



SEMBCORP MARINE LTD
 Registration Number: 196300098Z

**THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017 FINANCIAL STATEMENTS
 & RELATED ANNOUNCEMENT**

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the third quarter and nine months ended 30 September 2017.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
Turnover	2a	316,876	888,003	(64.3)	1,732,401	2,714,920	(36.2)
Cost of sales	2a	(304,443)	(817,045)	(62.7)	(1,623,738)	(2,456,884)	(33.9)
Gross profit	2a	12,433	70,958	(82.5)	108,663	258,036	(57.9)
Other operating income	2b	8,813	15,548	(43.3)	33,696	58,120	(42.0)
Other operating expenses	2b	28,493	(19,775)	n.m.	(3,871)	(72,497)	(94.7)
General and administrative expenses	2c	(27,726)	(33,800)	(18.0)	(74,398)	(85,434)	(12.9)
Operating profit		22,013	32,931	(33.2)	64,090	158,225	(59.5)
Finance income	2d	1,662	2,875	(42.2)	7,856	6,451	21.8
Finance costs	2e	(23,693)	(22,501)	5.3	(72,602)	(62,874)	15.5
Non-operating income	2f	-	-	-	47,682	9,502	n.m.
Non-operating expenses	2f	(1,050)	(3,899)	(73.1)	(6,550)	(12,254)	(46.5)
Share of results of associates and joint ventures, net of tax	2g	(698)	(27,694)	(97.5)	(1,924)	(29,800)	(93.5)
(Loss)/profit before tax		(1,766)	(18,288)	(90.3)	38,552	69,250	(44.3)
Tax credit/(expense)	2h	3,422	(3,522)	n.m.	6,381	(24,718)	n.m.
Profit/(loss) for the period		1,656	(21,810)	n.m.	44,933	44,532	0.9
Profit/(loss) attributable to:							
Owners of the Company		2,716	(21,793)	n.m.	47,856	44,485	7.6
Non-controlling interests		(1,060)	(17)	n.m.	(2,923)	47	n.m.
Profit/(loss) for the period		1,656	(21,810)	n.m.	44,933	44,532	0.9
Earnings per ordinary share (cents)							
Basic	2i	0.13	(1.04)	n.m.	2.29	2.13	7.5
Diluted		0.13	(1.04)	n.m.	2.29	2.13	7.5

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
Turnover	(i)	316,876	888,003	(64.3)	1,732,401	2,714,920	(36.2)
Cost of sales		(304,443)	(817,045)	(62.7)	(1,623,738)	(2,456,884)	(33.9)
Gross profit	(ii)	12,433	70,958	(82.5)	108,663	258,036	(57.9)
<i>Included in gross profit:</i>							
Depreciation and amortisation	(iii)	(48,134)	(36,990)	30.1	(141,393)	(103,260)	36.9
Inventories (written down)/written back	(iv)	(12,740)	366	n.m.	(12,612)	1,149	n.m.

- (i) Turnover for 3Q 2017 and 9M 2017 decreased mainly due to lower revenue recognition for rig building and offshore platforms projects. Reversal of revenue in 3Q 2017 and 9M 2017 due to termination of two rigs contracts with a customer has further resulted in the lower revenue recognition in the rigs and floaters segment.
- (ii) Lower gross profit for 3Q 2017 mainly due to lower contribution from floaters and offshore platform projects, and the effects of contracts termination and inventories written down arising from the sales of nine jack-up oil drilling rigs in October 2017.

Gross profit for 9M 2017 decreased mainly due to lower contribution from rig building and offshore platform projects, costs incurred for a floater project which is pending finalisation with the customer, and the effects of contracts termination and inventories written down arising from the sales of nine jack-up oil drilling rigs in October 2017.

- (iii) Depreciation and amortisation for 3Q 2017 and 9M 2017 increased mainly due to higher depreciation charge for Tuas Boulevard Yard and amortisation of intellectual property rights of Gravifloat AS and LMG Marin AS.
- (iv) The inventories written down in 3Q 2017 and 9M 2017 includes the effects of contracts termination that arose from the sales of nine rigs in October 2017.

2b. Other operating income/(expenses)

		Group			Group		
		3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
Other operating income		8,813	15,548	(43.3)	33,696	58,120	(42.0)
Other operating expenses		28,493	(19,775)	n.m.	(3,871)	(72,497)	(94.7)
		37,306	(4,227)	n.m.	29,825	(14,377)	n.m.
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss)	(i)	31,259	(18,878)	n.m.	789	(71,123)	n.m.
Fair value adjustment on hedging instruments	(ii)	(1,775)	1,388	n.m.	(3,433)	28,213	n.m.
Gain on disposal of property, plant and equipment, net		6	-	n.m.	30	41	(26.8)
Rental income		2,445	4,333	(43.6)	12,213	10,837	12.7
Other income	(iii)	5,573	9,827	(43.3)	20,664	19,029	8.6
Other expenses		(202)	(897)	(77.5)	(438)	(1,374)	(68.1)
		37,306	(4,227)	n.m.	29,825	(14,377)	n.m.

- (i) Foreign exchange gain in 3Q 2017 mainly arose from the revaluation of liabilities denominated in United States dollar to Brazilian Real. For 9M 2017, foreign exchange gain mainly arose from the revaluation of liabilities denominated in United States dollar to Brazilian Real and the revaluation of assets and liabilities denominated in 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) Lower other income in 3Q 2017 and higher other income in 9M 2017 was mainly due to lower and higher sales of scrap respectively.

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

2c. General and administrative expenses

	Group			Group		
	3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
General and administrative expenses <i>Included in general and administrative expenses:</i>	(27,726)	(33,800)	(18.0)	(74,398)	(85,434)	(12.9)
Depreciation and amortisation	(1,506)	1,550	n.m.	(3,461)	(2,520)	37.3
(Allowance for)/write-back of doubtful debts and bad debts	(55)	99	n.m.	(81)	(169)	(52.1)

- (i) Lower general and administrative expenses in 3Q 2017 and 9M 2017 were mainly due to lower personnel related costs and lower professional fees.

2d. Finance income

Lower finance income in 3Q 2017 was mainly due to lower interest income as compared to the corresponding period in 2016. Higher finance income in 9M 2017 was mainly due to higher interest income as compared to 9M 2016.

2e. Finance costs

	Group			Group		
	3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
Finance costs <i>Included in finance costs:</i>	(23,693)	(22,501)	5.3	(72,602)	(62,874)	15.5
Interest expense	(23,088)	(21,913)	5.4	(70,649)	(61,272)	15.3
Commitment and facility fees	(605)	(588)	2.9	(1,953)	(1,602)	21.9
	(23,693)	(22,501)	5.3	(72,602)	(62,874)	15.5

- (i) Higher interest expense in 3Q 2017 and 9M 2017 was mainly due to higher bank borrowings as compared to the corresponding periods in 2016.

2f. Non-operating income/(expenses)

	Group			Group		
	3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
Non-operating income	-	-	-	47,682	9,502	n.m.
Non-operating expenses	(1,050)	(3,899)	(73.1)	(6,550)	(12,254)	(46.5)
	(1,050)	(3,899)	(73.1)	41,132	(2,752)	n.m.
<i>Included in non-operating income/(expenses):</i>						
Gain on disposal of assets held for sale	-	-	-	46,816	-	n.m.
Gain on disposal of a subsidiary	-	-	-	866	-	n.m.
Gain on disposal of a joint venture	-	-	-	-	186	n.m.
Gain on deemed disposal of available-for-sale financial asset	-	-	-	-	9,316	n.m.
Impairment losses on available-for-sale financial assets	(1,050)	(3,899)	(73.1)	(1,050)	(12,254)	(91.4)
Provision in relation to a joint venture	-	-	-	(5,500)	-	n.m.
	(1,050)	(3,899)	(73.1)	41,132	(2,752)	n.m.

- (i) The gain on disposal of assets held for sale in 9M 2017 arose from the Group's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd, which was completed in January 2017.
- (ii) The gain on deemed disposal of available-for-sale financial asset in 9M 2016 arose from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016, recognised on a provisional basis.

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

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

The share of losses of associates and joint ventures in 3Q 2017 and 9M 2017 was mainly due to share of losses from joint ventures. For 3Q 2016 and 9M 2016, the share of losses was mainly from associates.

2h. Tax credit/(expense)

		Group			Group		
		3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
Tax credit/(expense)	(i)	3,422	(3,522)	n.m.	6,381	(24,718)	n.m.
<i>Included in tax credit/(expense):</i>							
(Under provision)/write-back of tax in respect of prior years, net		(1,940)	1,162	n.m.	6,047	795	n.m.

- (i) The tax credit in 3Q 2017 and 9M 2017 was mainly due to deferred tax assets recognised only to the extent that it is probable that the related tax benefit will be realised. Excluding the effects of the gain on disposal of Cosco Shipyard Group Co., Ltd and non-operating expenses in 3Q 2017 and 9M 2017, the effective tax rate is comparable to the corresponding periods in 2016.

In 3Q 2016 and 9M 2016, the higher effective tax rates was mainly due to deferred tax assets recognised only to the extent that it is probable that the related tax benefit will be realised.

2i. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit/(loss) attributable to owners of the Company:	Group			Group		
	3Q 2017	3Q 2016	+ / (-) %	9M 2017	9M 2016	+ / (-) %
(i) Based on the weighted average number of shares (cents)	0.13	(1.04)	n.m.	2.29	2.13	7.5
- Weighted average number of shares ('000)	2,089,700	2,089,718	-	2,089,497	2,089,080	-
(ii) On a fully diluted basis (cents)	0.13	(1.04)	n.m.	2.29	2.13	7.5
- Adjusted weighted average number of shares ('000)	2,089,700	2,089,718	-	2,089,497	2,089,080	-

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		3Q 2017 \$'000	3Q 2016 \$'000	+ / (-) %	9M 2017 \$'000	9M 2016 \$'000	+ / (-) %
Profit/(loss) for the period		1,656	(21,810)	n.m.	44,933	44,532	0.9
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	3a(i)	(30,620)	10,197	n.m.	(66,918)	(42,707)	56.7
Net change in fair value of cash flow hedges	3a(ii)	25,154	28,440	(11.6)	35,374	70,003	(49.5)
Net change in fair value of available-for-sale financial assets	3a(iii)	(1,081)	(6,981)	(84.5)	690	(34,302)	n.m.
Change in fair value of available-for-sale financial assets transferred to profit or loss	3a(iv)	-	3,899	n.m.	-	12,254	n.m.
Other comprehensive income for the period, net of tax		(6,547)	35,555	n.m.	(30,854)	5,248	n.m.
Total comprehensive income for the period		(4,891)	13,745	n.m.	14,079	49,780	(71.7)
Total comprehensive income attributable to:							
Owners of the Company		(3,884)	13,763	n.m.	16,943	54,714	(69.0)
Non-controlling interests		(1,007)	(18)	n.m.	(2,864)	(4,934)	(42.0)
Total comprehensive income for the period		(4,891)	13,745	n.m.	14,079	49,780	(71.7)

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves in 9M 2017 arose primarily due to the depreciation of United States dollar against Singapore dollar relative to the rate as at end of previous year and realisation of reserve upon disposal of Cosco Shipyard Group Co., Ltd.
- (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.
- (iv) Reclassification to profit or loss on impairment of available-for-sale financial assets.

4. BALANCE SHEETS

	Group		Company	
	30-Sep-2017 \$'000	31-Dec-2016 \$'000	30-Sep-2017 \$'000	31-Dec-2016 \$'000
Non-current assets				
Property, plant and equipment	4,010,724	3,986,667	82,844	90,497
Investment properties	-	-	17,645	19,006
Investments in subsidiaries	-	-	968,231	964,886
Interests in associates and joint ventures	69,383	74,816	-	-
Other financial assets	85,331	67,783	40,045	40,612
Trade and other receivables	51,995	53,095	36,605	36,605
Intangible assets	184,920	202,125	184	184
Deferred tax assets	7,465	12,042	-	-
	<u>4,409,818</u>	<u>4,396,528</u>	<u>1,145,554</u>	<u>1,151,790</u>
Current assets				
Inventories and work-in-progress	3,404,964	3,066,884	-	-
Trade and other receivables	389,383	491,968	125,152	61,099
Tax recoverable	9,215	8,530	-	5,536
Assets held for sale	-	182,215	-	107,369
Other financial assets	39,564	51,737	-	-
Cash and cash equivalents	1,057,577	1,216,971	193,684	24,482
	<u>4,900,703</u>	<u>5,018,305</u>	<u>318,836</u>	<u>198,486</u>
Total assets	<u>9,310,521</u>	<u>9,414,833</u>	<u>1,464,390</u>	<u>1,350,276</u>
Current liabilities				
Trade and other payables	1,843,886	2,120,447	19,696	23,890
Excess of progress billings over work-in-progress	190,251	193,403	-	-
Provisions	23,024	15,337	6,771	6,771
Other financial liabilities	2,191	18,317	-	-
Current tax payable	37,201	36,817	-	-
Interest-bearing borrowings	1,638,208	1,363,961	452	-
	<u>3,734,761</u>	<u>3,748,282</u>	<u>26,919</u>	<u>30,661</u>
Net current assets	<u>1,165,942</u>	<u>1,270,023</u>	<u>291,917</u>	<u>167,825</u>
Non-current liabilities				
Deferred tax liabilities	73,921	85,673	12,502	12,963
Provisions	68,583	65,279	18,036	18,036
Other financial liabilities	8,521	26,397	-	-
Interest-bearing borrowings	2,771,876	2,791,014	1,394	-
Other long-term payables	90,274	90,567	6,324	6,324
	<u>3,013,175</u>	<u>3,058,930</u>	<u>38,256</u>	<u>37,323</u>
Total liabilities	<u>6,747,936</u>	<u>6,807,212</u>	<u>65,175</u>	<u>67,984</u>
Net assets	<u>2,562,585</u>	<u>2,607,621</u>	<u>1,399,215</u>	<u>1,282,292</u>
Equity attributable to owners of the Company				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(17,427)	54,905	(17,323)	(21,459)
Revenue reserve	2,053,389	2,022,796	932,250	819,463
	<u>2,520,250</u>	<u>2,561,989</u>	<u>1,399,215</u>	<u>1,282,292</u>
Non-controlling interests	42,335	45,632	-	-
Total equity	<u>2,562,585</u>	<u>2,607,621</u>	<u>1,399,215</u>	<u>1,282,292</u>

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

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

Interest-bearing borrowings:	As at 30-Sep-2017	As at 31-Dec-2016
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	1,638,208	1,363,961
(ii) <u>Amount repayable after one year</u> Unsecured	2,771,876	2,791,014

4b. **Net asset value**

	Group		Company	
	30-Sep-2017	31-Dec-2016	30-Sep-2017	31-Dec-2016
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	120.60	122.62	66.96	61.37

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

(i) **Group**

Non-current assets

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

'Deferred tax assets' decreased mainly due to utilisation of tax credit.

Current assets

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

'Trade and other receivables' decreased mainly due to receipt arising from disposal of Cosco Shipyard Group Co., Ltd.

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

'Assets held for sale' decreased mainly due to the Group's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd, which was completed in January 2017.

'Cash and cash equivalents' decreased mainly due to working capital changes for ongoing projects and capital expenditures.

Current liabilities

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

'Provisions' increased mainly due to reclassification of allowance made for warranty provision from non-current to current liabilities.

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

'Interest-bearing borrowings' increased mainly due to borrowings for working capital.

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

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

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

Non-current liabilities

'Deferred tax liabilities' decreased mainly due to recognition of unutilised tax losses.

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

Equity

'Other reserves' deficit mainly due to foreign currency translation loss for foreign operations.

(ii) **Company**

Current assets

'Trade and other receivables' increased mainly due to billings to subsidiaries.

'Tax recoverable' decreased mainly due to receipt during the year.

'Assets held for sale' decreased mainly due to the Group's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd, which was completed in January 2017.

'Cash and cash equivalents' increased mainly due to proceeds from the divestment of Cosco Shipyard Group Co., Ltd.

Current liabilities

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

'Interest-bearing borrowings' increased mainly due to finance lease obligations.

Non-current liabilities

'Interest-bearing borrowings' increased mainly due to finance lease obligations.

Equity

'Other reserves' deficit decreased mainly due to share-based payment issued.

'Revenue reserve' increased mainly due to gain on disposal of Cosco Shipyard Group Co., Ltd, which was completed in January 2017.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

Note	Group		Group	
	3Q 2017 \$'000	3Q 2016 \$'000	9M 2017 \$'000	9M 2016 \$'000
Cash flows from operating activities:				
Profit/(loss) for the period	1,656	(21,810)	44,933	44,532
Adjustments for:				
Finance income	(1,662)	(2,875)	(7,856)	(6,451)
Finance costs	23,693	22,501	72,602	62,874
Depreciation of property, plant and equipment	43,923	33,939	127,703	101,275
Amortisation of intangible assets	5,717	1,501	17,151	4,505
Share of results of associates and joint ventures, net of tax	698	27,694	1,924	29,800
Gain on disposal of property, plant and equipment	(6)	-	(30)	(41)
Loss on disposal of intangible assets	-	-	13	-
Gain on disposal of a subsidiary	-	-	(866)	-
Gain on disposal of an investment in a joint venture	-	-	-	(186)
Gain on disposal of assets held for sale	-	-	(46,816)	-
Gain on deemed disposal of available-for-sale financial asset	-	-	-	(9,316)
Provision in relation to a joint venture	-	-	5,500	-
Fair value adjustment on hedging instruments	1,775	(1,388)	3,433	(28,213)
Impairment losses on available-for-sale financial assets	1,050	3,899	1,050	12,254
Share-based payment expenses	5,288	3,435	8,843	9,945
Property, plant and equipment written off	351	-	831	11
Inventories written down/(written back)	12,740	(366)	12,612	(1,149)
Allowance for/(write-back of) doubtful debts and bad debts	55	(99)	81	164
Tax (credit)/expense	(3,422)	3,522	(6,381)	24,718
Operating profit before working capital changes	91,856	69,953	234,727	244,722
Changes in working capital:				
Inventories and work-in-progress	(289,034)	621,520	(353,245)	967,023
Trade and other receivables	67,475	146,028	107,751	(110,667)
Trade and other payables	12,374	(41,349)	(401,339)	(298,207)
Cash (used in)/generated from operations	(117,329)	796,152	(412,106)	802,871
Investment and interest income received	1,600	2,829	7,762	6,373
Interest paid	(33,094)	(26,322)	(77,874)	(66,234)
Tax paid	(6,332)	(7,571)	(7,138)	(20,809)
Net cash (used in)/generated from operating activities	(155,155)	765,088	(489,356)	722,201
Cash flows from investing activities:				
Purchase of property, plant and equipment	(36,895)	(83,005)	(135,449)	(272,577)
Proceeds from sale of property, plant and equipment	6	-	32	91
Proceeds from sale of intangibles assets	-	-	42	-
Acquisition of subsidiary, net of cash acquired	-	(19,866)	-	(67,124)
Acquisition of a joint venture	-	-	-	(3,258)
Proceeds from divestment of assets held for sale	205,690	-	205,690	-
Proceeds from disposal of a joint venture	-	-	-	450
Net cash generated from/(used in) investing activities	168,801	(102,871)	70,315	(342,418)
Cash flows from financing activities:				
Proceeds from borrowings	50,617	448,068	368,369	1,588,301
Repayment of borrowings	(3,728)	(376,103)	(58,448)	(823,892)
Repayment of finance lease	(512)	-	(512)	-
Purchase of treasury shares	-	(641)	(2,577)	(2,990)
Acquisition of non-controlling interests	-	(156,778)	-	(156,778)
Dividends paid to owners of the Company	(20,897)	(31,345)	(41,794)	(73,140)
Dividends paid to non-controlling interests of subsidiaries	(279)	(558)	(279)	(558)
Unclaimed dividends	-	12	6	12
Net cash generated from/(used in) financing activities	25,201	(117,345)	264,765	530,955
Net increase/(decrease) in cash and cash equivalents	38,847	544,872	(154,276)	910,738
Cash and cash equivalents at beginning of the period	1,014,062	966,317	1,216,971	627,282
Effect of exchange rate changes on balances held in foreign currencies	3,419	(19,368)	(6,367)	(46,199)
Cash and cash equivalents at end of the period	1,056,328	1,491,821	1,056,328	1,491,821

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:

	30-Sep-2017 \$'000	30-Sep-2016 \$'000
Fixed deposits	305	65,597
Cash and bank balances	1,057,272	1,427,128
Cash and cash equivalents in balance sheets	1,057,577	1,492,725
Bank overdrafts	(1,249)	(904)
Cash and cash equivalents in consolidated statement of cash flows	1,056,328	1,491,821

5b. Cash flow on acquisition of subsidiary, net of cash acquired

	3Q 2017 \$'000	3Q 2016 ¹ \$'000	9M 2017 \$'000	9M 2016 ¹ \$'000
(i) Effect on cash flows of the Group				
Cash paid	-	24,541	-	71,799
Less: Cash and cash equivalents in subsidiary acquired	-	(4,675)	-	(4,675)
Cash outflow on acquisition	<u>-</u>	<u>19,866</u>	<u>-</u>	<u>67,124</u>
(ii) Identifiable assets acquired and liabilities assumed				
Intangible assets	-	23,751	-	143,087
Trade and other receivables	-	7,300	-	7,300
Cash and cash equivalents	-	4,675	-	4,675
Total assets	<u>-</u>	<u>35,726</u>	<u>-</u>	<u>155,062</u>
Trade and other payables	-	8,458	-	8,458
Total liabilities	<u>-</u>	<u>8,458</u>	<u>-</u>	<u>8,458</u>
Net identifiable assets	-	27,268	-	146,604
Less: Non-controlling interests	-	-	-	(52,508)
Less: Amount previously accounted for as available-for-sale financial asset	-	-	-	(5,004)
Less: Gain on deemed disposal of available-for-sale financial asset	-	-	-	(9,316)
Consideration transferred for the business	<u>-</u>	<u>27,268</u>	<u>-</u>	<u>79,776</u>
Amount reflected as other payables	-	(7,402)	-	(12,652)
Cash paid	<u>-</u>	<u>19,866</u>	<u>-</u>	<u>67,124</u>

¹ Step-up acquisition of Gravifloat AS, previously available-for-sale financial asset in 1Q 2016 and acquisition of LMG Marin AS in 3Q 2016.

Note: The above are inclusive of fair value adjustments, determined on a provisional basis.

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

5c. Explanatory notes to Consolidated Statement of Cash Flows

Third quarter

Cash flows from operating activities before changes in working capital were \$91.9 million in 3Q 2017. Net cash used in operating activities for 3Q 2017 at \$155.2 million was mainly due to working capital for ongoing projects.

Net cash generated from investing activities for 3Q 2017 was \$168.8 million, mainly due to proceeds from divestment of Cosco Shipyard Group Co., Ltd., and partially offset by purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard and Estaleiro Jurong Aracruz (Brazil) yard.

Net cash generated from financing activities for 3Q 2017 was \$25.2 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

Nine months

Cash flows from operating activities before changes in working capital were \$234.7 million in 9M 2017. Net cash used in operating activities for 9M 2017 at \$489.4 million was mainly due to working capital for ongoing projects.

Net cash generated from investing activities for 9M 2017 was \$70.3 million, mainly due to proceeds from divestment of Cosco Shipyard Group Co., Ltd., and partially offset by purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard and Estaleiro Jurong Aracruz (Brazil) yard.

Net cash generated from financing activities for 9M 2017 was \$264.8 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1H 2017									
At 1 January 2017	484,288	(566)	11,514	65,394	(21,437)	2,022,796	2,561,989	45,632	2,607,621
Total comprehensive income									
Profit for the period	-	-	-	-	-	45,140	45,140	(1,863)	43,277
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(36,304)	-	-	(36,304)	6	(36,298)
Net change in fair value of cash flow hedges	-	-	-	-	10,220	-	10,220	-	10,220
Net change in fair value of available-for-sale financial assets	-	-	-	-	1,771	-	1,771	-	1,771
Total other comprehensive income	-	-	-	(36,304)	11,991	-	(24,313)	6	(24,307)
Total comprehensive income	-	-	-	(36,304)	11,991	45,140	20,827	(1,857)	18,970
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(2,577)	-	-	-	-	(2,577)	-	(2,577)
Issue of treasury shares	-	3,032	-	-	(2,345)	-	687	-	687
Dividends paid	-	-	-	-	-	(20,897)	(20,897)	-	(20,897)
Share-based payments	-	-	-	-	2,059	-	2,059	-	2,059
Realisation of reserve upon disposal of assets held for sale	-	-	-	(20,484)	-	-	(20,484)	-	(20,484)
Transfer of reserves	-	-	(24,525)	-	-	24,525	-	-	-
Unclaimed dividends	-	-	-	-	-	6	6	-	6
Disposal of a subsidiary	-	-	-	(63)	-	-	(63)	(154)	(217)
Total transactions with owners	-	455	(24,525)	(20,547)	(286)	3,634	(41,269)	(154)	(41,423)
At 30 June 2017	484,288	(111)	(13,011)	8,543	(9,732)	2,071,570	2,541,547	43,621	2,585,168
3Q 2017									
Total comprehensive income									
Profit for the period	-	-	-	-	-	2,716	2,716	(1,060)	1,656
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(30,673)	-	-	(30,673)	53	(30,620)
Net change in fair value of cash flow hedges	-	-	-	-	25,154	-	25,154	-	25,154
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1,081)	-	(1,081)	-	(1,081)
Total other comprehensive income	-	-	-	(30,673)	24,073	-	(6,600)	53	(6,547)
Total comprehensive income	-	-	-	(30,673)	24,073	2,716	(3,884)	(1,007)	(4,891)
Transactions with owners of the Company, recognised directly in equity									
Issue of treasury shares	-	25	-	-	(25)	-	-	-	-
Dividends paid	-	-	-	-	-	(20,897)	(20,897)	(279)	(21,176)
Share-based payments	-	-	-	-	3,484	-	3,484	-	3,484
Total transactions with owners	-	25	-	-	3,459	(20,897)	(17,413)	(279)	(17,692)
At 30 September 2017	484,288	(86)	(13,011)	(22,130)	17,800	2,053,389	2,520,250	42,335	2,562,585

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

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

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1H 2016									
At 1 January 2016	484,288	(3,149)	25,574	50,903	(63,558)	2,017,147	2,511,205	153,074	2,664,279
Total comprehensive income									
Profit for the period	-	-	-	-	-	66,278	66,278	64	66,342
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(47,924)	-	-	(47,924)	(4,980)	(52,904)
Net change in fair value of cash flow hedges	-	-	-	-	41,563	-	41,563	-	41,563
Net change in fair value of available-for-sale financial assets	-	-	-	-	(27,321)	-	(27,321)	-	(27,321)
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	8,355	-	8,355	-	8,355
Total other comprehensive income	-	-	-	(47,924)	22,597	-	(25,327)	(4,980)	(30,307)
Total comprehensive income	-	-	-	(47,924)	22,597	66,278	40,951	(4,916)	36,035
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(2,349)	-	-	-	-	(2,349)	-	(2,349)
Issue of treasury shares	-	5,466	-	-	(4,630)	-	836	-	836
Dividends paid	-	-	-	-	-	(41,795)	(41,795)	-	(41,795)
Share-based payments	-	-	-	-	4,924	-	4,924	-	4,924
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	52,508	52,508
Total transactions with owners	-	3,117	-	-	294	(41,795)	(38,384)	52,508	14,124
At 30 June 2016	484,288	(32)	25,574	2,979	(40,667)	2,041,630	2,513,772	200,666	2,714,438
3Q 2016									
Total comprehensive income									
Loss for the period	-	-	-	-	-	(21,793)	(21,793)	(17)	(21,810)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	10,198	-	-	10,198	(1)	10,197
Net change in fair value of cash flow hedges	-	-	-	-	28,440	-	28,440	-	28,440
Net change in fair value of available-for-sale financial assets	-	-	-	-	(6,981)	-	(6,981)	-	(6,981)
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	3,899	-	3,899	-	3,899
Total other comprehensive income	-	-	-	10,198	25,358	-	35,556	(1)	35,555
Total comprehensive income	-	-	-	10,198	25,358	(21,793)	13,763	(18)	13,745
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(641)	-	-	-	-	(641)	-	(641)
Issue of treasury shares	-	71	-	-	(74)	-	(3)	-	(3)
Dividends paid	-	-	-	-	-	(31,345)	(31,345)	(558)	(31,903)
Unclaimed dividends	-	-	-	-	-	12	12	-	12
Share-based payments	-	-	-	-	2,569	-	2,569	-	2,569
Acquisition of non-controlling interests	-	-	(4,014)	-	-	-	(4,014)	(152,764)	(156,778)
Total transactions with owners	-	(570)	(4,014)	-	2,495	(31,333)	(33,422)	(153,322)	(186,744)
At 30 September 2016	484,288	(602)	21,560	13,177	(12,814)	1,988,504	2,494,113	47,326	2,541,439

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
1H 2017						
At 1 January 2017	484,288	(566)	960	(21,853)	819,463	1,282,292
Total comprehensive income						
Profit for the period	-	-	-	-	142,444	142,444
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	1,978	-	1,978
Total other comprehensive income	-	-	-	1,978	-	1,978
Total comprehensive income	-	-	-	1,978	142,444	144,422
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(2,577)	-	-	-	(2,577)
Issue of treasury shares	-	3,032	-	(2,345)	-	687
Dividends paid	-	-	-	-	(20,897)	(20,897)
Share-based payments	-	-	-	780	-	780
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,282	-	1,282
Unclaimed dividends	-	-	-	-	6	6
Total transactions with owners	-	455	-	(283)	(20,891)	(20,719)
At 30 June 2017	484,288	(111)	960	(20,158)	941,016	1,405,995
3Q 2017						
Total comprehensive income						
Profit for the period	-	-	-	-	12,131	12,131
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(1,495)	-	(1,495)
Total other comprehensive income	-	-	-	(1,495)	-	(1,495)
Total comprehensive income	-	-	-	(1,495)	12,131	10,636
Transactions with owners of the Company, recognised directly in equity						
Issue of treasury shares	-	25	-	(25)	-	-
Dividends paid	-	-	-	-	(20,897)	(20,897)
Share-based payments	-	-	-	1,418	-	1,418
Cost of share-based payment issued to employees of subsidiaries	-	-	-	2,063	-	2,063
Total transactions with owners	-	25	-	3,456	(20,897)	(17,416)
At 30 September 2017	484,288	(86)	960	(18,197)	932,250	1,399,215

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
1H 2016						
At 1 January 2016	484,288	(3,149)	960	(5,799)	371,860	848,160
Total comprehensive income						
Profit for the period	-	-	-	-	86,086	86,086
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(20,697)	-	(20,697)
Total other comprehensive income	-	-	-	(20,697)	-	(20,697)
Total comprehensive income	-	-	-	(20,697)	86,086	65,389
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(2,349)	-	-	-	(2,349)
Issue of treasury shares	-	5,466	-	(4,626)	-	840
Dividends paid	-	-	-	-	(41,795)	(41,795)
Share-based payments	-	-	-	1,221	-	1,221
Cost of share-based payment issued to employees of subsidiaries	-	-	-	3,614	-	3,614
Total transactions with owners	-	3,117	-	209	(41,795)	(38,469)
At 30 June 2016	484,288	(32)	960	(26,287)	416,151	875,080
3Q 2016						
Total comprehensive income						
Profit for the period	-	-	-	-	437,463	437,463
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(5,532)	-	(5,532)
Total other comprehensive income	-	-	-	(5,532)	-	(5,532)
Total comprehensive income	-	-	-	(5,532)	437,463	431,931
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(641)	-	-	-	(641)
Issue of treasury shares	-	71	-	(71)	-	-
Dividends paid	-	-	-	-	(31,345)	(31,345)
Unclaimed dividends	-	-	-	-	12	12
Share-based payments	-	-	-	677	-	677
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,962	-	1,962
Total transactions with owners	-	(570)	-	2,568	(31,333)	(29,335)
At 30 September 2016	484,288	(602)	960	(29,251)	822,281	1,277,676

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

As at 30 September 2017, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,497,159 (31 December 2016: 2,089,323,078) ordinary shares.

(ii) Share Options

During 3Q 2017, there were no (3Q 2016: 92,008) share options that lapsed.

As at 30 September 2017, there were no (30 September 2016: 881,304) unissued ordinary shares under options granted to eligible employees and directors under the Company's Share Option Plan ("SOP").

(iii) Performance Shares

During 3Q 2017, there were no (3Q 2016: nil) performance shares awarded under the Company's Performance Share Plan ("PSP"), no (3Q 2016: nil) performance shares released and no (3Q 2016: nil) performance shares that lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 September 2017 was 4,733,000 (30 September 2016: 4,513,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 7,099,500 (30 September 2016: 6,769,500) performance shares.

(iv) Restricted Shares

During 3Q 2017, there were no (3Q 2016: nil) restricted shares awarded under the Company's Restricted Share Plan ("RSP"), 14,174 (3Q 2016: 54,470) restricted shares released and 252,633 (3Q 2016: 244,503) restricted shares that lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 September 2017 was 15,699,797 (30 September 2016: 13,828,441). 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 30 September 2017 was 14,980,100 (30 September 2016: 12,322,120). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 22,470,150 (30 September 2016: 18,483,180) restricted shares.

(v) Treasury Shares

During 3Q 2017, the Company did not acquire (3Q 2016: 500,000) ordinary shares in the Company by way of on-market purchases.

In 3Q 2017, 14,174 (3Q 2016: 54,470) treasury shares were issued pursuant to the RSP.

As at 30 September 2017, 50,187 treasury shares were held that may be issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively (30 September 2016: 465,344 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 2016.

10. CHANGES IN ACCOUNTING POLICIES

The following amended FRSs have become effective from 1 January 2017:

Amendments to FRSs

- FRS 7 Statement of Cash Flows – Disclosure initiative
- FRS 12 Income Tax – Recognition of deferred tax assets for unrealised losses

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

	3Q 2017	3Q 2016	+ / (-)	+ / (-)	9M 2017	9M 2016	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rigs & Floaters	21.2	435.6	(414.4)	(95.1)	690.2	1,391.2	(701.0)	(50.4)
Repairs & Upgrades	124.0	105.0	19.0	18.1	351.5	349.9	1.6	0.5
Offshore Platforms	149.1	326.4	(177.3)	(54.3)	622.5	915.7	(293.2)	(32.0)
Other Activities	22.6	21.0	1.6	7.6	68.2	58.1	10.1	17.4
	316.9	888.0	(571.1)	(64.3)	1,732.4	2,714.9	(982.5)	(36.2)

Turnover for 3Q 2017 and 9M 2017 decreased mainly due to lower revenue recognition for rig building and offshore platforms projects. Reversal of revenue in 3Q 2017 and 9M 2017 due to termination of two rigs contracts with a customer has further resulted in the lower revenue recognition in the rigs and floaters segment.

(ii) Profit attributable to Owners of the Company (“Net profit”)

Operating profit for 3Q 2017 decreased mainly due to lower contribution from floaters and offshore platform projects, and the effects of contracts termination and inventories written down arising from the sales of nine jack-up oil drilling rigs in October 2017. These are partially offset by foreign exchange translation gain on the USD borrowings for the Brazil yard. Net profit for 3Q 2017 increased mainly due to lower share of losses from associates and joint ventures, offset by lower operating profit as compared to the corresponding period in 2016.

Operating profit for 9M 2017 decreased mainly due to lower contribution from rig building and offshore platform projects, costs incurred for a floater project which is pending finalisation with the customer and the effects of contracts termination and inventories written down. Net profit for 9M 2017 increased mainly due to gain on disposal of Cosco Shipyard Group Co., Ltd., lower impairment losses on available-for-sale financial assets and lower share of losses from associates and joint ventures, offset by lower operating profit as compared to 9M 2016.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

Global exploration and production spending continues to show signs of improvement. Recent stabilization of drilling rigs day rates and utilization levels, coupled with increased activities in secondary rigs sales indicate a commencement of recovery in the drilling segment.

Enquiries for non-drilling solutions continue to be encouraging. We have been actively responding to more enquiries and tenders for developing engineering solutions for the production segment.

Good progress has been made in the development and commercialisation of our GraviFloat technology for near-shore gas infrastructure solutions.

For repairs and upgrades, niche markets in LNG carriers and cruise ships continue to underpin performance. We expect this trend to continue.

As we continue to strengthen our balance sheet and prudently manage our financial resources, Sembcorp Marine's strategy remains focused on the pursuit of operational excellence, investing in new capabilities and technological innovation, and active customer engagement and business development to grow our order book and ensure the sustainability of our business.

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 30 September 2017.

15. SUBSEQUENT EVENTS

On 4 October 2017, the Company announced that its wholly-owned subsidiary, PPL Shipyard Pte Ltd, has terminated three contracts with Oro Negro, for the construction of three jack-up rigs. The jack-up rigs have been technically accepted by Oro Negro but delivery of the rigs has been deferred. The termination is made pursuant to the terms of the deferment agreements.

On 6 October 2017, the Company announced that PPL Shipyard Pte Ltd has signed agreements for the sale of nine Pacific Class 400 jack-up rigs to Borr Drilling Limited and its subsidiaries at an aggregate consideration of approximately US\$1.3 billion (S\$1.77 billion), plus a market-based fee calculated based on an uplift in value of the rigs sold. The nine rigs sold include all six rigs from contracts which PPL Shipyard Pte Ltd had earlier terminated with its original customers, and three rigs presently under various stages of construction completion.

On 9 October 2017, the Company announced that further to the announcement made on 6 October 2017 in relation to the sale of the nine rigs, the conditions precedent for the agreements to be effective have been fulfilled and the parties will proceed with the sale and purchase of the rigs.

Arising from the sales of the nine jack-up rigs, the effects of contracts termination and inventories written down of S\$12.7 million was made in 3Q 2017.

16. SEGMENTAL REPORTING

9M 2017

(i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	1,678,595	45,782	8,024	-	1,732,401
Inter-segment sales	-	-	62,187	(62,187)	-
Total	1,678,595	45,782	70,211	(62,187)	1,732,401
Results					
Segment results	51,816	13,106	(832)	-	64,090
Finance income	7,756	-	100	-	7,856
Finance costs	(71,021)	(1,581)	-	-	(72,602)
Non-operating income	-	-	47,682	-	47,682
Non-operating expenses	-	-	(6,550)	-	(6,550)
Share of results of associates and joint ventures, net of tax	(746)	(1,836)	658	-	(1,924)
(Loss)/profit before tax	(12,195)	9,689	41,058	-	38,552
Tax credit	6,253	-	128	-	6,381
(Loss)/profit for the period	(5,942)	9,689	41,186	-	44,933
Assets					
Segment assets	8,890,239	245,130	89,089	-	9,224,458
Investments in associates and joint ventures	5,415	54,577	9,391	-	69,383
Deferred tax assets	7,465	-	-	-	7,465
Tax recoverable	8,871	-	344	-	9,215
Total assets	8,911,990	299,707	98,824	-	9,310,521
Liabilities					
Segment liabilities	6,522,997	86,083	27,734	-	6,636,814
Deferred tax liabilities	73,686	-	235	-	73,921
Current tax payable	36,487	-	714	-	37,201
Total liabilities	6,633,170	86,083	28,683	-	6,747,936
Capital expenditure					
	148,839	-	152	-	148,991
Significant non-cash items					
Depreciation and amortisation	137,155	6,893	806	-	144,854
Gain on disposal of assets held for sale	-	-	(46,816)	-	(46,816)
Gain on disposal of a subsidiary	-	-	(866)	-	(866)
Provision in relation to a joint venture	-	-	5,500	-	5,500
Fair value adjustment on hedging instruments	3,433	-	-	-	3,433
Property, plant and equipment written off	801	-	30	-	831
Inventories written down	12,612	-	-	-	12,612
Allowance for doubtful debts and bad debts	62	-	19	-	81

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	205,707	2,336,943	7,045,050	70,983
China	191	342	342	-
Rest of ASEAN, Australia & India	(185,457)	154,951	225,793	1,650
Middle East & Africa	54,592	-	-	-
United Kingdom	631,511	5,303	39,260	663
Norway	38,922	152,178	158,350	-
The Netherlands	470,711	228,886	265,440	-
Rest of Europe	219,986	-	-	-
Brazil	143,377	1,434,316	1,567,979	75,656
U.S.A.	134,947	4,005	5,675	4
Other countries	17,914	98	2,632	35
Total	1,732,401	4,317,022	9,310,521	148,991

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

16. SEGMENTAL REPORTING (Cont'd)

9M 2016

(i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	2,662,001	44,059	8,860	-	2,714,920
Inter-segment sales	-	-	123,573	(123,573)	-
Total	2,662,001	44,059	132,433	(123,573)	2,714,920
Results					
Segment results	146,663	8,010	3,552	-	158,225
Finance income	6,333	-	118	-	6,451
Finance costs	(61,046)	(1,828)	-	-	(62,874)
Non-operating income	9,316	-	186	-	9,502
Non-operating expenses	-	-	(12,254)	-	(12,254)
Share of results of associates and joint ventures, net of tax	(31,415)	764	851	-	(29,800)
Profit/(loss) before tax	69,851	6,946	(7,547)	-	69,250
Tax expense	(24,091)	-	(627)	-	(24,718)
Profit/(loss) for the period	45,760	6,946	(8,174)	-	44,532
Assets					
Segment assets	9,076,741	250,937	91,173	-	9,418,851
Investments in associates and joint ventures	199,645	61,218	8,409	-	269,272
Deferred tax assets	17,962	-	-	-	17,962
Tax recoverable	4,072	-	-	-	4,072
Total assets	9,298,420	312,155	99,582	-	9,710,157
Liabilities					
Segment liabilities	6,886,946	101,966	77,409	-	7,066,321
Deferred tax liabilities	51,234	-	350	-	51,584
Current tax payable	48,835	-	1,978	-	50,813
Total liabilities	6,987,015	101,966	79,737	-	7,168,718
Capital expenditure					
	268,103	-	358	-	268,461
Significant non-cash items					
Depreciation and amortisation	98,102	6,808	870	-	105,780
Fair value adjustment on hedging instruments	(28,213)	-	-	-	(28,213)
Property, plant and equipment written off	11	-	-	-	11
Inventories written back	(1,149)	-	-	-	(1,149)
Allowance for doubtful debts and bad debts	164	-	-	-	164

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	215,237	2,334,169	7,486,391	123,404
China	(235)	191,802	191,837	-
Rest of ASEAN, Australia & India	193,119	166,741	298,125	10,695
Middle East & Africa	4,102	-	-	-
United Kingdom	469,257	5,299	9,034	271
Norway	253,266	146,355	157,473	-
The Netherlands	364,443	220,398	250,953	-
Austria	301,188	-	-	-
Rest of Europe	263,029	-	-	-
Brazil	57,526	1,262,480	1,310,691	134,083
U.S.A.	593,984	4,098	5,653	8
Other countries	4	-	-	-
Total	2,714,920	4,331,342	9,710,157	268,461

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

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

16a. **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) rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding (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.

17. 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)

	9M 2017 \$'000	9M 2016 \$'000
Transaction for the Sales of Goods and Services PSA International Pte Ltd and its associates	2,148	1,824
Transaction for the Purchase of Goods and Services Sembcorp Industries Limited and its associates	106	111
Management and Support Services Sembcorp Industries Limited	188	188
Total Interested Person Transactions	<u>2,442</u>	<u>2,123</u>

18. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

19. 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 third quarter and nine months ended 30 September 2017 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

**TAN YAH SZE / CHAY SUET YEE
JOINT COMPANY SECRETARIES**

31 October 2017