



SEMBCORP MARINE LTD
Registration Number: 196300098Z

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the second quarter and half year ended 30 June 2017.

1. CONSOLIDATED INCOME STATEMENT

		Group			Group		
		2Q 2017	2Q 2016	+ / (-)	1H 2017	1H 2016	+ / (-)
	Note	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	2a	655,474	908,485	(27.8)	1,415,525	1,826,917	(22.5)
Cost of sales	2a	(579,185)	(802,013)	(27.8)	(1,319,295)	(1,639,839)	(19.5)
Gross profit	2a	76,289	106,472	(28.3)	96,230	187,078	(48.6)
Other operating income	2b	7,260	8,304	(12.6)	24,883	42,572	(41.6)
Other operating expenses	2b	(32,175)	(35,382)	(9.1)	(32,364)	(52,722)	(38.6)
General and administrative expenses	2c	(22,883)	(25,834)	(11.4)	(46,672)	(51,634)	(9.6)
Operating profit		28,491	53,560	(46.8)	42,077	125,294	(66.4)
Finance income	2d	5,174	1,267	n.m.	6,194	3,576	73.2
Finance costs	2e	(24,999)	(22,510)	11.1	(48,909)	(40,373)	21.1
Non-operating income	2f	866	-	n.m.	47,682	9,502	n.m.
Non-operating expenses	2f	(5,500)	(8,355)	(34.2)	(5,500)	(8,355)	(34.2)
Share of results of associates and joint ventures, net of tax	2g	(517)	(4,718)	(89.0)	(1,226)	(2,106)	(41.8)
Profit before tax		3,515	19,244	(81.7)	40,318	87,538	(53.9)
Tax credit/(expense)	2h	187	(8,507)	n.m.	2,959	(21,196)	n.m.
Profit for the period		3,702	10,737	(65.5)	43,277	66,342	(34.8)
Profit attributable to:							
Owners of the Company		5,594	11,452	(51.2)	45,140	66,278	(31.9)
Non-controlling interests		(1,892)	(715)	n.m.	(1,863)	64	n.m.
Profit for the period		3,702	10,737	(65.5)	43,277	66,342	(34.8)
Earnings per ordinary share (cents)							
Basic	2i	0.27	0.55	(50.9)	2.16	3.17	(31.9)
Diluted		0.27	0.55	(50.9)	2.16	3.17	(31.9)

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		2Q 2017 \$'000	2Q 2016 \$'000	+ / (-) %	1H 2017 \$'000	1H 2016 \$'000	+ / (-) %
Turnover	(i)	655,474	908,485	(27.8)	1,415,525	1,826,917	(22.5)
Cost of sales		(579,185)	(802,013)	(27.8)	(1,319,295)	(1,639,839)	(19.5)
Gross profit	(ii)	76,289	106,472	(28.3)	96,230	187,078	(48.6)
<i>Included in cost of sales:</i>							
Depreciation and amortisation	(iii)	(47,229)	(33,528)	40.9	(93,259)	(66,270)	40.7
Inventories written back		52	818	(93.6)	128	783	(83.7)

- (i) Turnover for 2Q 2017 and 1H 2017 decreased mainly due to the lower revenue recognition for rig building and offshore platforms projects.
- (ii) Gross profit for 2Q 2017 decreased mainly due to lower contribution from rig building and offshore platform projects. Gross profit for 1H 2017 decreased mainly due to lower contribution from rig building and offshore platform projects, and costs incurred for a floater project which is pending finalisation with the customer.
- (iii) Depreciation and amortisation for 2Q 2017 and 1H 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			Group		
		2Q 2017 \$'000	2Q 2016 \$'000	+ / (-) %	1H 2017 \$'000	1H 2016 \$'000	+ / (-) %
Other operating income		7,260	8,304	(12.6)	24,883	42,572	(41.6)
Other operating expenses		(32,175)	(35,382)	(9.1)	(32,364)	(52,722)	(38.6)
		(24,915)	(27,078)	(8.0)	(7,481)	(10,150)	(26.3)
<i>Included in other operating income/(expenses):</i>							
Foreign exchange loss	(i)	(34,394)	(35,042)	(1.8)	(30,470)	(52,245)	(41.7)
Fair value adjustment on hedging instruments	(ii)	(2,620)	2,756	n.m.	(1,658)	26,825	n.m.
Gain on disposal of property, plant and equipment, net		10	9	11.1	24	41	(41.5)
Rental income		4,274	2,790	53.2	9,768	6,504	50.2
Other income	(iii)	7,862	2,749	n.m.	15,091	9,202	64.0
Other expenses		(47)	(340)	(86.2)	(236)	(477)	(50.5)
		(24,915)	(27,078)	(8.0)	(7,481)	(10,150)	(26.3)

- (i) Foreign exchange loss in 2Q 2017 and 1H 2017 mainly arose from the revaluation of liabilities denominated in United States dollar to Brazilian Real and the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.
- (ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.
- (iii) Higher other income in 2Q 2017 and 1H 2017 was mainly due to sales of scrap.

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

2c. General and administrative expenses

	Group			Group		
	2Q 2017 \$'000	2Q 2016 \$'000	+ / (-) %	1H 2017 \$'000	1H 2016 \$'000	+ / (-) %
General and administrative expenses (i)	(22,883)	(25,834)	(11.4)	(46,672)	(51,634)	(9.6)
<i>Included in general and administrative expenses:</i>						
Depreciation and amortisation	(1,010)	(2,101)	(51.9)	(1,955)	(4,070)	(52.0)
Allowance for doubtful debts and bad debts	(104)	(204)	(49.0)	(26)	(268)	(90.3)

(i) Lower general and administrative expenses in 2Q 2017 were mainly due to lower personnel related costs and depreciation charge. In 1H 2017, general and administrative expenses decreased mainly due to lower professional fees and depreciation charge.

2d. Finance income

Higher finance income in 2Q 2017 and 1H 2017 was mainly due to higher interest income as compared to the corresponding periods in 2016.

2e. Finance costs

	Group			Group		
	2Q 2017 \$'000	2Q 2016 \$'000	+ / (-) %	1H 2017 \$'000	1H 2016 \$'000	+ / (-) %
Finance costs	(24,999)	(22,510)	11.1	(48,909)	(40,373)	21.1
<i>Included in finance costs:</i>						
Interest expense (i)	(24,339)	(22,068)	10.3	(47,561)	(39,359)	20.8
Commitment and facility fees	(660)	(442)	49.3	(1,348)	(1,014)	32.9
	(24,999)	(22,510)	11.1	(48,909)	(40,373)	21.1

(i) Higher interest expense in 2Q 2017 and 1H 2017 was mainly due to higher bank borrowings as compared to the corresponding periods in 2016.

2f. Non-operating income/(expenses)

	Group			Group		
	2Q 2017 \$'000	2Q 2016 \$'000	+ / (-) %	1H 2017 \$'000	1H 2016 \$'000	+ / (-) %
Non-operating income	866	-	n.m.	47,682	9,502	n.m.
Non-operating expenses	(5,500)	(8,355)	(34.2)	(5,500)	(8,355)	(34.2)
	(4,634)	(8,355)	(44.5)	42,182	1,147	n.m.
<i>Included in non-operating income/(expenses):</i>						
Gain on disposal of assets held for sale (i)	-	-	-	46,816	-	n.m.
Gain on disposal of a subsidiary	866	-	n.m.	866	-	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.
Impairment losses on available-for-sale financial assets	-	(8,355)	n.m.	-	(8,355)	n.m.
Provision in relation to a joint venture	(5,500)	-	n.m.	(5,500)	-	n.m.
	(4,634)	(8,355)	(44.5)	42,182	1,147	n.m.

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

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

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

The share of losses of associates and joint ventures in 2Q 2017 and 1H 2017 was mainly due to share of losses from joint ventures.

2h. Tax credit/(expense)

	Group			Group		
	2Q 2017 \$'000	2Q 2016 \$'000	+ / (-) %	1H 2017 \$'000	1H 2016 \$'000	+ / (-) %
Tax credit/(expense) (i)	187	(8,507)	n.m.	2,959	(21,196)	n.m.
<i>Included in tax credit/(expense):</i>						
Write-back/(under provision) of tax in respect of prior years, net	6,267	(297)	n.m.	7,987	(367)	n.m.

- (i) The tax credit in 2Q 2017 and 1H 2017 was mainly due to deferred tax assets recognised only to the extent that it is probable that the related tax benefit will be realised. Excluding the effects of the gain on disposal of Cosco Shipyard Group Co., Ltd and write-back of prior year tax in 2Q 2017 and 1H 2017, the effective tax rate is comparable to the corresponding periods in 2016.

In 2Q 2016 and 1H 2016, the higher effective tax rates was mainly due to deferred tax assets recognised only to the extent that it is probable that the related tax benefit will be realised.

2i. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group			Group		
	2Q 2017	2Q 2016	+ / (-) %	1H 2017	1H 2016	+ / (-) %
(i) Based on the weighted average number of shares (cents)	0.27	0.55	(50.9)	2.16	3.17	(31.9)
- Weighted average number of shares ('000)	2,089,695	2,089,740	-	2,089,429	2,088,862	-
(ii) On a fully diluted basis (cents)	0.27	0.55	(50.9)	2.16	3.17	(31.9)
- Adjusted weighted average number of shares ('000)	2,089,695	2,089,740	-	2,089,429	2,088,862	-

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		2Q 2017 \$'000	2Q 2016 \$'000	+ / (-) %	1H 2017 \$'000	1H 2016 \$'000	+ / (-) %
Profit for the period		3,702	10,737	(65.5)	43,277	66,342	(34.8)
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	3a(i)	(13,099)	(30,641)	(57.3)	(36,298)	(52,904)	(31.4)
Net change in fair value of cash flow hedges	3a(ii)	(18,621)	14,122	n.m.	10,220	41,563	(75.4)
Net change in fair value of available-for-sale financial assets	3a(iii)	(6,174)	(7,742)	(20.3)	1,771	(27,321)	n.m.
Change in fair value of available-for-sale financial assets transferred to profit or loss	3a(iv)	-	8,355	n.m.	-	8,355	n.m.
Other comprehensive income for the period, net of tax		<u>(37,894)</u>	<u>(15,906)</u>	n.m.	<u>(24,307)</u>	<u>(30,307)</u>	<u>(19.8)</u>
Total comprehensive income for the period		<u>(34,192)</u>	<u>(5,169)</u>	n.m.	<u>18,970</u>	<u>36,035</u>	<u>(47.4)</u>
Total comprehensive income attributable to:							
Owners of the Company		(32,318)	(1,342)	n.m.	20,827	40,951	(49.1)
Non-controlling interests		<u>(1,874)</u>	<u>(3,827)</u>	<u>(51.0)</u>	<u>(1,857)</u>	<u>(4,916)</u>	<u>(62.2)</u>
Total comprehensive income for the period		<u>(34,192)</u>	<u>(5,169)</u>	n.m.	<u>18,970</u>	<u>36,035</u>	<u>(47.4)</u>

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves in 1H 2017 arose primarily due to the depreciation of United States dollar against Singapore dollar relative to the rate as at end of previous year and realisation of reserve upon disposal of Cosco Shipyard Group Co., Ltd.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.
- (iii) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.
- (iv) Reclassification to profit or loss on impairment of available-for-sale financial assets.

4. BALANCE SHEETS

	Group		Company	
	30-Jun-2017 \$'000	31-Dec-2016 \$'000	30-Jun-2017 \$'000	31-Dec-2016 \$'000
Non-current assets				
Property, plant and equipment	3,979,350	3,986,667	83,967	90,497
Investment properties	-	-	18,099	19,006
Investments in subsidiaries	-	-	966,168	964,886
Interests in associates and joint ventures	71,580	74,816	-	-
Other financial assets	73,890	67,783	42,590	40,612
Trade and other receivables	52,502	53,095	36,605	36,605
Intangible assets	190,635	202,125	184	184
Deferred tax assets	2,091	12,042	-	-
	<u>4,370,048</u>	<u>4,396,528</u>	<u>1,147,613</u>	<u>1,151,790</u>
Current assets				
Inventories and work-in-progress	3,279,265	3,066,884	-	-
Trade and other receivables	662,033	491,968	305,681	61,099
Tax recoverable	8,432	8,530	5,536	5,536
Assets held for sale	-	182,215	-	107,369
Other financial assets	52,543	51,737	-	-
Cash and cash equivalents	1,015,545	1,216,971	15,744	24,482
	<u>5,017,818</u>	<u>5,018,305</u>	<u>326,961</u>	<u>198,486</u>
Total assets	<u>9,387,866</u>	<u>9,414,833</u>	<u>1,474,574</u>	<u>1,350,276</u>
Current liabilities				
Trade and other payables	1,765,469	2,120,447	24,294	23,890
Excess of progress billings over work-in-progress	340,840	193,403	-	-
Provisions	15,306	15,337	6,771	6,771
Other financial liabilities	2,418	18,317	-	-
Current tax payable	37,721	36,817	-	-
Interest-bearing borrowings	1,466,509	1,363,961	-	-
	<u>3,628,263</u>	<u>3,748,282</u>	<u>31,065</u>	<u>30,661</u>
Net current assets	<u>1,389,555</u>	<u>1,270,023</u>	<u>295,896</u>	<u>167,825</u>
Non-current liabilities				
Deferred tax liabilities	71,995	85,673	13,154	12,963
Provisions	70,182	65,279	18,036	18,036
Other financial liabilities	14,730	26,397	-	-
Interest-bearing borrowings	2,923,732	2,791,014	-	-
Other long-term payables	93,796	90,567	6,324	6,324
	<u>3,174,435</u>	<u>3,058,930</u>	<u>37,514</u>	<u>37,323</u>
Total liabilities	<u>6,802,698</u>	<u>6,807,212</u>	<u>68,579</u>	<u>67,984</u>
Net assets	<u>2,585,168</u>	<u>2,607,621</u>	<u>1,405,995</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	(14,311)	54,905	(19,309)	(21,459)
Revenue reserve	2,071,570	2,022,796	941,016	819,463
	<u>2,541,547</u>	<u>2,561,989</u>	<u>1,405,995</u>	<u>1,282,292</u>
Non-controlling interests	43,621	45,632	-	-
Total equity	<u>2,585,168</u>	<u>2,607,621</u>	<u>1,405,995</u>	<u>1,282,292</u>

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

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

Interest-bearing borrowings:	As at 30-Jun-2017	As at 31-Dec-2016
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	1,466,509	1,363,961
(ii) <u>Amount repayable after one year</u> Unsecured	2,923,732	2,791,014

4b. **Net asset value**

	Group		Company	
	30-Jun-2017	31-Dec-2016	30-Jun-2017	31-Dec-2016
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	121.62	122.62	67.28	61.37

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

(i) **Group**

Non-current assets

'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.

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

Current liabilities

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

'Excess of progress billings over work-in-progress' increased mainly due to receipts from customers for offshore platform projects in progress.

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

Non-current liabilities

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

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

Equity

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

4. BALANCE SHEETS (Cont'd)

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

(ii) Company

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 dividends paid.

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		Group	
		2Q 2017 \$'000	2Q 2016 \$'000	1H 2017 \$'000	1H 2016 \$'000
Cash flows from operating activities:					
Profit for the period		3,702	10,737	43,277	66,342
Adjustments for:					
Finance income		(5,174)	(1,267)	(6,194)	(3,576)
Finance costs		24,999	22,510	48,909	40,373
Depreciation of property, plant and equipment		42,522	34,127	83,780	67,336
Amortisation of intangible assets		5,717	1,502	11,434	3,004
Share of results of associates and joint ventures, net of tax		517	4,718	1,226	2,106
Gain on disposal of property, plant and equipment		(10)	(9)	(24)	(41)
Loss on disposal of intangible assets		13	-	13	-
Gain on disposal of a subsidiary		(866)	-	(866)	-
Gain on disposal of an investment in a joint venture		-	-	-	(186)
Gain on disposal of assets held for sale		-	-	(46,816)	-
Gain on deemed disposal of available-for-sale financial asset		-	-	-	(9,316)
Provision in relation to a joint venture		5,500	-	5,500	-
Fair value adjustment on hedging instruments		2,620	(2,756)	1,658	(26,825)
Impairment losses on available-for-sale financial assets		-	8,355	-	8,355
Share-based payment expenses		1,523	4,911	3,555	6,510
Property, plant and equipment written off		473	11	480	11
Inventories written back		(52)	(818)	(128)	(783)
Allowance for doubtful debts and bad debts		104	199	26	263
Tax (credit)/expense		(187)	8,507	(2,959)	21,196
Operating profit before working capital changes		81,401	90,727	142,871	174,769
Changes in working capital:					
Inventories and work-in-progress		(115,736)	127,001	(64,211)	345,503
Trade and other receivables		(51,938)	(154,868)	40,276	(256,695)
Trade and other payables		(139,626)	2,394	(413,713)	(256,858)
Cash (used in)/generated from operations		(225,899)	65,254	(294,777)	6,719
Investment and interest income received		5,118	1,264	6,162	3,544
Interest paid		(26,073)	(25,659)	(44,780)	(39,912)
Tax paid		(274)	(10,831)	(806)	(13,238)
Net cash (used in)/generated from operating activities		(247,128)	30,028	(334,201)	(42,887)
Cash flows from investing activities:					
Purchase of property, plant and equipment		(45,834)	(87,522)	(98,554)	(189,572)
Proceeds from sale of property, plant and equipment		10	19	26	91
Proceeds from sale of intangibles assets		42	-	42	-
Acquisition of subsidiary, net of cash acquired	5b	-	-	-	(47,258)
Acquisition of a joint venture		-	(3,258)	-	(3,258)
Proceeds from disposal of a joint venture		-	-	-	450
Net cash used in investing activities		(45,782)	(90,761)	(98,486)	(239,547)
Cash flows from financing activities:					
Proceeds from borrowings		144,890	371,430	317,752	1,140,233
Repayment of borrowings		(41,056)	(252,895)	(54,720)	(447,789)
Purchase of treasury shares		(688)	(828)	(2,577)	(2,349)
Dividends paid to owners of the Company		(20,897)	(41,795)	(20,897)	(41,795)
Unclaimed dividends		-	-	6	-
Net cash generated from financing activities		82,249	75,912	239,564	648,300
Net (decrease)/increase in cash and cash equivalents		(210,661)	15,179	(193,123)	365,866
Cash and cash equivalents at beginning of the period		1,218,972	955,283	1,216,971	627,282
Effect of exchange rate changes on balances held in foreign currencies		5,751	(4,145)	(9,786)	(26,831)
Cash and cash equivalents at end of the period		1,014,062	966,317	1,014,062	966,317

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-Jun-2017 \$'000	30-Jun-2016 \$'000
Fixed deposits	70,927	38,724
Cash and bank balances	944,618	929,268
Cash and cash equivalents in balance sheets	1,015,545	967,992
Bank overdrafts	(1,483)	(1,675)
Cash and cash equivalents in consolidated statement of cash flows	1,014,062	966,317

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

	1H 2017 \$'000	1H 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

Second quarter

Cash flows from operating activities before changes in working capital were \$81.4 million in 2Q 2017. Net cash used in operating activities for 2Q 2017 at \$247.1 million was mainly due to working capital for ongoing projects.

Net cash used in investing activities for 2Q 2017 was \$45.8 million. The Group spent \$45.8 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 2Q 2017 was \$82.2 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

Half year

Cash flows from operating activities before changes in working capital were \$142.9 million in 1H 2017. Net cash used in operating activities for 1H 2017 at \$334.2 million was mainly due to working capital for ongoing projects.

Net cash used in investing activities for 1H 2017 was \$98.5 million. The Group spent \$98.6 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 1H 2017 was \$239.6 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
2Q 2017									
Total comprehensive income									
Profit for the period	-	-	-	-	-	5,594	5,594	(1,892)	3,702
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(13,117)	-	-	(13,117)	18	(13,099)
Net change in fair value of cash flow hedges	-	-	-	-	(18,621)	-	(18,621)	-	(18,621)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(6,174)	-	(6,174)	-	(6,174)
Total other comprehensive income	-	-	-	(13,117)	(24,795)	-	(37,912)	18	(37,894)
Total comprehensive income	-	-	-	(13,117)	(24,795)	5,594	(32,318)	(1,874)	(34,192)
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(688)	-	-	-	-	(688)	-	(688)
Issue of treasury shares	-	689	-	-	(2)	-	687	-	687
Dividends paid	-	-	-	-	-	(20,897)	(20,897)	-	(20,897)
Share-based payments	-	-	-	-	1,028	-	1,028	-	1,028
Disposal of a subsidiary	-	-	-	(63)	-	-	(63)	(154)	(217)
Total transactions with owners	-	1	-	(63)	1,026	(20,897)	(19,933)	(154)	(20,087)
At 30 June 2017	484,288	(111)	(13,011)	8,543	(9,732)	2,071,570	2,541,547	43,621	2,585,168

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

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

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
2Q 2016									
Total comprehensive income									
Profit for the period	-	-	-	-	-	11,452	11,452	(715)	10,737
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(27,529)	-	-	(27,529)	(3,112)	(30,641)
Net change in fair value of cash flow hedges	-	-	-	-	14,122	-	14,122	-	14,122
Net change in fair value of available-for-sale financial assets	-	-	-	-	(7,742)	-	(7,742)	-	(7,742)
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	-	-	-	(27,529)	14,735	-	(12,794)	(3,112)	(15,906)
Total comprehensive income	-	-	-	(27,529)	14,735	11,452	(1,342)	(3,827)	(5,169)
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(828)	-	-	-	-	(828)	-	(828)
Issue of treasury shares	-	840	-	-	(4)	-	836	-	836
Dividends paid	-	-	-	-	-	(41,795)	(41,795)	-	(41,795)
Share-based payments	-	-	-	-	3,555	-	3,555	-	3,555
Total transactions with owners	-	12	-	-	3,551	(41,795)	(38,232)	-	(38,232)
At 30 June 2016	484,288	(32)	25,574	2,979	(40,667)	2,041,630	2,513,772	200,666	2,714,438

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
2Q 2017						
Total comprehensive income						
Profit for the period	-	-	-	-	29,675	29,675
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(4,725)	-	(4,725)
Total other comprehensive income	-	-	-	(4,725)	-	(4,725)
Total comprehensive income	-	-	-	(4,725)	29,675	24,950
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(688)	-	-	-	(688)
Issue of treasury shares	-	689	-	(2)	-	687
Dividends paid	-	-	-	-	(20,897)	(20,897)
Share-based payments	-	-	-	390	-	390
Cost of share-based payment issued to employees of subsidiaries	-	-	-	641	-	641
Total transactions with owners	-	1	-	1,029	(20,897)	(19,867)
At 30 June 2017	484,288	(111)	960	(20,158)	941,016	1,405,995

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
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
2Q 2016						
Total comprehensive income						
Profit for the period	-	-	-	-	5,997	5,997
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(5,258)	-	(5,258)
Total other comprehensive income	-	-	-	(5,258)	-	(5,258)
Total comprehensive income	-	-	-	(5,258)	5,997	739
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(828)	-	-	-	(828)
Issue of treasury shares	-	840	-	-	-	840
Dividends paid	-	-	-	-	(41,795)	(41,795)
Share-based payments	-	-	-	913	-	913
Cost of share-based payment issued to employees of subsidiaries	-	-	-	2,553	-	2,553
Total transactions with owners	-	12	-	3,466	(41,795)	(38,317)
At 30 June 2016	484,288	(32)	960	(26,287)	416,151	875,080

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 June 2017, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,695,746 (31 December 2016: 2,089,323,078) ordinary shares.

(ii) Share Options

As at 30 June 2017, there were no (30 June 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 2Q 2017, there were 1,600,000 (2Q 2016: 1,918,000) performance shares awarded under the Company's Performance Share Plan ("PSP") and nil (2Q 2016: nil) performance shares released.

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

(iv) Restricted Shares

During 2Q 2017, there were 8,176,450 (2Q 2016: 8,232,700) restricted shares awarded under the Company's Restricted Share Plan ("RSP"), 401,260 (2Q 2016: 516,300) restricted shares released and 137,415 (2Q 2016: nil) 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 June 2017 was 15,966,604 (30 June 2016: 14,127,414). 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 June 2017 was 15,221,050 (30 June 2016: 12,550,201). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 22,831,575 (30 June 2016: 18,825,302) restricted shares.

(v) Treasury Shares

During 2Q 2017, the Company acquired 400,100 (2Q 2016: 516,300) ordinary shares in the Company by way of on-market purchases.

In 2Q 2017, 401,260 (2Q 2016: 516,300) treasury shares were issued pursuant to the RSP.

As at 30 June 2017, 64,361 treasury shares were held that may be issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively (30 June 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

	2Q 2017	2Q 2016	+ / (-)	+ / (-)	1H 2017	1H 2016	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rigs & Floaters	322.3	415.7	(93.4)	(22.5)	669.0	955.6	(286.6)	(30.0)
Repairs & Upgrades	137.5	145.7	(8.2)	(5.6)	227.5	244.9	(17.4)	(7.1)
Offshore Platforms	171.5	328.3	(156.8)	(47.8)	473.4	589.4	(116.0)	(19.7)
Other Activities	24.2	18.8	5.4	28.7	45.6	37.0	8.6	23.2
	655.5	908.5	(253.0)	(27.8)	1,415.5	1,826.9	(411.4)	(22.5)

Turnover for 2Q 2017 and 1H 2017 decreased mainly due to the lower revenue recognition for rig building and offshore platform projects.

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

Net profit for 2Q 2017 decreased mainly due to lower contribution from rig building and offshore platform projects, and foreign exchange translation loss on the USD borrowings for the Brazil yard.

Net profit for 1H 2017 decreased mainly due to lower contribution from rig building and offshore platform projects, and costs incurred for a floater project which is pending finalisation with the customer. These are 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

Global exploration and production spending is expected to increase. Offshore day rates appear to have stabilised and utilisation levels have begun to improve. However, a more robust recovery will take longer.

Enquiries for non-drilling solutions continue to be encouraging. We have been actively involved with our potential customers in developing engineering solutions for the production segment. We remain cautiously optimistic of new orders for production facilities in the next few years.

We continue to make 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.

Niche markets in LNG carrier and cruise ship repairs and upgrades have held up well and have relatively outperformed other segments. We expect this trend to continue.

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

(i) **Current Financial Period Reported On**

Name of Dividend	Interim Ordinary One-tier tax exempt
Dividend Type	Cash
Dividend Amount (cents per share)	1.0

(ii) **Corresponding Period of the Immediately Preceding Financial Year**

Name of Dividend	Interim Ordinary One-tier tax exempt
Dividend Type	Cash
Dividend Amount (cents per share)	1.5

(iii) **Date payable**

The interim dividend will be paid on 29 August 2017.

(iv) **Books closure date**

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 16 August 2017 for the preparation of dividend warrants. Duly completed transfers received by the Registrar, KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00 KH Kea building, Singapore 188721, up to 5 p.m. on 15 August 2017 will be registered before entitlements to dividend are determined.

15. SEGMENTAL REPORTING

1H 2017

(i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	1,379,360	30,972	5,193	-	1,415,525
Inter-segment sales	-	-	41,362	(41,362)	-
Total	1,379,360	30,972	46,555	(41,362)	1,415,525
Results					
Segment results	33,680	9,033	(636)	-	42,077
Finance income	6,132	-	62	-	6,194
Finance costs	(47,825)	(1,084)	-	-	(48,909)
Non-operating income	-	-	47,682	-	47,682
Non-operating expenses	-	-	(5,500)	-	(5,500)
Share of results of associates and joint ventures, net of tax	(648)	(868)	290	-	(1,226)
(Loss)/profit before tax	(8,661)	7,081	41,898	-	40,318
Tax credit	2,871	-	88	-	2,959
(Loss)/profit for the period	(5,790)	7,081	41,986	-	43,277
Assets					
Segment assets	8,965,857	247,312	92,594	-	9,305,763
Investments in associates and joint ventures	5,441	57,116	9,023	-	71,580
Deferred tax assets	2,091	-	-	-	2,091
Tax recoverable	8,432	-	-	-	8,432
Total assets	8,981,821	304,428	101,617	-	9,387,866
Liabilities					
Segment liabilities	6,573,456	92,299	27,227	-	6,692,982
Deferred tax liabilities	71,760	-	235	-	71,995
Current tax payable	35,797	-	1,924	-	37,721
Total liabilities	6,681,013	92,299	29,386	-	6,802,698
Capital expenditure					
	96,061	-	136	-	96,197
Significant non-cash items					
Depreciation and amortisation	90,028	4,643	543	-	95,214
Gain on disposal of assets held for sale	-	-	(46,816)	-	(46,816)
Gain on disposal of a subsidiary	-	-	(866)	-	(866)
Provision in relation to a joint venture	-	-	5,500	-	5,500
Fair value adjustment on hedging instruments	1,658	-	-	-	1,658
Property, plant and equipment written off	450	-	30	-	480
Inventories written back	(128)	-	-	-	(128)
Allowance for doubtful debts and bad debts	7	-	19	-	26

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	145,737	2,364,565	7,208,202	40,915
China	40	342	342	-
Rest of ASEAN, Australia & India	64,926	161,935	238,774	1,437
Middle East & Africa	46,144	-	-	-
United Kingdom	459,942	5,212	29,071	565
Norway	8,342	156,232	164,864	-
The Netherlands	324,827	216,871	247,337	-
Rest of Europe	139,312	-	-	-
Brazil	83,230	1,384,692	1,490,751	53,258
U.S.A.	108,859	4,126	6,015	-
Other countries	34,166	92	2,510	22
Total	1,415,525	4,294,067	9,387,866	96,197

⁽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)

1H 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	1,792,176	28,739	6,002	-	1,826,917
Inter-segment sales	-	-	90,941	(90,941)	-
Total	1,792,176	28,739	96,943	(90,941)	1,826,917
Results					
Segment results	118,341	4,828	2,125	-	125,294
Finance income	3,491	-	85	-	3,576
Finance costs	(39,139)	(1,234)	-	-	(40,373)
Non-operating income	9,316	-	186	-	9,502
Non-operating expenses	-	-	(8,355)	-	(8,355)
Share of results of associates and joint ventures, net of tax	(2,984)	278	600	-	(2,106)
Profit before tax	89,025	3,872	(5,359)	-	87,538
Tax expense	(20,813)	-	(383)	-	(21,196)
Profit for the period	68,212	3,872	(5,742)	-	66,342
Assets					
Segment assets	9,247,360	252,932	93,936	-	9,594,228
Investments in associates and joint ventures	227,667	60,252	8,158	-	296,077
Deferred tax assets	21,816	-	-	-	21,816
Tax recoverable	4,156	-	-	-	4,156
Total assets	9,500,999	313,184	102,094	-	9,916,277
Liabilities					
Segment liabilities	6,935,129	103,928	57,847	-	7,096,904
Deferred tax liabilities	52,033	-	350	-	52,383
Current tax payable	50,438	-	2,114	-	52,552
Total liabilities	7,037,600	103,928	60,311	-	7,201,839
Capital expenditure					
	185,796	-	344	-	186,140
Significant non-cash items					
Depreciation and amortisation	65,167	4,574	599	-	70,340
Fair value adjustment on hedging instruments	(26,825)	-	-	-	(26,825)
Property, plant and equipment written off	11	-	-	-	11
Inventories written back	(783)	-	-	-	(783)
Allowance for doubtful debts and bad debts	263	-	-	-	263

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	142,443	2,315,610	7,834,304	80,567
China	-	219,730	219,765	-
Rest of ASEAN, Australia & India	158,682	166,379	286,381	8,390
Middle East & Africa	3,727	-	-	-
United Kingdom	220,043	5,836	10,251	278
Norway	218,069	122,594	122,594	-
The Netherlands	242,293	220,876	254,578	-
Austria	231,958	-	-	-
Rest of Europe	155,159	-	-	-
Brazil	41,738	1,162,103	1,182,591	96,898
U.S.A.	412,805	4,076	5,813	7
Total	1,826,917	4,217,204	9,916,277	186,140

⁽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)

	1H 2017 \$'000	1H 2016 \$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	2,148	1,299
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	-	111
Management and Support Services		
Sembcorp Industries Limited	125	125
Total Interested Person Transactions	2,273	1,535

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 second quarter and half year ended 30 June 2017 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

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

27 July 2017