



**SEMBCORP MARINE LTD**  
 Registration Number: 196300098Z

**THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016 FINANCIAL STATEMENTS  
 & RELATED ANNOUNCEMENT**

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

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 2016.

**1. CONSOLIDATED INCOME STATEMENT**

		Group			Group		
		3Q 2016	3Q 2015	+ / (-)	9M 2016	9M 2015	+ / (-)
	Note	\$'000	\$'000	%	\$'000	\$'000	%
<b>Turnover</b>	2a	<b>888,003</b>	<b>1,129,877</b>	<b>(21.4)</b>	<b>2,714,920</b>	<b>3,641,130</b>	<b>(25.4)</b>
Cost of sales	2a	(817,045)	(1,039,107)	(21.4)	(2,456,884)	(3,182,280)	(22.8)
<b>Gross profit</b>	<b>2a</b>	<b>70,958</b>	<b>90,770</b>	<b>(21.8)</b>	<b>258,036</b>	<b>458,850</b>	<b>(43.8)</b>
Other operating income	2b	15,548	28,572	(45.6)	58,120	49,567	17.3
Other operating expenses	2b	(19,775)	(255)	n.m.	(72,497)	(36,807)	97.0
General and administrative expenses	2c	(33,800)	(44,337)	(23.8)	(85,434)	(111,590)	(23.4)
<b>Operating profit</b>		<b>32,931</b>	<b>74,750</b>	<b>(55.9)</b>	<b>158,225</b>	<b>360,020</b>	<b>(56.1)</b>
Finance income	2d	2,875	1,492	92.7	6,451	6,239	3.4
Finance costs	2e	(22,501)	(12,115)	85.7	(62,874)	(32,843)	91.4
Investment income	2f	-	-	-	-	557	n.m.
Non-operating income	2g	-	(65)	n.m.	9,502	-	n.m.
Non-operating expenses	2g	(3,899)	(17,062)	(77.1)	(12,254)	(17,063)	(28.2)
Share of results of associates and joint ventures, net of tax	2h	(27,694)	(24,436)	13.3	(29,800)	(23,184)	28.5
<b>(Loss)/profit before tax</b>		<b>(18,288)</b>	<b>22,564</b>	<b>n.m.</b>	<b>69,250</b>	<b>293,726</b>	<b>(76.4)</b>
Tax (expense)/credit	2i	(3,522)	8,946	n.m.	(24,718)	(40,152)	(38.4)
<b>(Loss)/profit for the period</b>		<b>(21,810)</b>	<b>31,510</b>	<b>n.m.</b>	<b>44,532</b>	<b>253,574</b>	<b>(82.4)</b>
<b>(Loss)/profit attributable to:</b>							
Owners of the Company		<b>(21,793)</b>	<b>32,106</b>	<b>n.m.</b>	<b>44,485</b>	<b>247,211</b>	<b>(82.0)</b>
Non-controlling interests		(17)	(596)	(97.1)	47	6,363	(99.3)
<b>(Loss)/profit for the period</b>		<b>(21,810)</b>	<b>31,510</b>	<b>n.m.</b>	<b>44,532</b>	<b>253,574</b>	<b>(82.4)</b>
<b>(Loss)/profit attributable to Owners of the Company excluding non-operating items</b>		<b>(17,894)</b>	<b>49,233</b>	<b>n.m.</b>	<b>47,237</b>	<b>264,274</b>	<b>(82.1)</b>
<b>Earnings per ordinary share (cents)</b>	2j						
Basic		(1.04)	1.54	n.m.	2.13	11.84	(82.0)
Diluted		(1.04)	1.54	n.m.	2.13	11.83	(82.0)

n.m.: not meaningful

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

		Group			Group		
		3Q 2016 \$'000	3Q 2015 \$'000	+ / (-) %	9M 2016 \$'000	9M 2015 \$'000	+ / (-) %
Turnover	(i)	888,003	1,129,877	(21.4)	2,714,920	3,641,130	(25.4)
Cost of sales		(817,045)	(1,039,107)	(21.4)	(2,456,884)	(3,182,280)	(22.8)
Gross profit	(ii)	70,958	90,770	(21.8)	258,036	458,850	(43.8)
<i>Included in cost of sales:</i>							
Depreciation and amortisation	(iii)	(36,990)	(31,519)	17.4	(103,260)	(91,780)	12.5
Inventories written back/(written down), net		366	25	n.m.	1,149	(44)	n.m.

- (i) Turnover for 3Q 2016 and 9M 2016 decreased mainly due to the lower revenue recognition for rig building projects resulting from customers' delivery deferment requests and lower repair businesses. For the offshore platforms projects, turnover was higher in 3Q 2016 and 9M 2016.
- (ii) Gross profit for 3Q 2016 and 9M 2016 decreased mainly due to lower contribution from rig building projects.
- (iii) Depreciation and amortisation for 3Q 2016 and 9M 2016 increased mainly due to depreciation charge for Tuas Boulevard yard and Brazil new yard.

### 2b. Other operating income/(expenses)

		Group			Group		
		3Q 2016 \$'000	3Q 2015 \$'000	+ / (-) %	9M 2016 \$'000	9M 2015 \$'000	+ / (-) %
Other operating income		15,548	28,572	(45.6)	58,120	49,567	17.3
Other operating expenses		(19,775)	(255)	n.m.	(72,497)	(36,807)	97.0
		(4,227)	28,317	n.m.	(14,377)	12,760	n.m.
<i>Included in other operating income/(expenses):</i>							
Foreign exchange (loss)/gain, net	(i)	(18,878)	35,109	n.m.	(71,123)	18,840	n.m.
Fair value adjustment on hedging instruments	(ii)	1,388	(15,822)	n.m.	28,213	(34,877)	n.m.
Gain on disposal of property, plant and equipment, net		-	179	n.m.	41	414	(90.1)
Rental income		4,333	4,084	6.1	10,837	11,747	(7.7)
Other income		9,827	5,469	79.7	19,029	18,566	2.5
Other expenses		(897)	(702)	27.8	(1,374)	(1,930)	(28.8)
		(4,227)	28,317	n.m.	(14,377)	12,760	n.m.

- (i) Foreign exchange loss in 3Q 2016 mainly arose from the revaluation of assets denominated in Pounds sterling to Singapore dollar.
- Foreign exchange loss in 9M 2016 mainly arose from the revaluation of assets and liabilities denominated in Pounds sterling 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.

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

### 2c. General and administrative expenses

	Group			Group		
	3Q 2016 \$'000	3Q 2015 \$'000	+ / (-) %	9M 2016 \$'000	9M 2015 \$'000	+ / (-) %
General and administrative expenses (i)	(33,800)	(44,337)	(23.8)	(85,434)	(111,590)	(23.4)
<i>Included in general and administrative expenses:</i>						
Personnel and related costs	(23,304)	(24,512)	(4.9)	(50,329)	(59,698)	(15.7)
Depreciation and amortisation	1,550	(379)	n.m.	(2,520)	(2,317)	8.8
Write-back of/(allowance for) doubtful debts and bad debts, net	99	186	(46.8)	(169)	(2,057)	(91.8)

(i) Lower general and administrative expenses in 3Q 2016 were mainly due to lower personnel related costs and professional fees.

Lower general and administrative expenses in 9M 2016 were mainly due to lower personnel related costs arising from the write-back of prior year bonus provision and lower professional fees.

### 2d. Finance income

Higher finance income in 3Q 2016 and 9M 2016 was mainly due to higher interest income as compared to the corresponding period in 2015.

### 2e. Finance costs

	Group			Group		
	3Q 2016 \$'000	3Q 2015 \$'000	+ / (-) %	9M 2016 \$'000	9M 2015 \$'000	+ / (-) %
Finance costs	<u>(22,501)</u>	<u>(12,115)</u>	85.7	<u>(62,874)</u>	<u>(32,843)</u>	91.4
<i>Included in finance costs:</i>						
Interest expense (i)	(21,913)	(11,346)	93.1	(61,272)	(31,183)	96.5
Commitment and facility fees	<u>(588)</u>	<u>(769)</u>	(23.5)	<u>(1,602)</u>	<u>(1,660)</u>	(3.5)
	<u>(22,501)</u>	<u>(12,115)</u>	85.7	<u>(62,874)</u>	<u>(32,843)</u>	91.4

(i) Higher interest expense in 3Q 2016 and 9M 2016 was mainly due to higher bank borrowings as compared to the corresponding period in 2015.

### 2f. Investment income

Investment income in 9M 2015 was mainly due to dividend received from investments.

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

### 2g. Non-operating income/(expenses)

	Group			Group		
	3Q 2016 \$'000	3Q 2015 \$'000	+ / (-) %	9M 2016 \$'000	9M 2015 \$'000	+ / (-) %
Non-operating income	-	(65)	n.m.	9,502	-	n.m.
Non-operating expenses	(3,899)	(17,062)	(77.1)	(12,254)	(17,063)	(28.2)
	<u>(3,899)</u>	<u>(17,127)</u>	<u>(77.2)</u>	<u>(2,752)</u>	<u>(17,063)</u>	<u>(83.9)</u>
<i>Included in non-operating income/(expenses):</i>						
Gain on disposal of a joint venture	-	-	-	186	-	n.m.
Gain on deemed disposal of available-for-sale financial asset (i)	-	-	-	9,316	-	n.m.
Net change in fair value of financial assets measured through profit or loss	-	(72)	n.m.	-	(8)	n.m.
Impairment of available-for-sale financial assets	(3,899)	(17,055)	(77.1)	(12,254)	(17,055)	(28.2)
	<u>(3,899)</u>	<u>(17,127)</u>	<u>(77.2)</u>	<u>(2,752)</u>	<u>(17,063)</u>	<u>(83.9)</u>

- (i) The gain on deemed disposal of available-for-sale financial asset arose from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016.

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

The share of losses of associates and joint ventures increased in 3Q 2016 and 9M 2016 mainly due to share of losses from associates.

### 2i. Tax (expense)/credit

	Group			Group		
	3Q 2016 \$'000	3Q 2015 \$'000	+ / (-) %	9M 2016 \$'000	9M 2015 \$'000	+ / (-) %
Tax (expense)/credit (i)	(3,522)	8,946	n.m.	(24,718)	(40,152)	(38.4)
<i>Included in tax (expense)/credit:</i>						
Write-back of tax in respect of prior years, net (ii)	1,162	10,203	(88.6)	795	11,812	(93.3)

- (i) The tax credit in 3Q 2015 was mainly due to the write-back of tax.

Lower tax expense in 9M 2016 was mainly due to lower taxable profits. The higher effective tax rate in 9M 2016 was mainly due to deferred tax assets recognised only to the extent that it is probable that the related tax benefit will be realised.

- (ii) In 3Q 2015 and 9M 2015, the write-back of tax was mainly attributable to recognition of tax incentives.

### 2j. Earnings per ordinary share

Earnings per ordinary share of the Group based on net (loss)/profit attributable to owners of the Company:	Group			Group		
	3Q 2016	3Q 2015	+ / (-) %	9M 2016	9M 2015	+ / (-) %
(i) Based on the weighted average number of shares (cents)	(1.04)	1.54	n.m.	2.13	11.84	(82.0)
- Weighted average number of shares ('000)	2,089,718	2,088,968	n.m.	2,089,080	2,088,631	n.m.
(ii) On a fully diluted basis (cents)	(1.04)	1.54	n.m.	2.13	11.83	(82.0)
- Adjusted weighted average number of shares ('000)	2,089,718	2,089,173	n.m.	2,089,080	2,088,836	n.m.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		3Q 2016 \$'000	3Q 2015 \$'000	+ / (-) %	9M 2016 \$'000	9M 2015 \$'000	+ / (-) %
<b>(Loss)/profit for the period</b>		<b>(21,810)</b>	<b>31,510</b>	<b>n.m.</b>	<b>44,532</b>	<b>253,574</b>	<b>(82.4)</b>
<b>Other comprehensive income</b>							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	3a(i)	10,197	44,363	(77.0)	(42,707)	77,175	n.m.
Net change in fair value of cash flow hedges	3a(ii)	28,440	(52,828)	n.m.	70,003	(36,369)	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii)	(6,981)	(12,047)	(42.1)	(34,302)	(13,770)	n.m.
Change in fair value of available-for-sale financial assets transferred to profit or loss	3a(iv)	3,899	17,055	(77.1)	12,254	17,055	(28.2)
Other comprehensive income for the period, net of tax		35,555	(3,457)	n.m.	5,248	44,091	(88.1)
<b>Total comprehensive income for the period</b>		<b>13,745</b>	<b>28,053</b>	<b>(51.0)</b>	<b>49,780</b>	<b>297,665</b>	<b>(83.3)</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		13,763	21,978	(37.4)	54,714	280,347	(80.5)
Non-controlling interests		(18)	6,075	n.m.	(4,934)	17,318	n.m.
<b>Total comprehensive income for the period</b>		<b>13,745</b>	<b>28,053</b>	<b>(51.0)</b>	<b>49,780</b>	<b>297,665</b>	<b>(83.3)</b>

#### 3a. Explanatory notes to Consolidated Statement of Comprehensive Income

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

#### 4. BALANCE SHEETS

	Group		Company	
	30-Sep-2016 \$'000	31-Dec-2015 \$'000	30-Sep-2016 \$'000	31-Dec-2015 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	3,823,412	3,540,555	93,008	94,490
Investment properties	-	-	18,241	20,733
Investments in subsidiaries	-	-	970,888	503,022
Interests in associates and joint ventures	269,272	312,056	107,369	107,369
Other financial assets	79,926	107,263	39,196	70,429
Trade and other receivables	53,495	54,106	36,599	54,515
Intangible assets	185,189	46,607	184	184
Deferred tax assets	17,962	23,499	-	-
	<u>4,429,256</u>	<u>4,084,086</u>	<u>1,265,485</u>	<u>850,742</u>
<b>Current assets</b>				
Inventories and work-in-progress	3,037,187	3,833,066	-	-
Trade and other receivables	700,903	589,711	61,303	48,329
Tax recoverable	4,072	3,893	1,611	1,611
Other financial assets	46,014	61,061	-	-
Cash and cash equivalents	1,492,725	629,305	169,535	10,908
	<u>5,280,901</u>	<u>5,117,036</u>	<u>232,449</u>	<u>60,848</u>
<b>Total assets</b>	<u>9,710,157</u>	<u>9,201,122</u>	<u>1,497,934</u>	<u>911,590</u>
<b>Current liabilities</b>				
Trade and other payables	2,291,059	2,518,677	25,730	22,502
Excess of progress billings over work-in-progress	458,062	288,067	-	-
Provisions	32,568	24,136	6,771	6,771
Other financial liabilities	38,685	104,614	-	-
Current tax payable	50,813	46,601	-	-
Interest-bearing borrowings	722,500	914,951	156,791	-
	<u>3,593,687</u>	<u>3,897,046</u>	<u>189,292</u>	<u>29,273</u>
<b>Net current assets</b>	<u>1,687,214</u>	<u>1,219,990</u>	<u>43,157</u>	<u>31,575</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	51,584	42,722	8,192	10,541
Provisions	51,612	51,391	18,036	18,036
Other financial liabilities	1,573	2,635	-	-
Interest-bearing borrowings	3,385,569	2,465,224	-	-
Other long-term payables	84,693	77,825	4,738	5,580
	<u>3,575,031</u>	<u>2,639,797</u>	<u>30,966</u>	<u>34,157</u>
<b>Total liabilities</b>	<u>7,168,718</u>	<u>6,536,843</u>	<u>220,258</u>	<u>63,430</u>
<b>Net assets</b>	<u>2,541,439</u>	<u>2,664,279</u>	<u>1,277,676</u>	<u>848,160</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	484,288	484,288	484,288	484,288
Other reserves	21,321	9,770	(28,893)	(7,988)
Revenue reserve	1,988,504	2,017,147	822,281	371,860
	<u>2,494,113</u>	<u>2,511,205</u>	<u>1,277,676</u>	<u>848,160</u>
Non-controlling interests	47,326	153,074	-	-
<b>Total equity</b>	<u>2,541,439</u>	<u>2,664,279</u>	<u>1,277,676</u>	<u>848,160</u>

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

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

Interest-bearing borrowings:	As at 30-Sep-2016	As at 31-Dec-2015
	\$'000	\$'000
(i) <b><u>Amount repayable in one year or less, or on demand</u></b> Unsecured	722,500	914,951
(ii) <b><u>Amount repayable after one year</u></b> Unsecured	3,385,569	2,465,224

##### 4b. **Net asset value**

	Group		Company	
	30-Sep-2016	31-Dec-2015	30-Sep-2016	31-Dec-2015
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	119.38	120.24	61.15	40.61

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

###### (i) **Group**

###### **Non-current assets**

'Investments in associates and joint ventures' decreased mainly due to share of losses in associates.

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

'Intangible assets' increased mainly due to acquisition of Gravifloat AS in March 2016 and LMG Marin As in August 2016.

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

###### **Current assets**

'Inventories and work-in-progress' comprised mainly work-in-progress, and the recoverability of work-in-progress from the rig building segment is dependent on the customers taking delivery of the rigs in the future. The work-in-progress decreased mainly due to the successful deliveries of jack-up rigs.

'Trade and other receivables' increased mainly due to billings for ongoing projects and timing of receipts. An amount of \$95.5 million was subsequently received for rig building project in October 2016.

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

'Cash and cash equivalents' increased mainly due to proceeds from borrowings.

###### **Current liabilities**

'Excess of progress billings over work-in-progress' increased mainly due to billing to a customer for rig building project.

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

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

'Interest-bearing borrowings' decreased mainly due to refinancing of short term borrowings to long term borrowings. The Group has secured adequate facilities to refinance the short term borrowings as they fall due. The short term borrowings of \$156.8 million for financing the acquisition of non-controlling interests of PPL Shipyard Pte Ltd was fully repaid on 6 October 2016.



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

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

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

###### **Non-current liabilities**

'Deferred tax liabilities' increased mainly due to tax effects of fair value adjustments on foreign currency forward contracts and movement in temporary differences.

'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 and capital expenditures, and refinancing of short term borrowings to long term borrowings.

###### **Equity**

'Other reserves' increased mainly due to fair value adjustments on foreign currency forward contracts, offset by fair value adjustments on quoted prices of available-for-sale financial assets and lower foreign currency translation gain for foreign operations.

'Non-controlling interests' decreased mainly due to the acquisition of the remaining 15% issued and paid-up share capital of a subsidiary (PPL Shipyard Pte Ltd), offset by the acquisition of subsidiary (Gravifloat AS) with non-controlling interests.

###### (ii) **Company**

###### **Non-current assets**

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

'Investments in subsidiaries' increased mainly due to additional investments in Sembcorp Marine Integrated Yard Pte Ltd, the acquisition of the remaining 15% non-controlling interests of PPL Shipyard Pte Ltd and the acquisition of Gravifloat AS.

'Other financial assets' decreased mainly due to fair value adjustments of quoted equity shares, and deemed disposal of other financial asset arising from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016.

'Trade and other receivables' decreased mainly due to receipts from subsidiaries.

###### **Current assets**

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

'Cash and cash equivalents' increased mainly due to proceeds from borrowings.

###### **Current liabilities**

'Trade and other payables' increased mainly due to timing of payments made during the period.

'Interest-bearing borrowings' increased mainly due to financing for the acquisition of non-controlling interests of PPL Shipyard Pte Ltd, and the amount was fully repaid on 6 October 2016.

###### **Non-current liabilities**

'Deferred tax liabilities' decreased mainly due to movement in temporary differences.

'Other long-term payables' decreased mainly due to lower long-term employee benefits.

###### **Equity**

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

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group		
	Note	3Q 2016 \$'000	3Q 2015 \$'000	9M 2016 \$'000	9M 2015 \$'000
<b>Cash flows from operating activities:</b>					
(Loss)/profit for the period		(21,810)	31,510	44,532	253,574
Adjustments for:					
Finance income		(2,875)	(1,492)	(6,451)	(6,239)
Finance costs		22,501	12,115	62,874	32,843
Investment income		-	-	-	(557)
Depreciation of property, plant and equipment		33,939	30,397	101,275	89,592
Amortisation of intangible assets		1,501	1,501	4,505	4,505
Share of results of associates and joint ventures, net of tax		27,694	24,436	29,800	23,184
Gain on disposal of property, plant and equipment		-	(179)	(41)	(414)
Gain on disposal of a joint venture		-	-	(186)	-
Gain on deemed disposal of available-for-sale financial asset		-	-	(9,316)	-
Fair value adjustment on hedging instruments		(1,388)	15,822	(28,213)	34,877
Net change in fair value of financial assets measured through profit or loss		-	72	-	8
Impairment losses on available-for-sale financial assets		3,899	17,055	12,254	17,055
Share-based payment expenses		3,435	8,884	9,945	12,505
Property, plant and equipment written off		-	6	11	13
Inventories (written back)/written down, net		(366)	(25)	(1,149)	44
(Allowance for)/write-back of doubtful debts and bad debts, net		(99)	(186)	164	2,057
Tax expense/(credit)		3,522	(8,946)	24,718	40,152
Operating profit before working capital changes		69,953	130,970	244,722	503,199
Changes in working capital:					
Inventories and work-in-progress		621,520	(607,604)	967,023	(770,438)
Trade and other receivables		146,028	317,604	(110,667)	(116,203)
Trade and other payables		(41,349)	212,594	(298,207)	103,200
Cash generated from/(used in) operations		796,152	53,564	802,871	(280,242)
Investment and interest income received		2,829	1,517	6,373	6,883
Interest paid		(26,322)	(19,820)	(66,234)	(49,639)
Tax paid		(7,571)	(35,013)	(20,809)	(84,994)
Net cash generated from/(used in) operating activities		765,088	248	722,201	(407,992)
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment		(83,005)	(288,879)	(272,577)	(726,806)
Proceeds from sale of property, plant and equipment		-	229	91	623
Acquisition of subsidiaries, net of cash acquired	5b	(19,866)	-	(67,124)	-
Acquisition of a joint venture		-	-	(3,258)	-
Acquisition of other financial assets		-	1	-	(15)
Proceeds from disposal of a joint venture		-	-	450	-
Net cash used in investing activities		(102,871)	(288,649)	(342,418)	(726,198)
<b>Cash flows from financing activities:</b>					
Proceeds from borrowings		448,068	397,962	1,588,301	1,161,787
Repayment of borrowings		(376,103)	(4,307)	(823,892)	(12,527)
Proceeds from share options exercised		-	387	-	1,767
Purchase of treasury shares		(641)	-	(2,990)	(10,978)
Acquisition of non-controlling interests		(156,778)	-	(156,778)	-
Dividends paid to owners of the Company		(31,345)	(83,563)	(73,140)	(250,665)
Dividends paid to non-controlling interests of subsidiaries		(558)	(5,281)	(558)	(14,558)
Capital contribution by non-controlling interests		-	-	-	157
Unclaimed dividends		12	29	12	29
Net cash (used in)/generated from financing activities		(117,345)	305,227	530,955	875,012
Net increase/(decrease) in cash and cash equivalents		544,872	16,826	910,738	(259,178)
<b>Cash and cash equivalents at beginning of the period</b>		966,317	803,559	627,282	1,076,783
Effect of exchange rate changes on balances held in foreign currencies		(19,368)	4,381	(46,199)	7,161
<b>Cash and cash equivalents at end of the period</b>		<b>1,491,821</b>	<b>824,766</b>	<b>1,491,821</b>	<b>824,766</b>

## 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-2016 \$'000	30-Sep-2015 \$'000
Fixed deposits	65,597	21,303
Cash and bank balances	1,427,128	805,511
Cash and cash equivalents in balance sheets	1,492,725	826,814
Bank overdrafts	(904)	(2,048)
Cash and cash equivalents in consolidated statement of cash flows	1,491,821	824,766

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

	3Q 2016 <sup>1</sup> \$'000	3Q 2015 \$'000	9M 2016 <sup>1</sup> \$'000	9M 2015 \$'000
<b>(i) Effect on cash flows of the Group</b>				
Cash paid	24,541	-	71,799	-
Less: Cash and cash equivalents in subsidiary acquired	(4,675)	-	(4,675)	-
Cash outflow on acquisition	<u>19,866</u>	<u>-</u>	<u>67,124</u>	<u>-</u>
<b>(ii) Identifiable assets acquired and liabilities assumed</b>				
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>35,726</u>	<u>-</u>	<u>155,062</u>	<u>-</u>
Trade and other payables	8,458	-	8,458	-
Total liabilities	<u>8,458</u>	<u>-</u>	<u>8,458</u>	<u>-</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 step up acquisition of available-for-sale financial asset	-	-	(9,316)	-
Consideration transferred for the business	<u>27,268</u>	<u>-</u>	<u>79,776</u>	<u>-</u>

<sup>1</sup> 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 \$70.0 million in 3Q 2016. Net cash generated from operating activities for 3Q 2016 at \$765.1 million was mainly due to receipts from completed rig building projects.

Net cash used in investing activities for 3Q 2016 was \$102.9 million. The Group spent \$83.0 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas and \$19.9 million on acquisition of subsidiary.

Net cash used in financing activities for 3Q 2016 was \$117.3 million. It relates mainly to the acquisition of non-controlling interests and dividends paid, offset by proceeds from borrowings.

#### **Nine months**

Cash flows from operating activities before changes in working capital were \$244.7 million in 9M 2016. Net cash generated from operating activities for 9M 2016 at \$722.2 million was mainly due to receipts from completed rig building projects.

Net cash used in investing activities for 9M 2016 was \$342.4 million. The Group spent \$272.6 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas and \$70.4 million on acquisition of subsidiaries and joint venture.

Net cash generated from financing activities for 9M 2016 was \$531.0 million. It relates mainly to net proceeds from borrowings, offset by acquisition of non-controlling interests and dividends paid.

## 6. STATEMENTS OF CHANGES IN EQUITY

### 6a. Statements of Changes in Equity for 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
<b>1H 2016</b>									
<b>At 1 January 2016</b>	<b>484,288</b>	<b>(3,149)</b>	<b>25,574</b>	<b>50,903</b>	<b>(63,558)</b>	<b>2,017,147</b>	<b>2,511,205</b>	<b>153,074</b>	<b>2,664,279</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	66,278	66,278	64	66,342
<b>Other comprehensive income</b>									
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)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47,924)</b>	<b>22,597</b>	<b>66,278</b>	<b>40,951</b>	<b>(4,916)</b>	<b>36,035</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
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
<b>Total transactions with owners</b>	<b>-</b>	<b>3,117</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>(41,795)</b>	<b>(38,384)</b>	<b>52,508</b>	<b>14,124</b>
<b>At 30 June 2016</b>	<b>484,288</b>	<b>(32)</b>	<b>25,574</b>	<b>2,979</b>	<b>(40,667)</b>	<b>2,041,630</b>	<b>2,513,772</b>	<b>200,666</b>	<b>2,714,438</b>
<b>3Q 2016</b>									
<b>Total comprehensive income</b>									
Loss for the period	-	-	-	-	-	(21,793)	(21,793)	(17)	(21,810)
<b>Other comprehensive income</b>									
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
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,198</b>	<b>25,358</b>	<b>(21,793)</b>	<b>13,763</b>	<b>(18)</b>	<b>13,745</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
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)
<b>Total transactions with owners</b>	<b>-</b>	<b>(570)</b>	<b>(4,014)</b>	<b>-</b>	<b>2,495</b>	<b>(31,333)</b>	<b>(33,422)</b>	<b>(153,322)</b>	<b>(186,744)</b>
<b>At 30 September 2016</b>	<b>484,288</b>	<b>(602)</b>	<b>21,560</b>	<b>13,177</b>	<b>(12,814)</b>	<b>1,988,504</b>	<b>2,494,113</b>	<b>47,326</b>	<b>2,541,439</b>

## 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								
	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
<b>1H 2015</b>									
<b>At 1 January 2015</b>	<b>484,288</b>	<b>(1,715)</b>	<b>25,574</b>	<b>(17,044)</b>	<b>(83,440)</b>	<b>2,557,455</b>	<b>2,965,118</b>	<b>166,909</b>	<b>3,132,027</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	215,105	215,105	6,959	222,064
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	28,528	-	-	28,528	4,284	32,812
Net change in fair value of cash flow hedges	-	-	-	-	16,459	-	16,459	-	16,459
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1,723)	-	(1,723)	-	(1,723)
Total other comprehensive income	-	-	-	28,528	14,736	-	43,264	4,284	47,548
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,528</b>	<b>14,736</b>	<b>215,105</b>	<b>258,369</b>	<b>11,243</b>	<b>269,612</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(10,978)	-	-	-	-	(10,978)	-	(10,978)
Issue of treasury shares	-	10,061	-	-	(8,685)	-	1,376	-	1,376
Dividends paid	-	-	-	-	-	(167,102)	(167,102)	(9,277)	(176,379)
Share-based payments	-	-	-	-	3,778	-	3,778	-	3,778
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	157	157
<b>Total transactions with owners</b>	<b>-</b>	<b>(917)</b>	<b>-</b>	<b>-</b>	<b>(4,907)</b>	<b>(167,102)</b>	<b>(172,926)</b>	<b>(9,120)</b>	<b>(182,046)</b>
<b>At 30 June 2015</b>	<b>484,288</b>	<b>(2,632)</b>	<b>25,574</b>	<b>11,484</b>	<b>(73,611)</b>	<b>2,605,458</b>	<b>3,050,561</b>	<b>169,032</b>	<b>3,219,593</b>
<b>3Q 2015</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	32,106	32,106	(596)	31,510
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	37,692	-	-	37,692	6,671	44,363
Net change in fair value of cash flow hedges	-	-	-	-	(52,828)	-	(52,828)	-	(52,828)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(12,047)	-	(12,047)	-	(12,047)
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	17,055	-	17,055	-	17,055
Total other comprehensive income	-	-	-	37,692	(47,820)	-	(10,128)	6,671	(3,457)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,692</b>	<b>(47,820)</b>	<b>32,106</b>	<b>21,978</b>	<b>6,075</b>	<b>28,053</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	734	-	-	(354)	-	380	-	380
Dividends paid	-	-	-	-	-	(83,563)	(83,563)	(5,281)	(88,844)
Unclaimed dividends	-	-	-	-	-	29	29	-	29
Share-based payments	-	-	-	-	5,916	-	5,916	-	5,916
<b>Total transactions with owners</b>	<b>-</b>	<b>734</b>	<b>-</b>	<b>-</b>	<b>5,562</b>	<b>(83,534)</b>	<b>(77,238)</b>	<b>(5,281)</b>	<b>(82,519)</b>
<b>At 30 September 2015</b>	<b>484,288</b>	<b>(1,898)</b>	<b>25,574</b>	<b>49,176</b>	<b>(115,869)</b>	<b>2,554,030</b>	<b>2,995,301</b>	<b>169,826</b>	<b>3,165,127</b>

## 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
<b>1H 2016</b>						
At 1 January 2016	484,288	(3,149)	960	(5,799)	371,860	848,160
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	86,086	86,086
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	(20,697)	-	(20,697)
Total other comprehensive income	-	-	-	(20,697)	-	(20,697)
<b>Total comprehensive income</b>	-	-	-	(20,697)	86,086	65,389
<b>Transactions with owners of the Company, recognised directly in equity</b>						
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
<b>Total transactions with owners</b>	-	3,117	-	209	(41,795)	(38,469)
At 30 June 2016	484,288	(32)	960	(26,287)	416,151	875,080
<b>3Q 2016</b>						
<b>Total comprehensive income</b>	-	-	-	-	437,463	437,463
Profit for the period	-	-	-	-	437,463	437,463
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	(5,532)	-	(5,532)
Total other comprehensive income	-	-	-	(5,532)	-	(5,532)
<b>Total comprehensive income</b>	-	-	-	(5,532)	437,463	431,931
<b>Transactions with owners of the Company, recognised directly in equity</b>						
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
<b>Total transactions with owners</b>	-	(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)

### 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
<b>1H 2015</b>						
At 1 January 2015	484,288	(1,715)	960	(15,978)	374,737	842,292
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	163,074	163,074
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	1,589	-	1,589
Total other comprehensive income	-	-	-	1,589	-	1,589
<b>Total comprehensive income</b>	-	-	-	1,589	163,074	164,663
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(10,978)	-	-	-	(10,978)
Issue of treasury shares	-	10,061	-	(8,681)	-	1,380
Dividends paid	-	-	-	-	(167,102)	(167,102)
Share-based payments	-	-	-	716	-	716
Cost of share-based payment issued to employees of subsidiaries	-	-	-	3,062	-	3,062
<b>Total transactions with owners</b>	-	(917)	-	(4,903)	(167,102)	(172,922)
At 30 June 2015	484,288	(2,632)	960	(19,292)	370,709	834,033
<b>9M 2015</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	85,165	85,165
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	(7,700)	-	(7,700)
Total other comprehensive income	-	-	-	(7,700)	-	(7,700)
<b>Total comprehensive income</b>	-	-	-	(7,700)	85,165	77,465
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	734	-	(347)	-	387
Dividends paid	-	-	-	-	(83,563)	(83,563)
Unclaimed dividends	-	-	-	-	29	29
Share-based payments	-	-	-	1,153	-	1,153
Cost of share-based payment issued to employees of subsidiaries	-	-	-	4,763	-	4,763
<b>Total transactions with owners</b>	-	734	-	5,569	(83,534)	(77,231)
At 30 September 2015	484,288	(1,898)	960	(21,423)	372,340	834,267



## **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 2016, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,294,763 (31 December 2015: 2,088,567,580) ordinary shares.

#### **(ii) Share Options**

During 3Q 2016, there were nil (3Q 2015: 182,500) share options exercised under the Company's Share Option Plan ("SOP") and settled by way of issuance of treasury shares.

In 3Q 2016, there were 92,008 (3Q 2015: 244,590) share options that lapsed.

As at 30 September 2016, there were 881,304 (30 September 2015: 973,312) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

#### **(iii) Performance Shares**

During 3Q 2016, there were nil (3Q 2015: nil) performance shares awarded under the Company's Performance Share Plan ("PSP"), nil (3Q 2015: nil) performance shares released and nil (3Q 2015: 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 2016 was 4,513,000 (30 September 2015: 3,275,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 6,769,500 (30 September 2015: 4,912,500) performance shares.

#### **(iv) Restricted Shares**

During 3Q 2016, there were nil (3Q 2015: nil) restricted shares awarded under the Company's Restricted Share Plan ("RSP"), 54,470 (3Q 2015: 55,699) restricted shares released and 244,503 (3Q 2015: 143,370) 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 2016 was 13,828,441 (30 September 2015: 10,165,290). 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 2016 was 12,322,120 (30 September 2015: 7,662,786). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 18,483,180 (30 September 2015: 11,494,179) restricted shares.

#### **(v) Treasury Shares**

During 3Q 2016, the Company acquired 500,000 (3Q 2015: nil) ordinary shares in the Company by way of on-market purchases.

In 3Q 2016, 54,470 treasury shares were issued pursuant to the RSP (3Q 2015: 238,199 treasury shares were issued pursuant to the SOP and RSP).

As at 30 September 2016, 465,344 (30 September 2015: 615,074) 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 2015.

## 10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2016:

### Amendments to FRSs

- FRS 1	Presentation of Financial Statements
- FRS 16	Property, Plant and Equipment
- FRS 27	Separate Financial Statements
- FRS 28	Investments in Associates and Joint Ventures
- FRS 38	Intangible Assets
- FRS 110	Consolidated Financial Statements
- FRS 111	Joint Arrangements
- FRS 112	Disclosure of interests in other entities

### Improvements to FRSs (November 2014)

- FRS 19	Employee Benefit Plans: Employee Contributions
- FRS 105	Non-current Assets Held for Sale and Discontinued Operations

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 2016	3Q 2015	+ / (-)	+ / (-)	9M 2016	9M 2015	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
<b>Rigs &amp; Floaters</b>	435.6	743.8	(308.2)	(41.4)	1,391.2	2,464.4	(1,073.2)	(43.5)
<b>Repairs &amp; Upgrades</b>	105.0	131.4	(26.4)	(20.1)	349.9	397.2	(47.3)	(11.9)
<b>Offshore Platforms</b>	326.4	234.7	91.7	39.1	915.7	722.4	193.3	26.8
<b>Other Activities</b>	21.0	20.0	1.0	5.0	58.1	57.1	1.0	1.8
	<b>888.0</b>	<b>1,129.9</b>	<b>(241.9)</b>	<b>(21.4)</b>	<b>2,714.9</b>	<b>3,641.1</b>	<b>(926.2)</b>	<b>(25.4)</b>

Turnover for 3Q 2016 and 9M 2016 decreased mainly due to the lower revenue recognition for rig building projects resulting from customers' delivery deferment requests and lower repair businesses. For the offshore platforms projects, turnover was higher in 3Q 2016 and 9M 2016.

### (ii) **Profit attributable to Owners of the Company ("Net profit")**

Operating profit for 3Q 2016 decreased mainly due to lower contribution from rig building projects resulting from customers' delivery deferment requests. The share of losses from associates, higher finance costs, foreign exchange translation and impairment of available-for-sale financial assets had contributed to the net loss in 3Q 2016.

Net profit for 9M 2016 decreased mainly due to lower contribution from rig building projects resulting from customers' delivery deferment requests, higher finance costs, impairment of available-for-sale financial assets and share of losses from associates. These are offset by gain on deemed disposal of available-for-sale financial asset arising from the step-up acquisition of Gravifloat AS.

## **12. VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

## **13. PROSPECTS**

The macro environment remains challenging, with global economic growth uneven and muted. The outlook of the Oil & Gas Sector is uncertain and recovery is expected to be long drawn. Offshore exploration and production projects continue to be curtailed. There are however some prospects in the LNG value chain.

Sete Brasil filed for judicial restructuring on 29 April 2016. We continue to monitor the developments.

Receipts from project deliveries and achievements of progress milestones have improved the Group's cash flow and balance sheet during the quarter. The Group will continue to focus on liquidity, costs and balance sheet management. This includes active management of our manpower requirements in line with changing needs.

Sembcorp Marine expects to navigate these tough times, having gone through several down-cycles in the past. With a strong core team and strategic investments in infrastructure and technology built over the years, the Group is more resilient and better positioned to capture new opportunities.

*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 2016.

## 15. SEGMENTAL REPORTING

### 9M 2016

#### (i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	2,662,001	44,059	8,860	-	2,714,920
Inter-segment sales	-	-	123,573	(123,573)	-
<b>Total</b>	<b>2,662,001</b>	<b>44,059</b>	<b>132,433</b>	<b>(123,573)</b>	<b>2,714,920</b>
<b>Results</b>					
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)
<b>Profit/(loss) for the period</b>	<b>45,760</b>	<b>6,946</b>	<b>(8,174)</b>	<b>-</b>	<b>44,532</b>
<b>Assets</b>					
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
<b>Total assets</b>	<b>9,298,420</b>	<b>312,155</b>	<b>99,582</b>	<b>-</b>	<b>9,710,157</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>6,987,015</b>	<b>101,966</b>	<b>79,737</b>	<b>-</b>	<b>7,168,718</b>
<b>Capital expenditure</b>					
	268,103	-	358	-	268,461
<b>Significant non-cash items</b>					
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, net	(1,149)	-	-	-	(1,149)
Allowance for doubtful debts and bad debts, net	164	-	-	-	164

#### (ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets <sup>(1)</sup> \$'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	-	-	-
<b>Total</b>	<b>2,714,920</b>	<b>4,331,342</b>	<b>9,710,157</b>	<b>268,461</b>

<sup>(1)</sup> 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)

### 9M 2015

#### (i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	3,586,532	38,993	15,605	-	3,641,130
Inter-segment sales	-	-	144,236	(144,236)	-
<b>Total</b>	<b>3,586,532</b>	<b>38,993</b>	<b>159,841</b>	<b>(144,236)</b>	<b>3,641,130</b>
<b>Results</b>					
Segment results	341,129	9,705	9,186	-	360,020
Finance income	6,101	-	138	-	6,239
Finance costs	(30,708)	(2,135)	-	-	(32,843)
Investment income	-	-	557	-	557
Non-operating expenses	(8)	-	(17,055)	-	(17,063)
Share of results of associates and joint ventures, net of tax	(27,485)	3,188	1,113	-	(23,184)
Profit/(loss) before tax	289,029	10,758	(6,061)	-	293,726
Tax expense	(38,572)	-	(1,580)	-	(40,152)
<b>Profit/(loss) for the period</b>	<b>250,457</b>	<b>10,758</b>	<b>(7,641)</b>	<b>-</b>	<b>253,574</b>
<b>Assets</b>					
Segment assets	8,079,484	257,794	106,426	-	8,443,704
Investments in associates and joint ventures	395,200	63,299	7,177	-	465,676
Deferred tax assets	7,876	-	-	-	7,876
Tax recoverable	207	-	-	-	207
<b>Total assets</b>	<b>8,482,767</b>	<b>321,093</b>	<b>113,603</b>	<b>-</b>	<b>8,917,463</b>
<b>Liabilities</b>					
Segment liabilities	5,425,231	122,417	4,196	-	5,551,844
Deferred tax liabilities	117,886	-	412	-	118,298
Current tax payable	80,373	-	1,821	-	82,194
<b>Total liabilities</b>	<b>5,623,490</b>	<b>122,417</b>	<b>6,429</b>	<b>-</b>	<b>5,752,336</b>
<b>Capital expenditure</b>					
	702,585	-	241	-	702,826
<b>Significant non-cash items</b>					
Depreciation and amortisation	86,656	6,760	681	-	94,097
Fair value adjustment on hedging instruments	34,877	-	-	-	34,877
Property, plant and equipment written off	13	-	-	-	13
Inventories written down, net	44	-	-	-	44
Allowance for doubtful debts and bad debts, net	2,057	-	-	-	2,057

#### (ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets <sup>(1)</sup> \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	461,669	2,162,130	6,867,172	281,711
China	301	390,081	390,010	-
Rest of ASEAN, Australia & India	298,456	155,486	298,609	11,426
Middle East & Africa	7,122	-	-	-
Norway	748,337	-	-	-
The Netherlands	595,881	237,346	257,753	-
Rest of Europe	554,964	6,832	39,004	619
Brazil	71,981	947,653	1,058,926	408,959
U.S.A.	813,047	4,267	5,989	111
Mexico	88,872	-	-	-
Other countries	500	-	-	-
<b>Total</b>	<b>3,641,130</b>	<b>3,903,795</b>	<b>8,917,463</b>	<b>702,826</b>

<sup>(1)</sup> 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) 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.

16. **INTERESTED PERSON TRANSACTIONS**

	<b>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)</b>	
	<b>9M 2016 \$'000</b>	<b>9M 2015 \$'000</b>
<b>Transaction for the Sales of Goods and Services</b>		
PSA International Pte Ltd and its associates	1,824	2,951
<b>Transaction for the Purchase of Goods and Services</b>		
Sembcorp Industries Limited and its associates	111	120
<b>Management and Support Services</b>		
Sembcorp Industries Limited	188	188
<b>Total Interested Person Transactions</b>	<b><u>2,123</u></b>	<b><u>3,259</u></b>

17. **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.

18. **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 2016 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

**TAN YAH SZE  
COMPANY SECRETARY**

**25 October 2016**