



SEMBCORP MARINE LTD
Registration Number: 196300098Z

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2017 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2017

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2017.

1. CONSOLIDATED INCOME STATEMENT

		Group			Group		
		4Q 2017	4Q 2016	+ / (-)	FY 2017	FY 2016	+ / (-)
	Note	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	2a	654,953	829,896	(21.1)	2,387,354	3,544,816	(32.7)
Cost of sales	2a	(703,110)	(795,179)	(11.6)	(2,326,848)	(3,252,063)	(28.5)
Gross (loss)/profit	2a	(48,157)	34,717	n.m.	60,506	292,753	(79.3)
Other operating income	2b	30,009	(2,497)	n.m.	63,705	55,623	14.5
Other operating expenses	2b	(1,150)	63,414	n.m.	(5,021)	(9,083)	(44.7)
General and administrative expenses	2c	(24,339)	(28,553)	(14.8)	(98,737)	(113,987)	(13.4)
Operating (loss)/profit		(43,637)	67,081	n.m.	20,453	225,306	(90.9)
Finance income	2d	3,692	1,471	n.m.	11,548	7,922	45.8
Finance costs	2e	(22,920)	(25,777)	(11.1)	(95,522)	(88,651)	7.8
Non-operating income	2f	17,121	(5,073)	n.m.	64,803	4,429	n.m.
Non-operating expenses	2f	(6,759)	(11,098)	(39.1)	(13,309)	(23,352)	(43.0)
Share of results of associates and joint ventures, net of tax	2g	(1,693)	(5,334)	(68.3)	(3,617)	(35,134)	(89.7)
(Loss)/profit before tax		(54,196)	21,270	n.m.	(15,644)	90,520	n.m.
Tax credit/(expense)	2h	19,211	9,358	n.m.	25,592	(15,360)	n.m.
(Loss)/profit for the period/year		(34,985)	30,628	n.m.	9,948	75,160	(86.8)
(Loss)/profit attributable to:							
Owners of the Company		(33,780)	34,292	n.m.	14,076	78,777	(82.1)
Non-controlling interests		(1,205)	(3,664)	(67.1)	(4,128)	(3,617)	14.1
(Loss)/profit for the period/year		(34,985)	30,628	n.m.	9,948	75,160	(86.8)
Earnings per ordinary share (cents)							
Basic	2i	(1.62)	1.64	n.m.	0.67	3.77	(82.2)
Diluted		(1.62)	1.64	n.m.	0.67	3.77	(82.2)

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		4Q 2017 \$'000	4Q 2016 \$'000	+ / (-) %	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
Turnover	(i)	654,953	829,896	(21.1)	2,387,354	3,544,816	(32.7)
Cost of sales		(703,110)	(795,179)	(11.6)	(2,326,848)	(3,252,063)	(28.5)
Gross (loss)/profit	(ii)	(48,157)	34,717	n.m.	60,506	292,753	(79.3)
<i>Included in gross (loss)/profit:</i>							
Depreciation and amortisation	(iii)	(47,985)	(52,053)	(7.8)	(189,378)	(155,313)	21.9
Inventories and work-in-progress written back	(iv)	32,234	13	n.m.	19,622	1,162	n.m.

- (i) Turnover for 4Q 2017 decreased by 21% mainly due to lower revenue recognition for rigs & floaters and offshore platform projects. Excluding the effects of the sale of 9 jack-up rigs to Borr Drilling and termination of 3 jack-up rigs with a customer, turnover would have decreased by 33%.

Turnover for FY 2017 decreased by 33% mainly due to lower revenue recognition for rigs & floaters and offshore platform projects. Excluding the effects of the sale of 9 jack-up rigs to Borr Drilling and termination of 5 jack-up rigs with two customers during the year, turnover would have decreased by 28%.

- (ii) Gross loss for 4Q 2017 was mainly due to lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs, and additional cost accruals for floater projects, which are pending finalisation with the customers.

Gross profit for FY 2017 decreased mainly due to lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs, and additional cost accruals for floater projects, which are pending finalisation with the customers.

- (iii) Higher depreciation and amortisation for 4Q 2016 was mainly due to higher amortisation of newly acquired intellectual property rights of Gravifloat AS and LMG Marin AS in that quarter.

Depreciation and amortisation for FY 2017 increased mainly due to higher depreciation charge for Tuas Boulevard Yard and amortisation of intellectual property rights of Gravifloat AS and LMG Marin AS.

- (iv) Inventories and work-in-progress written back for 4Q 2017 and FY 2017 includes the effects of contracts termination that arose from the sales of 9 rigs in October 2017.

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

2b. Other operating income/(expenses)

	Group			Group		
	4Q 2017 \$'000	4Q 2016 \$'000	+ / (-) %	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
Other operating income	30,009	(2,497)	n.m.	63,705	55,623	14.5
Other operating expenses	(1,150)	63,414	n.m.	(5,021)	(9,083)	(44.7)
	<u>28,859</u>	<u>60,917</u>	(52.6)	<u>58,684</u>	<u>46,540</u>	26.1
<i>Included in other operating income/(expenses):</i>						
Foreign exchange gain/(loss), net (i)	19,930	63,687	(68.7)	20,719	(7,436)	n.m.
Fair value adjustment on hedging instruments (ii)	1,623	(26,778)	n.m.	1,623	1,435	13.1
Fair value adjustment on firm commitments under fair value hedge	(21)	4,146	n.m.	(3,454)	4,146	n.m.
(Loss)/gain on disposal of property, plant and equipment, net	(893)	(13)	n.m.	(863)	28	n.m.
Negative goodwill	-	2,600	n.m.	-	2,600	n.m.
Rental income	3,526	4,421	(20.2)	15,739	15,258	3.2
Other income (iii)	4,960	13,127	(62.2)	25,624	32,156	(20.3)
Other expenses	(266)	(273)	(2.6)	(704)	(1,647)	(57.3)
	<u>28,859</u>	<u>60,917</u>	(52.6)	<u>58,684</u>	<u>46,540</u>	26.1

- (i) Foreign exchange gain in 4Q 2017 mainly arose from the revaluation of liabilities denominated in Brazilian Real to United States dollar. For FY 2017, foreign exchange gain mainly arose from the revaluation of liabilities denominated in United States dollar to Brazilian Real, the revaluation of liabilities denominated in Brazilian Real to United States dollar and the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.
- (ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.
- (iii) Lower other income in 4Q 2017 and FY 2017 was mainly due to lower sales of scrap. In 4Q 2016 and FY 2016, higher one-off miscellaneous income was recorded.

2c. General and administrative expenses

	Group			Group		
	4Q 2017 \$'000	4Q 2016 \$'000	+ / (-) %	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
General and administrative expenses (i)	(24,339)	(28,553)	(14.8)	(98,737)	(113,987)	(13.4)
<i>Included in general and administrative expenses:</i>						
Depreciation and amortisation	(77)	(1,112)	(93.1)	(3,538)	(3,632)	(2.6)
Allowance for doubtful debts and bad debts	(86)	(5,062)	(98.3)	(167)	(5,231)	(96.8)

- (i) Lower general and administrative expenses in 4Q 2017 and FY 2017 were mainly due to lower personnel related costs, lower professional fees and lower allowance for doubtful debts.

2d. Finance income

Higher finance income in 4Q 2017 and FY 2017 were mainly due to interest income from higher average bank balances as compared to the corresponding periods in 2016.

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

2e. Finance costs

	Group			Group		
	4Q 2017 \$'000	4Q 2016 \$'000	+ / (-) %	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
Finance costs	(22,920)	(25,777)	(11.1)	(95,522)	(88,651)	7.8
<i>Included in finance costs:</i>						
Interest expense (i)	(21,663)	(25,017)	(13.4)	(92,312)	(86,289)	7.0
Commitment and facility fees	(488)	(760)	(35.8)	(2,441)	(2,362)	3.3
Unwind of discount on restoration costs	(769)	-	n.m.	(769)	-	n.m.
	(22,920)	(25,777)	(11.1)	(95,522)	(88,651)	7.8

- (i) Lower interest expense in 4Q 2017 was mainly due to repayment of bank borrowings that resulted in lower average bank borrowings. Higher interest expense in FY 2017 was mainly due to higher average bank borrowings.

2f. Non-operating income/(expenses)

	Group			Group		
	4Q 2017 \$'000	4Q 2016 \$'000	+ / (-) %	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
Non-operating income	17,121	(5,073)	n.m.	64,803	4,429	n.m.
Non-operating expenses	(6,759)	(11,098)	(39.1)	(13,309)	(23,352)	(43.0)
	10,362	(16,171)	n.m.	51,494	(18,923)	n.m.
<i>Included in non-operating income/(expenses):</i>						
Gain on disposal of assets held for sale (i)	-	-	-	46,816	-	n.m.
(Loss)/gain on disposal of subsidiaries, net	(113)	-	n.m.	753	-	n.m.
Gain on disposal of a joint venture	-	-	-	-	186	n.m.
Gain on deemed disposal of available-for-sale financial asset (ii)	-	(5,073)	n.m.	-	4,243	n.m.
Gain on disposal of available-for-sale financial asset	17,200	-	n.m.	17,200	-	n.m.
Impairment losses on available-for-sale financial assets	(1,225)	(8,978)	(86.4)	(2,275)	(21,232)	(89.3)
Impairment losses on investment in associates	-	(2,120)	n.m.	-	(2,120)	n.m.
Assumption of liabilities on behalf of a joint venture	(5,500)	-	n.m.	(11,000)	-	n.m.
	10,362	(16,171)	n.m.	51,494	(18,923)	n.m.

- (i) The gain on disposal of assets held for sale in FY 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 arose from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016. The adjustment in 4Q 2016 was due to the finalisation of fair value adjustments, previously 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 4Q 2017 decreased mainly due to lower share of losses from a joint venture.

For FY 2017, the decrease was mainly due to absence of share of losses from Cosco Shipyard Group Co., Ltd (CSG), which the Group divested all its 30% equity interest in October 2016.

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

2h. Tax credit/(expense)

		Group			Group		
		4Q 2017 \$'000	4Q 2016 \$'000	+ / (-) %	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
Tax credit/(expense)	(i)	19,211	9,358	n.m.	25,592	(15,360)	n.m.
<i>Included in tax credit/(expense):</i>							
Write-back of tax in respect of prior years, net	(ii)	11,947	8,189	45.9	17,994	8,984	n.m.

- (i) The tax credit in 4Q 2017 and FY 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 and excluding the effects of the gain on disposal of Cosco Shipyard Group Co., Ltd and non-operating items.
- (ii) The write-back of tax was mainly attributable to recognition of tax incentives.

2i. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit/(loss) attributable to owners of the Company:	Group			Group		
	4Q 2017	4Q 2016	+ / (-) %	FY 2017	FY 2016	+ / (-) %
(i) Based on the weighted average number of shares (cents)	(1.62)	1.64	n.m.	0.67	3.77	(82.2)
- Weighted average number of shares ('000)	2,089,493	2,089,295	-	2,089,523	2,089,177	-
(ii) On a fully diluted basis (cents)	(1.62)	1.64	n.m.	0.67	3.77	(82.2)
- Adjusted weighted average number of shares ('000)	2,089,493	2,089,295	-	2,089,523	2,089,177	-

2j. Breakdown of sales

	Group		
	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
First Half Year			
(i) Sales reported	1,415,525	1,826,917	(22.5)
(ii) Profit after tax before deducting non-controlling interests reported	43,277	66,342	(34.8)
Second Half Year			
(iii) Sales reported	971,829	1,717,899	(43.4)
(iv) (Loss)/profit after tax before deducting non-controlling interests reported	(33,329)	8,818	n.m.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		4Q 2017 \$'000	4Q 2016 \$'000	+ / (-) %	FY 2017 \$'000	FY 2016 \$'000	+ / (-) %
(Loss)/profit for the period/year		(34,985)	30,628	n.m.	9,948	75,160	(86.8)
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	3a(i)	4,467	52,027	(91.4)	(62,451)	9,320	n.m.
Net change in fair value of cash flow hedges	3a(ii)	(4,876)	(19,254)	(74.7)	30,498	50,749	(39.9)
Net change in fair value of cash flow hedges transferred to profit or loss	3a(iii)	(1,347)	2,632	n.m.	(1,347)	2,632	n.m.
Net change in fair value of available-for-sale financial assets	3a(iv)	30,101	2,037	n.m.	30,791	(20,011)	n.m.
Change in fair value of available-for-sale financial assets transferred to profit or loss	3a(v)	(32,299)	8,978	n.m.	(32,299)	8,978	n.m.
Realisation of reserve upon disposal of assets held for sale		-	-	-	(20,484)	-	n.m.
Realisation of reserve upon disposal of a subsidiary		-	-	-	(217)	-	n.m.
Other comprehensive income for the period/year, net of tax		(3,954)	46,420	n.m.	(55,509)	51,668	n.m.
Total comprehensive income for the period/year		(38,939)	77,048	n.m.	(45,561)	126,828	n.m.
Total comprehensive income attributable to:							
Owners of the Company		(37,803)	80,140	n.m.	(41,407)	134,854	n.m.
Non-controlling interests		(1,136)	(3,092)	(63.3)	(4,154)	(8,026)	(50.2)
Total comprehensive income for the period/year		(38,939)	77,048	n.m.	(45,561)	126,828	n.m.

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves in FY 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 Shipyards 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) It relates to reclassification to profit or loss upon realisation of cash flow hedges.
- (iv) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale financial assets.
- (v) For 4Q 2017 and FY 2017, it relates to realisation of reserve upon disposal of available-for-sale financial asset. For 4Q 2016 and FY 2016, it relates to reclassification to profit or loss on impairment of available-for-sale financial asset.

4. BALANCE SHEETS

	Group		Company	
	31-Dec-2017 \$'000	31-Dec-2016 \$'000	31-Dec-2017 \$'000	31-Dec-2016 \$'000
Non-current assets				
Property, plant and equipment	3,995,019	3,986,667	79,418	90,497
Investment properties	-	-	17,190	19,006
Investments in subsidiaries	-	-	1,483,520	964,886
Interests in associates and joint ventures	67,965	74,816	-	-
Other financial assets	46,150	67,783	18,894	40,612
Trade and other receivables	168,740	53,095	31,725	36,605
Intangible assets	179,201	202,125	184	184
Deferred tax assets	5,889	12,042	-	-
	<u>4,462,964</u>	<u>4,396,528</u>	<u>1,630,931</u>	<u>1,151,790</u>
Current assets				
Inventories and work-in-progress	2,775,847	3,066,884	-	-
Trade and other receivables	566,874	491,968	117,283	61,099
Tax recoverable	11,192	8,530	846	5,536
Assets held for sale	-	182,215	-	107,369
Other financial assets	33,571	51,737	-	-
Cash and cash equivalents	1,301,000	1,216,971	55,126	24,482
	<u>4,688,484</u>	<u>5,018,305</u>	<u>173,255</u>	<u>198,486</u>
Total assets	<u>9,151,448</u>	<u>9,414,833</u>	<u>1,804,186</u>	<u>1,350,276</u>
Current liabilities				
Trade and other payables	2,061,446	2,120,447	26,433	23,890
Excess of progress billings over work-in-progress	174,356	193,403	-	-
Provisions	27,755	15,337	6,771	6,771
Other financial liabilities	1,449	18,317	-	-
Current tax payable	24,868	36,817	-	-
Interest-bearing borrowings	852,737	1,363,961	474	-
	<u>3,142,611</u>	<u>3,748,282</u>	<u>33,678</u>	<u>30,661</u>
Net current assets	<u>1,545,873</u>	<u>1,270,023</u>	<u>139,577</u>	<u>167,825</u>
Non-current liabilities				
Deferred tax liabilities	61,545	85,673	11,070	12,963
Provisions	70,014	65,279	18,036	18,036
Other financial liabilities	5,713	26,397	-	-
Interest-bearing borrowings	3,247,386	2,791,014	1,394	-
Other long-term payables	104,807	90,567	6,779	6,324
	<u>3,489,465</u>	<u>3,058,930</u>	<u>37,279</u>	<u>37,323</u>
Total liabilities	<u>6,632,076</u>	<u>6,807,212</u>	<u>70,957</u>	<u>67,984</u>
Net assets	<u>2,519,372</u>	<u>2,607,621</u>	<u>1,733,229</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	(25,724)	54,905	(27,831)	(21,459)
Revenue reserve	2,019,609	2,022,796	1,276,772	819,463
	<u>2,478,173</u>	<u>2,561,989</u>	<u>1,733,229</u>	<u>1,282,292</u>
Non-controlling interests	41,199	45,632	-	-
Total equity	<u>2,519,372</u>	<u>2,607,621</u>	<u>1,733,229</u>	<u>1,282,292</u>

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

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

Interest-bearing borrowings:	As at 31-Dec-2017	As at 31-Dec-2016
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	852,737	1,363,961
(ii) <u>Amount repayable after one year</u> Unsecured	3,247,386	2,791,014

4b. **Net asset value**

	Group		Company	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	118.69	122.62	83.01	61.37

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

(i) **Group**

Non-current assets

'Other financial assets' decreased mainly due to disposal of available-for-sale financial assets and fair value adjustments on foreign currency forward contracts.

'Trade and other receivables' increased mainly due to billing to a customer upon completion of a rig building project.

'Intangible assets' decreased mainly due to amortisation for the year.

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

Current assets

'Inventories and work-in-progress' decreased mainly due to the successful deliveries of rig building and floater projects.

'Trade and other receivables' increased mainly due to billings to customers upon project milestones achieved and project completion. An amount of \$262 million was received from rig building and floater projects in January 2018.

'Tax recoverable' increased mainly due to receivable from tax authorities during the year.

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

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

Current liabilities

'Excess of progress billings over work-in-progress' decreased mainly due to timing of billing offshore platform project.

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

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

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

'Interest-bearing borrowings' decreased mainly due to repayment and refinancing of borrowings to long term borrowings.

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

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

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

Non-current liabilities

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

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

'Interest-bearing borrowings' increased mainly due to borrowings for capital expenditures, and refinancing of short term borrowings to long term borrowings.

'Other long-term payables' increased mainly due to long-term accrued rental.

Equity

'Other reserves' deficit mainly due to foreign currency translation loss arising from the depreciation of United States dollar.

(ii) **Company**

Non-current assets

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

'Investments in subsidiaries' increased mainly due to additional investments in Sembcorp Marine Integrated Yard Pte Ltd and Jurong Shipyard Pte Ltd.

'Other financial assets' decreased mainly due to disposal of available-for-sale financial assets.

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

Current assets

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

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

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

'Cash and cash equivalents' increased mainly due to dividend income from subsidiaries and proceeds from the divestment of Cosco Shipyard Group Co., Ltd, offset by additional investments in subsidiaries.

Current liabilities

'Trade and other payables' increased mainly due to timing of payments.

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

Non-current liabilities

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

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

Equity

'Other reserves' deficit increased mainly due to realisation of reserve upon disposal of available-for-sale financial asset.

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

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group		
	Note	4Q 2017 \$'000	4Q 2016 \$'000	FY 2017 \$'000	FY 2016 \$'000
Cash flows from operating activities:					
(Loss)/profit for the period/year		(34,985)	30,628	9,948	75,160
Adjustments for:					
Finance income		(3,692)	(1,471)	(11,548)	(7,922)
Finance costs		22,920	25,777	95,522	88,651
Depreciation of property, plant and equipment		42,345	39,316	170,048	140,591
Amortisation of intangible assets		5,717	13,849	22,868	18,354
Share of results of associates and joint ventures, net of tax		1,693	5,334	3,617	35,134
Loss/(gain) on disposal of property, plant and equipment		893	13	863	(28)
Loss on disposal of intangible assets		-	-	13	-
Loss/(gain) on disposal of subsidiaries		113	-	(753)	-
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		-	5,073	-	(4,243)
Gain on disposal of available-for-sale financial asset		(17,200)	-	(17,200)	-
Negative goodwill		-	(2,600)	-	(2,600)
Assumption of liabilities on behalf of a joint venture		5,500	-	11,000	-
Fair value adjustment on hedging instruments		(1,623)	26,778	(1,623)	(1,435)
Fair value adjustment on firm commitments under fair value hedge		21	(4,146)	3,454	(4,146)
Impairment losses on available-for-sale financial assets		1,225	8,978	2,275	21,232
Impairment losses on investment in associates		-	2,120	-	2,120
Share-based payment expenses		(2,694)	(5,666)	6,149	4,279
Property, plant and equipment written off		(331)	34	500	45
Inventories and work-in-progress written back		(32,234)	(13)	(19,622)	(1,162)
Allowance for doubtful debts and bad debts		86	5,067	167	5,231
Tax (credit)/expense		(19,211)	(9,358)	(25,592)	15,360
Operating (loss)/profit before working capital changes		(31,457)	139,713	203,270	384,435
Changes in working capital:					
Inventories and work-in-progress		645,452	(294,343)	292,207	672,680
Trade and other receivables		(283,387)	211,951	(175,636)	101,284
Trade and other payables		225,444	(190,614)	(175,895)	(489,553)
Cash generated from/(used in) operations		556,052	(133,293)	143,946	668,846
Investment and interest income received		3,630	1,494	11,392	7,867
Interest paid		(15,207)	(14,010)	(93,081)	(80,244)
Tax paid		(5,472)	(7,147)	(12,610)	(27,956)
Net cash generated from/(used in) operating activities		539,003	(152,956)	49,647	568,513
Cash flows from investing activities:					
Purchase of property, plant and equipment		(42,443)	(148,811)	(177,892)	(421,388)
Proceeds from sale of property, plant and equipment		1,450	12	1,482	103
Proceeds from sale of intangible assets		-	-	42	-
Acquisition of subsidiaries, net of cash acquired	5b	-	-	-	(66,392)
Acquisition of a joint venture		-	-	-	(3,258)
Proceeds from divestment of assets held for sale		-	-	205,690	-
Proceeds from disposal of a subsidiary		50	-	50	-
Proceeds from disposal of a joint venture		-	-	-	450
Proceeds from disposal of available-for-sale financial asset		36,033	-	36,033	-
Net cash (used in)/generated from investing activities		(4,910)	(148,799)	65,405	(490,485)
Cash flows from financing activities:					
Proceeds from borrowings		97,440	16,607	465,809	1,604,908
Repayment of borrowings		(382,591)	(12,955)	(441,039)	(836,847)
Repayment of finance lease		-	-	(512)	-
Purchase of treasury shares		(3,365)	-	(5,942)	(2,990)
Acquisition of non-controlling interests		-	(233)	-	(157,011)
Dividends paid to owners of the Company		-	-	(41,794)	(73,140)
Dividends paid to non-controlling interests of subsidiaries		-	-	(279)	(558)
Unclaimed dividends		-	-	6	12
Net cash (used in)/generated from financing activities		(288,516)	3,419	(23,751)	534,374
Net increase/(decrease) in cash and cash equivalents		245,577	(298,336)	91,301	612,402
Cash and cash equivalents at beginning of the period/year		1,056,328	1,491,821	1,216,971	627,282
Effect of exchange rate changes on balances held in foreign currencies		(905)	23,486	(7,272)	(22,713)
Cash and cash equivalents at end of the period/year		1,301,000	1,216,971	1,301,000	1,216,971

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-Dec-2017 \$'000	31-Dec-2016 \$'000
Fixed deposits	153,081	145,306
Cash and bank balances	1,147,919	1,071,665
Cash and cash equivalents	1,301,000	1,216,971

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

	4Q 2017 \$'000	4Q 2016 ¹ \$'000	FY 2017 \$'000	FY 2016 ¹ \$'000
(i) Effect on cash flows of the Group				
Cash paid	-	-	-	71,799
Less: Cash and cash equivalents in subsidiaries acquired	-	-	-	(5,407)
Cash outflow on acquisition	-	-	-	66,392
(ii) Identifiable assets acquired and liabilities assumed				
Property, plant and equipment	-	-	-	481
Intangible assets	-	-	-	168,652
Trade and other receivables	-	-	-	7,515
Cash and cash equivalents	-	-	-	5,407
Total assets	-	-	-	182,055
Trade and other payables	-	-	-	8,672
Deferred tax liabilities	-	-	-	42,082
Total liabilities	-	-	-	50,754
Total net identifiable assets	-	-	-	131,301
Less: Non-controlling interests	-	-	-	(44,897)
Add: Goodwill	-	-	-	5,219
Less: Negative goodwill	-	-	-	(2,600)
Less: Amount previously accounted for as available-for-sale financial asset	-	-	-	(5,004)
Less: Gain on deemed disposal of available-for-sale financial asset	-	-	-	(4,243)
Consideration transferred for the businesses	-	-	-	79,776
Amount reflected as other payables	-	-	-	(7,977)
Cash paid	-	-	-	71,799

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

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

5c. Explanatory notes to Consolidated Statement of Cash Flows

Fourth quarter

Cash flows used in operating activities before changes in working capital were \$31.5 million in 4Q 2017. Net cash generated from operating activities for 4Q 2017 at \$539.0 million was mainly due to receipts from ongoing and completed projects and advance payments of \$377.5 million received from a customer.

Net cash used in investing activities for 4Q 2017 was \$4.9 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard and Estaleiro Jurong Aracruz (Brazil) yard, offset by proceeds from disposal of available-for-sale financial asset.

Net cash used in financing activities for 4Q 2017 was \$288.5 million. It relates mainly to net repayment of borrowings.

Full year

Cash flows from operating activities before changes in working capital were \$203.3 million in FY 2017. Net cash generated from operating activities for FY 2017 at \$49.6 million was mainly due to receipts from ongoing and completed projects and advance payments of \$377.5 million received from a customer.

Net cash generated from investing activities for FY 2017 was \$65.4 million, mainly due to proceeds from divestment of Cosco Shipyard Group Co., Ltd. and disposal of available-for-sale financial asset, partially offset by purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard and Estaleiro Jurong Aracruz (Brazil) yard.

Net cash used in financing activities for FY 2017 was \$23.8 million. It relates mainly to dividends paid, offset by 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
9M 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	-	-	-	-	-	47,856	47,856	(2,923)	44,933
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(66,977)	-	-	(66,977)	59	(66,918)
Net change in fair value of cash flow hedges	-	-	-	-	35,374	-	35,374	-	35,374
Net change in fair value of available-for-sale financial assets	-	-	-	-	690	-	690	-	690
Realisation of reserve upon disposal of assets held for sale	-	-	-	(20,484)	-	-	(20,484)	-	(20,484)
Realisation of reserve upon disposal of a subsidiary	-	-	-	(63)	-	-	(63)	(154)	(217)
Total other comprehensive income	-	-	-	(87,524)	36,064	-	(51,460)	(95)	(51,555)
Total comprehensive income	-	-	-	(87,524)	36,064	47,856	(3,604)	(3,018)	(6,622)
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(2,577)	-	-	-	-	(2,577)	-	(2,577)
Issue of treasury shares	-	3,057	-	-	(2,370)	-	687	-	687
Dividends paid	-	-	-	-	-	(41,794)	(41,794)	(279)	(42,073)
Unclaimed dividends	-	-	-	-	-	6	6	-	6
Share-based payments	-	-	-	-	5,543	-	5,543	-	5,543
Transfer of reserves	-	-	(24,525)	-	-	24,525	-	-	-
Total transactions with owners	-	480	(24,525)	-	3,173	(17,263)	(38,135)	(279)	(38,414)
At 30 September 2017	484,288	(86)	(13,011)	(22,130)	17,800	2,053,389	2,520,250	42,335	2,562,585
4Q 2017									
Total comprehensive income									
Loss for the period	-	-	-	-	-	(33,780)	(33,780)	(1,205)	(34,985)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	4,398	-	-	4,398	69	4,467
Net change in fair value of cash flow hedges	-	-	-	-	(4,876)	-	(4,876)	-	(4,876)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(1,347)	-	(1,347)	-	(1,347)
Net change in fair value of available-for-sale financial assets	-	-	-	-	30,101	-	30,101	-	30,101
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	(32,299)	-	(32,299)	-	(32,299)
Total other comprehensive income	-	-	-	4,398	(8,421)	-	(4,023)	69	(3,954)
Total comprehensive income	-	-	-	4,398	(8,421)	(33,780)	(37,803)	(1,136)	(38,939)
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(3,365)	-	-	-	-	(3,365)	-	(3,365)
Share-based payments	-	-	-	-	(909)	-	(909)	-	(909)
Total transactions with owners	-	(3,365)	-	-	(909)	-	(4,274)	-	(4,274)
At 31 December 2017	484,288	(3,451)	(13,011)	(17,732)	8,470	2,019,609	2,478,173	41,199	2,519,372

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
9M 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	-	-	-	-	-	44,485	44,485	47	44,532
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(37,726)	-	-	(37,726)	(4,981)	(42,707)
Net change in fair value of cash flow hedges	-	-	-	-	70,003	-	70,003	-	70,003
Net change in fair value of available-for-sale financial assets	-	-	-	-	(22,048)	-	(22,048)	-	(22,048)
Total other comprehensive income	-	-	-	(37,726)	47,955	-	10,229	(4,981)	5,248
Total comprehensive income	-	-	-	(37,726)	47,955	44,485	54,714	(4,934)	49,780
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(2,990)	-	-	-	-	(2,990)	-	(2,990)
Issue of treasury shares	-	5,537	-	-	(4,704)	-	833	-	833
Dividends paid	-	-	-	-	-	(73,140)	(73,140)	(558)	(73,698)
Unclaimed dividends	-	-	-	-	-	12	12	-	12
Share-based payments	-	-	-	-	7,493	-	7,493	-	7,493
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	52,508	52,508
Acquisition of non-controlling interests	-	-	(4,014)	-	-	-	(4,014)	(152,764)	(156,778)
Total transactions with owners	-	2,547	(4,014)	-	2,789	(73,128)	(71,806)	(100,814)	(172,620)
At 30 September 2016	484,288	(602)	21,560	13,177	(12,814)	1,988,504	2,494,113	47,326	2,541,439
4Q 2016									
Total comprehensive income									
Profit for the period	-	-	-	-	-	34,292	34,292	(3,664)	30,628
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	51,455	-	-	51,455	572	52,027
Net change in fair value of cash flow hedges	-	-	-	-	(19,254)	-	(19,254)	-	(19,254)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	2,632	-	2,632	-	2,632
Net change in fair value of available-for-sale financial assets	-	-	-	-	2,037	-	2,037	-	2,037
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	8,978	-	8,978	-	8,978
Total other comprehensive income	-	-	-	51,455	(5,607)	-	45,848	572	46,420
Total comprehensive income	-	-	-	51,455	(5,607)	34,292	80,140	(3,092)	77,048
Transactions with owners of the Company, recognised directly in equity									
Issue of treasury shares	-	36	-	-	(36)	-	-	-	-
Share-based payments	-	-	-	-	(2,980)	-	(2,980)	-	(2,980)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	(7,611)	(7,611)
Acquisition of non-controlling interests	-	-	(10,046)	762	-	-	(9,284)	9,009	(275)
Total transactions with owners	-	36	(10,046)	762	(3,016)	-	(12,264)	1,398	(10,866)
At 31 December 2016	484,288	(566)	11,514	65,394	(21,437)	2,022,796	2,561,989	45,632	2,607,621

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

6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2017						
At 1 January 2017	484,288	(566)	960	(21,853)	819,463	1,282,292
Total comprehensive income						
Profit for the period	-	-	-	-	154,575	154,575
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	483	-	483
Total other comprehensive income	-	-	-	483	-	483
Total comprehensive income	-	-	-	483	154,575	155,058
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(2,577)	-	-	-	(2,577)
Issue of treasury shares	-	3,057	-	(2,370)	-	687
Dividends paid	-	-	-	-	(41,794)	(41,794)
Unclaimed dividends	-	-	-	-	6	6
Share-based payments	-	-	-	2,198	-	2,198
Cost of share-based payment issued to employees of subsidiaries	-	-	-	3,345	-	3,345
Total transactions with owners	-	480	-	3,173	(41,788)	(38,135)
At 30 September 2017	484,288	(86)	960	(18,197)	932,250	1,399,215
4Q 2017						
Total comprehensive income						
Profit for the period	-	-	-	-	344,522	344,522
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	18,923	-	18,923
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	(25,157)	-	(25,157)
Total other comprehensive income	-	-	-	(6,234)	-	(6,234)
Total comprehensive income	-	-	-	(6,234)	344,522	338,288
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(3,365)	-	-	-	(3,365)
Share-based payments	-	-	-	185	-	185
Cost of share-based payment issued to employees of subsidiaries	-	-	-	(1,094)	-	(1,094)
Total transactions with owners	-	(3,365)	-	(909)	-	(4,274)
At 31 December 2017	484,288	(3,451)	960	(25,340)	1,276,772	1,733,229

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

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

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
9M 2016						
At 1 January 2016	484,288	(3,149)	960	(5,799)	371,860	848,160
Total comprehensive income						
Profit for the period	-	-	-	-	523,549	523,549
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(26,229)	-	(26,229)
Total other comprehensive income	-	-	-	(26,229)	-	(26,229)
Total comprehensive income	-	-	-	(26,229)	523,549	497,320
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(2,990)	-	-	-	(2,990)
Issue of treasury shares	-	5,537	-	(4,697)	-	840
Dividends paid	-	-	-	-	(73,140)	(73,140)
Unclaimed dividends	-	-	-	-	12	12
Share-based payments	-	-	-	1,898	-	1,898
Cost of share-based payment issued to employees of subsidiaries	-	-	-	5,576	-	5,576
Total transactions with owners	-	2,547	-	2,777	(73,128)	(67,804)
At 30 September 2016	484,288	(602)	960	(29,251)	822,281	1,277,676
4Q 2016						
Total comprehensive income						
Loss for the period	-	-	-	-	(2,818)	(2,818)
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	1,416	-	1,416
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	8,978	-	8,978
Total other comprehensive income	-	-	-	10,394	-	10,394
Total comprehensive income	-	-	-	10,394	(2,818)	7,576
Transactions with owners of the Company, recognised directly in equity						
Issue of treasury shares	-	36	-	(36)	-	-
Share-based payments	-	-	-	(370)	-	(370)
Cost of share-based payment issued to employees of subsidiaries	-	-	-	(2,590)	-	(2,590)
Total transactions with owners	-	36	-	(2,996)	-	(2,960)
At 31 December 2016	484,288	(566)	960	(21,853)	819,463	1,282,292

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

As at 31 December 2017, the Company's issued and paid up capital, excluding treasury shares, comprises 2,087,909,920 (31 December 2016: 2,089,323,078) ordinary shares.

(ii) Share Options

During 4Q 2017, there were no (4Q 2016: 881,304) share options that lapsed.

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

(iii) Performance Shares

During 4Q 2017, there were no (4Q 2016: nil) performance shares awarded under the Company's Performance Share Plan ("PSP"), no (4Q 2016: nil) performance shares released and no (4Q 2016: nil) performance shares that lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2017 was 4,733,000 (31 December 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 (31 December 2016: 6,769,500) performance shares.

(iv) Restricted Shares

During 4Q 2017, there were no (4Q 2016: nil) restricted shares awarded under the Company's Restricted Share Plan ("RSP"), no (4Q 2016: 28,315) restricted shares released and 316,384 (4Q 2016: 83,984) 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 31 December 2017 was 15,383,413 (31 December 2016: 13,716,142). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2017 was 14,674,000 (31 December 2016: 12,239,840). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 22,011,000 (31 December 2016: 18,359,760) restricted shares.

(v) Treasury Shares

During 4Q 2017, the Company acquired 1,800,000 (4Q 2016: nil) ordinary shares in the Company by way of on-market purchases.

In 4Q 2017, there were no (4Q 2016: 28,315) treasury shares issued pursuant to the RSP.

As at 31 December 2017, 1,850,187 (31 December 2016: 437,029) treasury shares were held that may be issued 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
- FRS 112	Disclosure of interests in Other Entities

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

11. REVIEW OF GROUP PERFORMANCE

(i) Turnover

	4Q 2017	4Q 2016	+ / (-)	+ / (-)	FY 2017	FY 2016	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rigs & Floaters	407.3	495.9	(88.6)	(17.9)	1,097.5	1,887.1	(789.6)	(41.8)
Repairs & Upgrades	119.9	110.1	9.8	8.9	471.4	459.9	11.5	2.5
Offshore Platforms	109.6	199.9	(90.3)	(45.2)	732.1	1,115.7	(383.6)	(34.4)
Other Activities	18.2	24.0	(5.8)	(24.2)	86.4	82.1	4.3	5.2
	655.0	829.9	(174.9)	(21.1)	2,387.4	3,544.8	(1,157.4)	(32.7)

Turnover for 4Q 2017 decreased by 21% mainly due to lower revenue recognition for rigs & floaters and offshore platform projects. Excluding the effects of the sale of 9 jack-up rigs to Borr Drilling and termination of 3 jack-up rigs with a customer, turnover would have decreased by 33%.

Turnover for FY 2017 decreased by 33% mainly due to lower revenue recognition for rigs & floaters and offshore platform projects. Excluding the effects of the sale of 9 jack-up rigs to Borr Drilling and termination of 5 jack-up rigs with two customers during the year, turnover would have decreased by 28%.

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

Operating loss for 4Q 2017 was mainly due to lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs, and additional cost accruals for floater projects which are pending finalisation with the customers. These are partially offset by foreign exchange translation gain on the United States dollar and Brazilian Real borrowings for the Brazil yard. Net loss for 4Q 2017 was mainly due to operating loss, offset by gain on disposal of available-for-sale financial asset.

Operating profit for FY 2017 decreased mainly due to lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs, and additional cost accruals for floater projects which are pending finalisation with the customers. Net profit for FY 2017 decreased mainly due to lower operating profit, offset by gain on disposal of Cosco Shipyard Group Co., Ltd., gain on disposal of available-for-sale financial asset and lower share of losses from associates and joint ventures as compared to FY 2016.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

Global exploration and production (E&P) capex spending continues to show signs of improvement, underpinned by higher oil prices.

Offshore rigs utilization and day rates have stabilized, but rig orders recovery may take some time as the oversupply in most drilling segments have yet to re-balance.

The production segment remains encouraging and we are responding to increasing enquiries and tenders for innovative engineering solutions.

We continue to make progress in our efforts to develop and commercialize our Gravifloat technology for near-shore gas infrastructure solutions.

Demand for repairs and upgrades, especially for LNG carriers and cruise ships remains strong. Regulations on ballast water treatment requirements coming into force in the foreseeable future will further underpin the potential of this segment.

However, the immediate outlook remains challenging. It will take some time for capex spending to translate into new orders. Industry activities remain low and competition for orders remains intense. Sembcorp Marine will continue to further strengthen its balance sheet and actively pursue the conversion of enquires into new orders.

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

14. DIVIDEND

(i) Current Financial Period Reported On

Name of Dividend	Interim Ordinary One-tier tax exempt	Proposed Final Ordinary One-tier tax exempt	Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per share)	1.0	1.0	2.0

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim Ordinary One-tier tax exempt	Final Ordinary One-tier tax exempt	Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per share)	1.5	1.0	2.5

(iii) Date payable

The proposed final ordinary one-tier tax exempt dividend of 1.0 cent per ordinary share, if approved at the AGM to be held on 18 April 2018, will be paid on 11 May 2018.

(iv) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 30 April 2018 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 27 April 2018 will be registered before entitlements to dividend are determined.

(v) Total Annual Dividend

	2017 \$'000	2016 \$'000
Interim Ordinary dividend	20,897	31,345
Final Ordinary dividend*	20,879	20,897
Total	41,776	52,242

* 2017 proposed final ordinary dividend are estimated based on share capital of 2,087,909,920 ordinary shares at the end of the financial year.

15. SEGMENTAL REPORTING

FY 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	2,319,672	57,437	10,245	-	2,387,354
Inter-segment sales	-	-	88,381	(88,381)	-
Total	2,319,672	57,437	98,626	(88,381)	2,387,354
Results					
Segment results	9,255	13,230	(2,032)	-	20,453
Finance income	11,398	-	150	-	11,548
Finance costs	(93,473)	(2,049)	-	-	(95,522)
Non-operating income	-	-	64,803	-	64,803
Non-operating expenses	-	-	(13,309)	-	(13,309)
Share of results of associates and joint ventures, net of tax	(914)	(3,669)	966	-	(3,617)
(Loss)/profit before tax	(73,734)	7,512	50,578	-	(15,644)
Tax credit	25,273	-	319	-	25,592
(Loss)/profit for the year	(48,461)	7,512	50,897	-	9,948
Assets					
Segment assets	8,748,453	246,025	71,924	-	9,066,402
Investments in associates and joint ventures	5,181	53,085	9,699	-	67,965
Deferred tax assets	5,263	-	626	-	5,889
Tax recoverable	11,192	-	-	-	11,192
Total assets	8,770,089	299,110	82,249	-	9,151,448
Liabilities					
Segment liabilities	6,437,968	81,551	26,144	-	6,545,663
Deferred tax liabilities	61,390	-	155	-	61,545
Current tax payable	24,335	-	533	-	24,868
Total liabilities	6,523,693	81,551	26,832	-	6,632,076
Capital expenditure	193,295	-	160	-	193,455
Significant non-cash items					
Depreciation and amortisation	182,627	9,230	1,059	-	192,916
Gain on disposal of assets held for sale	-	-	(46,816)	-	(46,816)
Gain on disposal of subsidiaries	-	-	(753)	-	(753)
Gain on disposal of available-for-sale financial asset	-	-	(17,200)	-	(17,200)
Assumption of liabilities on behalf of a joint venture	-	-	11,000	-	11,000
Fair value adjustment on hedging instruments	(1,623)	-	-	-	(1,623)
Fair value adjustment on firm commitments under fair value hedge	3,454	-	-	-	3,454
Property, plant and equipment written off	470	-	30	-	500
Impairment losses on available-for-sale financial assets	-	-	2,275	-	2,275
Inventories and work-in-progress written back	(19,622)	-	-	-	(19,622)
Allowance for doubtful debts and bad debts	148	-	19	-	167

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	243,764	2,342,455	6,820,153	94,694
China	2,401	342	342	-
Malaysia	(257,648)	1,132	1,481	-
Rest of ASEAN, Australia & India	98,900	151,967	233,983	1,779
Middle East & Africa	65,340	-	-	-
United Kingdom	744,752	5,121	83,777	727
Norway	750,816	147,865	153,172	-
The Netherlands	594,553	207,575	246,058	-
Rest of Europe	284,090	-	-	-
Brazil	213,192	1,432,718	1,604,585	96,213
U.S.A.	185,176	4,018	5,567	4
Mexico	(603,506)	-	-	-
Other countries	65,524	89	2,330	38
Total	2,387,354	4,293,282	9,151,448	193,455

⁽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)

FY 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	3,474,179	58,962	11,675	-	3,544,816
Inter-segment sales	-	-	144,795	(144,795)	-
Total	3,474,179	58,962	156,470	(144,795)	3,544,816
Results					
Segment results	208,894	11,981	4,431	-	225,306
Finance income	7,775	-	147	-	7,922
Finance costs	(86,222)	(2,429)	-	-	(88,651)
Non-operating income	4,243	-	186	-	4,429
Non-operating expenses	(2,120)	-	(21,232)	-	(23,352)
Share of results of associates and joint ventures, net of tax	(32,918)	(3,391)	1,175	-	(35,134)
Profit/(loss) before tax	99,652	6,161	(15,293)	-	90,520
Tax expense	(14,839)	-	(521)	-	(15,360)
Profit/(loss) for the year	84,813	6,161	(15,814)	-	75,160
Assets					
Segment assets	8,960,627	270,423	88,395	-	9,319,445
Investments in associates and joint ventures	6,139	59,944	8,733	-	74,816
Deferred tax assets	12,042	-	-	-	12,042
Tax recoverable	8,530	-	-	-	8,530
Total assets	8,987,338	330,367	97,128	-	9,414,833
Liabilities					
Segment liabilities	6,551,425	104,706	28,591	-	6,684,722
Deferred tax liabilities	85,438	-	235	-	85,673
Current tax payable	34,805	-	2,012	-	36,817
Total liabilities	6,671,668	104,706	30,838	-	6,807,212
Capital expenditure	419,506	-	373	-	419,879
Significant non-cash items					
Depreciation and amortisation	148,662	9,141	1,142	-	158,945
Fair value adjustment on hedging instruments	(1,435)	-	-	-	(1,435)
Fair value gain on firm commitments under fair value hedge	(4,146)	-	-	-	(4,146)
Gain on deemed disposal of available-for-sale financial asset	(4,243)	-	-	-	(4,243)
Negative goodwill	(2,600)	-	-	-	(2,600)
Impairment losses on available-for-sale financial assets	-	-	21,232	-	21,232
Impairment losses on investment in associates	2,120	-	-	-	2,120
Property, plant and equipment written off	45	-	-	-	45
Inventories and work-in-progress written back	(1,195)	-	33	-	(1,162)
Allowance for doubtful debts and bad debts	5,230	-	1	-	5,231

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	317,392	2,392,497	7,084,769	214,065
China	330	1,462	193,483	-
Rest of ASEAN, Australia & India	313,140	172,088	289,722	12,104
Middle East & Africa	14,315	-	-	-
United Kingdom	635,460	5,141	8,393	310
Norway	284,142	165,170	174,880	30
The Netherlands	495,649	229,014	270,445	-
Austria	357,547	-	-	-
Rest of Europe	345,169	-	-	-
Brazil	83,942	1,346,954	1,385,236	193,331
U.S.A.	697,665	4,289	6,299	8
Other countries	65	88	1,606	31
Total	3,544,816	4,316,703	9,414,833	419,879

⁽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)

	FY 2017 \$'000	FY 2016 \$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	3,996	1,981
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	106	235
Sembcorp Technologies Engineering Ltd and its associates	-	327
Management and Support Services		
Sembcorp Industries Limited	250	250
Total Interested Person Transactions	4,352	2,793

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

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

BY ORDER OF THE BOARD

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

21 February 2018