



SEMBCORP MARINE LTD
Registration Number: 196300098Z

**FIRST QUARTER ENDED 31 MARCH 2017 FINANCIAL STATEMENTS
& RELATED ANNOUNCEMENT**

TABLE OF CONTENTS

<u>Item No</u>	<u>Description</u>	<u>Page</u>
	Financial Statements & Related Announcement	1 – 18
1	Consolidated Income Statement	1
2	Notes to Consolidated Income Statement	2 – 4
3	Consolidated Statement of Comprehensive Income	4
4	Balance Sheets	5 – 7
5	Consolidated Statement of Cash Flows	8 – 9
6	Statements of Changes in Equity	10 – 12
7	Audit	13
8	Auditors' Report	13
9	Accounting Policies	13
10	Changes in Accounting Policies	13
11	Review of Group Performance	13
12	Variance from Prospect Statement	14
13	Prospects	14
14	Dividend	14
15	Segmental Reporting	15 – 17
16	Interested Person Transactions	18
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)	18
18	Confirmation Pursuant to the Rule 705(5) of the Listing Manual	18

SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the first quarter ended 31 March 2017.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group		+ / (-) %
		1Q 2017 \$'000	1Q 2016 \$'000	
Turnover	2a	760,051	918,432	(17.2)
Cost of sales	2a	(740,110)	(837,826)	(11.7)
Gross profit	2a	19,941	80,606	(75.3)
Other operating income	2b	17,623	34,268	(48.6)
Other operating expenses	2b	(189)	(17,340)	(98.9)
General and administrative expenses	2c	(23,789)	(25,800)	(7.8)
Operating profit		13,586	71,734	(81.1)
Finance income	2d	1,020	2,309	(55.8)
Finance costs	2e	(23,910)	(17,863)	33.9
Non-operating income	2f	46,816	9,502	n.m.
Share of results of associates and joint ventures, net of tax	2g	(709)	2,612	n.m.
Profit before tax		36,803	68,294	(46.1)
Tax credit/(expense)	2h	2,772	(12,689)	n.m.
Profit for the period		39,575	55,605	(28.8)
Profit attributable to:				
Owners of the Company		39,546	54,826	(27.9)
Non-controlling interests		29	779	(96.3)
Profit for the period		39,575	55,605	(28.8)
Earnings per ordinary share (cents)				
	2i			
Basic		1.89	2.63	(28.1)
Diluted		1.89	2.63	(28.1)

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group		
		1Q 2017	1Q 2016	+ / (-)
		\$'000	\$'000	%
Turnover	(i)	760,051	918,432	(17.2)
Cost of sales		(740,110)	(837,826)	(11.7)
Gross profit	(ii)	19,941	80,606	(75.3)
<i>Included in cost of sales:</i>				
Depreciation and amortisation	(iii)	(46,030)	(32,742)	40.6
Inventories written back/(written down), net		76	(35)	n.m.

- (i) Turnover for 1Q 2017 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 1Q 2017.
- (ii) Gross profit for 1Q 2017 decreased mainly due to lower contribution from rig building projects and costs incurred for a floater project which is pending finalisation with the customer.
- (iii) Depreciation and amortisation for 1Q 2017 increased mainly due to depreciation charge for Tuas Boulevard yard and amortisation of intangible property rights of Gravifloat AS and LMG Marin AS.

2b. Other operating income/(expenses)

		Group		
		1Q 2017	1Q 2016	+ / (-)
		\$'000	\$'000	%
Other operating income		17,623	34,268	(48.6)
Other operating expenses		(189)	(17,340)	(98.9)
		17,434	16,928	3.0
<i>Included in other operating income/(expenses):</i>				
Foreign exchange gain/(loss), net	(i)	3,924	(17,203)	n.m.
Fair value adjustment on hedging instruments	(ii)	962	24,069	(96.0)
Gain on disposal of property, plant and equipment, net		14	32	(56.3)
Rental income		5,494	3,714	47.9
Other income	(iii)	7,229	6,453	12.0
Other expenses		(189)	(137)	38.0
		17,434	16,928	3.0

- (i) Foreign exchange gain in 1Q 2017 mainly arose from 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) Higher other income in 1Q 2017 was mainly due to miscellaneous income.

2c. General and administrative expenses

		Group		
		1Q 2017	1Q 2016	+ / (-)
		\$'000	\$'000	%
General and administrative expenses	(i)	(23,789)	(25,800)	(7.8)
<i>Included in general and administrative expenses:</i>				
Depreciation and amortisation		(945)	(1,969)	(52.0)
Write-back of/(allowance for) doubtful debts and bad debts, net		78	(64)	n.m.

- (i) Lower general and administrative expenses in 1Q 2017 were mainly due to lower professional fees and depreciation charge.

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

2d. Finance income

Lower finance income in 1Q 2017 was mainly due to lower interest income as compared to the corresponding period in 2016.

2e. Finance costs

	Group		
	1Q 2017 \$'000	1Q 2016 \$'000	+ / (-) %
Finance costs	(23,910)	(17,863)	33.9
<i>Included in finance costs:</i>			
Interest expense (i)	(23,222)	(17,291)	34.3
Commitment and facility fees	(688)	(572)	20.3
	(23,910)	(17,863)	33.9

(i) Higher interest expense in 1Q 2017 was mainly due to higher bank borrowings as compared to the corresponding period in 2016.

2f. Non-operating income

	Group		
	1Q 2017 \$'000	1Q 2016 \$'000	+ / (-) %
Non-operating income	46,816	9,502	n.m.
<i>Included in non-operating income:</i>			
Gain on disposal of assets held for sale (i)	46,816	-	n.m.
Gain on disposal of a joint venture	-	186	n.m.
Gain on deemed disposal of available-for-sale financial asset (ii)	-	9,316	n.m.
	46,816	9,502	n.m.

(i) The gain on disposal of assets held for sale in 1Q 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 1Q 2016 arose from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016, recognised on a provisional basis.

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

The share of losses of associates and joint ventures in 1Q 2017 was mainly due to share of losses from joint venture.

2h. Tax credit/(expense)

	Group		
	1Q 2017 \$'000	1Q 2016 \$'000	+ / (-) %
Tax credit/(expense) (i)	2,772	(12,689)	n.m.
<i>Included in tax credit/(expense):</i>			
Write-back/(under provision) of tax in respect of prior years, net	1,720	(70)	n.m.

(i) The tax credit in 1Q 2017 was mainly due to recognition of unutilised tax losses. Excluding the effects of the gain on disposal of Cosco Shipyard Group Co., Ltd and write-back of prior year tax in 1Q 2017, the effective tax rate is comparable to 1Q 2016.

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

2i. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group		
	1Q 2017	1Q 2016	+ / (-) %
(i) Based on the weighted average number of shares (cents)	1.89	2.63	(28.1)
- Weighted average number of shares ('000)	2,089,323	2,088,520	-
(ii) On a fully diluted basis (cents)	1.89	2.63	(28.1)
- Adjusted weighted average number of shares ('000)	2,089,323	2,088,520	-

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		+ / (-) %
		1Q 2017 \$'000	1Q 2016 \$'000	
Profit for the period		39,575	55,605	(28.8)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	3a(i)	(23,199)	(22,263)	4.2
Net change in fair value of cash flow hedges	3a(ii)	28,841	27,441	5.1
Net change in fair value of available-for-sale financial assets	3a(iii)	7,945	(19,579)	n.m.
Other comprehensive income for the period, net of tax		13,587	(14,401)	n.m.
Total comprehensive income for the period		53,162	41,204	29.0
Total comprehensive income attributable to:				
Owners of the Company		53,145	42,293	25.7
Non-controlling interests		17	(1,089)	n.m.
Total comprehensive income for the period		53,162	41,204	29.0

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves in 1Q 2017 arose primarily due to the depreciation of United States dollar against Singapore dollar relative to the rate as at end of previous quarter 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.

4. BALANCE SHEETS

	Group		Company	
	31-Mar-2017 \$'000	31-Dec-2016 \$'000	31-Mar-2017 \$'000	31-Dec-2016 \$'000
Non-current assets				
Property, plant and equipment	4,075,140	3,986,667	92,087	90,497
Investment properties	-	-	13,633	19,006
Investments in subsidiaries	-	-	965,527	964,886
Interests in associates and joint ventures	72,837	74,816	-	-
Other financial assets	79,489	67,783	47,315	40,612
Trade and other receivables	52,947	53,095	36,605	36,605
Intangible assets	196,407	202,125	184	184
Deferred tax assets	7,641	12,042	-	-
	<u>4,484,461</u>	<u>4,396,528</u>	<u>1,155,351</u>	<u>1,151,790</u>
Current assets				
Inventories and work-in-progress	2,987,284	3,066,884	-	-
Trade and other receivables	608,521	491,968	297,925	61,099
Tax recoverable	8,422	8,530	5,536	5,536
Assets held for sale	-	182,215	-	107,369
Other financial assets	68,713	51,737	-	-
Cash and cash equivalents	1,218,972	1,216,971	15,869	24,482
	<u>4,891,912</u>	<u>5,018,305</u>	<u>319,330</u>	<u>198,486</u>
Total assets	<u>9,376,373</u>	<u>9,414,833</u>	<u>1,474,681</u>	<u>1,350,276</u>
Current liabilities				
Trade and other payables	1,912,692	2,120,447	29,202	23,890
Excess of progress billings over work-in-progress	164,642	193,403	-	-
Provisions	15,307	15,337	6,771	6,771
Other financial liabilities	3,420	18,317	-	-
Current tax payable	39,987	36,817	-	-
Interest-bearing borrowings	1,431,102	1,363,961	-	-
	<u>3,567,150</u>	<u>3,748,282</u>	<u>35,973</u>	<u>30,661</u>
Net current assets	<u>1,324,762</u>	<u>1,270,023</u>	<u>283,357</u>	<u>167,825</u>
Non-current liabilities				
Deferred tax liabilities	80,469	85,673	13,436	12,963
Provisions	65,218	65,279	18,036	18,036
Other financial liabilities	13,344	26,397	-	-
Interest-bearing borrowings	2,913,694	2,791,014	-	-
Other long-term payables	97,051	90,567	6,324	6,324
	<u>3,169,776</u>	<u>3,058,930</u>	<u>37,796</u>	<u>37,323</u>
Total liabilities	<u>6,736,926</u>	<u>6,807,212</u>	<u>73,769</u>	<u>67,984</u>
Net assets	<u>2,639,447</u>	<u>2,607,621</u>	<u>1,400,912</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	22,637	54,905	(15,614)	(21,459)
Revenue reserve	2,086,873	2,022,796	932,238	819,463
	<u>2,593,798</u>	<u>2,561,989</u>	<u>1,400,912</u>	<u>1,282,292</u>
Non-controlling interests	45,649	45,632	-	-
Total equity	<u>2,639,447</u>	<u>2,607,621</u>	<u>1,400,912</u>	<u>1,282,292</u>

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

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

Interest-bearing borrowings:	As at 31-Mar-2017	As at 31-Dec-2016
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	1,431,102	1,363,961
(ii) <u>Amount repayable after one year</u> Unsecured	2,913,694	2,791,014

4b. **Net asset value**

	Group		Company	
	31-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	124.12	122.62	67.04	61.37

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

(i) **Group**

Non-current assets

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

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

Current assets

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

'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.

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

Current liabilities

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

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

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

Non-current liabilities

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

Equity

'Other reserves' decreased mainly due to lower foreign currency translation gain for foreign operations.

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

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

(ii) **Company**

Non-current assets

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

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

Current assets

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

'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 payments made during the period.

Current liabilities

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

Equity

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

'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	
		1Q 2017 \$'000	1Q 2016 \$'000
Cash flows from operating activities:			
Profit for the period		39,575	55,605
Adjustments for:			
Finance income		(1,020)	(2,309)
Finance costs		23,910	17,863
Depreciation of property, plant and equipment		41,258	33,209
Amortisation of intangible assets		5,717	1,502
Share of results of associates and joint ventures, net of tax		709	(2,612)
Gain on disposal of property, plant and equipment		(14)	(32)
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)
Fair value adjustment on hedging instruments		(962)	(24,069)
Share-based payment expenses		2,032	1,599
Property, plant and equipment written off		7	-
Inventories (written back)/written down, net		(76)	35
(Write-back)/allowance for doubtful debts and bad debts, net		(78)	64
Tax (credit)/expense		(2,772)	12,689
Operating profit before working capital changes		61,470	84,042
Changes in working capital:			
Inventories and work-in-progress		51,525	218,502
Trade and other receivables		92,214	(101,827)
Trade and other payables		(274,087)	(259,252)
Cash used in operations		(68,878)	(58,535)
Investment and interest income received		1,044	2,280
Interest paid		(18,707)	(14,253)
Tax paid		(532)	(2,407)
Net cash used in operating activities		(87,073)	(72,915)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(52,720)	(102,050)
Proceeds from sale of property, plant and equipment		16	72
Acquisition of subsidiary, net of cash acquired	5b	-	(47,258)
Proceeds from disposal of a joint venture		-	450
Net cash used in investing activities		(52,704)	(148,786)
Cash flows from financing activities:			
Proceeds from borrowings		172,862	768,803
Repayment of borrowings		(13,664)	(194,894)
Purchase of treasury shares		(1,889)	(1,521)
Unclaimed dividends		6	-
Net cash generated from financing activities		157,315	572,388
Net increase in cash and cash equivalents		17,538	350,687
Cash and cash equivalents at beginning of the period		1,216,971	627,282
Effect of exchange rate changes on balances held in foreign currencies		(15,537)	(22,686)
Cash and cash equivalents at end of the period		1,218,972	955,283

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

5a. Cash and cash equivalents

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

	31-Mar-2017 \$'000	31-Mar-2016 \$'000
Fixed deposits	173,838	117,635
Cash and bank balances	1,045,134	839,506
Cash and cash equivalents in balance sheets	1,218,972	957,141
Bank overdrafts	-	(1,858)
Cash and cash equivalents in consolidated statement of cash flows	1,218,972	955,283

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

	1Q 2017 \$'000	1Q 2016 ¹ \$'000
(i) Effect on cash flows of the Group		
Cash paid	-	47,258
Cash outflow on acquisition	-	47,258
(ii) Identifiable assets acquired and liabilities assumed		
Intangible assets*	-	119,336
Total assets	-	119,336
Net identifiable assets	-	119,336
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	-	52,508
Amount reflected as other payables	-	(5,250)
Cash paid	-	47,258

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

* Fair value is measured on a provisional basis.

5c. Explanatory notes to Consolidated Statement of Cash Flows

First quarter

Cash flows from operating activities before changes in working capital were \$61.5 million in 1Q 2017. Net cash used in operating activities for 1Q 2017 at \$87.1 million was mainly due to working capital for ongoing projects.

Net cash used in investing activities for 1Q 2017 was \$52.7 million. The Group spent \$52.7 million on expansion and operational capital expenditures, mainly for Phase II of Sembcorp Marine Tuas Boulevard yard and Estaleiro Jurong Aracruz (Brazil) yard.

Net cash generated from financing activities for 1Q 2017 was \$157.3 million. It relates mainly to net proceeds from borrowings.

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
1Q 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	-	-	-	-	-	39,546	39,546	29	39,575
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(23,187)	-	-	(23,187)	(12)	(23,199)
Net change in fair value of cash flow hedges	-	-	-	-	28,841	-	28,841	-	28,841
Net change in fair value of available-for-sale financial assets	-	-	-	-	7,945	-	7,945	-	7,945
Total other comprehensive income	-	-	-	(23,187)	36,786	-	13,599	(12)	13,587
Total comprehensive income	-	-	-	(23,187)	36,786	39,546	53,145	17	53,162
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(1,889)	-	-	-	-	(1,889)	-	(1,889)
Issue of treasury shares	-	2,343	-	-	(2,343)	-	-	-	-
Share-based payments	-	-	-	-	1,031	-	1,031	-	1,031
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
Total transactions with owners	-	454	(24,525)	(20,484)	(1,312)	24,531	(21,336)	-	(21,336)
At 31 March 2017	484,288	(112)	(13,011)	21,723	14,037	2,086,873	2,593,798	45,649	2,639,447
1Q 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	-	-	-	-	-	54,826	54,826	779	55,605
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(20,395)	-	-	(20,395)	(1,868)	(22,263)
Net change in fair value of cash flow hedges	-	-	-	-	27,441	-	27,441	-	27,441
Net change in fair value of available-for-sale financial assets	-	-	-	-	(19,579)	-	(19,579)	-	(19,579)
Total other comprehensive income	-	-	-	(20,395)	7,862	-	(12,533)	(1,868)	(14,401)
Total comprehensive income	-	-	-	(20,395)	7,862	54,826	42,293	(1,089)	41,204
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(1,521)	-	-	-	-	(1,521)	-	(1,521)
Issue of treasury shares	-	4,626	-	-	(4,626)	-	-	-	-
Share-based payments	-	-	-	-	1,369	-	1,369	-	1,369
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	52,508	52,508
Total transactions with owners	-	3,105	-	-	(3,257)	-	(152)	52,508	52,356
At 31 March 2016	484,288	(44)	25,574	30,508	(58,953)	2,071,973	2,553,346	204,493	2,757,839

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

6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1Q 2017						
At 1 January 2017	484,288	(566)	960	(21,853)	819,463	1,282,292
Total comprehensive income						
Profit for the period	-	-	-	-	112,769	112,769
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	6,703	-	6,703
Total other comprehensive income	-	-	-	6,703	-	6,703
Total comprehensive income	-	-	-	6,703	112,769	119,472
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(1,889)	-	-	-	(1,889)
Issue of treasury shares	-	2,343	-	(2,343)	-	-
Share-based payments	-	-	-	390	-	390
Cost of share-based payment issued to employees of subsidiaries	-	-	-	641	-	641
Unclaimed dividends	-	-	-	-	6	6
Total transactions with owners	-	454	-	(1,312)	6	(852)
At 31 March 2017	484,288	(112)	960	(16,462)	932,238	1,400,912
1Q 2016						
At 1 January 2016	484,288	(3,149)	960	(5,799)	371,860	848,160
Total comprehensive income						
Profit for the period	-	-	-	-	80,089	80,089
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(15,439)	-	(15,439)
Total other comprehensive income	-	-	-	(15,439)	-	(15,439)
Total comprehensive income	-	-	-	(15,439)	80,089	64,650
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(1,521)	-	-	-	(1,521)
Issue of treasury shares	-	4,626	-	(4,626)	-	-
Share-based payments	-	-	-	308	-	308
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,061	-	1,061
Total transactions with owners	-	3,105	-	(3,257)	-	(152)
At 31 March 2016	484,288	(44)	960	(24,495)	451,949	912,658

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

As at 31 March 2017, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,694,586 (31 December 2016: 2,089,323,078) ordinary shares.

(ii) Share Options

As at 31 March 2017, there were no (31 March 2016: 973,312) unissued ordinary shares under options granted to eligible employees and directors under the Company's Share Option Plan ("SOP").

(iii) Performance Shares

During 1Q 2017, there were nil (1Q 2016: nil) performance shares awarded under the Company's Performance Share Plan ("PSP"), nil (1Q 2016: nil) performance shares released and 1,380,000 (1Q 2016: 605,000) performance shares that lapsed due to the under achievement of performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 March 2017 was 3,133,000 (31 March 2016: 2,595,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,699,500 (31 March 2016: 3,892,500) performance shares.

(iv) Restricted Shares

During 1Q 2017, there were nil (1Q 2016: nil) restricted shares awarded under the Company's Restricted Share Plan ("RSP"), 1,371,508 (1Q 2016: 2,072,713) restricted shares released and 92,488 (1Q 2016: 145,891) restricted shares that lapsed. The restricted shares released were settled by way of issuance of treasury shares.

In 1Q 2017, there were 3,923,317 (1Q 2016: 1,471,967) restricted shares that lapsed due to the under achievement of performance targets.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 March 2017 was 8,328,829 (31 March 2016: 6,411,014). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 March 2017 was 7,554,800 (31 March 2016: 4,833,801). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 11,332,200 (31 March 2016: 7,250,702) restricted shares.

(v) Treasury Shares

During 1Q 2017, the Company acquired 1,000,000 (1Q 2016: 900,000) ordinary shares in the Company by way of on-market purchases.

In 1Q 2017, 1,371,508 (1Q 2016: 2,072,713) treasury shares were issued pursuant to the RSP.

As at 31 March 2017, 65,521 treasury shares were held that may be issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively (31 March 2016: 19,814 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

	1Q 2017	1Q 2016	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rigs & Floaters	346.7	540.0	(193.3)	(35.8)
Repairs & Upgrades	90.0	99.2	(9.2)	(9.3)
Offshore Platforms	301.9	261.0	40.9	15.7
Other Activities	21.4	18.2	3.2	17.6
	760.0	918.4	(158.4)	(17.2)

Turnover for 1Q 2017 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 1Q 2017.

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

Net profit for 1Q 2017 decreased mainly due to lower contribution from rig building projects, costs incurred for a floater project which is pending finalisation with the customer and higher finance costs, offset by the gain on disposal of Cosco Shipyard Group Co., Ltd.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

Oil prices appear to have stabilised. Global exploration and production spending is expected to increase in 2017, compared to the last two years.

Enquiries for non-drilling solutions continue to be encouraging. We are cautiously optimistic of new orders for production facilities in the next few years.

Customers' interest in our Gravifloat LNG solutions and capabilities remains strong, as global demand for gas is on the rise. We are making steady progress in the development and commercialisation of our Gravifloat technology for near-shore gas infrastructure solutions. However, it will take time for such efforts to translate into orders.

Sembcorp Marine's strategy and focus remain anchored on strengthening and optimising our talent pool; pursuing operational excellence in executing our projects; investing in new capabilities, products and technological innovation to help grow our order book; and prudently managing our financial resources to preserve financial flexibility and ensure overall 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 31 March 2017.

15. SEGMENTAL REPORTING

1Q 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	742,680	14,985	2,386	-	760,051
Inter-segment sales	-	-	18,345	(18,345)	-
Total	742,680	14,985	20,731	(18,345)	760,051
Results					
Segment results	10,550	4,036	(1,000)	-	13,586
Finance income	997	-	23	-	1,020
Finance costs	(23,368)	(542)	-	-	(23,910)
Non-operating income	-	-	46,816	-	46,816
Share of results of associates and joint ventures, net of tax	(168)	(749)	208	-	(709)
(Loss)/profit before tax	(11,989)	2,745	46,047	-	36,803
Tax credit	2,606	-	166	-	2,772
(Loss)/profit for the period	(9,383)	2,745	46,213	-	39,575
Assets					
Segment assets	8,946,797	243,182	97,494	-	9,287,473
Investments in associates and joint ventures	5,938	57,958	8,941	-	72,837
Deferred tax assets	7,641	-	-	-	7,641
Tax recoverable	8,422	-	-	-	8,422
Total assets	8,968,798	301,140	106,435	-	9,376,373
Liabilities					
Segment liabilities	6,495,661	95,823	24,986	-	6,616,470
Deferred tax liabilities	80,234	-	235	-	80,469
Current tax payable	38,141	-	1,846	-	39,987
Total liabilities	6,614,036	95,823	27,067	-	6,736,926
Capital expenditure					
	50,128	-	53	-	50,181
Significant non-cash items					
Depreciation and amortisation	44,365	2,340	270	-	46,975
Gain on disposal of assets held for sale	-	-	(46,816)	-	(46,816)
Fair value adjustment on hedging instruments	(962)	-	-	-	(962)
Property, plant and equipment written off	7	-	-	-	7
Inventories written back, net	(76)	-	-	-	(76)
Write-back of doubtful debts and bad debts, net	(78)	-	-	-	(78)

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	96,962	2,384,870	7,187,760	26,256
China	73	1,437	1,495	-
Rest of ASEAN, Australia & India	30,768	165,768	257,642	727
Middle East & Africa	25,637	-	-	-
United Kingdom	284,088	5,150	12,311	407
Norway	6,936	160,888	169,474	-
The Netherlands	174,440	221,914	243,203	-
Rest of Europe	90,842	-	-	-
Brazil	18,694	1,453,014	1,496,636	22,768
U.S.A.	31,181	4,190	6,115	-
Other countries	430	100	1,737	23
Total	760,051	4,397,331	9,376,373	50,181

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

15. SEGMENTAL REPORTING (Cont'd)

1Q 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	901,351	14,445	2,636	-	918,432
Inter-segment sales	-	-	43,696	(43,696)	-
Total	901,351	14,445	46,332	(43,696)	918,432
Results					
Segment results	69,653	1,360	721	-	71,734
Finance income	2,268	-	41	-	2,309
Finance costs	(17,235)	(628)	-	-	(17,863)
Non-operating income	-	-	9,502	-	9,502
Share of results of associates and joint ventures, net of tax	1,744	544	324	-	2,612
Profit before tax	56,430	1,276	10,588	-	68,294
Tax expense	(12,527)	-	(162)	-	(12,689)
Profit for the period	43,903	1,276	10,426	-	55,605
Assets					
Segment assets	8,882,772	255,312	103,127	-	9,241,211
Investments in associates and joint ventures	237,028	61,809	7,882	-	306,719
Deferred tax assets	20,890	-	-	-	20,890
Tax recoverable	4,056	-	-	-	4,056
Total assets	9,144,746	317,121	111,009	-	9,572,876
Liabilities					
Segment liabilities	6,563,652	111,631	36,409	-	6,711,692
Deferred tax liabilities	48,696	-	350	-	49,046
Current tax payable	52,026	-	2,273	-	54,299
Total liabilities	6,664,374	111,631	39,032	-	6,815,037
Capital expenditure					
	100,988	-	319	-	101,307
Significant non-cash items					
Depreciation and amortisation	32,091	2,325	295	-	34,711
Fair value adjustment on hedging instruments	(24,069)	-	-	-	(24,069)
Inventories written down, net	35	-	-	-	35
Allowance for doubtful debts and bad debts, net	64	-	-	-	64

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	62,917	2,300,262	7,601,837	36,382
China	-	232,440	232,456	-
Rest of ASEAN, Australia & India	73,745	167,847	256,708	3,849
Middle East & Africa	3,344	-	-	-
Norway	133,924	119,336	119,336	-
The Netherlands	147,739	227,959	255,238	-
Austria	132,406	-	-	-
Rest of Europe	140,264	5,979	9,602	82
Brazil	11,617	1,065,598	1,091,616	60,994
U.S.A.	212,476	4,176	6,083	-
Total	918,432	4,123,597	9,572,876	101,307

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

	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
	1Q 2017 \$'000	1Q 2016 \$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	1,059	-
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	-	111
Management and Support Services		
Sembcorp Industries Limited	63	63
Total Interested Person Transactions	<u>1,122</u>	<u>174</u>

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 first quarter ended 31 March 2017 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

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

27 April 2017