



SEMBCORP MARINE LTD
 Registration Number: 196300098Z

**FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2013 FINANCIAL STATEMENTS
 & RELATED ANNOUNCEMENT**

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2013

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2013.

1. CONSOLIDATED INCOME STATEMENT

		Group			Group		
	Note	4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
Turnover	2a	1,692,748	1,378,157	22.8	5,525,882	4,430,123	24.7
Cost of sales		(1,463,425)	(1,203,835)	21.6	(4,818,071)	(3,735,622)	29.0
Gross profit		229,323	174,322	31.6	707,811	694,501	1.9
Other operating income	2b	11,366	8,855	28.4	87,281	33,579	n.m.
Other operating expenses	2b	(714)	9,132	n.m.	(2,393)	(24,598)	(90.3)
General and administrative expenses	2c	(52,069)	(44,066)	18.2	(148,442)	(149,264)	(0.6)
Operating profit		187,906	148,243	26.8	644,257	554,218	16.2
Finance income	2d	3,050	948	n.m.	8,200	21,439	(61.8)
Finance costs	2e	(2,229)	(942)	n.m.	(8,072)	(3,262)	n.m.
Investment income	2f	-	-	-	2,228	3,421	(34.9)
Non-operating income	2g	211	81	n.m.	3,027	127	n.m.
Non-operating expenses	2h	(199)	(5)	n.m.	(269)	(2,566)	(89.5)
Share of results of associates and joint ventures	2i	148	14,512	(99.0)	15,603	56,270	(72.3)
Profit before tax		188,887	162,837	16.0	664,974	629,647	5.6
Tax credit/(expense)	2j	7,367	17,839	(58.7)	(76,714)	(62,209)	23.3
Profit for the period/year		196,254	180,676	8.6	588,260	567,438	3.7
Profit attributable to:							
Owners of the Company		182,442	167,076	9.2	555,747	538,453	3.2
Non-controlling interests	2k	13,812	13,600	1.6	32,513	28,985	12.2
Profit for the period/year		196,254	180,676	8.6	588,260	567,438	3.7
Earnings per share (cents)	2l						
Basic		8.73	8.00	9.1	26.61	25.81	3.1
Diluted		8.73	8.00	9.1	26.59	25.80	3.1

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
Turnover	(i)	1,692,748	1,378,157	22.8	5,525,882	4,430,123	24.7
Cost of sales		(1,463,425)	(1,203,835)	21.6	(4,818,071)	(3,735,622)	29.0
Gross profit	(ii)	229,323	174,322	31.6	707,811	694,501	1.9
<i>Included in cost of sales:</i>							
Depreciation and amortisation		(24,458)	(26,150)	(6.5)	(97,415)	(85,922)	13.4
Allowance for inventory obsolescence		(1,217)	(193)	n.m.	(1,320)	(296)	n.m.

(i) Group turnover for 4Q 2013 increased mainly due to the higher revenue recognition for rig building projects.

Group turnover for FY 2013 was 25% higher mainly due to higher revenue recognition for rig building projects offset by lower revenue recognition for offshore and conversion projects.

(ii) Gross profit for 4Q 2013 and FY 2013 was higher mainly due to contribution from higher turnover for rig building projects.

2b. Other operating income/(expenses)

		Group			Group		
		4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
Other operating income		11,366	8,855	28.4	87,281	33,579	n.m.
Other operating expenses		(714)	9,132	n.m.	(2,393)	(24,598)	(90.3)
		10,652	17,987	(40.8)	84,888	8,981	n.m.
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss), net	(i)	1,759	9,388	(81.3)	30,314	(23,953)	n.m.
Fair value adjustment on hedging instruments	(ii)	(447)	(2,101)	(78.7)	(1,231)	1,647	n.m.
(Loss)/gain on disposal of property, plant and equipment, net		(9)	96	n.m.	14,760	484	n.m.
Negative goodwill		-	2,363	n.m.	-	2,363	n.m.
Other income	(iii)	9,556	8,497	12.5	42,147	29,085	44.9
Other expenses		(207)	(256)	(19.1)	(1,102)	(645)	70.9
		10,652	17,987	(40.8)	84,888	8,981	n.m.

(i) Foreign exchange gain in 4Q 2013 and FY 2013 mainly arose from the revaluation of assets denominated in Euro and United States dollar to Singapore dollar.

(ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

(iii) Other income increased in FY 2013 was mainly due to settlement of claims, higher rental income and sales of scrap.

2c. General and administrative expenses

		Group			Group		
		4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
General and administrative expenses	(i)	(52,069)	(44,066)	18.2	(148,442)	(149,264)	(0.6)
<i>Included in general and administrative expenses:</i>							
Depreciation and amortisation		(608)	(2,066)	(70.6)	(3,192)	(8,066)	(60.4)
Write-back of/(allowance for) doubtful debts and bad debts		235	(556)	n.m.	687	(354)	n.m.

(i) Higher general and administrative expenses in 4Q 2013 was mainly due to higher personnel related expenses.

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

2d. Finance income

Higher finance income in 4Q 2013 was mainly due to higher interest rates and bank balances. In FY 2012, higher finance income was mainly attributable to interest income received for deferred payment granted to customers.

2e. Finance costs

	Group			Group		
	4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
Finance costs	(2,229)	(942)	n.m.	(8,072)	(3,262)	n.m.
<i>Included in finance costs:</i>						
Interest expense (i)	(1,803)	(567)	n.m.	(6,104)	(962)	n.m.
Commitment and facility fees	(426)	(375)	13.6	(1,968)	(2,300)	(14.4)
	(2,229)	(942)	n.m.	(8,072)	(3,262)	n.m.

(i) Higher interest expense in 4Q 2013 and FY 2013 was mainly due to higher bank borrowings as compared to the corresponding periods in 2012.

2f. Investment income

Lower investment income in FY 2013 was mainly due to lower dividend received from quoted investments.

2g. Non-operating income

	Group			Group		
	4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
Non-operating income	211	81	n.m.	3,027	127	n.m.
<i>Included in non-operating income:</i>						
Gain on disposal of an associate	-	-	-	2,816	-	n.m.
Fair value adjustment of other financial assets	211	-	n.m.	211	-	n.m.
Gain on disposal of other long-term equity investments	-	-	-	-	46	n.m.
Gain on liquidation of subsidiary	-	81	n.m.	-	81	n.m.
	211	81	n.m.	3,027	127	n.m.

2h. Non-operating expenses

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

2i. Share of results of associates and joint ventures

The decrease in the share of results of associates and joint ventures in 4Q 2013 and FY 2013 was mainly due to lower contribution from associates and joint ventures.

2j. Tax credit/(expense)

	Group			Group		
	4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
Tax credit/(expense)	7,367	17,839	(58.7)	(76,714)	(62,209)	23.3
<i>Included in tax credit/(expense):</i>						
Write-back of tax in respect of prior years, net (i)	33,188	43,869	(24.3)	34,241	45,760	(25.2)

(i) In 4Q 2013 and FY 2013, the write-back of tax was mainly attributable to recognition of tax incentives. The write-back of tax in 4Q 2012 and FY 2012 was mainly attributable to prior year gain on disposal of equity investments.

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

2k. Non-controlling interests

On 15 May 2010, the Company commenced proceedings in the High Court of Singapore against PPL Holdings Pte Ltd and its wholly owned subsidiary, E-Interface Holdings Limited for various reliefs, including the transfer of the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to the Company. On 30 May 2012, the High Court released its judgement together with the Grounds of Decision. The decision was not favourable to the Company. On 29 June 2012, the Company filed an appeal to the Court of Appeal which was heard on 8 November 2012.

On 25 July 2013, the Court of Appeal ruled, in favour of the Company, that certain provisions in the Joint Venture Agreement between the Company and PPL Holdings Pte Ltd premised on equal shareholding no longer applied when the Company increased its shareholding from 50 per cent to 85 per cent in PPLS. Arising from the decision of the Court of Appeal, the Company will have full control of PPLS Board. The Group will continue to consolidate its 85 per cent interest in PPLS and separately account for the 15 per cent as a "non-controlling interest".

2l. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group			Group		
	4Q 2013	4Q 2012	+ / (-) %	FY 2013	FY 2012	+ / (-) %
(i) Based on the weighted average number of shares (cents)	8.73	8.00	9.1	26.61	25.81	3.1
Weighted average number of shares ('000)	2,089,321	2,087,778	0.1	2,088,675	2,085,879	0.1
(ii) On a fully diluted basis (cents)	8.73	8.00	9.1	26.59	25.80	3.1
Adjusted weighted average number of shares ('000)	2,090,441	2,089,184	0.1	2,089,795	2,087,285	0.1

2m. Profitability ratios

	Group			Group		
	4Q 2013 %	4Q 2012 %	+ / (-) %	FY 2013 %	FY 2012 %	+ / (-) %
Profit after taxation as a percentage of Turnover	11.59	13.11	(11.6)	10.65	12.81	(16.9)
Net profit attributable to owners of the Company as a percentage of Issued Capital and Reserves at end of period/year	6.82	6.85	(0.5)	20.76	22.08	(6.0)

2n. Breakdown of sales

	Group		
	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
First Half Year			
(i) Sales reported	2,174,369	2,159,553	0.7
(ii) Profit after tax before deducting non-controlling interests reported	253,755	267,129	(5.0)
Second Half Year			
(iii) Sales reported	3,351,513	2,270,570	47.6
(iv) Profit after tax before deducting non-controlling interests reported	334,505	300,309	11.4

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		4Q 2013 \$'000	4Q 2012 \$'000	+ / (-) %	FY 2013 \$'000	FY 2012 \$'000	+ / (-) %
Profit for the period/year		196,254	180,676	8.6	588,260	567,438	3.7
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences	3a(i)	(10,493)	(1,518)	n.m.	40,356	(57,759)	n.m.
Net change in fair value of cash flow hedges	3a(ii)	(24,039)	(11,916)	n.m.	(47,079)	34,043	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii)	(708)	(1,636)	(56.7)	(29,013)	11,360	n.m.
Other comprehensive income for the period/year, net of tax		(35,240)	(15,070)	n.m.	(35,736)	(12,356)	n.m.
Total comprehensive income for the period/year		161,014	165,606	(2.8)	552,524	555,082	(0.5)
Total comprehensive income attributable to:							
Owners of the Company		148,314	152,094	(2.5)	517,031	531,870	(2.8)
Non-controlling interests		12,700	13,512	(6.0)	35,493	23,212	52.9
Total comprehensive income for the period/year		161,014	165,606	(2.8)	552,524	555,082	(0.5)

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 swap.
- (ii) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.

4. BALANCE SHEETS

	Group		Company	
	31-Dec-2013 \$'000	31-Dec-2012 \$'000	31-Dec-2013 \$'000	31-Dec-2012 \$'000
Non-current assets				
Property, plant and equipment	2,394,167	1,476,206	87,744	99,618
Investment properties	-	-	24,632	31,123
Investments in subsidiaries	-	-	506,791	451,573
Investments in associates and joint ventures	445,743	417,329	107,369	107,369
Other financial assets	107,166	154,332	68,666	98,664
Trade and other receivables	44,482	61,674	74,374	66,435
Intangible assets	30,341	33,653	184	122
Deferred tax assets	7,108	2,388	-	-
	3,029,007	2,145,582	869,760	854,904
Current assets				
Inventories and work-in-progress	2,083,586	1,731,227	-	-
Trade and other receivables	442,410	468,264	52,951	82,543
Tax recoverable	196	83	-	-
Other financial assets	-	32,394	-	-
Cash and cash equivalents	1,694,901	1,408,907	49,860	75,900
	4,221,093	3,640,875	102,811	158,443
Total assets	7,250,100	5,786,457	972,571	1,013,347
Current liabilities				
Trade and other payables	1,781,118	1,687,321	18,553	64,643
Progress billings in excess of work-in-progress	1,440,812	884,038	-	-
Provisions	23,057	17,463	-	-
Other financial liabilities	8,775	1,428	-	-
Current tax payable	110,533	94,983	5,080	2,629
Interest-bearing borrowings	166,111	32,981	-	-
	3,530,406	2,718,214	23,633	67,272
Net current assets	690,687	922,661	79,178	91,171
Non-current liabilities				
Deferred tax liabilities	123,066	131,131	12,064	23,556
Provisions	96,573	44,243	27,895	27,895
Other financial liabilities	10,523	78	-	-
Interest-bearing borrowings	600,000	300,000	-	-
Other payables	80,020	45,766	19,233	-
	910,182	521,218	59,192	51,451
Total liabilities	4,440,588	3,239,432	82,825	118,723
Net assets	2,809,512	2,547,025	889,746	894,624
Equity attributable to owners of the Company				
Share capital	484,288	480,086	484,288	480,086
Other reserves	(76,179)	(26,335)	(4,051)	28,583
Revenue reserve	2,268,927	1,984,773	409,509	385,955
	2,677,036	2,438,524	889,746	894,624
Non-controlling interests	132,476	108,501	-	-
Total equity	2,809,512	2,547,025	889,746	894,624

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

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

Interest-bearings borrowings:	As at 31-Dec-2013	As at 31-Dec-2012
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	166,111	32,981
(ii) <u>Amount repayable after one year</u> Unsecured	600,000	300,000

4b. **Net asset value**

	Group		Company	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	128.21	116.80	42.61	42.85

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

(i) **Group**

Non-current assets

'Property, plant and equipment' increased mainly due to capital expenditures for the new shipyards in Singapore and Brazil and the reclassification from 'Inventories and work-in-progress' for a vessel by a subsidiary.

'Other financial assets' decreased mainly due to fair value adjustment of quoted equity shares and foreign currency forward contracts, offset by reclassification from 'Investments in associates and joint ventures' for the 19 per cent equity stake in HQSM Engineering Pte Ltd ("HQSM") following the divestment of 30 per cent shareholding in HQSM (previously at 49 per cent) by a subsidiary.

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

'Deferred tax assets' increased mainly due to the tax effects of allowance made for warranty provision.

Current assets

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

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

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

'Cash and cash equivalents' increased mainly due to receipts from ongoing and completed projects.

Current liabilities

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

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

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

'Current tax payable' increased mainly due to tax provision for the current year.

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

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

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

(i) **Group** (Cont'd)

Non-current liabilities

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

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

'Interest-bearing borrowings' increased mainly due to borrowings for capital expenditures for the Singapore new yard.

'Other payables' increased mainly due to accrual of operating expenses.

Equity

'Other reserves' movement was mainly due to fair value adjustments on both foreign currency forward contracts and quoted prices of available-for-sale financial assets.

(ii) **Company**

Non-current assets

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

'Investment properties' decreased mainly due to depreciation charge for the year.

'Investments in subsidiaries' increased mainly due to issue of preference shares by a subsidiary, offset by capital reduction in subsidiaries.

'Other financial assets' decreased mainly due to fair value adjustment of quoted equity shares.

Current assets

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

'Cash and cash equivalents' decreased mainly due to payment of interim dividends.

Current liabilities

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

'Current tax payable' increased mainly due to tax provision for current year.

Non-current liabilities

'Deferred tax liabilities' decreased mainly due to the tax effects of fair value adjustment of quoted equity shares.

'Other payables' increased mainly due to accrual of operating expenses.

Equity

'Other reserves' movement was mainly due to fair value adjustments on quoted prices of available-for-sale financial assets.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	4Q 2013 \$'000	4Q 2012 \$'000	FY 2013 \$'000	FY 2012 \$'000
Cash flows from Operating Activities:				
Profit for the period/year	196,254	180,676	588,260	567,438
Adjustments for:				
Finance income	(3,050)	(948)	(8,200)	(21,439)
Finance costs	2,229	942	8,072	3,262
Investment income	-	-	(2,228)	(3,421)
Depreciation of property, plant and equipment, net	24,227	27,377	97,251	90,632
Amortisation of intangible assets	839	839	3,356	3,356
Share of results of associates and joint ventures	(148)	(14,512)	(15,603)	(56,270)
Loss/(gain) on disposal of property, plant and equipment, net	9	(96)	(14,760)	(484)
Gain on liquidation of subsidiary	-	(81)	-	(81)
Gain on disposal of other long-term equity investments	-	-	-	(46)
Gain on disposal of an associate	-	-	(2,816)	-
Fair value adjustment of hedging instruments	447	2,101	1,231	(1,647)
Fair value adjustment of other financial assets	(211)	-	(211)	-
Share-based payment expenses	4,398	6,417	16,948	24,135
Assets written-off	169	21	268	459
Impairment loss on intangible assets	-	5	-	5
Allowance made for impairment on other long-term equity investments, net	199	5	269	2,566
Tax (credit)/expense	(7,367)	(17,839)	76,714	62,209
Operating profit before working capital changes	217,995	184,907	748,551	670,674
Changes in working capital:				
Inventories and work-in-progress	(198,243)	(155,204)	(23,117)	(276,356)
Trade and other receivables	(30,630)	259,440	42,947	25,306
Trade and other payables	68,415	43,487	222,690	(145,057)
Cash generated from operations	57,537	332,630	991,071	274,567
Investment and interest income received	3,073	983	10,530	24,872
Interest paid	(1,584)	(553)	(10,889)	(1,685)
Tax paid	(8,951)	(1,195)	(53,547)	(90,218)
Net cash generated from operating activities	50,075	331,865	937,165	207,536
Cash flows from Investing Activities:				
Purchase of property, plant and equipment	(248,545)	(174,110)	(814,916)	(516,797)
Proceeds from disposal of property, plant and equipment	77	105	17,893	496
Proceeds from disposal of other investment	-	-	-	349
Purchase of intangible assets	(62)	(1)	(62)	(19)
Acquisition of subsidiary, net of cash acquired	-	-	-	1,575
Additional investment/acquisition of associates	-	(1,469)	(457)	(13,706)
Additional investment in a joint venture	-	-	(5,590)	-
Acquisition of other financial assets	-	-	(1,450)	-
Capital contribution by non-controlling interests	-	-	-	594
Proceeds from disposal of an associate	-	-	5,726	-
Dividend from associates	-	42	1,175	823
Net cash used in investing activities	(248,530)	(175,433)	(797,681)	(526,685)
Cash flows from Financing Activities:				
Proceeds from borrowings	438,185	300,000	738,185	350,000
Repayment of borrowings	(300,000)	(50,000)	(300,000)	(50,000)
Proceeds from share options exercised	(307)	222	583	2,460
Purchase of treasury shares	(5,572)	(875)	(20,366)	(5,234)
Dividends paid to owners of the Company	-	-	(271,593)	(522,060)
Dividends paid to non-controlling interests of subsidiaries	-	-	(11,518)	(7,128)
Return of unclaimed dividends	-	13	-	24
Net cash generated from/(used in) financing activities	132,306	249,360	135,291	(231,938)
Net (decrease)/increase in cash and cash equivalents	(66,149)	405,792	274,775	(551,087)
Cash and cash equivalents at beginning of the period/year	1,758,882	1,015,827	1,408,907	1,989,612
Effect of exchange rate changes on balances held in foreign currency	2,168	(12,712)	11,219	(29,618)
Cash and cash equivalents at end of the period/year	<u>1,694,901</u>	<u>1,408,907</u>	<u>1,694,901</u>	<u>1,408,907</u>

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

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

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

	Group	
	FY 2013 \$'000	FY 2012 \$'000
Repayment of loan from Smulders Group (previous owner)	-	(4,947)
Less: Cash and cash equivalent in subsidiary acquired	-	6,522
Net cash inflow on acquisition	<u>-</u>	<u>1,575</u>

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

	Group	
	FY 2013 \$'000	FY 2012 \$'000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	-	7,047
Inventories and work-in-progress	-	232
Trade and other receivables	-	6,744
Cash and cash equivalents	-	6,522
Total assets	<u>-</u>	<u>20,545</u>
Trade and other payables	-	(9,860)
Progress billings in excess of work-in-progress	-	(3,202)
Loan from related party	-	(4,947)
Provisions	-	(46)
Deferred tax liabilities	-	(127)
Total liabilities	<u>-</u>	<u>(18,182)</u>
Total net identifiable assets	-	2,363
Less: Non-controlling interests	-	(709)
Less: Negative goodwill	-	(1,654)
Consideration transferred for the business (amounted to £1)	<u>-</u>	<u>-</u>

5b. Cash and cash equivalents

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

	31-Dec-2013 \$'000	31-Dec-2012 \$'000
Fixed deposits	194,615	847,721
Cash and bank balances	1,500,286	561,186
	<u>1,694,901</u>	<u>1,408,907</u>

5c. Explanatory notes to Consolidated Statement of Cash Flows

(i) Fourth Quarter

Cash flows from operating activities before changes in working capital was \$218.0 million in 4Q 2013. Net cash generated from operating activities for 4Q 2013 at \$50.1 million was mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for 4Q 2013 was \$248.5 million. The Group spent \$248.5 million on expansion and operational capital expenditure, mainly for the Singapore and Brazil new yards.

Net cash generated from financing activities for 4Q 2013 was \$132.3 million. It relates mainly net proceeds from borrowings.

(ii) Full Year

Cash flows from operating activities before changes in working capital was \$748.6 million in FY 2013. Net cash generated from operating activities for FY 2013 increased to \$937.2 million mainly due to receipts from ongoing and completed projects.

Net cash used in investing activities for FY 2013 was \$797.7 million. The Group spent \$814.9 million on expansion and operational capital expenditure, mainly for the Singapore and Brazil new yards. This is offset by proceeds from sale of property, plant and equipment of \$17.9 million.

Net cash generated from financing activities for FY 2013 was \$135.3 million. It relates mainly to proceeds from borrowings, offset by dividends paid.

(iii) Significant non-cash transactions

During FY 2013, there was a reclassification of \$227.5 million from 'Inventories and work-in-progress' to 'Property, plant and equipment' for a vessel by a subsidiary.

Arising from the divestment of 30 per cent shareholding in HQSM Engineering Pte Ltd ("HQSM") (previously at 49 per cent) by a subsidiary, the retained 19 per cent equity stake in HQSM was fair valued at \$2.7 million and reclassified to 'Other financial assets'.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company							Non-controlling interests	Total Equity
	Share capital	Reserve for own shares	Capital reserves	Foreign currency translation reserve	Other reserves	Revenue reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2013									
At 1 January 2013	480,086	(3,223)	25,574	(104,782)	56,096	1,984,773	2,438,524	108,501	2,547,025
Total comprehensive income									
Profit for the period	-	-	-	-	-	373,305	373,305	18,701	392,006
Other comprehensive income									
Foreign currency translation differences	-	-	-	46,757	-	-	46,757	4,092	50,849
Net fair value changes of cash flow hedges	-	-	-	-	(23,040)	-	(23,040)	-	(23,040)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(28,305)	-	(28,305)	-	(28,305)
Total other comprehensive income	-	-	-	46,757	(51,345)	-	(4,588)	4,092	(496)
Total comprehensive income	-	-	-	46,757	(51,345)	373,305	368,717	22,793	391,510
Transactions with owners of the Company, recognised directly in equity									
Issuance of new shares	4,202	-	-	-	(4,202)	-	-	-	-
Purchase of treasury shares	-	(14,794)	-	-	-	-	(14,794)	-	(14,794)
Issuance of treasury shares	-	16,079	-	-	(15,237)	-	842	-	842
Dividends paid	-	-	-	-	-	(271,593)	(271,593)	(11,518)	(283,111)
Cost of share-based payment - charged to profit or loss	-	-	-	-	9,592	-	9,592	-	9,592
Total transactions with owners	4,202	1,285	-	-	(9,847)	(271,593)	(275,953)	(11,518)	(287,471)
At 30 September 2013	484,288	(1,938)	25,574	(58,025)	(5,096)	2,086,485	2,531,288	119,776	2,651,064
4Q 2013									
Total comprehensive income									
Profit for the period	-	-	-	-	-	182,442	182,442	13,812	196,254
Other comprehensive income									
Foreign currency translation differences	-	-	-	(9,381)	-	-	(9,381)	(1,112)	(10,493)
Net fair value changes of cash flow hedges	-	-	-	-	(24,039)	-	(24,039)	-	(24,039)
Net fair value changes of available-for-sale financial assets	-	-	-	-	(708)	-	(708)	-	(708)
Total other comprehensive income	-	-	-	(9,381)	(24,747)	-	(34,128)	(1,112)	(35,240)
Total comprehensive income	-	-	-	(9,381)	(24,747)	182,442	148,314	12,700	161,014
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(5,572)	-	-	-	-	(5,572)	-	(5,572)
Issuance of treasury shares	-	(249)	-	-	(179)	-	(428)	-	(428)
Cost of share-based payment - charged to profit or loss	-	-	-	-	3,434	-	3,434	-	3,434
Total transactions with owners	-	(5,821)	-	-	3,255	-	(2,566)	-	(2,566)
At 31 December 2013	484,288	(7,759)	25,574	(67,406)	(26,588)	2,268,927	2,677,036	132,476	2,809,512

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

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

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

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

6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2013						
At 1 January 2013	480,086	(3,223)	960	30,846	385,955	894,624
Total comprehensive income						
Profit for the period	-	-	-	-	289,644	289,644
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	(24,224)	-	(24,224)
Total other comprehensive income	-	-	-	(24,224)	-	(24,224)
Total comprehensive income	-	-	-	(24,224)	289,644	265,420
Transactions with owners of the Company, recognised directly in equity						
Issuance of new shares	4,202	-	-	(4,202)	-	-
Purchase of treasury shares	-	(14,794)	-	-	-	(14,794)
Issuance of treasury shares	-	16,079	-	(15,189)	-	890
Dividends paid	-	-	-	-	(271,593)	(271,593)
Cost of share-based payment						
- charged to profit or loss	-	-	-	1,836	-	1,836
- issued to employees of subsidiaries	-	-	-	7,756	-	7,756
Total transactions with owners	4,202	1,285	-	(9,799)	(271,593)	(275,905)
At 30 September 2013	484,288	(1,938)	960	(3,177)	404,006	884,139
4Q 2013						
Total comprehensive income						
Profit for the period	-	-	-	-	5,503	5,503
Other comprehensive income						
Net fair value changes of available-for-sale financial assets	-	-	-	2,546	-	2,546
Total other comprehensive income	-	-	-	2,546	-	2,546
Total comprehensive income	-	-	-	2,546	5,503	8,049
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(5,572)	-	-	-	(5,572)
Issuance of treasury shares	-	(249)	-	(55)	-	(304)
Cost of share-based payment						
- charged to profit or loss	-	-	-	642	-	642
- issued to employees of subsidiaries	-	-	-	2,792	-	2,792
Total transactions with owners	-	(5,821)	-	3,379	-	(2,442)
At 31 December 2013	484,288	(7,759)	960	2,748	409,509	889,746

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

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

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

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

As at 31 December 2013, the Company's issued and paid up capital, excluding treasury shares, comprises 2,087,961,345 (31 December 2012: 2,087,787,225) ordinary shares.

(ii) Share Options

During 4Q 2013, 23,213 (4Q 2012: 136,950) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

In 4Q 2013, there was no (4Q 2012: 115,400) share options lapsed.

As at 31 December 2013, there were 2,160,179 (31 December 2012: 2,516,257) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2013 was 1,915,000 (31 December 2012: 1,865,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,872,500 (31 December 2012: 2,797,500) performance shares.

(iv) Restricted Shares

During 4Q 2013, 3,865 (4Q 2012: 110,200) restricted shares were released under the Company's Restricted Share Plan ("RSP") and 17,625 (4Q 2012: 64,900) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2013 was 8,545,150 (31 December 2012: 9,543,530). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2013 was 5,243,250 (31 December 2012: 5,688,200). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 7,864,875 (31 December 2012: 8,532,300) restricted shares.

(v) Treasury Shares

During 4Q 2013, the Company acquired 1,384,000 (4Q 2012: 200,000) ordinary shares in the Company by way of on-market purchases.

In 4Q 2013, 27,078 (4Q 2012: 247,150) treasury shares were re-issued pursuant to the SOP and RSP.

As at 31 December 2013, 1,798,762 (31 December 2012: 739,000) treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the Company's Performance Share Plan and RSP respectively.

7. AUDIT

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

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2012.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2013.

Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Revised FRS 19	Employee Benefits
FRS 113	Fair Value Measurement
Amendments to FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities
Improvements to FRSs 2012	
- Amendments to FRS 1	Presentation of Financial Statements
- Amendments to FRS 16	Property, Plant and Equipment
- Amendments to FRS 32	Financial Instruments: Presentation

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

11. REVIEW OF GROUP PERFORMANCE

(i) **Turnover**

	4Q 2013	4Q 2012	+ / (-)	+ / (-)	FY 2013	FY 2012	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rig Building	1,197.0	869.9	327.1	37.6	3,564.3	2,356.0	1,208.3	51.3
Offshore and Conversion	313.6	330.1	(16.5)	(5.0)	1,203.9	1,395.4	(191.5)	(13.7)
Repair	163.1	167.4	(4.3)	(2.6)	680.8	641.7	39.1	6.1
Other Activities	19.0	10.7	8.3	77.6	76.9	37.0	39.9	n.m.
	1,692.7	1,378.1	314.6	22.8	5,525.9	4,430.1	1,095.8	24.7

Group turnover for 4Q 2013 increased mainly due to the higher revenue recognition for rig building projects.

Group turnover for FY 2013 increased by 25% mainly due to higher revenue recognition for rig building projects offset by lower revenue recognition for offshore and conversion projects.

(ii) **Profit attributable to Owners of the Company**

Group profit attributable to owners of the Company for 4Q 2013 was higher mainly due to higher operating profit, offset by lower contribution from associates and joint ventures.

Group profit attributable to owners of the Company for FY 2013 was higher mainly due to higher operating profit, offset by lower interest income and lower contribution from associates and joint ventures.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

The Group has a net order book of \$12.3 billion with completion and deliveries stretching into 2019. This includes \$4.2 billion in contract orders secured in 2013, excluding repair and upgrade contracts.

The global economy remains fragile and uncertain. Amid the volatile economic conditions and a competitive landscape, the Group remains focused on its core business. Moving ahead and in anticipation of the tight labour supply situation, the Group will further improve operational efficiency, productivity and safety management as well as ensure timely delivery of projects to its customers, although margin remains challenging.

Demand remains strong for Sembcorp Marine's big docks, including the four VLCC drydocks that commenced operations at the Group's new 73.3-hectare Sembmarine Integrated Yard @ Tuas Phase I facility in August 2013. The new yard will position Sembcorp Marine for long-term sustainable growth with its innovative design, advanced automation and optimised facilities. It will enable the Group to utilise its workforce and resources more effectively to achieve higher productivity and faster turnaround. Geared to meet the stringent safety and quality requirements of vessels and to comply with new regulatory and environmental standards, the integrated yard is well-equipped to provide innovative solutions to serve the growing needs of customers.

Construction on Estaleiro Jurong Aracruz, Sembcorp Marine's wholly-owned shipyard in Brazil, continues to progress well and the yard remains on track to commence initial operations in the second half of 2014.

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

14. DIVIDEND

(i) Current Financial Period Reported On

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

(ii) Corresponding Period of the Immediately Preceding Financial Year

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

(iii) Date payable

The proposed final ordinary one-tier tax exempt dividend of 6.0 cents per ordinary share and special one-tier tax exempt dividend of 2.0 cents per ordinary share, if approved at the AGM to be held on 22 April 2014, will be paid on 14 May 2014.

(iv) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 30 April 2014 for the preparation of dividend warrants. Duly completed transfers received by the Registrar, KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00 KH Kea building, Singapore 188721, up to 5 p.m. on 29 April 2014 will be registered before entitlements to dividend are determined.

(v) Total Annual Dividend

	2013 \$'000	2012 \$'000
Interim Ordinary dividend	104,464	104,382
Final Ordinary dividend*	125,278	125,347
Final Special dividend*	41,759	41,782
Total	271,501	271,511

* 2013 proposed final ordinary and special dividend are estimated based on share capital of 2,087,961,345 ordinary shares at the end of the financial year.

15. SEGMENTAL REPORTING

FY 2013

(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	5,455,820	42,164	27,898	-	5,525,882
Inter-segment sales	-	-	204,993	(204,993)	-
Total	5,455,820	42,164	232,891	(204,993)	5,525,882
Results					
Segment results	626,993	3,209	14,055	-	644,257
Finance income	8,126	1	73	-	8,200
Finance costs	(8,072)	-	-	-	(8,072)
Investment income	-	-	2,228	-	2,228
Non-operating income	3,027	-	-	-	3,027
Non-operating expenses	(269)	-	-	-	(269)
Share of results of associates and joint ventures	8,215	5,746	1,642	-	15,603
Profit before tax	638,020	8,956	17,998	-	664,974
Tax expense	(73,812)	(576)	(2,326)	-	(76,714)
Profit for the year	564,208	8,380	15,672	-	588,260
Assets					
Segment assets	6,402,973	247,834	146,246	-	6,797,053
Investments in associates and joint ventures	392,411	48,928	4,404	-	445,743
Deferred tax assets	7,108	-	-	-	7,108
Tax recoverable	196	-	-	-	196
Total assets	6,802,688	296,762	150,650	-	7,250,100
Liabilities					
Segment liabilities	4,176,091	3,924	26,974	-	4,206,989
Deferred tax liabilities	122,515	-	551	-	123,066
Current tax payable	108,096	-	2,437	-	110,533
Total liabilities	4,406,702	3,924	29,962	-	4,440,588
Capital expenditure	814,558	-	420	-	814,978
Significant non-cash item					
Depreciation and amortisation	96,169	3,469	969	-	100,607
Assets written-off	267	-	1	-	268

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	489,599	1,773,532	5,999,605	428,301
China	778	377,528	377,971	5
Rest of ASEAN, Australia & India	1,195,169	139,002	167,915	15,711
Middle East & Africa	81,314	-	-	-
Norway	1,075,189	-	-	-
The Netherlands	476,822	227,157	252,532	-
Rest of Europe	207,462	7,269	21,590	974
Brazil	15,482	386,470	425,560	369,985
U.S.A.	1,420,353	3,753	4,927	2
Other Countries	563,714	-	-	-
Total	5,525,882	2,914,711	7,250,100	814,978

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

15. SEGMENTAL REPORTING (Cont'd)

FY 2012

(i) Business Segments:

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

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	361,372	1,455,901	5,180,888	460,456
China	2,173	343,535	343,651	39
Rest of ASEAN, Australia & India	802,848	131,222	174,857	38,347
Middle East & Africa	550,711	-	-	-
Norway	1,148,957	-	-	-
The Netherlands	231,062	-	127	-
Rest of Europe	220,250	7,039	27,308	186
Brazil	2,797	47,302	54,504	36,952
U.S.A.	809,444	3,706	5,122	-
Other Countries	300,509	-	-	-
Total	4,430,123	1,988,705	5,786,457	535,980

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

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

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

(i) Business segments

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

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

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

(ii) Geographical segments

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

(iii) Review of segment performance

Please refer to paragraph 11.

16. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
	FY 2013 \$'000	FY 2012 \$'000
Transaction for the Sales of Goods and Services		
Temasek Holdings (Private) Limited and its associates	-	54,256
PSA International Pte Ltd and its associates	3,256	2,941
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	2,917	4,115
PSA International Pte Ltd and its associates	650	105
Singapore Technologies Engineering Ltd and its associates	3,230	212
Singapore Technologies Telemedia Pte Ltd and its associates	539	1,618
Management and Support Services		
Sembcorp Industries Limited	250	250
Total Interested Person Transactions	10,842	63,497
Treasury Transactions		
Placement of Funds from – as at 31 December		
Sembcorp Industries Limited and its associates	200,000	-

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

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

BY ORDER OF THE BOARD

KWONG SOOK MAY/TAN YAH SZE
JOINT COMPANY SECRETARIES

24 February 2014