



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018**

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the second quarter and half year ended 30 June 2018.

**1. CONSOLIDATED INCOME STATEMENT**

		Group			Group		
	Note	2Q 2018 \$'000	2Q 2017 (Restated) \$'000	+ / (-) %	1H 2018 \$'000	1H 2017 (Restated) \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>1,627,169</b>	<b>648,853</b>	<b>150.8</b>	<b>2,807,517</b>	<b>1,394,435</b>	<b>101.3</b>
Cost of sales	2a	(1,674,242)	(575,891)	190.7	(2,811,474)	(1,306,272)	115.2
<b>Gross (loss)/profit</b>	2a	<b>(47,073)</b>	<b>72,962</b>	<b>n.m.</b>	<b>(3,957)</b>	<b>88,163</b>	<b>n.m.</b>
Other operating income	2b	9,373	7,260	29.1	20,235	24,883	(18.7)
Other operating expenses	2b	6,527	(32,175)	n.m.	(3,521)	(32,364)	(89.1)
General and administrative expenses	2c	(21,400)	(22,883)	(6.5)	(45,793)	(46,672)	(1.9)
<b>Operating (loss)/profit</b>		<b>(52,573)</b>	<b>25,164</b>	<b>n.m.</b>	<b>(33,036)</b>	<b>34,010</b>	<b>n.m.</b>
Finance income	2d	10,748	7,927	35.6	19,266	10,671	80.5
Finance costs	2e	(25,468)	(24,999)	1.9	(47,602)	(48,909)	(2.7)
Non-operating income	2f	66	866	(92.4)	86	47,682	(99.8)
Non-operating expenses	2f	-	(5,500)	n.m.	-	(5,500)	n.m.
Share of results of associates and joint ventures, net of tax	2g	782	(517)	n.m.	967	(1,226)	n.m.
<b>(Loss)/profit before tax</b>		<b>(66,445)</b>	<b>2,941</b>	<b>n.m.</b>	<b>(60,319)</b>	<b>36,728</b>	<b>n.m.</b>
Tax credit	2h	9,902	284	n.m.	8,057	3,569	125.7
<b>(Loss)/profit for the period</b>		<b>(56,543)</b>	<b>3,225</b>	<b>n.m.</b>	<b>(52,262)</b>	<b>40,297</b>	<b>n.m.</b>
<b>(Loss)/profit attributable to:</b>							
Owners of the Company		<b>(55,620)</b>	<b>5,117</b>	<b>n.m.</b>	<b>(50,305)</b>	<b>42,160</b>	<b>n.m.</b>
Non-controlling interests		(923)	(1,892)	(51.2)	(1,957)	(1,863)	5.0
<b>(Loss)/profit for the period</b>		<b>(56,543)</b>	<b>3,225</b>	<b>n.m.</b>	<b>(52,262)</b>	<b>40,297</b>	<b>n.m.</b>
<b>Earnings per ordinary share (cents)</b> 2i							
Basic		(2.66)	0.24	n.m.	(2.41)	2.02	n.m.
Diluted		(2.66)	0.24	n.m.	(2.41)	2.02	n.m.

n.m.: not meaningful

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 January 2018. Please refer to paragraph 10 for the details on the financial impact from the adoption with respect to the restated second quarter and half year ended 30 June 2017 financial statements.

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

		Group			Group		
		2Q 2018	2Q 2017	+ / (-)	1H 2018	1H 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Turnover	(i)	1,627,169	648,853	150.8	2,807,517	1,394,435	101.3
Cost of sales		(1,674,242)	(575,891)	190.7	(2,811,474)	(1,306,272)	115.2
Gross (loss)/profit	(ii)	(47,073)	72,962	n.m.	(3,957)	88,163	n.m.
<i>Included in gross (loss)/profit:</i>							
Depreciation and amortisation		(48,129)	(47,229)	1.9	(93,424)	(93,259)	0.2
Inventories (written down)/written back		(21)	52	n.m.	27	128	(78.9)

- (i) Turnover for 2Q 2018 increased by 151% mainly due to higher revenue recognition for rigs & floaters upon the delivery of 2 jack-up rigs to Borr Drilling and sale of a semi-submersible rig. Excluding the effects on the delivery to Borr Drilling and sale of the semi-submersible rig, revenue would have been \$572 million, a decrease of 12% compared with 2Q 2017.

Turnover for 1H 2018 increased by 101% mainly due to higher revenue recognition for rigs & floaters upon the delivery of 4 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL and sale of a semi-submersible rig. Excluding the effects on the delivery to Borr Drilling and BOTL, and sale of the semi-submersible rig, revenue would have been \$1.1 billion, a decrease of 24% compared with 1H 2017.

- (ii) Gross loss for 2Q 2018 and 1H 2018 was mainly due to loss upon the sale of a semi-submersible, lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs, offset by margin recognition upon delivery of rigs.

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

		Group			Group		
		2Q 2018	2Q 2017	+ / (-)	1H 2018	1H 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Other operating income		9,373	7,260	29.1	20,235	24,883	(18.7)
Other operating expenses		6,527	(32,175)	n.m.	(3,521)	(32,364)	(89.1)
		15,900	(24,915)	n.m.	16,714	(7,481)	n.m.
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss), net	(i)	8,007	(34,394)	n.m.	(1,966)	(30,470)	(93.5)
Fair value adjustment on hedging instruments	(ii)	(2,052)	-	n.m.	(1,079)	-	n.m.
Fair value adjustment on firm commitments under fair value hedge		(434)	(2,620)	(83.4)	(371)	(1,658)	(77.6)
Gain on disposal of property, plant and equipment, net		985	10	n.m.	985	24	n.m.
Rental income		3,478	4,274	(18.6)	6,910	9,768	(29.3)
Other income	(iii)	5,946	7,862	(24.4)	12,340	15,091	(18.2)
Other expenses		(30)	(47)	(36.2)	(105)	(236)	(55.5)
		15,900	(24,915)	n.m.	16,714	(7,481)	n.m.

- (i) Foreign exchange gain in 2Q 2018 and foreign exchange loss in 1H 2018 mainly arose from the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar. Foreign exchange loss in 2Q 2017 and 1H 2017 mainly arose from the revaluation of liabilities denominated in United States dollar to Brazilian Real and the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.

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

- (iii) Lower other income in 2Q 2018 and 1H 2018 was mainly due to lower sales of scrap.

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

### 2c. General and administrative expenses

		Group			Group		
		2Q 2018	2Q 2017	+ / (-)	1H 2018	1H 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
General and administrative expenses	(i)	(21,400)	(22,883)	(6.5)	(45,793)	(46,672)	(1.9)
<i>Included in general and administrative expenses:</i>							
Depreciation and amortisation		(697)	(1,010)	(31.0)	(1,427)	(1,955)	(27.0)
Allowance for doubtful debts and bad debts		-	(104)	n.m.	(469)	(26)	n.m.

- (i) Lower general and administrative expenses in 2Q 2018 was mainly due to lower depreciation charge. In 1H 2018, general and administrative expenses decreased mainly due to lower personnel related costs and depreciation charge.

### 2d. Finance income

Higher finance income in 2Q 2018 and 1H 2018 was mainly due to interest income from a customer for deferred payments granted.

### 2e. Finance costs

		Group			Group		
		2Q 2018	2Q 2017	+ / (-)	1H 2018	1H 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Finance costs		(25,468)	(24,999)	1.9	(47,602)	(48,909)	(2.7)
<i>Included in finance costs:</i>							
Interest expense	(i)	(24,432)	(24,339)	0.4	(46,072)	(47,561)	(3.1)
Commitment and facility fees		(1,036)	(660)	57.0	(1,530)	(1,348)	13.5
		(25,468)	(24,999)	1.9	(47,602)	(48,909)	(2.7)

- (i) Higher interest expense in 2Q 2018 was mainly due to higher commitment and facility fees. Lower interest expense in 1H 2018 was mainly due to repayment of bank borrowings that resulted in lower average bank borrowings as compared to the corresponding period in 2017.

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

		Group			Group		
		2Q 2018	2Q 2017	+ / (-)	1H 2018	1H 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Non-operating income		66	866	(92.4)	86	47,682	(99.8)
Non-operating expenses		-	(5,500)	n.m.	-	(5,500)	n.m.
		66	(4,634)	n.m.	86	42,182	(99.8)
<i>Included in non-operating income/(expenses):</i>							
Gain on disposal of assets held for sale	(i)	-	-	-	-	46,816	n.m.
Gain on disposal of a subsidiary		-	866	n.m.	-	866	n.m.
Net change in fair value of financial assets measured through profit or loss		66	-	n.m.	86	-	n.m.
Assumption of liabilities on behalf of a joint venture		-	(5,500)	n.m.	-	(5,500)	n.m.
		66	(4,634)	n.m.	86	42,182	(99.8)

- (i) The gain on disposal of assets held for sale in 1H 2017 arose from the Group's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd, which was completed in January 2017.

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

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

The share of results of associates and joint ventures in 2Q 2018 and 1H 2018 was mainly due to share of profit from joint ventures.

### 2h. Tax credit

		Group			Group		
		2Q 2018	2Q 2017	+ / (-)	1H 2018	1H 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Tax credit	(i)	9,902	284	n.m.	8,057	3,569	125.7
<i>Included in tax credit:</i>							
Write-back of tax in respect of prior years, net	(ii)	377	6,267	(94.0)	456	7,987	(94.3)

(i) The tax credit in 2Q 2018 and 1H 2018 was mainly due to recognition of unutilised tax losses. The deferred tax assets are recognised only to the extent that it is probable that the related tax benefit will be realised.

(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 attributable to owners of the Company:	Group			Group		
	2Q 2018	2Q 2017	+ / (-)	1H 2018	1H 2017	+ / (-)
		(Restated)	%		(Restated)	%
(i) Based on the weighted average number of shares (cents)	(2.66)	0.24	n.m.	(2.41)	2.02	n.m.
- Weighted average number of shares ('000)	2,088,850	2,089,695	-	2,088,178	2,089,429	(0.1)
(ii) On a fully diluted basis (cents)	(2.66)	0.24	n.m.	(2.41)	2.02	n.m.
- Adjusted weighted average number of shares ('000)	2,088,850	2,089,695	-	2,088,178	2,089,429	(0.1)

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		2Q 2018 \$'000	2Q 2017 (Restated) \$'000	+ / (-) %	1H 2018 \$'000	1H 2017 (Restated) \$'000	+ / (-) %
<b>(Loss)/profit for the period</b>		<b>(56,543)</b>	<b>3,225</b>	<b>n.m.</b>	<b>(52,262)</b>	<b>40,297</b>	<b>n.m.</b>
<b>Other comprehensive income</b>							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	3a(i)	20,579	(9,477)	n.m.	(3,033)	(26,495)	(88.6)
Net change in fair value of cash flow hedges	3a(ii)	(26,715)	(18,621)	43.5	(23,114)	10,220	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii)	-	(6,174)	n.m.	-	1,771	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.	-	(217)	n.m.
		<u>(6,136)</u>	<u>(34,489)</u>	<u>(82.2)</u>	<u>(26,147)</u>	<u>(35,205)</u>	<u>(25.7)</u>
<i>Item that may not be reclassified subsequently to profit or loss:</i>							
Net change in fair value of equity investments at FVOCI	3a(iv)	(3,230)	-	n.m.	(11,339)	-	n.m.
Other comprehensive income for the period, net of tax		<u>(9,366)</u>	<u>(34,489)</u>	<u>(72.8)</u>	<u>(37,486)</u>	<u>(35,205)</u>	<u>6.5</u>
<b>Total comprehensive income for the period</b>		<b><u>(65,909)</u></b>	<b><u>(31,264)</u></b>	<b>110.8</b>	<b><u>(89,748)</u></b>	<b><u>5,092</u></b>	<b>n.m.</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		(64,934)	(29,236)	122.1	(87,665)	7,103	n.m.
Non-controlling interests		<u>(975)</u>	<u>(2,028)</u>	<u>(51.9)</u>	<u>(2,083)</u>	<u>(2,011)</u>	<u>3.6</u>
<b>Total comprehensive income for the period</b>		<b><u>(65,909)</u></b>	<b><u>(31,264)</u></b>	<b>110.8</b>	<b><u>(89,748)</u></b>	<b><u>5,092</u></b>	<b>n.m.</b>

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

- (i) The movement in foreign currency translation reserves in 2Q 2018 arose primarily due to the appreciation of United States dollar against Singapore dollar relative to the rate as at end of previous quarter. The movement in foreign currency translation reserves in 1H 2018 arose primarily due to the depreciation of United States dollar against Singapore dollar relative to the rate as at end of previous year.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.
- (iii) Fair value changes were mainly attributable to the mark-to-market adjustments of available-for-sale financial assets.
- (iv) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of equity investments at fair value through other comprehensive income (FVOCI).

#### 4. BALANCE SHEETS

	Group		Company	
	30-Jun-2018	31-Dec-2017 (Restated)	30-Jun-2018	31-Dec-2017
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	4,012,593	3,995,019	72,834	79,418
Investment properties	-	-	16,284	17,190
Investments in subsidiaries	-	-	1,489,687	1,483,520
Interests in associates and joint ventures	68,614	67,965	-	-
Other financial assets	3,709	46,150	780	18,894
Trade and other receivables	768,194	168,740	31,719	31,725
Intangible assets	167,755	179,201	184	184
Deferred tax assets	28,187	13,919	-	-
	<u>5,049,052</u>	<u>4,470,994</u>	<u>1,611,488</u>	<u>1,630,931</u>
<b>Current assets</b>				
Inventories	87,639	95,773	-	-
Trade and other receivables	626,189	579,823	224,275	117,283
Contract costs	860,522	2,547,111	-	-
Contract assets	833,264	652,361	-	-
Tax recoverable	9,900	11,192	846	846
Other financial assets	32,296	33,571	-	-
Cash and cash equivalents	848,476	1,301,000	37,846	55,126
	<u>3,298,286</u>	<u>5,220,831</u>	<u>262,967</u>	<u>173,255</u>
<b>Total assets</b>	<u>8,347,338</u>	<u>9,691,825</u>	<u>1,874,455</u>	<u>1,804,186</u>
<b>Current liabilities</b>				
Trade and other payables	1,345,766	1,604,218	37,371	26,433
Contract liabilities	495,887	1,211,158	-	-
Provisions	28,839	27,755	6,771	6,771
Other financial liabilities	4,035	1,449	-	-
Current tax payable	24,130	24,868	-	-
Interest-bearing borrowings	1,133,428	852,737	448	474
	<u>3,032,085</u>	<u>3,722,185</u>	<u>44,590</u>	<u>33,678</u>
<b>Net current assets</b>	<u>266,201</u>	<u>1,498,646</u>	<u>218,377</u>	<u>139,577</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	52,226	61,545	11,672	11,070
Provisions	69,925	70,014	18,036	18,036
Other financial liabilities	5,772	5,713	-	-
Interest-bearing borrowings	2,708,749	3,247,386	952	1,394
Other long-term payables	107,295	104,807	3,666	6,779
	<u>2,943,967</u>	<u>3,489,465</u>	<u>34,326</u>	<u>37,279</u>
<b>Total liabilities</b>	<u>5,976,052</u>	<u>7,211,650</u>	<u>78,916</u>	<u>70,957</u>
<b>Net assets</b>	<u>2,371,286</u>	<u>2,480,175</u>	<u>1,795,539</u>	<u>1,733,229</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(54,350)	(30,704)	(25,456)	(27,831)
Revenue reserve	1,902,232	1,985,392	1,336,707	1,276,772
	<u>2,332,170</u>	<u>2,438,976</u>	<u>1,795,539</u>	<u>1,733,229</u>
Non-controlling interests	39,116	41,199	-	-
<b>Total equity</b>	<u>2,371,286</u>	<u>2,480,175</u>	<u>1,795,539</u>	<u>1,733,229</u>

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

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

Interest-bearing borrowings:	As at 30-Jun-2018	As at 31-Dec-2017
	\$'000	\$'000
(i) <b><u>Amount repayable in one year or less, or on demand</u></b> Unsecured	1,133,428	852,737
(ii) <b><u>Amount repayable after one year</u></b> Unsecured	2,708,749	3,247,386

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

	Group		Company	
	30-Jun-2018	31-Dec-2017 (Restated)	30-Jun-2018	31-Dec-2017
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	111.64	116.81	85.95	83.01

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

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

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

'Other financial assets' decreased mainly due to fair value adjustments on foreign currency forward contracts and disposal of equity investments at fair value through other comprehensive income (FVOCI).

'Trade and other receivables' increased mainly due to billing to customers upon completion and sale of rigs.

'Deferred tax assets' increased mainly due to tax credit on unutilised tax losses.

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

'Contract costs' decreased mainly due to recognition of costs of sales upon the delivery and sale of rigs.

'Contract assets' increased mainly due to timing of billings to customers.

'Tax recoverable' decreased mainly due to reduction of receivable from tax authorities during the period.

'Cash and cash equivalents' decreased mainly due to repayment of borrowings and capital expenditures.

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

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

'Contract liabilities' decreased mainly due to recognition of revenue upon the delivery and sale of rigs.

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

'Interest-bearing borrowings' increased mainly due to reclassification from long term borrowings, offset by repayment of short 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.

'Interest-bearing borrowings' decreased mainly due to reclassification to short term borrowings.

###### **Equity**

'Other reserves' deficit increased mainly due to fair value adjustments on foreign currency forward contracts.

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

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

'Other financial assets' decreased mainly due to disposal of equity investments at fair value through other comprehensive income (FVOCI).

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

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

'Cash and cash equivalents' decreased mainly due to dividends paid.

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

'Trade and other payables' increased mainly due to higher payables due to subsidiaries.

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

'Interest-bearing borrowings' decreased mainly due to payment of finance lease obligations.

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

###### **Equity**

'Other reserves' deficit decreased mainly due to issuance of treasury shares.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	2Q 2018	2Q 2017 (Restated)	1H 2018	1H 2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
(Loss)/profit for the period	(56,543)	3,225	(52,262)	40,297
Adjustments for:				
Finance income	(10,748)	(7,927)	(19,266)	(10,671)
Finance costs	25,468	24,999	47,602	48,909
Depreciation of property, plant and equipment	43,097	42,522	83,405	83,780
Amortisation of intangible assets	5,729	5,717	11,446	11,434
Share of results of associates and joint ventures, net of tax	(782)	517	(967)	1,226
Gain on disposal of property, plant and equipment	(985)	(10)	(985)	(24)
Loss on disposal of intangible assets	-	13	-	13
Gain on disposal of a subsidiary	-	(866)	-	(866)
Gain on disposal of assets held for sale	-	-	-	(46,816)
Assumption of liabilities on behalf of a joint venture	-	5,500	-	5,500
Fair value adjustment on hedging instruments	2,052	-	1,079	-
Fair value adjustment on firm commitments under fair value hedge	434	2,620	371	1,658
Net change in fair value of financial assets measured through profit or loss	(66)	-	(86)	-
Share-based payment expenses	1,379	1,523	3,129	3,555
Property, plant and equipment written off	2	473	6	480
Inventories written down/(written back), net	21	(52)	(27)	(128)
Allowance for doubtful debts and bad debts, net	-	104	469	26
Tax credit	(9,902)	(284)	(8,057)	(3,569)
Operating (loss)/profit before working capital changes	(844)	78,074	65,857	134,804
Changes in working capital:				
Inventories	7,117	14,542	8,161	(5,608)
Contract costs	1,017,524	(86,287)	1,686,589	(87,502)
Contract assets	(126,470)	(192,825)	(180,903)	(239,851)
Contract liabilities	(314,253)	139,916	(715,271)	66,543
Trade and other receivables	(632,117)	(87,041)	(647,396)	12,116
Trade and other payables	(20,238)	(92,278)	(254,988)	(175,279)
Cash used in operations	(69,281)	(225,899)	(37,951)	(294,777)
Interest income received	10,701	5,118	19,285	6,162
Interest paid	(24,432)	(26,073)	(46,072)	(44,780)
Tax paid	883	(274)	(10,788)	(806)
Net cash used in operating activities	(82,129)	(247,128)	(75,526)	(334,201)
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(69,517)	(45,834)	(113,415)	(98,554)
Proceeds from sale of property, plant and equipment	987	10	990	26
Proceeds from sale of intangible assets	-	42	-	42
Proceeds from disposal of equity investments at FVOCI	6,861	-	6,861	-
Net cash used in investing activities	(61,669)	(45,782)	(105,564)	(98,486)
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	158,501	144,890	231,041	317,752
Repayment of borrowings	(163,325)	(41,056)	(479,499)	(54,720)
Repayment of finance lease	(512)	-	(512)	-
Purchase of treasury shares	-	(688)	-	(2,577)
Dividends paid to owners of the Company	(20,888)	(20,897)	(20,888)	(20,897)
Unclaimed dividends	13	-	13	6
Net cash (used in)/generated from financing activities	(26,211)	82,249	(269,845)	239,564
Net decrease in cash and cash equivalents	(170,009)	(210,661)	(450,935)	(193,123)
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,017,707</b>	<b>1,218,972</b>	<b>1,301,000</b>	<b>1,216,971</b>
Effect of exchange rate changes on balances held in foreign currencies	270	5,751	(2,097)	(9,786)
<b>Cash and cash equivalents at end of the period</b>	<b>847,968</b>	<b>1,014,062</b>	<b>847,968</b>	<b>1,014,062</b>

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

### 5a. Cash and cash equivalents

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

	30-Jun-2018 \$'000	30-Jun-2017 (Restated) \$'000
Fixed deposits	3,228	70,927
Cash and bank balances	845,248	944,618
Cash and cash equivalents in balance sheets	848,476	1,015,545
Bank overdrafts	(508)	(1,483)
Cash and cash equivalents in consolidated statement of cash flows	847,968	1,014,062

### 5b. Explanatory notes to Consolidated Statement of Cash Flows

#### Second quarter

Cash flows used in operating activities before changes in working capital were \$0.8 million in 2Q 2018. Net cash used in operating activities for 2Q 2018 at \$82.1 million was mainly due to working capital for ongoing projects.

Net cash used in investing activities for 2Q 2018 was \$61.7 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard, offset by proceeds from disposal of equity investments at FVOCI.

Net cash used in financing activities for 2Q 2018 was \$26.2 million. It relates mainly to net repayment of borrowings and dividends paid.

#### Half year

Cash flows generated from operating activities before changes in working capital were \$65.9 million in 1H 2018. Net cash used in operating activities for 1H 2018 at \$75.5 million was mainly due to working capital for ongoing projects, offset by receipts from ongoing and completed projects.

Net cash used in investing activities for 1H 2018 was \$105.6 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard, offset by proceeds from disposal of equity investments at FVOCI.

Net cash used in financing activities for 1H 2018 was \$269.8 million. It relates mainly to net repayment of borrowings and dividends paid.

## 6. STATEMENTS OF CHANGES IN EQUITY

### 6a. Statements of Changes in Equity of the Group

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q 2018</b>									
<b>At 31 December 2017</b>									
As previously stated	484,288	(3,451)	(13,011)	(17,732)	8,470	2,019,609	2,478,173	41,199	2,519,372
Adoption of SFRS(I) 15	-	-	-	(4,980)	-	(34,217)	(39,197)	-	(39,197)
<b>As restated at 31 December 2017</b>	<b>484,288</b>	<b>(3,451)</b>	<b>(13,011)</b>	<b>(22,712)</b>	<b>8,470</b>	<b>1,985,392</b>	<b>2,438,976</b>	<b>41,199</b>	<b>2,480,175</b>
Adoption of SFRS(I) 9	-	-	-	-	(447)	(641)	(1,088)	-	(1,088)
<b>As restated at 1 January 2018</b>	<b>484,288</b>	<b>(3,451)</b>	<b>(13,011)</b>	<b>(22,712)</b>	<b>8,023</b>	<b>1,984,751</b>	<b>2,437,888</b>	<b>41,199</b>	<b>2,479,087</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	5,315	5,315	(1,034)	4,281
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(23,538)	-	-	(23,538)	(74)	(23,612)
Net change in fair value of cash flow hedges	-	-	-	-	3,601	-	3,601	-	3,601
Net change in fair value of equity investments at FVOCI	-	-	-	-	(8,109)	-	(8,109)	-	(8,109)
Total other comprehensive income	-	-	-	(23,538)	(4,508)	-	(28,046)	(74)	(28,120)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,538)</b>	<b>(4,508)</b>	<b>5,315</b>	<b>(22,731)</b>	<b>(1,108)</b>	<b>(23,839)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	1,665	-	-	(1,665)	-	-	-	-
Share-based payments	-	-	-	-	1,186	-	1,186	-	1,186
<b>Total transactions with owners</b>	<b>-</b>	<b>1,665</b>	<b>-</b>	<b>-</b>	<b>(479)</b>	<b>-</b>	<b>1,186</b>	<b>-</b>	<b>1,186</b>
<b>At 31 March 2018</b>	<b>484,288</b>	<b>(1,786)</b>	<b>(13,011)</b>	<b>(46,250)</b>	<b>3,036</b>	<b>1,990,066</b>	<b>2,416,343</b>	<b>40,091</b>	<b>2,456,434</b>
<b>2Q 2018</b>									
<b>Total comprehensive income</b>									
Loss for the period	-	-	-	-	-	(55,620)	(55,620)	(923)	(56,543)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	20,631	-	-	20,631	(52)	20,579
Net change in fair value of cash flow hedges	-	-	-	-	(26,715)	-	(26,715)	-	(26,715)
Net change in fair value of equity investments at FVOCI	-	-	-	-	(3,230)	-	(3,230)	-	(3,230)
Reclassification of reserve on disposal of equity investments at FVOCI	-	-	-	-	11,339	(11,339)	-	-	-
Total other comprehensive income	-	-	-	20,631	(18,606)	(11,339)	(9,314)	(52)	(9,366)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,631</b>	<b>(18,606)</b>	<b>(66,959)</b>	<b>(64,934)</b>	<b>(975)</b>	<b>(65,909)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	527	-	-	(13)	-	514	-	514
Dividends paid	-	-	-	-	-	(20,888)	(20,888)	-	(20,888)
Unclaimed dividends	-	-	-	-	-	13	13	-	13
Share-based payments	-	-	-	-	1,122	-	1,122	-	1,122
<b>Total transactions with owners</b>	<b>-</b>	<b>527</b>	<b>-</b>	<b>-</b>	<b>1,109</b>	<b>(20,875)</b>	<b>(19,239)</b>	<b>-</b>	<b>(19,239)</b>
<b>At 30 June 2018</b>	<b>484,288</b>	<b>(1,259)</b>	<b>(13,011)</b>	<b>(25,619)</b>	<b>(14,461)</b>	<b>1,902,232</b>	<b>2,332,170</b>	<b>39,116</b>	<b>2,371,286</b>

## 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
<b>1Q 2017 (Restated)</b>									
<b>At 1 January 2017</b>									
As previously stated	484,288	(566)	11,514	65,394	(21,437)	2,022,796	2,561,989	45,632	2,607,621
Adoption of SFRS(I) 15	-	-	-	(16,141)	-	(280,324)	(296,465)	-	(296,465)
<b>As restated</b>	<b>484,288</b>	<b>(566)</b>	<b>11,514</b>	<b>49,253</b>	<b>(21,437)</b>	<b>1,742,472</b>	<b>2,265,524</b>	<b>45,632</b>	<b>2,311,156</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	37,043	37,043	29	37,072
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(17,006)	-	-	(17,006)	(12)	(17,018)
Net change in fair value of cash flow hedges	-	-	-	-	28,841	-	28,841	-	28,841
Net change in fair value of available-for-sale financial assets	-	-	-	-	7,945	-	7,945	-	7,945
Realisation of reserve upon disposal of assets held for sale	-	-	-	(20,484)	-	-	(20,484)	-	(20,484)
Total other comprehensive income	-	-	-	(37,490)	36,786	-	(704)	(12)	(716)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,490)</b>	<b>36,786</b>	<b>37,043</b>	<b>36,339</b>	<b>17</b>	<b>36,356</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(1,889)	-	-	-	-	(1,889)	-	(1,889)
Issue of treasury shares	-	2,343	-	-	(2,343)	-	-	-	-
Share-based payments	-	-	-	-	1,031	-	1,031	-	1,031
Unclaimed dividends	-	-	-	-	-	6	6	-	6
Transfer of reserves	-	-	(24,525)	-	-	24,525	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>454</b>	<b>(24,525)</b>	<b>-</b>	<b>(1,312)</b>	<b>24,531</b>	<b>(852)</b>	<b>-</b>	<b>(852)</b>
<b>At 31 March 2017</b>	<b>484,288</b>	<b>(112)</b>	<b>(13,011)</b>	<b>11,763</b>	<b>14,037</b>	<b>1,804,046</b>	<b>2,301,011</b>	<b>45,649</b>	<b>2,346,660</b>
<b>2Q 2017 (Restated)</b>									
<b>At 31 March 2017</b>									
As previously stated	484,288	(112)	(13,011)	21,723	14,037	2,086,873	2,593,798	45,649	2,639,447
Adoption of SFRS(I) 15	-	-	-	(9,960)	-	(282,827)	(292,787)	-	(292,787)
<b>As restated</b>	<b>484,288</b>	<b>(112)</b>	<b>(13,011)</b>	<b>11,763</b>	<b>14,037</b>	<b>1,804,046</b>	<b>2,301,011</b>	<b>45,649</b>	<b>2,346,660</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	5,117	5,117	(1,892)	3,225
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(9,495)	-	-	(9,495)	18	(9,477)
Net change in fair value of cash flow hedges	-	-	-	-	(18,621)	-	(18,621)	-	(18,621)
Net change in fair value of available-for-sale financial assets	-	-	-	-	(6,174)	-	(6,174)	-	(6,174)
Realisation of reserve upon disposal of a subsidiary	-	-	-	(63)	-	-	(63)	(154)	(217)
Total other comprehensive income	-	-	-	(9,558)	(24,795)	-	(34,353)	(136)	(34,489)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,558)</b>	<b>(24,795)</b>	<b>5,117</b>	<b>(29,236)</b>	<b>(2,028)</b>	<b>(31,264)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(688)	-	-	-	-	(688)	-	(688)
Issue of treasury shares	-	689	-	-	(2)	-	687	-	687
Dividends paid	-	-	-	-	-	(20,897)	(20,897)	-	(20,897)
Share-based payments	-	-	-	-	1,028	-	1,028	-	1,028
<b>Total transactions with owners</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1,026</b>	<b>(20,897)</b>	<b>(19,870)</b>	<b>-</b>	<b>(19,870)</b>
<b>At 30 June 2017</b>	<b>484,288</b>	<b>(111)</b>	<b>(13,011)</b>	<b>2,205</b>	<b>(9,732)</b>	<b>1,788,266</b>	<b>2,251,905</b>	<b>43,621</b>	<b>2,295,526</b>

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

### 6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1Q 2018</b>						
<b>At 1 January 2018</b>						
As previously stated	484,288	(3,451)	960	(25,340)	1,276,772	1,733,229
Adoption of SFRS(I) 9	-	-	-	(447)	447	-
<b>As restated</b>	<b>484,288</b>	<b>(3,451)</b>	<b>960</b>	<b>(25,787)</b>	<b>1,277,219</b>	<b>1,733,229</b>
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	1,043	1,043
<b>Other comprehensive income</b>						
Net change in fair value of equity investments at FVOCI	-	-	-	(8,109)	-	(8,109)
Total other comprehensive income	-	-	-	(8,109)	-	(8,109)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,109)</b>	<b>1,043</b>	<b>(7,066)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	1,665	-	(1,665)	-	-
Share-based payments	-	-	-	570	-	570
Cost of share-based payment issued to employees of subsidiaries	-	-	-	616	-	616
<b>Total transactions with owners</b>	<b>-</b>	<b>1,665</b>	<b>-</b>	<b>(479)</b>	<b>-</b>	<b>1,186</b>
<b>At 31 March 2018</b>	<b>484,288</b>	<b>(1,786)</b>	<b>960</b>	<b>(34,375)</b>	<b>1,278,262</b>	<b>1,727,349</b>
<b>2Q 2018</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	90,659	90,659
<b>Other comprehensive income</b>						
Net change in fair value of equity investments at FVOCI	-	-	-	(3,230)	-	(3,230)
Reclassification of reserve on disposal of equity investments at FVOCI	-	-	-	11,339	(11,339)	-
Total other comprehensive income	-	-	-	8,109	(11,339)	(3,230)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,109</b>	<b>79,320</b>	<b>87,429</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	527	-	(13)	-	514
Dividends paid	-	-	-	-	(20,888)	(20,888)
Unclaimed dividends	-	-	-	-	13	13
Share-based payments	-	-	-	571	-	571
Cost of share-based payment issued to employees of subsidiaries	-	-	-	551	-	551
<b>Total transactions with owners</b>	<b>-</b>	<b>527</b>	<b>-</b>	<b>1,109</b>	<b>(20,875)</b>	<b>(19,239)</b>
<b>At 30 June 2018</b>	<b>484,288</b>	<b>(1,259)</b>	<b>960</b>	<b>(25,157)</b>	<b>1,336,707</b>	<b>1,795,539</b>

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

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

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1Q 2017</b>						
At 1 January 2017	484,288	(566)	960	(21,853)	819,463	1,282,292
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	112,769	112,769
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	6,703	-	6,703
Total other comprehensive income	-	-	-	6,703	-	6,703
<b>Total comprehensive income</b>	-	-	-	6,703	112,769	119,472
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(1,889)	-	-	-	(1,889)
Issue of treasury shares	-	2,343	-	(2,343)	-	-
Unclaimed dividends	-	-	-	-	6	6
Share-based payments	-	-	-	390	-	390
Cost of share-based payment issued to employees of subsidiaries	-	-	-	641	-	641
<b>Total transactions with owners</b>	-	454	-	(1,312)	6	(852)
At 31 March 2017	484,288	(112)	960	(16,462)	932,238	1,400,912
<b>2Q 2017</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	29,675	29,675
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	(4,725)	-	(4,725)
Total other comprehensive income	-	-	-	(4,725)	-	(4,725)
<b>Total comprehensive income</b>	-	-	-	(4,725)	29,675	24,950
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(688)	-	-	-	(688)
Issue of treasury shares	-	689	-	(2)	-	687
Dividends paid	-	-	-	-	(20,897)	(20,897)
Share-based payments	-	-	-	390	-	390
Cost of share-based payment issued to employees of subsidiaries	-	-	-	641	-	641
<b>Total transactions with owners</b>	-	1	-	1,029	(20,897)	(19,867)
At 30 June 2017	484,288	(111)	960	(20,158)	941,016	1,405,995

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

### 6c. Changes in the Company's share capital

#### (i) Issued and Paid Up Capital

As at 30 June 2018, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,085,128 (31 December 2017: 2,087,909,920) ordinary shares.

#### (ii) Treasury Shares

	Number of shares	
	2018	2017
At 1 January	1,850,187	437,029
Treasury shares purchased	-	1,000,000
Treasury shares issued pursuant to RSP	(892,583)	(1,371,508)
At 31 March	957,604	65,521
Treasury shares purchased	-	400,100
Treasury shares issued pursuant to RSP	(282,625)	(401,260)
At 30 June	674,979	64,361

During 2Q 2018, the Company did not acquire (2Q 2017: 400,100) ordinary shares in the Company by way of on-market purchases.

In 2Q 2018, 282,625 (2Q 2017: 401,260) treasury shares were issued pursuant to the Company's Restricted Share Plan ("RSP").

As at 30 June 2018, 674,979 (30 June 2017: 64,361) treasury shares were held that may be issued upon the vesting of performance shares and restricted shares under the Company's Performance Share Plan ("PSP") and RSP respectively.

#### (iii) Share Options

All options have expired in October 2016.

#### (iv) Performance Shares

	Number of shares	
	2018	2017
At 1 January	4,733,000	4,513,000
Performance shares lapsed arising from targets not met	(1,215,000)	(1,380,000)
At 31 March	3,518,000	3,133,000
Conditional performance shares awarded	-	1,600,000
Conditional performance shares lapsed	(278,000)	-
At 30 June	3,240,000	4,733,000

During 2Q 2018, there were no (2Q 2017: 1,600,000) performance shares awarded under the PSP and 278,000 (2Q 2017: nil) performance shares that lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2018 was 3,240,000 (30 June 2017: 4,733,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,860,000 (30 June 2017: 7,099,500) performance shares.



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

### 6c. Changes in the Company's share capital (Cont'd)

#### (v) Restricted Shares

	Number of shares	
	2018	2017
At 1 January	15,383,413	13,716,142
Conditional restricted shares released	(892,583)	(1,371,508)
Conditional restricted shares lapsed	(153,648)	(92,488)
Conditional restricted shares lapsed arising from targets not met	(6,078,150)	(3,923,317)
At 31 March	8,259,032	8,328,829
Conditional restricted shares awarded	275,800	8,176,450
Conditional restricted shares released	(282,625)	(401,260)
Conditional restricted shares lapsed	(132,583)	(137,415)
At 30 June	<u>8,119,624</u>	<u>15,966,604</u>

During 2Q 2018, there were 275,800 (2Q 2017: 8,176,450) restricted shares awarded under the RSP, 282,625 (2Q 2017: 401,260) restricted shares released and 132,583 (2Q 2017: 137,415) restricted shares that lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2018 was 8,119,624 (30 June 2017: 15,966,604). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2018 was 7,284,100 (30 June 2017: 15,221,050). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,926,150 (30 June 2017: 22,831,575) restricted shares.

## 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 2017.

## 10. **CHANGES IN ACCOUNTING POLICIES**

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* in preparing the financial information included in this announcement.

The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I)s (collectively “new accounting standards”) which are mandatorily effective from 1 January 2018.

### **SFRS(I):**

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016

### **Requirements in following SFRS(I)s arising from amendments to corresponding IFRSs issued by the IASB in 2016:**

- SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The adoption of the new accounting standards does not have any significant impact on the financial information except for SFRS(I) 15 and SFRS(I) 9.

**SFRS(I) 15 adoption** has the following key changes to the accounting of contracts of the Group:

#### **Long Term Contracts**

- i) **Timing of revenue recognition:** Revenue and related costs of sales of contracts with non-enforceability of right to payment for performance completed to-date are recognised only when the constructed assets are delivered to customers at a point in time, instead of using the percentage of completion method.
- ii) **Contract costs:** For long term contracts where the stage of completion is determined by reference to surveys of work done, contract costs are recognised as an expense in profit or loss using the percentage of completion method prior to the adoption of SFRS(I) 15.

On adoption of SFRS(I) 15, the costs incurred to fulfil the satisfied performance obligation are recognised in profit or loss as control of goods or services to the customer is transferred over time. Where the control of goods and services to the customer is transferred at a future point in time, the costs incurred to fulfil the future performance obligation are capitalised as they are recoverable, and presented as “Contract Costs” within the balance sheet. The costs capitalised are recognised in profit or loss when the performance obligation is satisfied.

- iii) **Consideration payable to customers:** Certain payments made to customers for purchase of goods which were previously offset against revenue are now recognised as expenses.
- iv) **Significant financing component:** The revenue of certain contracts, where the period between the transfer of promised goods or services to customer and payment by customer exceeds one year, is deemed to contain a financing component. Where the financing component is determined to be significant, the transaction price is adjusted for the time value of money of the contracts.

**SFRS(I) 9 adoption** has impacted the Group’s balance sheet as at 1 January 2018 as follow:

- i) The Group elects to present in other comprehensive income (“OCI”) the changes in fair value of the available-for-sale (“AFS”) equity securities that are held by the Group and the Company because these investments are not held for trading. The changes in fair value recognised in OCI will not be reclassified to profit or loss upon disposal of the AFS equity.

## 10. CHANGES IN ACCOUNTING POLICIES (Cont'd)

- ii) Fair value reserve relating to the fair value changes of investments in unit trusts and funds will be reclassified to revenue reserves as these investments are classified as fair value through profit and loss.
- iii) Impairment of financial assets measured at amortised cost or fair value through OCI (except for investments in equity instruments) is now based on the expected credit loss model which replaces the "incurred loss" model.

The following reconciliations summarise the impacts on initial application of SFRS(I) 15 and SFRS(I) 9 on the Group's financial statements.

### Consolidated Income Statement

	2Q 2017			1H 2017		
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000
Turnover	655,474	(6,621)	648,853	1,415,525	(21,090)	1,394,435
Cost of sales	(579,185)	3,294	(575,891)	(1,319,295)	13,023	(1,306,272)
Finance income	5,174	2,753	7,927	6,194	4,477	10,671
Tax credit	187	97	284	2,959	610	3,569
Others	(77,948)	-	(77,948)	(62,106)	-	(62,106)
<b>Profit for the period</b>	<b>3,702</b>	<b>(477)</b>	<b>3,225</b>	<b>43,277</b>	<b>(2,980)</b>	<b>40,297</b>
<b>Profit attributable to:</b>						
Owners of the Company	5,594	(477)	5,117	45,140	(2,980)	42,160
Non-controlling interests	(1,892)	-	(1,892)	(1,863)	-	(1,863)
<b>Profit for the period</b>	<b>3,702</b>	<b>(477)</b>	<b>3,225</b>	<b>43,277</b>	<b>(2,980)</b>	<b>40,297</b>
<b>Earnings per ordinary share (cents)</b>						
Basic and diluted	0.27	(0.03)	0.24	2.16	(0.14)	2.02

### Consolidated Statement of Comprehensive Income

	2Q 2017			1H 2017		
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000
<b>Profit for the period</b>	3,702	(477)	3,225	43,277	(2,980)	40,297
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	(13,099)	3,622	(9,477)	(36,298)	9,803	(26,495)
Others	(25,012)	-	(25,012)	(8,710)	-	(8,710)
Other comprehensive income for the period, net of tax	(38,111)	3,622	(34,489)	(45,008)	9,803	(35,205)
<b>Total comprehensive income for the period</b>	<b>(34,409)</b>	<b>3,145</b>	<b>(31,264)</b>	<b>(1,731)</b>	<b>6,823</b>	<b>5,092</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	(32,381)	3,145	(29,236)	280	6,823	7,103
Non-controlling interests	(2,028)	-	(2,028)	(2,011)	-	(2,011)
<b>Total comprehensive income for the period</b>	<b>(34,409)</b>	<b>3,145</b>	<b>(31,264)</b>	<b>(1,731)</b>	<b>6,823</b>	<b>5,092</b>

10. **CHANGES IN ACCOUNTING POLICIES** (Cont'd)

**Balance Sheet as at 31 December 2017 and 1 January 2018**

	31 December 2017			1 January 2018	
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000	Effects of SFRS(I) 9 \$'000	As restated \$'000
<b>Assets</b>					
Deferred tax assets	5,889	8,030	13,919	-	13,919
Inventories and work-in-progress	2,775,847	(2,680,074)	95,773	-	95,773
Trade and other receivables (current)	566,874	12,949	579,823	(1,310)	578,513
Contract costs	-	2,547,111	2,547,111	-	2,547,111
Contract assets	-	652,361	652,361	-	652,361
Others	5,802,838	-	5,802,838	-	5,802,838
<b>Total assets</b>	<b>9,151,448</b>	<b>540,377</b>	<b>9,691,825</b>	<b>(1,310)</b>	<b>9,690,515</b>
<b>Liabilities</b>					
Trade and other payables	2,061,446	(457,228)	1,604,218	-	1,604,218
Excess of progress billings over work-in-progress	174,356	(174,356)	-	-	-
Contract liabilities	-	1,211,158	1,211,158	-	1,211,158
Current tax payable	24,868	-	24,868	-	24,868
Deferred tax liabilities	61,545	-	61,545	(222)	61,323
Others	4,309,861	-	4,309,861	-	4,309,861
<b>Total liabilities</b>	<b>6,632,076</b>	<b>579,574</b>	<b>7,211,650</b>	<b>(222)</b>	<b>7,211,428</b>
<b>Equity</b>					
Currency translation reserve	(17,732)	(4,980)	(22,712)	-	(22,712)
Fair value reserve	447	-	447	(447)	-
Revenue reserve	2,019,609	(34,217)	1,985,392	(641)	1,984,751
Others	517,048	-	517,048	-	517,048
<b>Total equity</b>	<b>2,519,372</b>	<b>(39,197)</b>	<b>2,480,175</b>	<b>(1,088)</b>	<b>2,479,087</b>

10. **CHANGES IN ACCOUNTING POLICIES** (Cont'd)

**Consolidated Statement of Cash Flows**

	2Q 2017			1H 2017		
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000
<b>Cash flows from operating activities:</b>						
Profit for the period	3,702	(477)	3,225	43,277	(2,980)	40,297
Adjustments for:						
Finance income	(5,174)	(2,753)	(7,927)	(6,194)	(4,477)	(10,671)
Tax credit	(187)	(97)	(284)	(2,959)	(610)	(3,569)
Others	83,060	-	83,060	108,747	-	108,747
Operating profit before working capital changes	81,401	(3,327)	78,074	142,871	(8,067)	134,804
<b>Changes in working capital:</b>						
Inventories and work-in-progress	(115,736)	130,278	14,542	(64,211)	58,603	(5,608)
Contract costs	-	(86,287)	(86,287)	-	(87,502)	(87,502)
Contract assets	-	(192,825)	(192,825)	-	(239,851)	(239,851)
Contract liabilities	-	139,916	139,916	-	66,543	66,543
Trade and other receivables	(51,938)	(35,103)	(87,041)	40,276	(28,160)	12,116
Trade and other payables	(139,626)	47,348	(92,278)	(413,713)	238,434	(175,279)
Cash used in operations	(225,899)	-	(225,899)	(294,777)	-	(294,777)
Others	(21,229)	-	(21,229)	(39,424)	-	(39,424)
Net cash used in operating activities	(247,128)	-	(247,128)	(334,201)	-	(334,201)
Net cash used in investing activities	(45,782)	-	(45,782)	(98,486)	-	(98,486)
Net cash generated from financing activities	82,249	-	82,249	239,564	-	239,564
Net decrease in cash and cash equivalents	(210,661)	-	(210,661)	(193,123)	-	(193,123)
<b>Cash and cash equivalents at beginning of the period</b>	1,218,972	-	1,218,972	1,216,971	-	1,216,971
Effect of exchange rate changes on balances held in foreign currencies	5,751	-	5,751	(9,786)	-	(9,786)
<b>Cash and cash equivalents at end of the period</b>	1,014,062	-	1,014,062	1,014,062	-	1,014,062

## 11. REVIEW OF GROUP PERFORMANCE

### (i) Turnover

	2Q 2018	2Q 2017 (Restated)	+ / (-)	+ / (-)	1H 2018	1H 2017 (Restated)	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
<b>Rigs &amp; Floaters</b>	1,393.6	315.5	1,078.1	341.7	2,412.9	642.9	1,770.0	275.3
<b>Repairs &amp; Upgrades</b>	126.0	136.9	(10.9)	(8.0)	204.5	231.5	(27.0)	(11.7)
<b>Offshore Platforms</b>	84.9	171.5	(86.6)	(50.5)	147.3	473.4	(326.1)	(68.9)
<b>Other Activities</b>	22.7	25.0	(2.3)	(9.2)	42.8	46.6	(3.8)	(8.2)
	<b>1,627.2</b>	<b>648.9</b>	<b>978.3</b>	<b>150.8</b>	<b>2,807.5</b>	<b>1,394.4</b>	<b>1,413.1</b>	<b>101.3</b>

Turnover for 2Q 2018 increased by 151% mainly due to higher revenue recognition for rigs & floaters upon the delivery of 2 jack-up rigs to Borr Drilling and sale of a semi-submersible rig. Excluding the effects on the delivery to Borr Drilling and sale of the semi-submersible rig, revenue would have been \$572 million, a decrease of 12% compared with 2Q 2017.

Turnover for 1H 2018 increased by 101% mainly due to higher revenue recognition for rigs & floaters upon the delivery of 4 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL and sale of a semi-submersible rig. Excluding the effects on the delivery to Borr Drilling and BOTL, and sale of the semi-submersible rig, revenue would have been \$1.1 billion, a decrease of 24% compared with 1H 2017.

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

Net loss for 2Q 2018 and 1H 2018 was mainly due to loss upon the sale of a semi-submersible, lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs, offset by margin recognition upon delivery of rigs. A one-off gain on disposal of Cosco Shipyard Co., Ltd was recorded in 1H 2017.

## 12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

### 13. **PROSPECTS**

CAPEX spend on global exploration and production (E&P) continues to improve with firmer oil prices in the first half of 2018.

However, offshore rig order recovery will take some time as the market remains oversupplied, particularly for jack-up rigs. There are some pockets of initial demand for mid and deep water rigs.

The majority of new orders have been for offshore production projects. This trend is expected to continue and Sembcorp Marine is responding to an encouraging pipeline of enquiries and tenders for innovative engineering solutions.

Competition in the repairs and upgrades segment remains intense. The segment will be underpinned by regulations that require ballast water treatment systems and gas scrubbers to be installed over the next two to five years.

The overall industry outlook remains challenging. While improvement in E&P CAPEX spending is projected to continue, it will take some time before we see a sustained recovery in new orders. The Group's transformation efforts to move up the value chain have resulted in new business opportunities but they require significant time and effort in project co-development with potential customers before orders are secured. Such new-build engineering, procurement and construction (EPC) projects have detailed engineering and construction planning phase, which may take as long as six to twelve months before main construction activities and corresponding revenue recognition can take place. Margins remain compressed with intense competition.

Overall business volume and activity for the Group is expected to remain low for the immediate quarters. The trend of negative operating profit will continue in the near term. Our cash resources remain sufficient and we will prudently manage our costs and cash flows to align them with business volume and potential opportunities.

We will actively pursue the conversion of as many enquiries into new orders, execute existing orders efficiently and position the Group well for the industry recovery.

*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**

<b>Name of Dividend</b>	<b>Interim Ordinary One-tier tax exempt</b>
Dividend Type	Cash
Dividend Amount (cents per share)	-

There is no dividend recommended for the period ended 30 June 2018.

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

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

## 15. SEGMENTAL REPORTING

1H 2018

### (i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	2,774,332	29,081	4,104	-	2,807,517
Inter-segment sales	-	-	95,681	(95,681)	-
<b>Total</b>	<b>2,774,332</b>	<b>29,081</b>	<b>99,785</b>	<b>(95,681)</b>	<b>2,807,517</b>
<b>Results</b>					
Segment results	(38,769)	6,799	(1,066)	-	(33,036)
Finance income	19,197	-	69	-	19,266
Finance costs	(46,733)	(869)	-	-	(47,602)
Non-operating income	-	-	86	-	86
Share of results of associates and joint ventures, net of tax	(282)	337	912	-	967
(Loss)/profit before tax	(66,587)	6,267	1	-	(60,319)
Tax credit	8,008	-	49	-	8,057
<b>(Loss)/profit for the period</b>	<b>(58,579)</b>	<b>6,267</b>	<b>50</b>	<b>-</b>	<b>(52,262)</b>
<b>Assets</b>					
Segment assets	7,605,231	253,347	382,059	-	8,240,637
Investments in associates and joint ventures	4,894	53,109	10,611	-	68,614
Deferred tax assets	27,561	-	626	-	28,187
Tax recoverable	9,900	-	-	-	9,900
<b>Total assets</b>	<b>7,647,586</b>	<b>306,456</b>	<b>393,296</b>	<b>-</b>	<b>8,347,338</b>
<b>Liabilities</b>					
Segment liabilities	5,788,874	75,600	35,222	-	5,899,696
Deferred tax liabilities	52,071	-	155	-	52,226
Current tax payable	23,653	-	477	-	24,130
<b>Total liabilities</b>	<b>5,864,598</b>	<b>75,600</b>	<b>35,854</b>	<b>-</b>	<b>5,976,052</b>
<b>Capital expenditure</b>					
	111,300	-	19	-	111,319
<b>Significant non-cash items</b>					
Depreciation and amortisation	90,079	4,376	396	-	94,851
Fair value adjustment on hedging instruments	1,079	-	-	-	1,079
Fair value adjustment on firm commitments under fair value hedge	371	-	-	-	371
Property, plant and equipment written off	6	-	-	-	6
Inventories written back, net	(27)	-	-	-	(27)
Allowance for doubtful debts and bad debts, net	469	-	-	-	469
Net change in fair value of financial assets measured through profit or loss	-	-	(86)	-	(86)

### (ii) Geographical Segments:

	Turnover from external customers		Non-current assets <sup>(1)</sup>		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	203,602	7	2,487,963	56	6,200,077	74	78,781	71
Japan	327,475	12	-	-	-	-	-	-
Rest of Asia, Australia & India	31,690	1	148,017	3	172,779	2	1,608	1
Middle East & Africa	10,651	-	-	-	-	-	-	-
United Kingdom	160,432	6	4,718	-	6,252	-	53	-
Norway	790,406	28	139,425	3	146,803	2	-	-
The Netherlands	166,089	6	201,897	5	264,450	3	-	-
Rest of Europe	134,298	5	93	-	2,787	-	17	-
Brazil	131,545	5	1,446,359	33	1,548,825	19	30,847	28
U.S.A.	816,141	29	3,989	-	5,365	-	13	-
Other countries	35,188	1	-	-	-	-	-	-
<b>Total</b>	<b>2,807,517</b>	<b>100</b>	<b>4,432,461</b>	<b>100</b>	<b>8,347,338</b>	<b>100</b>	<b>111,319</b>	<b>100</b>

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



## 15. SEGMENTAL REPORTING (Cont'd)

### 1H 2017 (restated)

#### (i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	1,358,270	30,972	5,193	-	1,394,435
Inter-segment sales	-	-	41,362	(41,362)	-
<b>Total</b>	<b>1,358,270</b>	<b>30,972</b>	<b>46,555</b>	<b>(41,362)</b>	<b>1,394,435</b>
<b>Results</b>					
Segment results	25,613	9,033	(636)	-	34,010
Finance income	10,609	-	62	-	10,671
Finance costs	(47,825)	(1,084)	-	-	(48,909)
Non-operating income	-	-	47,682	-	47,682
Non-operating expenses	-	-	(5,500)	-	(5,500)
Share of results of associates and joint ventures, net of tax	(648)	(868)	290	-	(1,226)
(Loss)/profit before tax	(12,251)	7,081	41,898	-	36,728
Tax credit	3,481	-	88	-	3,569
<b>(Loss)/profit for the period</b>	<b>(8,770)</b>	<b>7,081</b>	<b>41,986</b>	<b>-</b>	<b>40,297</b>
<b>Assets</b>					
Segment assets	9,230,975	247,312	92,594	-	9,570,881
Investments in associates and joint ventures	5,441	57,116	9,023	-	71,580
Deferred tax assets	61,415	-	-	-	61,415
Tax recoverable	8,432	-	-	-	8,432
<b>Total assets</b>	<b>9,306,263</b>	<b>304,428</b>	<b>101,617</b>	<b>-</b>	<b>9,712,308</b>
<b>Liabilities</b>					
Segment liabilities	7,187,540	92,299	27,227	-	7,307,066
Deferred tax liabilities	71,760	-	235	-	71,995
Current tax payable	35,797	-	1,924	-	37,721
<b>Total liabilities</b>	<b>7,295,097</b>	<b>92,299</b>	<b>29,386</b>	<b>-</b>	<b>7,416,782</b>
<b>Capital expenditure</b>					
	96,061	-	136	-	96,197
<b>Significant non-cash items</b>					
Depreciation and amortisation	90,028	4,643	543	-	95,214
Gain on disposal of assets held for sale	-	-	(46,816)	-	(46,816)
Gain on disposal of a subsidiary	-	-	(866)	-	(866)
Assumption of liabilities on behalf of a joint venture	-	-	5,500	-	5,500
Fair value adjustment on firm commitments under fair value hedge	1,658	-	-	-	1,658
Property, plant and equipment written off	450	-	30	-	480
Inventories written back, net	(128)	-	-	-	(128)
Allowance for doubtful debts and bad debts, net	7	-	19	-	26

#### (ii) Geographical Segments:

	Turnover from external customers		Non-current assets <sup>(1)</sup>		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	145,737	10	2,364,565	55	7,490,454	77	40,915	43
Rest of Asia, Australia & India	44,360	3	162,277	4	228,901	2	1,437	1
Middle East & Africa	48,206	3	-	-	-	-	-	-
United Kingdom	459,942	33	5,212	-	24,910	-	565	1
Norway	8,342	1	156,232	4	164,864	2	-	-
The Netherlands	324,183	23	216,871	5	247,337	3	-	-
Rest of Europe	139,312	10	92	-	2,510	-	22	-
Brazil	83,230	6	1,384,692	32	1,547,317	16	53,258	55
U.S.A.	106,957	8	4,126	-	6,015	-	-	-
Other countries	34,166	3	-	-	-	-	-	-
<b>Total</b>	<b>1,394,435</b>	<b>100</b>	<b>4,294,067</b>	<b>100</b>	<b>9,712,308</b>	<b>100</b>	<b>96,197</b>	<b>100</b>

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

## 15. **SEGMENTAL REPORTING** (Cont'd)

### 15a. **Explanatory notes to Segmental Reporting**

#### **(i) Business segments**

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

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

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

#### **(ii) Geographical segments**

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

#### **(iii) Review of segment performance**

Please refer to paragraph 11.

16. **INTERESTED PERSON TRANSACTIONS**

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

	1H 2018 \$'000	1H 2017 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
PSA International Pte Ltd and its associates	-	2,148
<b>Management and Support Services</b>		
Sembcorp Industries Limited	125	125
<b>Total Interested Person Transactions</b>	<u>125</u>	<u>2,273</u>

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

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

18. **CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the second quarter and half year ended 30 June 2018 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

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

**20 July 2018**