



SEMBCORP MARINE LTD
Registration Number: 196300098Z

**FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2016 FINANCIAL STATEMENTS
 & RELATED ANNOUNCEMENT**

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SEMBCORP MARINE LTD
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2016

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 2016.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group			Group		
		4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
Turnover	2a	829,896	1,327,002	(37.5)	3,544,816	4,968,132	(28.6)
Cost of sales	2a	(795,179)	(1,654,960)	(52.0)	(3,252,063)	(4,837,240)	(32.8)
Gross profit/(loss)	2a	34,717	(327,958)	n.m.	292,753	130,892	n.m.
Other operating income	2b	(2,497)	(8,119)	(69.2)	55,623	41,448	34.2
Other operating expenses	2b	63,414	4,881	n.m.	(9,083)	(31,926)	(71.5)
General and administrative expenses	2c	(28,553)	(178,815)	(84.0)	(113,987)	(290,405)	(60.7)
Operating profit/(loss)		67,081	(510,011)	n.m.	225,306	(149,991)	n.m.
Finance income	2d	1,471	4,574	(67.8)	7,922	10,813	(26.7)
Finance costs	2e	(25,777)	(13,932)	85.0	(88,651)	(46,775)	89.5
Investment income	2f	-	-	-	-	557	n.m.
Non-operating income	2g	(5,073)	-	n.m.	4,429	-	n.m.
Non-operating expenses	2g	(11,098)	(1,645)	n.m.	(23,352)	(18,708)	24.8
Share of results of associates and joint ventures, net of tax	2h	(5,334)	(150,315)	(96.5)	(35,134)	(173,499)	(79.7)
Profit/(loss) before tax		21,270	(671,329)	n.m.	90,520	(377,603)	n.m.
Tax credit/(expense)	2i	9,358	117,789	(92.1)	(15,360)	77,637	n.m.
Profit/(loss) for the period/year		30,628	(553,540)	n.m.	75,160	(299,966)	n.m.
Profit/(loss) attributable to:							
Owners of the Company		34,292	(536,883)	n.m.	78,777	(289,672)	n.m.
Non-controlling interests		(3,664)	(16,657)	(78.0)	(3,617)	(10,294)	(64.9)
Profit/(loss) for the period/year		30,628	(553,540)	n.m.	75,160	(299,966)	n.m.
Profit/(loss) attributable to Owners of the Company excluding non-operating items							
		50,463	(535,238)	n.m.	97,700	(270,964)	n.m.
Earnings per ordinary share (cents)							
Basic	2j	1.64	(25.70)	n.m.	3.77	(13.87)	n.m.
Diluted		1.64	(25.70)	n.m.	3.77	(13.87)	n.m.

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
Turnover	(i)	829,896	1,327,002	(37.5)	3,544,816	4,968,132	(28.6)
Cost of sales		(795,179)	(1,654,960)	(52.0)	(3,252,063)	(4,837,240)	(32.8)
Gross profit/(loss)	(ii)	34,717	(327,958)	n.m.	292,753	130,892	n.m.
<i>Included in cost of sales:</i>							
Depreciation and amortisation	(iii)	(52,053)	(34,684)	50.1	(155,313)	(126,464)	22.8
Inventories written back/(written down), net		13	(85,474)	n.m.	1,162	(85,518)	n.m.
Provision for foreseeable losses on contracts work-in-progress		-	(277,961)	n.m.	-	(277,961)	n.m.

- (i) Turnover for 4Q 2016 decreased mainly due to the lower revenue recognition for rig building projects resulting from customers' delivery deferment requests, lower revenue recognition for offshore platforms projects and lower repair businesses.

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

- (ii) Gross loss for 4Q 2015 and lower gross profit in FY 2015 was mainly due to write-downs of inventories and work-in-progress, and provision for foreseeable losses for rig-building projects that was recorded in 4Q 2015 and FY 2015.
- (iii) Depreciation and amortisation for 4Q 2016 and FY 2016 increased mainly due to depreciation charge for Tuas Boulevard yard and Brazil new yard; and amortisation of newly acquired intangible property rights of Gravifloat AS and LMG Marin AS.

2b. Other operating income/(expenses)

		Group			Group		
		4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
Other operating income		(2,497)	(8,119)	(69.2)	55,623	41,448	34.2
Other operating expenses		63,414	4,881	n.m.	(9,083)	(31,926)	(71.5)
		<u>60,917</u>	<u>(3,238)</u>	n.m.	<u>46,540</u>	<u>9,522</u>	n.m.
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss), net	(i)	63,687	(18,732)	n.m.	(7,436)	108	n.m.
Fair value adjustment on hedging instruments	(ii)	(26,778)	5,468	n.m.	1,435	(29,409)	n.m.
Fair value gain on firm commitments under fair value hedge		4,146	-	n.m.	4,146	-	n.m.
(Loss)/gain on disposal of property, plant and equipment, net		(13)	12	n.m.	28	426	(93.4)
Negative goodwill		2,600	-	n.m.	2,600	-	n.m.
Rental income		4,421	4,573	(3.3)	15,258	16,320	(6.5)
Other income	(iii)	13,127	6,028	n.m.	32,156	24,594	30.7
Other expenses		(273)	(587)	(53.5)	(1,647)	(2,517)	(34.6)
		<u>60,917</u>	<u>(3,238)</u>	n.m.	<u>46,540</u>	<u>9,522</u>	n.m.

- (i) Foreign exchange gain in 4Q 2016 mainly arose from the revaluation of assets denominated in United States dollar and Pounds sterling to Singapore dollar.

Foreign exchange loss in FY 2016 mainly arose from the revaluation of assets and liabilities denominated in Pounds sterling and United States dollar to Singapore dollar.

- (ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

- (iii) Higher other income in 4Q 2016 and FY 2016 was mainly due to sales of scrap and miscellaneous income.

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

2c. General and administrative expenses

	Group			Group		
	4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
General and administrative expenses (i)	(28,553)	(178,815)	(84.0)	(113,987)	(290,405)	(60.7)
<i>Included in general and administrative expenses:</i>						
Personnel and related costs	(7,153)	4,130	n.m.	(57,482)	(55,568)	3.4
Depreciation and amortisation	(1,112)	(2,957)	(62.4)	(3,632)	(5,274)	(31.1)
Allowance for doubtful debts and bad debts, net (ii)	(5,062)	(151,836)	(96.7)	(5,231)	(153,856)	(96.6)

- (i) Lower general and administrative expenses in 4Q 2016 and FY 2016 were mainly due to lower allowance for doubtful debts.
- (ii) In 4Q 2015 and FY 2015, the higher allowance for doubtful debts were mainly due to provision for impairment of trade receivables for rig building contracts.

2d. Finance income

Lower finance income in 4Q 2016 and FY 2016 was mainly due to lower interest income as compared to the corresponding periods in 2015.

2e. Finance costs

	Group			Group		
	4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
Finance costs	<u>(25,777)</u>	<u>(13,932)</u>	85.0	<u>(88,651)</u>	<u>(46,775)</u>	89.5
<i>Included in finance costs:</i>						
Interest expense (i)	(25,017)	(13,217)	89.3	(86,289)	(44,400)	94.3
Commitment and facility fees	<u>(760)</u>	<u>(715)</u>	6.3	<u>(2,362)</u>	<u>(2,375)</u>	(0.5)
	<u>(25,777)</u>	<u>(13,932)</u>	85.0	<u>(88,651)</u>	<u>(46,775)</u>	89.5

- (i) Higher interest expense in 4Q 2016 and FY 2016 was mainly due to higher bank borrowings as compared to the corresponding periods in 2015.

2f. Investment income

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

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

2g. Non-operating income/(expenses)

	Group			Group		
	4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
Non-operating income	(5,073)	-	n.m.	4,429	-	n.m.
Non-operating expenses	(11,098)	(1,645)	n.m.	(23,352)	(18,708)	24.8
	<u>(16,171)</u>	<u>(1,645)</u>	n.m.	<u>(18,923)</u>	<u>(18,708)</u>	1.1
<i>Included in non-operating income/(expenses):</i>						
Gain on disposal of a joint venture	-	-	n.m.	186	-	n.m.
Gain on deemed disposal of available-for-sale financial asset (i)	(5,073)	-	n.m.	4,243	-	n.m.
Net change in fair value of financial assets measured through profit or loss	-	(1,645)	n.m.	-	(1,653)	n.m.
Impairment losses on available-for-sale financial assets	(8,978)	-	n.m.	(21,232)	(17,055)	24.5
Impairment losses on investment in associates	(2,120)	-	n.m.	(2,120)	-	n.m.
	<u>(16,171)</u>	<u>(1,645)</u>	n.m.	<u>(18,923)</u>	<u>(18,708)</u>	1.1

- (i) The gain on deemed disposal of available-for-sale financial asset arose from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016. The adjustment in 4Q 2016 was due to the finalisation of fair value adjustments, previously recognised on a provisional basis.

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

The share of losses of associates and joint ventures decreased in 4Q 2016 and FY 2016 mainly due to share of lower losses from associates. In 4Q 2015 and FY 2015, the share of higher losses from associates resulted from the write-downs of certain inventory and provisions for impairment of trade receivables for certain contracts. In addition, Cosco Shipyard Group Co., Ltd (CSG) was reclassified as assets held for sale from 1 October 2016 and the Group only equity accounted for the result of nine months during FY 2016.

2i. Tax credit/(expense)

	Group			Group		
	4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
Tax credit/(expense) (i)	9,358	117,789	(92.1)	(15,360)	77,637	n.m.
<i>Included in tax credit/(expense):</i>						
Write-back of tax in respect of prior years, net (ii)	8,189	9,462	(13.5)	8,984	21,274	(57.8)

- (i) The tax credit in 4Q 2016, 4Q 2015 and FY 2015 was mainly due to recognition of unutilised tax losses.
- (ii) The write-back of tax was mainly attributable to recognition of tax incentives.

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

2j. 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 2016	4Q 2015	+ / (-) %	FY 2016	FY 2015	+ / (-) %
(i) Based on the weighted average number of shares (cents)	1.64	(25.70)	n.m.	3.77	(13.87)	n.m.
- Weighted average number of shares ('000)	2,089,295	2,089,016	n.m.	2,089,177	2,088,686	n.m.
(ii) On a fully diluted basis (cents)	1.64	(25.70)	n.m.	3.77	(13.87)	n.m.
- Adjusted weighted average number of shares ('000)	2,089,295	2,089,124	n.m.	2,089,177	2,088,794	n.m.

2k. Breakdown of sales

	Group		
	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
<u>First Half Year</u>			
(i) Sales reported	1,826,917	2,511,253	(27.3)
(ii) Profit after tax before deducting non-controlling interests reported	66,342	222,064	(70.1)
<u>Second Half Year</u>			
(iii) Sales reported	1,717,899	2,456,879	(30.1)
(iv) Profit/(loss) after tax before deducting non-controlling interests reported	8,818	(522,030)	n.m.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		4Q 2016 \$'000	4Q 2015 \$'000	+ / (-) %	FY 2016 \$'000	FY 2015 \$'000	+ / (-) %
Profit/(loss) for the period/year		30,628	(553,540)	n.m.	75,160	(299,966)	n.m.
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	3a(i)	52,027	1,632	n.m.	9,320	78,807	(88.2)
Net change in fair value of cash flow hedges	3a(ii)	(19,254)	20,994	n.m.	50,749	(15,375)	n.m.
Net change in fair value of cash flow hedges transferred to profit or loss	3a(iii)	2,632	12,181	(78.4)	2,632	12,181	(78.4)
Net change in fair value of available-for-sale financial assets	3a(iv)	2,037	20,531	(90.1)	(20,011)	6,761	n.m.
Change in fair value of available-for-sale financial assets transferred to profit or loss	3a(v)	8,978	-	n.m.	8,978	17,055	(47.4)
Other comprehensive income for the period/year, net of tax		46,420	55,338	(16.1)	51,668	99,429	(48.0)
Total comprehensive income for the period/year		77,048	(498,202)	n.m.	126,828	(200,537)	n.m.
Total comprehensive income attributable to:							
Owners of the Company		80,140	(481,450)	n.m.	134,854	(201,103)	n.m.
Non-controlling interests		(3,092)	(16,752)	(81.5)	(8,026)	566	n.m.
Total comprehensive income for the period/year		77,048	(498,202)	n.m.	126,828	(200,537)	n.m.

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The translation differences mainly arose from the consolidation of entities whose functional currencies are United States dollars and Renminbi.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.
- (iii) For 4Q 2016 and FY 2016, it relate to reclassification to profit or loss upon realisation of cash flow hedges. For the corresponding periods in 2015, it relate to reclassification to profit or loss for ineffective cash flow hedges.
- (iv) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.
- (v) Reclassification to profit or loss on impairment of available-for-sale financial assets.

4. BALANCE SHEETS

	Group		Company	
	31-Dec-2016 \$'000	31-Dec-2015 \$'000	31-Dec-2016 \$'000	31-Dec-2015 \$'000
Non-current assets				
Property, plant and equipment	3,986,667	3,540,555	90,497	94,490
Investment properties	-	-	19,006	20,733
Investments in subsidiaries	-	-	964,886	503,022
Interests in associates and joint ventures	74,816	312,056	-	107,369
Other financial assets	67,783	107,263	40,612	70,429
Trade and other receivables	53,095	54,106	36,605	54,515
Intangible assets	202,125	46,607	184	184
Deferred tax assets	12,042	23,499	-	-
	<u>4,396,528</u>	<u>4,084,086</u>	<u>1,151,790</u>	<u>850,742</u>
Current assets				
Inventories and work-in-progress	3,066,884	3,833,066	-	-
Trade and other receivables	491,968	589,711	61,099	48,329
Tax recoverable	8,530	3,893	5,536	1,611
Assets held for sale	182,215	-	107,369	-
Other financial assets	51,737	61,061	-	-
Cash and cash equivalents	1,216,971	629,305	24,482	10,908
	<u>5,018,305</u>	<u>5,117,036</u>	<u>198,486</u>	<u>60,848</u>
Total assets	<u>9,414,833</u>	<u>9,201,122</u>	<u>1,350,276</u>	<u>911,590</u>
Current liabilities				
Trade and other payables	2,120,447	2,518,677	23,890	22,502
Excess of progress billings over work-in-progress	193,403	288,067	-	-
Provisions	15,337	24,136	6,771	6,771
Other financial liabilities	18,317	104,614	-	-
Current tax payable	36,817	46,601	-	-
Interest-bearing borrowings	1,363,961	914,951	-	-
	<u>3,748,282</u>	<u>3,897,046</u>	<u>30,661</u>	<u>29,273</u>
Net current assets	<u>1,270,023</u>	<u>1,219,990</u>	<u>167,825</u>	<u>31,575</u>
Non-current liabilities				
Deferred tax liabilities	85,673	42,722	12,963	10,541
Provisions	65,279	51,391	18,036	18,036
Other financial liabilities	26,397	2,635	-	-
Interest-bearing borrowings	2,791,014	2,465,224	-	-
Other long-term payables	90,567	77,825	6,324	5,580
	<u>3,058,930</u>	<u>2,639,797</u>	<u>37,323</u>	<u>34,157</u>
Total liabilities	<u>6,807,212</u>	<u>6,536,843</u>	<u>67,984</u>	<u>63,430</u>
Net assets	<u>2,607,621</u>	<u>2,664,279</u>	<u>1,282,292</u>	<u>848,160</u>
Equity attributable to owners of the Company				
Share capital	484,288	484,288	484,288	484,288
Other reserves	54,905	9,770	(21,459)	(7,988)
Revenue reserve	2,022,796	2,017,147	819,463	371,860
	<u>2,561,989</u>	<u>2,511,205</u>	<u>1,282,292</u>	<u>848,160</u>
Non-controlling interests	45,632	153,074	-	-
Total equity	<u>2,607,621</u>	<u>2,664,279</u>	<u>1,282,292</u>	<u>848,160</u>

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

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

Interest-bearing borrowings:	As at 31-Dec-2016	As at 31-Dec-2015
	\$'000	\$'000
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	1,363,961	914,951
(ii) <u>Amount repayable after one year</u> Unsecured	2,791,014	2,465,224

4b. **Net asset value**

	Group		Company	
	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	122.62	120.24	61.37	40.61

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

(i) **Group**

Non-current assets

'Property, plant and equipment' increased mainly due to expansion and operational capital expenditures, mainly for Phase II of Sembmarine Integrated Yard @ Tuas and the Brazil new yard.

'Interests in associates and joint ventures' decreased mainly due to share of losses in associates and the reclassification of investment in Cosco Shipyard Group Co., Ltd (CSG) to assets held for sale.

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

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

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

Current assets

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

'Trade and other receivables' decreased mainly due to timing of receipts.

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

'Assets held for sale' increased mainly due to reclassification of an associate to assets held for sale. On 15 November 2016, the Company entered into a sale and purchase agreement with China Ocean Shipping (Group) Company to divest of its 30% equity interest in Cosco Shipyard Group Co., Ltd (CSG) and CSG has been reclassified as assets held for sale.

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

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

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

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

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

Current liabilities

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

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

'Provisions' decreased mainly due to lower provision for warranty.

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

'Current tax payable' decreased mainly due to utilisation of tax credit.

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

Non-current liabilities

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

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

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

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

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

Equity

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

'Non-controlling interests' decreased mainly due to the acquisition of the remaining 15% issued and paid-up share capital of a subsidiary (PPL Shipyard Pte Ltd), offset by the acquisition of a subsidiary (Gravifloat AS) whereby non-controlling interests constituted 44% of ownership interests.

4. BALANCE SHEETS (Cont'd)

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

(ii) Company

Non-current assets

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

'Interests in associates and joint ventures' decreased mainly due to the reclassification of investment in Cosco Shipyard Group Co., Ltd (CSG) to assets held for sale.

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

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

Current assets

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

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

'Assets held for sale' increased mainly due to reclassification of investment in Cosco Shipyard Group Co., Ltd (CSG) to assets held for sale. On 15 November 2016, the Company entered into a sale and purchase agreement with China Ocean Shipping (Group) Company to divest of its 30% equity interest in Cosco Shipyard Group Co., Ltd (CSG) and CSG has been reclassified as assets held for sale.

'Cash and cash equivalents' increased mainly due to receipts during the year.

Non-current liabilities

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

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

Equity

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

'Revenue reserve' increased mainly due to dividend from subsidiaries.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
Note	4Q 2016 \$'000	4Q 2015 \$'000	FY 2016 \$'000	FY 2015 \$'000
Cash flows from operating activities:				
Profit/(loss) for the period/year	30,628	(553,540)	75,160	(299,966)
Adjustments for:				
Finance income	(1,471)	(4,574)	(7,922)	(10,813)
Finance costs	25,777	13,932	88,651	46,775
Investment income	-	-	-	(557)
Depreciation of property, plant and equipment	39,316	36,139	140,591	125,731
Amortisation of intangible assets	13,849	1,502	18,354	6,007
Share of results of associates and joint ventures, net of tax	5,334	150,315	35,134	173,499
Loss/(gain) on disposal of property, plant and equipment	13	(12)	(28)	(426)
Gain on disposal of an investment in a joint venture	-	-	(186)	-
Gain on deemed disposal of available-for-sale financial asset	5,073	-	(4,243)	-
Negative goodwill	(2,600)	-	(2,600)	-
Fair value adjustment on hedging instruments	26,778	(5,468)	(1,435)	29,409
Fair value gain on firm commitments under fair value hedge	(4,146)	-	(4,146)	-
Net change in fair value of financial assets measured through profit or loss	-	1,645	-	1,653
Impairment losses on available-for-sale financial assets	8,978	-	21,232	17,055
Impairment losses on investment in associates	2,120	-	2,120	-
Share-based payment expenses	(5,666)	(5,494)	4,279	7,011
Impairment losses on property, plant and equipment	-	1,400	-	1,400
Property, plant and equipment written off	34	1	45	14
Inventories (written back)/written down, net	(13)	85,474	(1,162)	85,518
Provision for foreseeable losses on contracts work-in-progress	-	277,961	-	277,961
Allowance for doubtful debts and bad debts, net	5,067	151,836	5,231	153,856
Tax (credit)/expense	(9,358)	(117,789)	15,360	(77,637)
Operating profit before working capital changes	139,713	33,328	384,435	536,490
Changes in working capital:				
Inventories and work-in-progress	(294,343)	(1,137,974)	672,680	(1,908,412)
Trade and other receivables	211,951	(172,088)	101,284	(288,254)
Trade and other payables	(190,614)	729,093	(489,553)	793,330
Cash generated (used in)/from operations	(133,293)	(547,641)	668,846	(866,846)
Investment and interest income received	1,494	4,615	7,867	11,498
Interest paid	(14,010)	(19,148)	(80,244)	(29,824)
Tax paid	(7,147)	(18,933)	(27,956)	(103,927)
Net cash (used in)/generated from operating activities	(152,956)	(581,107)	568,513	(989,099)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(148,811)	(206,023)	(421,388)	(932,829)
Proceeds from sale of property, plant and equipment	12	24	103	647
Acquisition of subsidiaries, net of cash acquired	-	-	(66,392)	-
Acquisition of a joint venture	-	-	(3,258)	-
Acquisition of other financial assets	-	-	-	(15)
Proceeds from disposal of a joint venture	-	-	450	-
Net cash used in investing activities	(148,799)	(205,999)	(490,485)	(932,197)
Cash flows from financing activities:				
Proceeds from borrowings	16,607	890,887	1,604,908	2,052,674
Repayment of borrowings	(12,955)	(296,611)	(836,847)	(309,138)
Proceeds from share options exercised	-	(888)	-	879
Purchase of treasury shares	-	(1,315)	(2,990)	(12,293)
Acquisition of non-controlling interests	(233)	-	(157,011)	-
Dividends paid to owners of the Company	-	-	(73,140)	(250,665)
Dividends paid to non-controlling interests of subsidiaries	-	-	(558)	(14,558)
Capital contribution by non-controlling interests	-	-	-	157
Unclaimed dividends	-	-	12	29
Net cash generated from financing activities	3,419	592,073	534,374	1,467,085
Net (decrease)/increase in cash and cash equivalents	(298,336)	(195,033)	612,402	(454,211)
Cash and cash equivalents at beginning of the period/year	1,491,821	824,766	627,282	1,076,783
Effect of exchange rate changes on balances held in foreign currencies	23,486	(2,451)	(22,713)	4,710
Cash and cash equivalents at end of the period/year	1,216,971	627,282	1,216,971	627,282

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-2016 \$'000	31-Dec-2015 \$'000
Fixed deposits	145,306	15,002
Cash and bank balances	1,071,665	614,303
Cash and cash equivalents in balance sheets	1,216,971	629,305
Bank overdrafts	-	(2,023)
Cash and cash equivalents in consolidated statement of cash flows	1,216,971	627,282

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

	4Q 2016 ¹ \$'000	4Q 2015 \$'000	FY 2016 ¹ \$'000	FY 2015 \$'000
(i) Effect on cash flows of the Group				
Cash paid	-	-	71,799	-
Less: Cash and cash equivalents in subsidiary 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	-
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 business	-	-	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 from operating activities before changes in working capital were \$139.7 million in 4Q 2016. Net cash used in operating activities for 4Q 2016 at \$153.0 million was mainly due to working capital for ongoing projects.

Net cash used in investing activities for 4Q 2016 was \$148.8 million. The Group spent \$148.8 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas.

Net cash generated from financing activities for 4Q 2016 was \$3.4 million. It relates mainly to net proceeds from borrowings.

Full year

Cash flows from operating activities before changes in working capital were \$384.4 million in FY 2016. Net cash generated from operating activities for FY 2016 at \$568.5 million was mainly due to receipts from completed rig building projects.

Net cash used in investing activities for FY 2016 was \$490.5 million. The Group spent \$421.4 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas and \$69.7 million on acquisition of subsidiaries and joint venture.

Net cash generated from financing activities for FY 2016 was \$534.4 million. It relates mainly to net proceeds from borrowings, offset by acquisition of non-controlling interests and dividends paid.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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)

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

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M 2015									
At 1 January 2015	484,288	(1,715)	25,574	(17,044)	(83,440)	2,557,455	2,965,118	166,909	3,132,027
Total comprehensive income									
Profit for the period	-	-	-	-	-	247,211	247,211	6,363	253,574
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	66,220	-	-	66,220	10,955	77,175
Net change in fair value of cash flow hedges	-	-	-	-	(36,369)	-	(36,369)	-	(36,369)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(13,770)	-	(13,770)	-	(13,770)
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	17,055	-	17,055	-	17,055
Total other comprehensive income	-	-	-	66,220	(33,084)	-	33,136	10,955	44,091
Total comprehensive income	-	-	-	66,220	(33,084)	247,211	280,347	17,318	297,665
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(10,978)	-	-	-	-	(10,978)	-	(10,978)
Issue of treasury shares	-	10,795	-	-	(9,039)	-	1,756	-	1,756
Dividends paid	-	-	-	-	-	(250,665)	(250,665)	(14,558)	(265,223)
Unclaimed dividends	-	-	-	-	-	29	29	-	29
Share-based payments	-	-	-	-	9,694	-	9,694	-	9,694
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	157	157
Total transactions with owners	-	(183)	-	-	655	(250,636)	(250,164)	(14,401)	(264,565)
At 30 September 2015	484,288	(1,898)	25,574	49,176	(115,869)	2,554,030	2,995,301	169,826	3,165,127
4Q 2015									
Total comprehensive income									
Loss for the period	-	-	-	-	-	(536,883)	(536,883)	(16,657)	(553,540)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	1,727	-	-	1,727	(95)	1,632
Net change in fair value of cash flow hedges	-	-	-	-	20,994	-	20,994	-	20,994
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	12,181	-	12,181	-	12,181
Net change in fair value of available-for-sale financial assets	-	-	-	-	20,531	-	20,531	-	20,531
Total other comprehensive income	-	-	-	1,727	53,706	-	55,433	(95)	55,338
Total comprehensive income	-	-	-	1,727	53,706	(536,883)	(481,450)	(16,752)	(498,202)
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(1,315)	-	-	-	-	(1,315)	-	(1,315)
Issue of treasury shares	-	64	-	-	(959)	-	(895)	-	(895)
Share-based payments	-	-	-	-	(436)	-	(436)	-	(436)
Total transactions with owners	-	(1,251)	-	-	(1,395)	-	(2,646)	-	(2,646)
At 31 December 2015	484,288	(3,149)	25,574	50,903	(63,558)	2,017,147	2,511,205	153,074	2,664,279

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 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)

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 2015						
At 1 January 2015	484,288	(1,715)	960	(15,978)	374,737	842,292
Total comprehensive income						
Profit for the period	-	-	-	-	248,239	248,239
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(6,111)	-	(6,111)
Total other comprehensive income	-	-	-	(6,111)	-	(6,111)
Total comprehensive income	-	-	-	(6,111)	248,239	242,128
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(10,978)	-	-	-	(10,978)
Issue of treasury shares	-	10,795	-	(9,028)	-	1,767
Dividends paid	-	-	-	-	(250,665)	(250,665)
Unclaimed dividends	-	-	-	-	29	29
Share-based payments	-	-	-	1,869	-	1,869
Cost of share-based payment issued to employees of subsidiaries	-	-	-	7,825	-	7,825
Total transactions with owners	-	(183)	-	666	(250,636)	(250,153)
At 30 September 2015	484,288	(1,898)	960	(21,423)	372,340	834,267
4Q 2015						
Total comprehensive income						
Loss for the period	-	-	-	-	(480)	(480)
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	17,012	-	17,012
Total other comprehensive income	-	-	-	17,012	-	17,012
Total comprehensive income	-	-	-	17,012	(480)	16,532
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(1,315)	-	-	-	(1,315)
Issue of treasury shares	-	64	-	(952)	-	(888)
Share-based payments	-	-	-	856	-	856
Cost of share-based payment issued to employees of subsidiaries	-	-	-	(1,292)	-	(1,292)
Total transactions with owners	-	(1,251)	-	(1,388)	-	(2,639)
At 31 December 2015	484,288	(3,149)	960	(5,799)	371,860	848,160

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 2016, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,323,078 (31 December 2015: 2,088,567,580) ordinary shares.

(ii) Share Options

During 4Q 2016, there were nil (4Q 2015: nil) share options exercised under the Company's Share Option Plan ("SOP") and settled by way of issuance of treasury shares.

In 4Q 2016, there were 881,304 (4Q 2015: nil) share options that lapsed.

As at 31 December 2016, there were no (31 December 2015: 973,312) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

During 4Q 2016, there were nil (4Q 2015: nil) performance shares awarded under the Company's Performance Share Plan ("PSP"), nil (4Q 2015: nil) performance shares released and nil (4Q 2015: 75,000) 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 2016 was 4,513,000 (31 December 2015: 3,200,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 6,769,500 (31 December 2015: 4,800,000) performance shares.

(iv) Restricted Shares

During 4Q 2016, there were nil (4Q 2015: nil) restricted shares awarded under the Company's Restricted Share Plan ("RSP"), 28,315 (4Q 2015: 22,547) restricted shares released and 83,984 (4Q 2015: 41,158) 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 2016 was 13,716,142 (31 December 2015: 10,101,585). 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 2016 was 12,239,840 (31 December 2015: 7,623,701). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 18,359,760 (31 December 2015: 11,435,552) restricted shares.

(v) Treasury Shares

During 4Q 2016, the Company acquired nil (4Q 2015: 600,000) ordinary shares in the Company by way of on-market purchases.

In 4Q 2016, 28,315 (4Q 2015: 22,547) treasury shares were issued pursuant to the RSP.

As at 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 (31 December 2015: 1,192,527 treasury shares were held that may be issued upon the exercise of the options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively).

7. AUDIT

The figures have not been audited or reviewed by the Company's auditors. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 – Engagements to Perform Agreed-upon Procedures Regarding Financial Information. These procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2015.

10. CHANGES IN ACCOUNTING POLICIES

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

Amendments to FRSs	
- FRS 1	Presentation of Financial Statements
- FRS 16	Property, Plant and Equipment
- FRS 19	Employee Benefit Plans: Employee Contributions
- FRS 27	Separate Financial Statements
- FRS 28	Investments in Associates and Joint Ventures
- FRS 38	Intangible Assets
- FRS 105	Non-current Assets Held for Sale and Discontinued Operations
- FRS 110	Consolidated Financial Statements
- FRS 111	Joint Arrangements
- 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 2016	4Q 2015	+ / (-)	+ / (-)	FY 2016	FY 2015	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rigs & Floaters	495.9	854.1	(358.2)	(41.9)	1,887.1	3,318.5	(1,431.4)	(43.1)
Repairs & Upgrades	110.1	160.1	(50.0)	(31.2)	459.9	557.3	(97.4)	(17.5)
Offshore Platforms	199.9	294.1	(94.2)	(32.0)	1,115.7	1,016.5	99.2	9.8
Other Activities	24.0	18.7	5.3	28.3	82.1	75.8	6.3	8.3
	829.9	1,327.0	(497.1)	(37.5)	3,544.8	4,968.1	(1,423.3)	(28.6)

Turnover for 4Q 2016 decreased mainly due to the lower revenue recognition for rig building projects resulting from customers' delivery deferment requests, lower revenue recognition for offshore platforms projects and lower repair businesses.

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

11. **REVIEW OF GROUP PERFORMANCE** (Cont'd)

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

Net profit for 4Q and FY 2016 increased mainly due to share of lower losses from associates and gain on deemed disposal of available-for-sale financial asset arising from the step-up acquisition of Gravifloat AS in FY 2016. These are offset by higher finance costs and higher impairment of available-for-sale financial assets in FY 2016.

Net loss for 4Q 2015 and FY 2015 was mainly due to write-downs of inventories and work-in-progress, and provision for foreseeable losses for rig-building projects that was recorded in 4Q 2015 and FY 2015.

12. **VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

13. **PROSPECTS**

While prospects for the oil & gas industry have taken a more positive turn following the November 2016 agreement by OPEC and major non-OPEC countries to cut production, we believe a more robust recovery may take longer. Despite the challenging outlook and intense competition, we believe that growth prospects for the offshore and marine industry remain positive in the medium to long term.

However, with increasing enquiries for non-drilling solutions, we foresee an earlier recovery in demand for fixed platforms, FPSO and FSO conversions and new-builds in the next few years. Rising global demand for gas also augers well for our broad-based LNG solutions and capabilities. We believe these are the key segments that will offer opportunities in 2017.

The Group'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	Proposed Final Ordinary One-tier tax exempt	Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per share)	1.5	1.0	2.5

(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)	4.0	2.0	6.0

(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 2017, will be paid on 13 May 2017.

(iv) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 29 April 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 28 April 2017 will be registered before entitlements to dividend are determined.

(v) Total Annual Dividend

	2016 \$'000	2015 \$'000
Interim Ordinary dividend	31,345	83,563
Final Ordinary dividend*	20,893	41,795
Total	52,238	125,358

* 2016 proposed final ordinary dividend are estimated based on share capital of 2,089,323,078 ordinary shares at the end of the financial year.

15. SUBSEQUENT EVENT

On 15 November 2016, the Company announced that it entered into a sale and purchase agreement with China Ocean Shipping (Group) Company (COSCO) to divest its 30% equity interest in Cosco Shipyard Group Co., Ltd (CSG). The relevant Chinese regulatory authorities have approved the sale of shares in CSG to COSCO and a new Foreign-Investment Enterprise Certificate was issued on 19 January 2017. Parties will finalise payment arrangements within the stipulated time under the sale and purchase agreement, expected to be completed by 1Q 2017. The divestment gain is approximately S\$48.32 million over the carrying value of our investment.

16. SEGMENTAL REPORTING

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 written back, net	(1,195)	-	33	-	(1,162)
Allowance for doubtful debts and bad debts, net	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.

16. SEGMENTAL REPORTING (Cont'd)

FY 2015

(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	4,897,185	52,399	18,548	-	4,968,132
Inter-segment sales	-	-	178,016	(178,016)	-
Total	4,897,185	52,399	196,564	(178,016)	4,968,132
Results					
Segment results	(174,235)	10,501	13,743	-	(149,991)
Finance income	10,628	-	185	-	10,813
Finance costs	(43,933)	(2,842)	-	-	(46,775)
Investment income	-	-	557	-	557
Non-operating expenses	(1,653)	-	(17,055)	-	(18,708)
Share of results of associates and joint ventures, net of tax	(177,357)	2,364	1,494	-	(173,499)
(Loss)/profit before tax	(386,550)	10,023	(1,076)	-	(377,603)
Tax credit/(expense)	79,804	-	(2,167)	-	77,637
(Loss)/profit for the year	(306,746)	10,023	(3,243)	-	(299,966)
Assets					
Segment assets	8,472,359	257,107	132,208	-	8,861,674
Investments in associates and joint ventures	241,961	62,537	7,558	-	312,056
Deferred tax assets	23,499	-	-	-	23,499
Tax recoverable	3,893	-	-	-	3,893
Total assets	8,741,712	319,644	139,766	-	9,201,122
Liabilities					
Segment liabilities	6,304,941	118,233	24,346	-	6,447,520
Deferred tax liabilities	42,372	-	350	-	42,722
Current tax payable	44,496	-	2,105	-	46,601
Total liabilities	6,391,809	118,233	26,801	-	6,536,843
Capital expenditure					
	903,978	-	913	-	904,891
Significant non-cash items					
Depreciation and amortisation	120,333	10,477	928	-	131,738
Fair value adjustment on hedging instruments	29,409	-	-	-	29,409
Impairment losses on available-for-sale financial assets	-	-	17,055	-	17,055
Impairment losses on property, plant and equipment	-	1,400	-	-	1,400
Property, plant and equipment written off	14	-	-	-	14
Inventories written down, net	85,518	-	-	-	85,518
Provision for foreseeable losses on contracts work- in-progress	277,961	-	-	-	277,961
Allowance for doubtful debts and bad debts, net	153,856	-	-	-	153,856

(ii) Geographical Segments:

	Turnover from external customers \$'000	Non-current assets ⁽¹⁾ \$'000	Total assets \$'000	Capital expenditure \$'000
Singapore	289,098	2,291,782	7,256,113	439,161
China	2	237,287	237,326	-
Rest of ASEAN, Australia & India	382,078	169,145	351,293	15,193
Middle East & Africa	10,541	-	-	-
Norway	858,820	-	-	-
The Netherlands	1,044,512	234,013	257,064	-
Austria	533,846	-	-	-
Rest of Europe	336,636	6,642	16,428	733
Brazil	89,466	1,010,165	1,076,549	449,692
U.S.A.	1,403,150	4,256	6,349	112
Mexico	19,283	-	-	-
Other countries	700	-	-	-
Total	4,968,132	3,953,290	9,201,122	904,891

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

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

16a. **Explanatory notes to Segmental Reporting**

(i) Business segments

The Group has two reportable segments, which are the Group's strategic business units. The strategic business units are managed separately because of their different business activities. The two reportable segments are (i) rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding (ii) ship chartering.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

(ii) Geographical segments

The Group operates principally in the Republic of Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

(iii) Review of segment performance

Please refer to paragraph 11.

17. **INTERESTED PERSON TRANSACTIONS**

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)

	FY 2016 \$'000	FY 2015 \$'000
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	1,981	5,091
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	235	350
Singapore Technologies Engineering Ltd and its associates	327	179
Management and Support Services		
Sembcorp Industries Limited	250	250
Total Interested Person Transactions	2,793	5,870

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

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

19. **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
COMPANY SECRETARY

22 February 2017