	153,538	1,786,324	6,220,645	34,832
China	858	380,860	381,106	13
Rest of ASEAN, Australia & India	169,737	139,719	185,698	2,841
Middle East & Africa	6,722	-	-	-
Norway	360,796	-	-	-
The Netherlands	212,952	226,767	235,256	-
Rest of Europe	46,957	7,615	22,949	448
Brazil	-	521,066	549,185	132,961
U.S.A.	256,563	3,794	5,055	-
Other Countries	127,177	-	-	-
Total	1,335,300	3,066,145	7,599,894	171,095

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

15. SEGMENTAL REPORTING (Cont'd)

15a. Explanatory notes to Segmental Reporting

(i) Business segments

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

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

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

(ii) Geographical segments

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

(iii) Review of segment performance

Please refer to paragraph 11.

16. INTERESTED PERSON TRANSACTIONS

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

	1Q 2015 \$'000	1Q 2014 \$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	955	744
Sembcorp Industries Limited and its associates	-	108
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	-	662
Singapore Technologies Engineering Ltd and its associates	-	3,107
Management and Support Services		
Sembcorp Industries Limited	63	63
Total Interested Person Transactions	1,018	4,684

17. CONFIRMATION PURSUANT TO THE RULE 705(5) 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 2015 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

**TAN YAH SZE/KEM HUEY LEE SHARON
JOINT COMPANY SECRETARIES**

27 April 2015