



**SEMBCORP INDUSTRIES LTD**  
**Registration Number: 199802418D**

**SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2018 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

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**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2018**

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

**1. CONSOLIDATED INCOME STATEMENT**

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
<b>Turnover</b>	2a	<b>3,343,873</b>	<b>2,281,513</b>	<b>46.6</b>	<b>6,101,524</b>	<b>4,403,111</b>	<b>38.6</b>
Cost of sales	2a	(3,154,633)	(1,959,218)	61.0	(5,651,033)	(3,846,825)	46.9
<b>Gross profit</b>	2a	<b>189,240</b>	<b>322,295</b>	<b>(41.3)</b>	<b>450,491</b>	<b>556,286</b>	<b>(19.0)</b>
General & administrative expenses	2b	(92,515)	(108,399)	(14.7)	(180,341)	(196,240)	(8.1)
Other operating income / (expenses), net	2c	37,436	(25,679)	NM	34,146	(9,380)	NM
Non-operating income	2d	3,768	1,911	97.2	4,815	50,544	(90.5)
Non-operating expenses	2d	(1,390)	(5,500)	(74.7)	(1,390)	(5,500)	(74.7)
Finance income	2e	18,098	15,863	14.1	35,202	21,757	61.8
Finance costs	2e	(121,613)	(144,651)	(15.9)	(235,791)	(273,877)	(13.9)
Share of results of associates and joint ventures, net of tax	2f	55,565	34,691	60.2	97,473	92,246	5.7
<b>Profit before tax</b>		<b>88,589</b>	<b>90,531</b>	<b>(2.1)</b>	<b>204,605</b>	<b>235,836</b>	<b>(13.2)</b>
Tax expense	2g	(23,992)	(31,825)	(24.6)	(61,506)	(46,211)	33.1
<b>Profit for the period</b>		<b>64,597</b>	<b>58,706</b>	<b>10.0</b>	<b>143,099</b>	<b>189,625</b>	<b>(24.5)</b>
<b>Attributable to:</b>							
Owners of the Company		81,916	55,817	46.8	158,565	172,111	(7.9)
Non-controlling interests		(17,319)	2,889	NM	(15,466)	17,514	NM
		<b>64,597</b>	<b>58,706</b>	<b>10.0</b>	<b>143,099</b>	<b>189,625</b>	<b>(24.5)</b>
<b>Earnings per ordinary share (cents)</b>							
	2h						
- basic		3.94	2.57	53.3	7.58	8.54	(11.2)
- diluted		3.91	2.55	53.3	7.54	8.47	(11.0)

NM – Not meaningful

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") framework and the new accounting standards that are effective on January 1, 2018. Please refer to Note 10 for the details on the financial impact from the adoption with respect to the restated second quarter and half year ended June 30, 2017 financial statements.

For the income statement of Full Year 2017 (FY 2017), the main impact of adoption of SFRS(I) 15 would relate to the Marine business.

For the Marine business, the adoption of SFRS(I) 15 leads to differences in timing of revenue and related cost of sales recognition for certain contracts. There was a reversal of revenue and related cost of sales for these contracts pre-2018, now to be recognised upon the transfer of legal title to customers. In FY 2017, when some of these contracts were terminated and new contracts entered into, revenue and related cost of sales were recognised.

## 2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
<b>Turnover</b>		<b>3,343,873</b>	<b>2,281,513</b>	<b>46.6</b>	<b>6,101,524</b>	<b>4,403,111</b>	<b>38.6</b>
Cost of sales		(3,154,633)	(1,959,218)	61.0	(5,651,033)	(3,846,825)	46.9
<b>Gross profit</b>		<b>189,240</b>	<b>322,295</b>	<b>(41.3)</b>	<b>450,491</b>	<b>556,286</b>	<b>(19.0)</b>
Included in Gross profit :-							
Depreciation and amortisation		(139,294)	(139,146)	0.1	(272,835)	(267,291)	2.1
Property, plant and equipment written off		(765)	(550)	39.1	(1,108)	(1,013)	9.4

In 2Q18, the Group recorded a turnover of \$3.3 billion, an increase of 46.6% or \$1,062.4 million. Utilities' turnover grew 6.0% or \$94.8 million and Marine's turnover increased by \$978.3 million compared to 2Q17. Utilities' net increase in turnover came mainly from higher High Sulphur Fuel Oil (HSFO) prices which is used to index turnover in Singapore; higher volume and prices for India; higher generation for United Kingdom; and contribution from China's Changzhi water treatment plant which commenced commercial operation in September 2017. Marine's higher turnover was the result of higher revenue recognition for the delivery of 2 jack-up rigs and sale of a semi-submersible rig. Excluding the delivery and sale of these rigs, Marine's turnover would have been 12% lower than 2Q17.

Gross profit was lower in 2Q18 compared to 2Q17. This was mainly attributed to gross loss from Marine on the sale of a semi-submersible rig and lower overall business volume for 2Q18.

### 2b. General & administrative expenses

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
General & administrative expenses		(92,515)	(108,399)	(14.7)	(180,341)	(196,240)	(8.1)
Included in general & administrative expenses :-							
Depreciation and amortisation		(5,090)	(6,472)	(21.4)	(11,758)	(12,115)	(2.9)
(Allowance for) / write-back of doubtful debts and bad debt, net	(i)	(5,010)	(777)	544.8	(599)	5,466	NM
Property, plant and equipment written off	(ii)	(2,134)	(450)	374.2	(3,026)	(458)	560.7

2Q18 general and administrative expenses of \$92.5 million were \$15.9 million lower than 2Q17. Included in the 2Q17 amount, was refinancing expenses of \$30.1 million for Utilities second thermal plant in India. On a comparable basis, 2Q18 expenses would have been \$14.2 million higher mainly due to increase in transformation expenses and the allowance and write off explained as follows:

- (i) The increase in allowance for doubtful debts and bad debts in 2Q18 was mainly from Utilities China water business.
- (ii) Property, plant and equipment written off in 2Q18 was mainly from the construction business.

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

### 2c. Other operating income / (expenses), net

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
Other operating income / (expenses), net		37,436	(25,679)	NM	34,146	(9,380)	NM
Included in other operating income / (expenses), net :-							
Gain / (loss) on disposal of property, plant & equipment		2,094	(1,069)	NM	2,150	(1,065)	NM
Changes in fair value of financial instruments	(i)	10,154	(4,574)	NM	15,005	(5,985)	NM
Foreign exchange gain / (loss)	(ii)	5,035	(35,456)	NM	(22,781)	(37,593)	(39.4)

In 2Q18, the other operating results was a net income of \$37.4 million while 2Q17 was a net expense of \$25.7 million. The key variance is attributable to the net foreign exchange for the respective period.

- (i) Changes in fair value on hedging instruments due to mark-to-market adjustments of foreign currency forward contracts, cross currency swaps and coal forward swap contracts.
- (ii) Foreign exchange gain (net) in 2Q18, arose mainly from Marine's revaluation of monetary assets and liabilities denominated in United States dollar to Singapore dollar. The net foreign exchange loss in 2Q17 was mainly attributable to Marine's 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.

### 2d. Non-operating income and non-operating expense

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
Non-operating income		3,768	1,911	97.2	4,815	50,544	(90.5)
Non-operating expense		(1,390)	(5,500)	(74.7)	(1,390)	(5,500)	(74.7)
Included in non-operating income / (expense), net :-							
Gain on disposal of subsidiaries		113	866	(87.0)	113	866	(87.0)
Gain on disposal of joint ventures		2,372	-	NM	2,372	-	NM
Gain on disposal of investment held for sales	(i)	-	-	-	-	46,816	NM
Gain on disposal of other financial assets		1,021	1,045	(2.3)	1,988	2,830	(29.8)
Assumption of liabilities on behalf of a joint venture		-	(5,500)	NM	-	(5,500)	NM
Impairment of goodwill		(1,390)	-	NM	(1,390)	-	NM

Non-operating income in 2Q18 was mainly from Utilities' gain on disposal of a joint venture in Oman.

Non-operating expense in 2Q18 arose from the goodwill impairment of a subsidiary under the construction business.

- (i) In 1H17, the amount included Marine's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd (CSG), in January 2017.

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

### 2e. Finance income and finance costs

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
Finance income	(i)	18,098	15,863	14.1	35,202	21,757	61.8
Finance costs	(ii)	(121,613)	(144,651)	(15.9)	(235,791)	(273,877)	(13.9)

- (i) Higher finance income in 2Q18 was mainly due to interest income from a customer on deferred payment arrangement.
- (ii) 2Q18 finance cost was lower primarily due to lower interest rate with the refinancing of Utilities' second thermal plant in 2017, partially offset by the higher commitment and facility fees from Marine.

### 2f. Share of results of Associates and Joint Ventures, net of tax

2Q18 share of results of associates and joint ventures of \$55.6 million increased 60.2% from \$34.7 million in 2Q17. The increase was attributed to the Urban Development business, mainly from commercial and residential land sales from Chengdu, China.

### 2g. Tax expense

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
Tax expenses		(23,992)	(31,825)	(24.6)	(61,506)	(46,211)	33.1
Included in tax expense :-							
Tax expense							
- Net write-back of tax in respect of prior years		439	6,125	(92.8)	650	6,244	(89.6)

The overall lower tax expense in 2Q18 included the recognition of unutilised tax losses from Marine.

The Group's effective tax rate was higher mainly because of India Utilities and Marine businesses. The deferred tax assets on unutilised tax losses were recognised only to the extent that it is probable that the related tax benefit will be realised.

### 2h. Earnings per ordinary share

	Note	GROUP			GROUP		
		2Q18	2Q17	+ / (-)	1H18	1H17	+ / (-)
		\$'000	Restated \$'000	%	\$'000	Restated \$'000	%
(i) Based on the weighted average number of shares (in cents)		3.94	2.57	53.3	7.58	8.54	(11.2)
- Weighted average number of shares (in million)		1,787.3	1,787.4	-	1,787.2	1,786.5	-
(ii) On a fully diluted basis (in cents)		3.91	2.55	53.3	7.54	8.47	(11.0)
- Adjusted weighted average number of shares (in million)		1,796.7	1,804.4	(0.4)	1,796.7	1,802.0	(0.3)

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		GROUP	
		2Q18	2Q17	1H18	1H17
		\$'000	Restated \$'000	\$'000	Restated \$'000
<b>Profit for the period</b>		<b>64,597</b>	<b>58,706</b>	<b>143,099</b>	<b>189,625</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operations	(i)	27,981	(4,988)	(57,332)	(69,718)
Exchange differences on monetary items forming part of net investment in foreign operation		(1,349)	(2,110)	2,103	(5,856)
Net change in fair value of cash flow hedges	(ii)	35,338	(30,355)	62,975	(26,213)
Net change in fair value of cash flow hedges reclassified to profit or loss		(26,611)	(2,393)	(41,781)	(10,723)
Net change in fair value of financial assets		-	(28,448)	-	12,873
Net change in fair value of financial assets reclassified to profit or loss		-	(126)	-	(481)
Realisation of reserve upon disposal of subsidiaries		155	(217)	155	(217)
Share of other comprehensive income of associates and joint ventures		7,734	6,211	25,848	17,048
		43,248	(62,426)	(8,032)	(83,287)
<b>Items that may not be reclassified subsequently to profit or loss:</b>					
Net change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	(iii)	7,057	-	(5,916)	-
Defined benefit plan actuarial gain/(losses)		72	(170)	153	(170)
Other comprehensive income for the period, net of tax		50,377	(62,596)	(13,795)	(83,457)
<b>Total comprehensive income for the period</b>		<b>114,974</b>	<b>(3,890)</b>	<b>129,304</b>	<b>106,168</b>
<b>Attributable to:</b>					
Owners of the Company		139,361	5,816	166,746	92,871
Non-controlling interests		(24,387)	(9,706)	(37,442)	13,297
<b>Total comprehensive income for the period</b>		<b>114,974</b>	<b>(3,890)</b>	<b>129,304</b>	<b>106,168</b>

#### 3a. Notes to Consolidated Statement of Comprehensive Income

- (i) The foreign currency translation gains in 2Q18 arose primarily as a result of the appreciation of the United States dollar and China Renminbi against the Singapore dollar, offset by the depreciation of the Indian Rupee against Singapore dollar.  
1H18 movement arose primarily as a result of the depreciation of the United States dollar and Indian Rupee against the Singapore dollar; partially offset by the appreciation of China Renminbi.
- (ii) Fair value changes in cash flow hedges in 2Q18 were mainly due to changes in fair value on fuel oil swaps, foreign currency forward contracts, cross currency swaps and interest rate swaps.
- (iii) 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	
	As at 30/06/2018	As at 31/12/2017 Restated	As at 30/06/2018	As at 31/12/2017 Restated
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	11,420,053	11,157,683	353,406	347,095
Investment properties	96,453	90,918	-	-
Investments in subsidiaries	-	-	2,645,160	2,648,929
Interests in associates and joint ventures	1,872,705	1,765,420	-	-
Other financial assets	222,263	175,380	-	-
Trade and other receivables	1,909,932	1,184,276	226,126	226,386
Tax recoverable	12,694	7,148	-	-
Assets held for sale	99,730	99,730	99,730	99,730
Intangible assets	781,241	580,787	24,274	24,566
Deferred tax assets	76,314	64,010	-	-
	<b>16,491,385</b>	<b>15,125,352</b>	<b>3,348,696</b>	<b>3,346,706</b>
<b>Current assets</b>				
Inventories	540,506	525,402	8,215	8,616
Trade and other receivables	2,289,321	2,044,504	121,971	141,432
Contract costs	860,898	2,552,049	-	-
Contract assets	865,326	655,480	13,468	-
Tax recoverable	22,071	21,305	-	-
Other financial assets	159,767	142,050	-	141
Cash and cash equivalents	1,589,825	2,686,658	848,176	720,138
	<b>6,327,714</b>	<b>8,627,448</b>	<b>991,830</b>	<b>870,327</b>
<b>Total assets</b>	<b>22,819,099</b>	<b>23,752,800</b>	<b>4,340,526</b>	<b>4,217,033</b>
<b>Current liabilities</b>				
Trade and other payables	2,950,778	3,361,537	168,662	136,886
Contract liabilities	536,313	1,217,666	-	-
Provisions	108,213	92,217	16,222	16,695
Other financial liabilities	10,406	13,105	-	-
Current tax payable	164,052	159,020	46,819	49,728
Interest-bearing borrowings	1,968,813	1,572,451	-	-
	<b>5,738,575</b>	<b>6,415,996</b>	<b>231,703</b>	<b>203,309</b>
<b>Net current assets</b>	<b>589,139</b>	<b>2,211,452</b>	<b>760,127</b>	<b>667,018</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	465,151	427,898	52,488	52,506
Provisions	104,307	105,071	15,596	16,018
Other financial liabilities	21,983	54,060	-	-
Retirement benefit obligations	3,918	3,810	-	-
Interest-bearing borrowings	7,951,270	8,275,153	-	-
Other long-term payables	306,747	296,763	292,949	287,361
	<b>8,853,376</b>	<b>9,162,755</b>	<b>361,033</b>	<b>355,885</b>
<b>Total liabilities</b>	<b>14,591,951</b>	<b>15,578,751</b>	<b>592,736</b>	<b>559,194</b>
<b>Net assets</b>	<b>8,227,148</b>	<b>8,174,049</b>	<b>3,747,790</b>	<b>3,657,839</b>
<b>Equity attributable to owners of the Company :-</b>				
Share capital	565,572	565,572	565,572	565,572
Other reserves	(55,046)	(85,705)	(6,141)	2,117
Revenue reserve	5,541,067	5,460,314	2,184,959	2,086,911
	6,051,593	5,940,181	2,744,390	2,654,600
Perpetual securities	1,003,400	1,003,239	1,003,400	1,003,239
	<b>7,054,993</b>	<b>6,943,420</b>	<b>3,747,790</b>	<b>3,657,839</b>
<b>Non-controlling interests</b>	<b>1,172,155</b>	<b>1,230,629</b>	-	-
<b>Total equity</b>	<b>8,227,148</b>	<b>8,174,049</b>	<b>3,747,790</b>	<b>3,657,839</b>

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

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

	As at 30/06/2018 \$'000	As at 31/12/2017 \$'000
<b>Amount repayable:</b>		
(i) <b><u>In one year or less, or on demand</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	782,192	695,409
Unsecured	1,186,621	877,042
	<u>1,968,813</u>	<u>1,572,451</u>
(ii) <b><u>Between one to five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	1,440,110	928,283
Unsecured	3,723,442	4,275,026
	<u>5,163,552</u>	<u>5,203,309</u>
(iii) <b><u>After five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	1,805,675	2,092,634
Unsecured	982,043	979,210
	<u>2,787,718</u>	<u>3,071,844</u>
Total	<u>9,920,083</u>	<u>9,847,604</u>
(iv) <b>The secured loans are collateralised by the following assets' net book value:-</b>		
	As at 30/06/2018 \$'000	As at 31/12/2017 \$'000
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>7,463,835</u>	<u>7,200,862</u>

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

	Group		Company	
	30/06/2018	31/12/2017 Restated	30/06/2018	31/12/2017 Restated
Net asset value per ordinary share based on issued share capital at the end of the financial period (in \$)	3.95	3.88	2.10	2.05

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at June 30, 2018 was \$3.39 (December 31, 2017 restated: \$3.32).



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

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

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

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

"Investment properties" increased mainly due to the on-going development of the Nanjing Riverside Quay project in China.

"Other financial assets" increased mainly due to the fair value adjustments on Utilities' GBP and INR cross currency swap contracts reduced by Marine's fair value adjustments on quoted equity shares.

"Trade and other receivables" increased mainly due to Marine's billing to a customer upon delivery of rig to the customers and the service concession receivables from Sirajganj Unit 4 power project.

"Intangible assets" increased mainly as a result of acquisition and consolidation of UK Power Reserve (UKPR), a subsidiary in United Kingdom.

"Tax recoverable" increased mainly from Utilities' India, mainly for advance and withholding tax paid.

"Deferred tax assets" increased mainly due to Marine's tax credit recognised on unutilised tax losses.

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

"Trade and other receivables" increased mainly due to higher turnover from Utilities India.

"Contract costs" decreased mainly due to recognition of costs of sales upon the delivery of rig building projects.

"Contract assets" increased mainly due to timing of billing to customers for Marine and design & construction businesses.

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

"Trade and other payables" decreased mainly due to payments made during the period which included the payment for non-controlling interests acquired in 2017.

"Contract liabilities" decreased mainly due to recognition of revenue upon the delivery of rig building projects.

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

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

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

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

"Deferred tax liabilities" increased mainly as a result of acquisition and consolidation of UKPR.

"Other financial liabilities" decreased mainly due to changes in fair value adjustments of cross currency swap contracts and interest rate swaps.

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

###### **Equity**

The deficit in "Other reserves" decreased primarily due to appreciation of United States dollar and China Renminbi against Singapore Dollar, reduced by the depreciation of the Indian Rupee against Singapore Dollar.

"Non-controlling interests" decreased as a result of Utilities' India re-organisation as announced on February 19, 2018.

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

###### **Net current assets**

"Contract asset" pertains to timing of billing to customers.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP		GROUP	
		2Q18 \$'000	2Q17 Restated \$'000	1H18 \$'000	1H17 Restated \$'000
<b>Cash flows from Operating Activities</b>					
Profit for the period		64,597	58,706	143,099	189,625
Adjustments for :					
Dividend		(30)	-	(37)	(32)
Finance income		(18,098)	(15,863)	(35,202)	(21,757)
Finance costs		121,613	144,651	235,791	273,877
Depreciation and amortisation		144,384	145,618	284,593	279,406
Share of results of associates and joint ventures, net of tax		(55,565)	(34,691)	(97,473)	(92,246)
(Gain) / Loss on disposal of property, plant and equipment and other financial assets		(3,115)	24	(4,138)	(1,765)
Loss on disposal of intangible assets		-	13	-	13
Gain on disposal of assets / investment held for sale		(2,372)	-	(2,372)	(46,816)
Gain on disposal of investments in subsidiaries		(113)	(866)	(113)	(866)
Changes in fair value of financial instruments		(10,154)	4,574	(15,005)	5,985
Equity settled share-based compensation expenses		1,002	2,252	1,956	7,582
Impairment of goodwill		1,390	-	1,390	-
Allowance made for impairment loss in value of assets and assets written off (net)		2,899	817	4,121	1,574
Assumption of liabilities on behalf of a joint venture		-	5,500	-	5,500
Allowance / (Write-back) of doubtful debts and bad debts (net)		5,010	777	599	(5,466)
Tax expense		23,992	31,825	61,506	46,211
Operating profit before working capital changes		275,440	343,337	578,715	640,825
Changes in working capital:					
Inventories		(12,466)	239,875	(10,301)	278,496
Receivables		(964,338)	(248,020)	(972,481)	(331,423)
Payables		144,030	(470,386)	(267,985)	(447,914)
Contract costs		1,019,821	(88,181)	1,691,151	(89,687)
Contract assets		(135,784)	(197,919)	(209,849)	(259,950)
Contract liabilities		(327,675)	134,829	(679,196)	50,485
Tax paid		(972)	(286,465)	130,054	(159,168)
Net cash (used in) / from operating activities		(42,198)	(320,098)	68,865	(201,771)
<b>Cash flows from Investing Activities</b>					
Dividend received		26,914	46,352	63,182	58,003
Interest received		17,922	10,213	33,244	16,241
Proceeds from disposal of joint venture		3,329	-	3,329	30,805
Proceeds from sale of other financial assets		90,385	53,115	152,725	69,079
Proceeds from sale of property, plant and equipment		2,333	85	2,465	8,181
Proceeds from disposal of interests in subsidiaries, net of cash disposed		4,543	-	4,543	-
Proceeds from sale of intangible assets		-	168	-	168
Loan repayments from related parties		67	366	10,111	4,452
Non-trade balances with related corporations, net of repayment		(812)	4,539	1,806	(4,569)
Acquisition of subsidiaries, net of cash acquired	5b	(399,586)	-	(399,586)	-
Acquisition of / additional investments in joint ventures and associates		(28,131)	(7,457)	(29,339)	(14,127)
Acquisition of other financial assets		(75,519)	(43,618)	(137,995)	(74,602)
Purchase of property, plant and equipment and investment properties		(206,925)	(4,248)	(257,414)	(356,100)
Purchase of intangible assets		(3,058)	(1,824)	(7,875)	(3,045)
Net cash (used in) / from investing activities		(568,538)	57,691	(560,804)	(265,514)

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

	Note	GROUP		GROUP	
		2Q18	2Q17	1H18	1H17
		\$'000	Restated \$'000	\$'000	Restated \$'000
<b>Cash flows from Financing Activities</b>					
Proceeds from share issued to non-controlling interests of subsidiaries		23,218	20	23,218	2
Proceeds from share options exercised with issue of treasury shares		384	-	384	-
Purchase of treasury shares		(558)	-	(9,308)	(4,057)
Purchase of treasury shares by subsidiary		-	(688)	-	(2,577)
Proceeds from issue of perpetual securities, net of transaction costs		-	199,467	-	199,467
Proceeds from borrowings		354,728	1,398,132	768,630	2,012,171
Repayment of borrowings		(220,636)	(877,308)	(786,036)	(1,225,880)
Payment on finance leases		(631)	(133)	(631)	(262)
Payment for non-controlling interests acquired in 2017		-	-	(291,550)	-
Unclaimed dividends		13	-	11	6
Dividends paid to owners of the Company		(35,744)	(71,492)	(35,744)	(71,492)
Dividends paid to non-controlling interests of subsidiaries		(9,745)	(12,672)	(16,474)	(18,552)
(Payment) / Receipts in restricted cash held as collateral		(700)	(801)	(3,212)	2,321
Perpetual securities distribution paid		(17,823)	(14,133)	(22,864)	(19,174)
Interest paid		(126,117)	(138,662)	(219,452)	(247,105)
Net cash (used in) / from financing activities		<u>(33,611)</u>	<u>481,730</u>	<u>(593,028)</u>	<u>624,868</u>
Net (decrease) / increase in cash and cash equivalents		<u>(644,347)</u>	<u>219,323</u>	<u>(1,084,967)</u>	<u>157,583</u>
<b>Cash and cash equivalents at beginning of the period</b>		<b><u>2,230,362</u></b>	<b><u>1,768,807</u></b>	<b><u>2,681,471</u></b>	<b><u>1,854,713</u></b>
Effect of exchange rate changes on balances held in foreign currency		(4,900)	16,724	(15,389)	(7,442)
<b>Cash and cash equivalents at end of the period</b>		<b><u>1,581,115</u></b>	<b><u>2,004,854</u></b>	<b><u>1,581,115</u></b>	<b><u>2,004,854</u></b>

### 5a. Cash and cash equivalents

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

	Group	
	30/06/2018	31/12/2017
	\$'000	\$'000
Fixed deposits with banks	351,883	672,172
Cash and bank balances	<u>1,237,942</u>	<u>2,014,486</u>
Cash and cash equivalents in the balance sheets	1,589,825	2,686,658
Bank overdrafts	(508)	(197)
Restricted bank balances held as collateral by banks	<u>(8,202)</u>	<u>(4,990)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<b><u>1,581,115</u></b>	<b><u>2,681,471</u></b>

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

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

In 2Q18, the Group acquired 100% equity interest in UK Power Reserve, 100% of MSOA Pte Ltd and 51% additional shares of Changi Mega Solar (previously a joint venture with 49% equity interest).

	<b>1H18</b>
	<b>\$'000</b>
<b>Effect on cash flows of the Group</b>	
Cash paid <sup>1</sup>	399,586
Less: Cash and cash equivalents in subsidiaries acquired	<u>(35,809)</u>
Cash outflow on acquisition	<u>363,777</u>
<b>Identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	412,964
Long-term receivables and prepayments	10,893
Intangible assets	182,075
Inventories	4,520
Trade and other receivables	66,537
Tax recoverable	2,108
Cash and cash equivalents	<u>35,809</u>
Total assets	<u>714,906</u>
Trade and other payables	48,269
Other financial liabilities	879
Borrowings	267,850
Deferred tax liabilities	<u>47,917</u>
Total liabilities	<u>364,915</u>
Net identifiable assets	349,991
Add: Goodwill	59,737
Less: Amount previously accounted for as joint venture	(156)
Less: Gain on step up acquisition of joint venture	<u>(163)</u>
Consideration transferred for the business	409,409
Deferred consideration	<u>(9,823)</u>
Cash paid <sup>1</sup>	<u>399,586</u>

1 Out of the \$399,586,000 cash paid, \$208,919,000 is in the form of shareholder's loan.

Note: The above are inclusive of fair value adjustments, determined on a provisional basis.

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

### **5c. Explanatory Notes to Consolidated Statement of Cash Flows**

#### **(i) Second Quarter**

Net cash from operating activities before changes in working capital stood at \$275.4 million; while the net cash used in operating activities was \$42.2 million. The change in working capital was mainly attributable to Marine's working capital changes. In 2Q18, the change in working capital also included \$77.0 million increase in service concession receivables from Myingyan and Sirajganj Unit 4 power projects.

Net cash used in investing activities was \$568.5 million, mostly for acquisition of subsidiaries and property, plant & equipment for the quarter.

Net cash used in financing activities was \$33.6 million, mainly for interest paid and distribution to shareholders and perpetual securities holders; reduced by net proceeds from borrowings.

#### **(ii) Half Year**

Net cash from operating activities before changes in working capital stood at \$578.7 million; while the net cash from operating activities was \$68.9 million. The change in working capital was mainly attributable to Marine's working capital changes. In 1H18, the change in working capital also included \$113.0 million increase in service concession receivables from Myingyan and Sirajganj Unit 4 power projects. The service concession receivables will be collected over the period of the concession contracts from the time the power plants commence operations.

Net cash used in investing activities was \$560.8 million mainly for acquisition of subsidiaries and property, plant and equipment in 2Q18.

Net cash used in financing activities was mainly for payment for non-controlling interests acquired in 2017 and interest paid.

#### **(iii) Significant non-cash transactions**

There was no material non-cash transaction other than those disclosed in the cash flow statement.

## 6. STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to owners of the Company					Perpetual securities	Total	Non-controlling interests	Total equity	
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve					Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>1Q18</b>										
<b>At December 31, 2017</b>	<b>565,572</b>	<b>(125)</b>	<b>(262,078)</b>	<b>179,527</b>	<b>5,483,190</b>	<b>5,966,086</b>	<b>1,003,239</b>	<b>6,969,325</b>	<b>1,246,429</b>	<b>8,215,754</b>
Adoption of SFRS(I) 15	-	-	(3,029)	-	(22,876)	(25,905)	-	(25,905)	(15,800)	(41,705)
<b>Restated balance at December 31, 2017</b>	<b>565,572</b>	<b>(125)</b>	<b>(265,107)</b>	<b>179,527</b>	<b>5,460,314</b>	<b>5,940,181</b>	<b>1,003,239</b>	<b>6,943,420</b>	<b>1,230,629</b>	<b>8,174,049</b>
Adoption of SFRS(I) 9	-	-	-	118	(12,969)	(12,851)	-	(12,851)	(934)	(13,785)
<b>Restated balance at January 1, 2018</b>	<b>565,572</b>	<b>(125)</b>	<b>(265,107)</b>	<b>179,645</b>	<b>5,447,345</b>	<b>5,927,330</b>	<b>1,003,239</b>	<b>6,930,569</b>	<b>1,229,695</b>	<b>8,160,264</b>
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	76,649	76,649	-	76,649	1,853	78,502
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	(72,182)	-	-	(72,182)	-	(72,182)	(13,131)	(85,313)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	3,452	-	-	3,452	-	3,452	-	3,452
Net change in fair value of cash flow hedges	-	-	-	25,648	-	25,648	-	25,648	1,989	27,637
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(14,876)	-	(14,876)	-	(14,876)	(294)	(15,170)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(9,813)	-	(9,813)	-	(9,813)	(3,160)	(12,973)
Defined benefit plan actuarial gains and losses	-	-	-	-	75	75	-	75	6	81
Share of other comprehensive income of associates and joint ventures	-	-	-	18,432	-	18,432	-	18,432	(318)	18,114
Total other comprehensive income	-	-	(68,730)	19,391	75	(49,264)	-	(49,264)	(14,908)	(64,172)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(68,730)</b>	<b>19,391</b>	<b>76,724</b>	<b>27,385</b>	<b>-</b>	<b>27,385</b>	<b>(13,055)</b>	<b>14,330</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Share-based payments	-	-	-	492	-	492	-	492	462	954
Purchase of treasury shares	-	(8,750)	-	-	-	(8,750)	-	(8,750)	-	(8,750)
Treasury shares transferred to employees	-	7,860	-	(7,860)	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	996	27,705	-	28,701	-	28,701	(28,701)	-
Perpetual securities distribution paid	-	-	-	-	-	-	(5,041)	(5,041)	-	(5,041)
Accrued perpetual securities distribution	-	-	-	-	(11,449)	(11,449)	11,449	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(6,729)	(6,729)
Unclaimed dividends	-	-	-	-	(2)	(2)	-	(2)	-	(2)
<b>Total transactions with owners</b>	<b>-</b>	<b>(890)</b>	<b>996</b>	<b>20,337</b>	<b>(11,451)</b>	<b>8,992</b>	<b>6,408</b>	<b>15,400</b>	<b>(34,968)</b>	<b>(19,568)</b>
<b>At March 31, 2018</b>	<b>565,572</b>	<b>(1,015)</b>	<b>(332,841)</b>	<b>219,373</b>	<b>5,512,618</b>	<b>5,963,707</b>	<b>1,009,647</b>	<b>6,973,354</b>	<b>1,181,672</b>	<b>8,155,026</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						Perpetual securities \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Currency translation reserve \$'000	Others \$'000	Revenue reserve \$'000	Total \$'000				
<b>2Q18</b>										
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	81,916	81,916	-	81,916	(17,319)	64,597
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	20,993	-	-	20,993	-	20,993	6,988	27,981
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(1,349)	-	-	(1,349)	-	(1,349)	-	(1,349)
Net change in fair value of cash flow hedges	-	-	-	45,469	-	45,469	-	45,469	(10,131)	35,338
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(25,925)	-	(25,925)	-	(25,925)	(686)	(26,611)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	8,316	-	8,316	-	8,316	(1,259)	7,057
Defined benefit plan actuarial gains and losses	-	-	-	-	67	67	-	67	5	72
Reclassification of reserve upon liquidation of other financial asset	-	-	-	6,920	(6,920)	-	-	-	-	-
Realisation of reserve upon disposal of subsidiary	-	-	-	2,461	(3)	2,458	-	2,458	(2,303)	155
Share of other comprehensive income of associates and joint ventures	-	-	-	7,416	-	7,416	-	7,416	318	7,734
Total other comprehensive income	-	-	19,644	44,657	(6,856)	57,445	-	57,445	(7,068)	50,377
<b>Total comprehensive income</b>	-	-	<b>19,644</b>	<b>44,657</b>	<b>75,060</b>	<b>139,361</b>	-	<b>139,361</b>	<b>(24,387)</b>	<b>114,974</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Contributions from non-controlling interests	-	-	301	(5,846)	696	(4,849)	-	(4,849)	23,983	19,134
Share-based payments	-	-	-	541	-	541	-	541	432	973
Purchase of treasury shares	-	(558)	-	-	-	(558)	-	(558)	-	(558)
Treasury shares transferred to employees	-	966	-	(582)	-	384	-	384	-	384
Treasury shares of a subsidiary	-	-	-	314	-	314	-	314	200	514
Perpetual securities distribution paid	-	-	-	-	-	-	(17,823)	(17,823)	-	(17,823)
Accrued perpetual securities distribution	-	-	-	-	(11,576)	(11,576)	11,576	-	-	-
Dividend paid	-	-	-	-	(35,744)	(35,744)	-	(35,744)	(9,745)	(45,489)
Unclaimed dividends	-	-	-	-	13	13	-	13	-	13
<b>Total transactions with owners</b>	-	<b>408</b>	<b>301</b>	<b>(5,573)</b>	<b>(46,611)</b>	<b>(51,475)</b>	<b>(6,247)</b>	<b>(57,722)</b>	<b>14,870</b>	<b>(42,852)</b>
<b>At June 30, 2018</b>	<b>565,572</b>	<b>(607)</b>	<b>(312,896)</b>	<b>258,457</b>	<b>5,541,067</b>	<b>6,051,593</b>	<b>1,003,400</b>	<b>7,054,993</b>	<b>1,172,155</b>	<b>8,227,148</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					Perpetual securities \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Currency translation reserve \$'000	Others \$'000	Revenue reserve \$'000				
<b>1Q17</b>									
<b>At January 1, 2017 as previously reported</b>	<b>565,572</b>	<b>(5,490)</b>	<b>(113,534)</b>	<b>66,877</b>	<b>5,384,897</b>	<b>803,096</b>	<b>6,701,418</b>	<b>1,461,296</b>	<b>8,162,714</b>
Adoption of the SFRS(l) 15	-	-	(9,863)	-	(176,560)	-	(186,423)	(116,418)	(302,841)
<b>Restated balance at 1 January, 2017</b>	<b>565,572</b>	<b>(5,490)</b>	<b>(123,397)</b>	<b>66,877</b>	<b>5,208,337</b>	<b>803,096</b>	<b>6,514,995</b>	<b>1,344,878</b>	<b>7,859,873</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	116,294	-	116,294	14,625	130,919
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	(58,245)	-	-	-	(58,245)	(6,485)	(64,730)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(3,746)	-	-	-	(3,746)	-	(3,746)
Net change in fair value of cash flow hedges	-	-	-	(7,367)	-	-	(7,367)	11,509	4,142
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(8,598)	-	-	(8,598)	268	(8,330)
Net change in fair value of available-for-sale financial assets	-	-	-	38,129	-	-	38,129	3,192	41,321
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	(250)	-	-	(250)	(105)	(355)
Defined benefit plan actuarial gains and losses	-	-	-	-	1	-	1	(1)	-
Share of other comprehensive income of associates and joint ventures	-	-	-	10,837	-	-	10,837	-	10,837
Total other comprehensive income	-	-	(61,991)	32,751	1	-	(29,239)	8,378	(20,861)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(61,991)</b>	<b>32,751</b>	<b>116,295</b>	<b>-</b>	<b>87,055</b>	<b>23,003</b>	<b>110,058</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Contribution by non-controlling interests	-	-	-	-	-	-	-	(18)	(18)
Share-based payments	-	-	-	4,928	-	-	4,928	402	5,330
Purchase of treasury shares	-	(4,057)	-	-	-	-	(4,057)	-	(4,057)
Treasury shares transferred to employees	-	8,797	-	(8,797)	-	-	-	-	-
Treasury shares of a subsidiary	-	-	-	(1,152)	-	-	(1,152)	(737)	(1,889)
Acquisition of non-controlling interests	-	-	-	(637)	-	-	(637)	611	(26)
Put liability to acquire non-controlling interests	-	-	-	(5,129)	-	-	(5,129)	-	(5,129)
Transfer of reserve	-	-	-	(14,958)	14,958	-	-	-	-
Realisation of reserve upon disposal of assets held for sale	-	-	(12,493)	-	-	-	(12,493)	(7,991)	(20,484)
Perpetual securities distribution paid	-	-	-	-	-	(5,041)	(5,041)	-	(5,041)
Accrued perpetual securities distribution	-	-	-	-	(9,596)	9,596	-	-	-
Dividend paid	-	-	-	-	-	-	-	(5,880)	(5,880)
Unclaimed dividends	-	-	-	-	6	-	6	-	6
<b>Total transactions with owners</b>	<b>-</b>	<b>4,740</b>	<b>(12,493)</b>	<b>(25,745)</b>	<b>5,368</b>	<b>(28,130)</b>	<b>4,555</b>	<b>(23,575)</b>	<b>(37,188)</b>
<b>Restated balance at March 31, 2017</b>	<b>565,572</b>	<b>(750)</b>	<b>(197,881)</b>	<b>73,883</b>	<b>5,330,000</b>	<b>807,651</b>	<b>6,578,475</b>	<b>1,354,268</b>	<b>7,932,743</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						Perpetual securities \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Currency translation reserve \$'000	Others \$'000	Revenue reserve \$'000	Total \$'000				
<b>2Q17</b>										
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	55,817	55,817	-	55,817	2,889	58,706
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	(3,480)	-	839	(2,641)	-	(2,641)	(2,347)	(4,988)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(2,110)	-	-	(2,110)	-	(2,110)	-	(2,110)
Net change in fair value of cash flow hedges	-	-	-	(22,511)	-	(22,511)	-	(22,511)	(7,844)	(30,355)
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(2,662)	-	(2,662)	-	(2,662)	269	(2,393)
Net change in fair value of available-for-sale financial assets	-	-	-	(25,982)	-	(25,982)	-	(25,982)	(2,466)	(28,448)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	(126)	-	(126)	-	(126)	-	(126)
Defined benefit plan actuarial gains and losses	-	-	-	-	(142)	(142)	-	(142)	(28)	(170)
Realisation of reserve upon disposal of subsidiary	-	-	(38)	-	-	(38)	-	(38)	(179)	(217)
Share of other comprehensive income of associates and joint ventures	-	-	-	6,211	-	6,211	-	6,211	-	6,211
Total other comprehensive income	-	-	(5,628)	(45,070)	697	(50,001)	-	(50,001)	(12,595)	(62,596)
<b>Total comprehensive income</b>	-	-	<b>(5,628)</b>	<b>(45,070)</b>	<b>56,514</b>	<b>5,816</b>	-	<b>5,816</b>	<b>(9,706)</b>	<b>(3,890)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	20	20
Share-based payments	-	-	-	1,851	-	1,851	-	1,851	401	2,252
Treasury shares transferred to employees	-	625	-	(625)	-	-	-	-	(1)	(1)
Put liability to acquire non-controlling interests	-	-	-	(5,428)	-	(5,428)	-	(5,428)	-	(5,428)
Perpetual securities distribution paid	-	-	-	-	-	-	(14,133)	(14,133)	-	(14,133)
Accrued perpetual securities distribution	-	-	-	-	(9,868)	(9,868)	9,868	-	-	-
Dividend paid	-	-	-	-	(71,492)	(71,492)	-	(71,492)	(12,672)	(84,164)
Issue of perpetual bond, net of transaction cost	-	-	-	-	-	-	199,467	199,467	-	199,467
Total transactions with owners	-	625	-	(4,202)	(81,360)	(84,937)	195,202	110,265	(12,252)	98,013
<b>Restated balance at June 30, 2017</b>	<b>565,572</b>	<b>(125)</b>	<b>(203,509)</b>	<b>24,611</b>	<b>5,305,154</b>	<b>5,691,703</b>	<b>1,002,853</b>	<b>6,694,556</b>	<b>1,332,310</b>	<b>8,026,866</b>

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

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

	Attributable to owners of the Company				Perpetual securities	Total	
	Share capital	Reserve for own shares	Others	Revenue reserve			Total
	\$'000	\$'000	\$'000				\$'000
<b>1Q18</b>							
At December 31, 2017 as previously reported	565,572	(125)	2,242	2,087,875	2,655,564	1,003,239	3,658,803
Adoption of SFRS(I) 15	-	-	-	(964)	(964)	-	(964)
<b>Restated balance at December 31, 2017</b>	<b>565,572</b>	<b>(125)</b>	<b>2,242</b>	<b>2,086,911</b>	<b>2,654,600</b>	<b>1,003,239</b>	<b>3,657,839</b>
Adoption of SFRS(I) 9	-	-	-	-	-	-	-
<b>Restated balance at January 1, 2018</b>	<b>565,572</b>	<b>(125)</b>	<b>2,242</b>	<b>2,086,911</b>	<b>2,654,600</b>	<b>1,003,239</b>	<b>3,657,839</b>
<b>Total comprehensive income</b>							
Profit for the period as stated	-	-	-	41,321	41,321	-	41,321
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,321</b>	<b>41,321</b>	<b>-</b>	<b>41,321</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>							
Share-based payments	-	-	(275)	-	(275)	-	(275)
Purchase of treasury shares	-	(8,750)	-	-	(8,750)	-	(8,750)
Treasury shares transferred to employees	-	7,860	(7,860)	-	-	-	-
Perpetual securities distribution paid	-	-	-	-	-	(5,041)	(5,041)
Accrued perpetual securities distribution	-	-	-	(11,449)	(11,449)	11,449	-
Unclaimed dividends reissued	-	-	-	(2)	(2)	-	(2)
<b>Total transactions with owners</b>	<b>-</b>	<b>(890)</b>	<b>(8,135)</b>	<b>(11,451)</b>	<b>(20,476)</b>	<b>6,408</b>	<b>(14,068)</b>
<b>At March 31, 2018</b>	<b>565,572</b>	<b>(1,015)</b>	<b>(5,893)</b>	<b>2,116,781</b>	<b>2,675,445</b>	<b>1,009,647</b>	<b>3,685,092</b>

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

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

	Attributable to owners of the Company				Perpetual securities	Total
	Share capital	Reserve for own shares	Others	Revenue reserve		
	\$'000	\$'000	\$'000		\$'000	\$'000
<b>2Q18</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	115,498	-	115,498
<b>Total comprehensive income</b>	-	-	-	115,498	-	115,498
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Share-based payments	-	-	405	-	-	405
Changes to share-based reserve upon disposal of subsidiary	-	-	536	-	-	536
Purchase of treasury shares	-	(558)	-	-	-	(558)
Treasury shares transferred to employees	-	966	(582)	-	-	384
Perpetual securities distribution paid	-	-	-	-	(17,823)	(17,823)
Accrued perpetual securities distribution	-	-	-	(11,576)	11,576	-
Dividend paid	-	-	-	(35,744)	-	(35,744)
<b>Total transactions with owners</b>	-	408	359	(47,320)	(6,247)	(52,800)
<b>At June 30, 2018</b>	<b>565,572</b>	<b>(607)</b>	<b>(5,534)</b>	<b>2,184,959</b>	<b>1,003,400</b>	<b>3,747,790</b>

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

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

	Attributable to owners of the Company				Perpetual securities \$'000	Total \$'000	
	Share capital \$'000	Reserve for own shares \$'000	Others \$'000	Revenue reserve \$'000			
<b>1Q17</b>							
At January 1, 2017 as previously reported	565,572	(5,490)	(1,231)	1,826,675	2,385,526	803,096	3,188,622
Adoption of SFRS(I) 15	-	-	-	(1,057)	(1,057)	-	(1,057)
<b>Restated balance at January 1, 2017</b>	<b>565,572</b>	<b>(5,490)</b>	<b>(1,231)</b>	<b>1,825,618</b>	<b>2,384,469</b>	<b>803,096</b>	<b>3,187,565</b>
<b>Total comprehensive income</b>							
Profit for the period as stated	-	-	-	19,045	19,045	-	19,045
<b>Other comprehensive income</b>							
Net changes in fair value of cash flow hedges	-	-	385	-	385	-	385
Total other comprehensive income	-	-	385	-	385	-	385
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>385</b>	<b>19,045</b>	<b>19,430</b>	<b>-</b>	<b>19,430</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>							
Share-based payments	-	-	4,126	-	4,126	-	4,126
Purchase of treasury shares	-	(4,057)	-	-	(4,057)	-	(4,057)
Treasury shares transferred to employees	-	8,797	(8,797)	-	-	-	-
Perpetual securities distribution paid	-	-	-	-	-	(5,041)	(5,041)
Accrued perpetual securities distribution	-	-	-	(9,596)	(9,596)	9,596	-
<b>Total transactions with owners</b>	<b>-</b>	<b>4,740</b>	<b>(4,671)</b>	<b>(9,596)</b>	<b>(9,527)</b>	<b>4,555</b>	<b>(4,972)</b>
<b>Restated balance at March 31, 2017</b>	<b>565,572</b>	<b>(750)</b>	<b>(5,517)</b>	<b>1,835,067</b>	<b>2,394,372</b>	<b>807,651</b>	<b>3,202,023</b>

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

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

	Attributable to owners of the Company				Perpetual securities \$'000	Total \$'000
	Share capital	Reserve for own shares	Others	Revenue reserve		
	\$'000	\$'000	\$'000	\$'000		
<b>2Q17</b>						
<b>Total comprehensive income</b>						
Profit for the period as stated	-	-	-	75,740	-	75,740
<b>Other comprehensive income</b>						
Net changes in fair value of cash flow hedges	-	-	(105)	-	-	(105)
Total other comprehensive income	-	-	(105)	-	-	(105)
<b>Total comprehensive income</b>	-	-	<b>(105)</b>	<b>75,740</b>	-	<b>75,635</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of perpetual bond, net of transaction cost	-	-	-	-	199,467	199,467
Share-based payments	-	-	1,289	-	-	1,289
Treasury shares transferred to employees	-	625	(625)	-	-	-
Perpetual securities distribution paid	-	-	-	-	(14,133)	(14,133)
Accrued perpetual securities distribution	-	-	-	(9,868)	9,868	-
Dividends paid	-	-	-	(71,492)	-	(71,492)
<b>Total transactions with owners</b>	-	<b>625</b>	<b>664</b>	<b>(81,360)</b>	<b>195,202</b>	<b>115,131</b>
<b>Restated balance at June 30, 2017</b>	<b>565,572</b>	<b>(125)</b>	<b>(4,958)</b>	<b>1,829,447</b>	<b>1,002,853</b>	<b>3,392,789</b>

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

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

#### Issued share capital and treasury shares

	Number of shares	
	Issued Share Capital	Treasury Share
At January 1, 2018	1,787,547,732	42,827
Treasury shares purchased	-	2,800,000
Treasury shares transferred pursuant to restricted share plan	-	(2,517,612)
At March 31, 2018	1,787,547,732	325,215
Treasury shares purchased	-	200,000
Treasury shares transferred pursuant to restricted share plan	-	(186,430)
At June 30, 2018	1,787,547,732	338,785

#### Issued and paid up capital

As at June 30, 2018, the Company's issued and paid up capital excluding treasury shares comprised 1,787,208,947 (December 31, 2017: 1,787,504,905) ordinary shares.

#### Treasury shares

During 2Q18, the Company acquired 200,000 (2Q17: nil) ordinary shares in the Company by way of on-market purchases. 186,430 (2Q17: 214,350) treasury shares were re-issued pursuant to the Restricted Share Plan ("RSP").

As at June 30, 2018, 338,785 (June 30, 2017: 42,827) treasury shares were held that may be re-issued upon the vesting of performance shares and restricted shares under the Performance Share Plan ("PSP") and RSP respectively.

#### Performance Shares

	Number of shares
At January 1, 2018	2,403,303
Performance shares lapsed arising from targets not met	(743,750)
At March 31, 2018 and June 30, 2018	1,659,553

During 2Q18, nil (2Q17: 889,553) performance shares were awarded under the Company's PSP, nil (2Q17: nil) performance shares were released and nil (2Q17: 304,500) performance shares lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at June 30, 2018, was 1,659,553 (June 30, 2017: 2,403,303). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,489,329 (June 30, 2017: 3,604,954) performance shares.

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

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

#### Restricted shares

	<b>Number of Shares</b>
At January 1, 2018	9,727,916
Conditional restricted shares released	(2,436,848)
Conditional restricted shares lapsed	(361,075)
Restricted shares lapsed arising from targets not met	<u>(1,441,095)</u>
At March 31, 2018	5,488,898
Conditional restricted shares awarded	178,600
Conditional restricted shares released	(187,407)
Conditional restricted shares lapsed	<u>(124,396)</u>
At June 30, 2018	<u><u>5,355,695</u></u>

During 2Q18, 178,600 (2Q17: 3,554,234) restricted shares were awarded under the RSP, 187,407 (2Q17: 214,350) restricted shares were released and 124,396 (2Q17: 103,304) restricted shares lapsed. All 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 end June 30, 2018 was 5,355,695 (June 30, 2017: 9,810,014). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 3,149,534 (June 30, 2017: 7,011,366). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,724,301 (June 30, 2017: 10,517,049) restricted shares.

## 7. AUDIT

The figures have not been audited or reviewed by the Company's auditors.

## 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 December 31, 2017.

## 10. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the new SFRS(I) framework in 2018 and concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I) which are mandatorily effective from 1 January, 2018.

SFRS(I) and IFRS:

- SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*
- 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*
- SFRS(I) 1-40 *Investment Property*
- SFRS(I) 1 *Amendments to IFRS 1*
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above standards do not have any significant impact on the financial statements except for SFRS(I) 15 and SFRS(I) 9.

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

Adopting SFRS(I) 15 impacted certain long-term contracts of the Group as follows:

- i) Timing of revenue and cost recognition: The 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.
- ii) Contract costs:
  - a. The costs incurred to fulfill the satisfied performance obligation are recognised in profit or loss as control of goods or services to the customer is transferred over time. There is no longer direct linkage between the costs being expensed and the output being measured.
  - b. Certain payments made to customers for purchase of goods are recognised as expense instead of offset against revenue previously.

The revenue of 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 and accordingly, the transaction price is adjusted for the time value of money of the contracts.

The Group does not restate the comparative information for the effect of adopting SFRS(I) 9 due to the exemption in SFRS(I) 1 but has instead recognised the effect in revenue reserves and other reserves as at January 1, 2018.

Adoption of SFRS(I) impacted the Group as follows:

- i) The Group elects to present in other comprehensive income (OCI) the changes in fair value of the previously classified as 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.
- ii) Fair value reserve relating to the fair value changes of 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 other comprehensive income (FVOCI) (except for investments in equity instruments) is now based on the expected credit loss model instead of the previous "incurred loss" model used previously.

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

### A. Consolidated Income Statement for quarter and half-year ended June 30, 2017

	Quarter ended June 30, 2017			Half-year ended June 30, 2017		
	As previously reported	Effects of SRFS(I) 15	As restated	As previously reported	Effects of SRFS(I) 15	As restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>	<b>2,275,261</b>	<b>6,252</b>	<b>2,281,513</b>	<b>4,414,818</b>	<b>(11,707)<sup>1</sup></b>	<b>4,403,111</b>
Cost of sales	(1,949,599)	(9,619)	(1,959,218)	(3,848,665)	1,840 <sup>1</sup>	(3,846,825)
<b>Gross profit</b>	<b>325,662</b>	<b>(3,367)</b>	<b>322,295</b>	<b>566,153</b>	<b>(9,867)</b>	<b>556,286</b>
Finance income	13,110	2,753	15,863	17,280	4,477	21,757
Finance costs	(144,367)	(284)	(144,651)	(273,423)	(454)	(273,877)
Others	(102,976)	-	(102,976)	(68,330)	-	(68,330)
<b>Profit before tax</b>	<b>91,429</b>	<b>(898)</b>	<b>90,531</b>	<b>241,680</b>	<b>(5,844)</b>	<b>235,836</b>
Tax expense	(31,895)	70	(31,825)	(46,798)	587	(46,211)
<b>Profit for the period</b>	<b>59,534</b>	<b>(828)</b>	<b>58,706</b>	<b>194,882</b>	<b>(5,257)</b>	<b>189,625</b>
<b>Attributable to:</b>						
Owners of the Company	55,268	549	55,817	174,375	(2,264)	172,111
Non-controlling interests	4,266	(1,377)	2,889	20,507	(2,993)	17,514
<b>Profit for the period</b>	<b>59,534</b>	<b>(828)</b>	<b>58,706</b>	<b>194,882</b>	<b>(5,257)</b>	<b>189,625</b>
<b>Earnings per ordinary share (cents)</b>						
Basic	2.54	0.03	2.57	8.67	(0.13)	8.54
Diluted	2.51	0.04	2.55	8.60	(0.13)	8.47

<sup>1</sup> Amount relates mainly to the reversal of revenue and related costs of sales of contracts that are recognised only on delivery to customers under SFRS(I) 15.



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

### B. Consolidated Statement of Comprehensive income for quarter and half-year ended June 30, 2017

	Quarter ended June 30, 2017			Half-year ended June 30, 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>	<b>59,534</b>	<b>(828)</b>	<b>58,706</b>	<b>194,882</b>	<b>(5,257)</b>	<b>189,625</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	(9,586)	4,598	(4,988)	(80,501)	10,783	(69,718)
Others	(57,608)	-	(57,608)	(13,739)	-	(13,739)
Other comprehensive income for the period, net of tax	(67,194)	4,598	(62,596)	(94,240)	10,783	(83,457)
<b>Total comprehensive income for the period</b>	<b>(7,660)</b>	<b>3,770</b>	<b>(3,890)</b>	<b>100,642</b>	<b>5,526</b>	<b>106,168</b>
<b>Total comprehensive income attribute to :-</b>						
Owners of the Company	1,987	3,829	5,816	88,082	4,789	92,871
Non-controlling interests	(9,647)	(59)	(9,706)	12,560	737	13,297
<b>Total comprehensive income for the period</b>	<b>(7,660)</b>	<b>3,770</b>	<b>(3,890)</b>	<b>100,642</b>	<b>5,526</b>	<b>106,168</b>

### C. Balance Sheet as at December 31, 2017 and January 1, 2018

	December 31, 2017			January 1, 2018	
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000	Effects of SFRS(I) 9 \$'000	As restated \$'000
<b>Asset</b>					
Deferred tax assets	55,972	8,038	64,010	316	64,326
Inventories and work-in-progress	3,214,296	(3,214,296)	-	-	-
Inventories	-	525,402	525,402	-	525,402
Trade and other receivables (current)	2,031,555	12,949	2,044,504	(4,234)	2,040,270
Trade and other receivables (non-current)	1,184,276	-	1,184,276	(8,245)	1,176,031
Contract costs	-	2,552,049	2,552,049	-	2,552,049
Contract assets	-	655,480	655,480	(3)	655,477
Interest in associates and joint ventures	1,765,420	-	1,765,420	(2,131)	1,763,289
Others	14,961,659	-	14,961,659	-	14,961,659
<b>Total assets</b>	<b>23,213,178</b>	<b>539,622</b>	<b>23,752,800</b>	<b>(14,297)</b>	<b>23,738,503</b>
<b>Liabilities</b>					
Trade and other payables	3,818,766	(457,229)	3,361,537	-	3,361,537
Excess of progress billings over work-in-progress	180,894	(180,894)	-	-	-
Contract liabilities	-	1,217,666	1,217,666	-	1,217,666
Current tax payable	159,046	(26)	159,020	-	159,020
Other long-term payables	294,511	2,252	296,763	-	296,763
Deferred tax liability	428,340	(442)	427,898	(512)	427,386
Others	10,115,867	-	10,115,867	-	10,115,867
<b>Total liabilities</b>	<b>14,997,424</b>	<b>581,327</b>	<b>15,578,751</b>	<b>(512)</b>	<b>15,578,239</b>
<b>Equity</b>					
Other reserves	(82,676)	(3,029)	(85,705)	118	(85,587)
Revenue reserve	5,483,190	(22,876) <sup>1</sup>	5,460,314	(12,969) <sup>2</sup>	5,447,345
Non-controlling interest	1,246,429	(15,800)	1,230,629	(934) <sup>2</sup>	1,229,695
Others	1,568,811	-	1,568,811	-	1,568,811
<b>Total equity</b>	<b>8,215,754</b>	<b>(41,705)</b>	<b>8,174,049</b>	<b>(13,785)</b>	<b>8,160,264</b>

<sup>1</sup> Amount relates mainly to the reversal of cumulative profits of certain contracts, where such revenue and related costs of sales are recognised only on delivery to customers under SFRS(I) 15.

<sup>2</sup> Amount relates mainly to increases in impairment loss for trade and other receivables (including service concession receivables) using the expected credit loss model under SFRS(I) 9.

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

### D. Consolidated Statement of Cash Flows for quarter and half-year ended June 30, 2017

	Quarter ended June 30, 2017			Half-year ended June 30, 2017		
	As previously reported \$'000	Effects of SRFS(I) 15 \$'000	As restated \$'000	As previously reported \$'000	Effects of SRFS(I) 15 \$'000	As restated \$'000
<b>Cash flows from operating activities:</b>						
Profit for the period	59,534	(828)	58,706	194,882	(5,257)	189,625
Finance income	(13,110)	(2,753)	(15,863)	(17,280)	(4,477)	(21,757)
Finance costs	144,367	284	144,651	273,423	454	273,877
Tax expense	31,895	(70)	31,825	46,798	(587)	46,211
Others	124,018	-	124,018	152,869	-	152,869
<b>Operating profit before working capital changes</b>	<b>346,704</b>	<b>(3,367)</b>	<b>343,337</b>	<b>650,692</b>	<b>(9,867)</b>	<b>640,825</b>
Inventories and work-in-progress	(46,225)	46,225	-	(71,141)	71,141	-
Inventories	-	239,875	239,875	-	278,496	278,496
Receivables	(250,773)	2,753	(248,020)	(335,900)	4,477	(331,423)
Payables	(336,171)	(134,215)	(470,386)	(402,819)	(45,095)	(447,914)
Contract cost	-	(88,181)	(88,181)	-	(89,687)	(89,687)
Contract assets	-	(197,919)	(197,919)	-	(259,950)	(259,950)
Contract liabilities	-	134,829	134,829	-	50,485	50,485
Tax paid	(33,633)	-	(33,633)	(42,603)	-	(42,603)
<b>Net cash from operating activities</b>	<b>(320,098)</b>	<b>-</b>	<b>(320,098)</b>	<b>(201,771)</b>	<b>-</b>	<b>(201,771)</b>

### E. Company Balance Sheet as at December 31, 2017

	December 31, 2017		
	As previously reported \$'000	Effects of SRFS(I) 15 \$'000	As restated \$'000
<b>Non-current assets</b>	<b>3,346,706</b>	<b>-</b>	<b>3,346,706</b>
<b>Current assets</b>	<b>870,327</b>	<b>-</b>	<b>870,327</b>
<b>Total assets</b>	<b>4,217,033</b>	<b>-</b>	<b>4,217,033</b>
<b>Liabilities</b>			
Current tax payable	49,746	(18)	49,728
Deferred tax liabilities	52,686	(180)	52,506
Other payables	286,199	1,162	287,361
Others	169,599	-	169,599
<b>Total liabilities</b>	<b>558,230</b>	<b>964</b>	<b>559,194</b>
<b>Equity</b>			
Revenue reserve	2,087,875	(964)	2,086,911
Others	1,570,928	-	1,570,928
<b>Total equity</b>	<b>3,658,803</b>	<b>(964)</b>	<b>3,657,839</b>

## 11. REVIEW OF GROUP PERFORMANCE

### Group Overview

#### 2Q18

The Group reported a turnover of \$3.3 billion, 46.6% higher than 2Q17's turnover of \$2.3 billion. The increase was mainly from Marine and Utilities.

Utilities' turnover of \$1.7 billion was an increase of \$95 million, mainly from Singapore, China, India and United Kingdom operations. Singapore operations benefitted from higher HSFO prices, India from higher volume and prices, United Kingdom from higher generation, and China from contribution of the Changzhi water treatment plant which commenced commercial operation in September 2017. This increase was reduced with the lower service concession revenues for Myingyan and Sirajganj in line with the projects' construction progress. Marine's turnover was \$978.3 million higher, attributable mainly to revenue recognition for the delivery of 2 jack-up rigs and sale of a semi-submersible rig. Excluding the delivery and sale of these rigs, Marine's turnover would have been 12% lower than 2Q17.

Profit attributable to owners of the company (Net Profit) for 2Q18 was \$81.9 million, as compared to \$55.8 million in 2Q17, an increase of 46.8%, despite loss from Marine. Utilities net profit for 2Q18 was \$85.0 million, 97.8% increased from 2Q17 with its India operation delivered \$39.4 million profit. Urban Development continued to perform well, delivering \$35.4 million in 2Q18, a 314% growth over last year corresponding period as a commercial and residential land sale was recognised in Chengdu.

Utilities continues to be the key net profit contributor to the Group's net profit.

#### 1H18

The Group achieved \$6.1 billion turnover in 1H18, 38.6% higher than 1H17's \$4.4 billion. The increase was mainly from Marine and Utilities.

Utilities' turnover of \$3.2 billion was an increase of \$282.3 million, mainly from key markets, Singapore, China, India and United Kingdom. Singapore operations benefitted from higher HSFO prices, India from higher volume and prices, United Kingdom from higher generation, and China from contribution of the Changzhi water treatment plant which commenced commercial operation in September 2017. This increase was reduced with the lower service concession revenues for Myingyan and Sirajganj in line with the project's construction progress. Marine's turnover was \$1.4 billion higher, attributable mainly to revenue recognition for the delivery of 5 jack-up rigs and sale of a semi-submersible rig. Excluding the delivery and sale of these rigs, Marine's turnover would have been 24% lower than 1H17.

Profit attributable to owners of the company (Net Profit) for 1H18 was \$158.6 million, 7.9% lower than 1H17 of \$172.1 million. The lower net profit is mainly due to the losses from Marine and construction businesses. Utilities net profit for 1H18 was \$155.3 million, a 58.1% increase from 1H17 as India operations contributed a \$23.8 million profit. Urban Development continued to perform well, delivering \$45.0 million in 1H18, approximately the same level as 1H17.

Utilities continues to be the key net profit contributor to the Group's net profit.

## 12. SEGMENTAL REPORTING

### 1H18

#### (i) Operating segments

	Utilities	Marine	Urban Develop- ment	Others / Elimination Corporate		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	3,172,557	2,807,517	1,450	120,000	-	6,101,524
Inter-segment sales	14,207	-	175	28,977	(43,359)	-
<b>Total</b>	<b>3,186,764</b>	<b>2,807,517</b>	<b>1,625</b>	<b>148,977</b>	<b>(43,359)</b>	<b>6,101,524</b>

#### Results

Segment results	360,295	(34,182)	(6,495)	(11,897)	-	307,721
Share of results of associates and joint ventures, net of tax	45,955	967	55,150	(4,599)	-	97,473
<b>Profit from operations</b>	<b>406,250</b>	<b>(33,215)</b>	<b>48,655</b>	<b>(16,496)</b>	<b>-</b>	<b>405,194</b>
Finance income	16,496	19,266	378	43,603	(44,541)	35,202
Finance costs	(195,663)	(47,602)	(2,252)	(34,815)	44,541	(235,791)
	<b>227,083</b>	<b>(61,551)</b>	<b>46,781</b>	<b>(7,708)</b>	<b>-</b>	<b>204,605</b>
Tax (expense) / credit	(63,952)	8,057	(213)	(5,398)	-	(61,506)
Non-controlling interests	(7,796)	21,566	(1,579)	3,275	-	15,466
<b>Net profit for the year</b>	<b>155,335</b>	<b>(31,928)</b>	<b>44,989</b>	<b>(9,831)</b>	<b>-</b>	<b>158,565</b>

#### Assets

Segment assets	12,766,001	8,251,719	354,201	3,111,635	(3,648,241)	20,835,315
Investment in associates and joint ventures	935,229	68,614	797,925	70,937	-	1,872,705
Tax assets	66,428	38,087	2,354	4,210	-	111,079
<b>Total assets</b>	<b>13,767,658</b>	<b>8,358,420</b>	<b>1,154,480</b>	<b>3,186,782</b>	<b>(3,648,241)</b>	<b>22,819,099</b>

#### Liabilities

Segment liabilities	8,949,069	5,895,061	286,800	2,480,059	(3,648,241)	13,962,748
Tax liabilities	532,575	78,185	421	18,022	-	629,203
<b>Total liabilities</b>	<b>9,481,644</b>	<b>5,973,246</b>	<b>287,221</b>	<b>2,498,081</b>	<b>(3,648,241)</b>	<b>14,591,951</b>

#### Capital expenditure

	295,802	111,319	21	2,926	-	<b>410,068</b>
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#### Significant non-cash items

Depreciation and amortisation	181,140	96,083	575	6,795	-	284,593
Impairment of goodwill	-	-	-	1,390	-	1,390
Allowance for impairment in value of assets and assets written off (net)	2,703	(80)	-	1,356	-	3,979
(Write-back of) / Allowance for doubtful debts and bad debts (net)	2,110	469	(1,969)	(11)	-	599

#### (ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	2,076,064	34	5,123,984	31	9,535,018	42	144,164	35
China	103,812	2	1,640,651	10	2,013,470	9	5,450	1
India	924,760	15	5,110,984	31	6,330,221	27	200,648	49
Rest of Asia	478,383	8	1,513,833	9	1,716,177	7	2,547	1
Middle East & Africa	61,128	1	375,852	2	434,306	2	1,577	-
UK	352,239	6	748,911	5	648,547	3	16,746	4
Rest of Europe	1,090,796	18	341,626	2	414,040	2	17	-
Brazil	131,545	2	1,445,525	9	1,557,267	7	30,847	8
U.S.A.	817,101	13	5,578	-	6,954	-	13	-
Other Countries	65,696	1	184,441	1	163,099	1	8,059	2
<b>Total</b>	<b>6,101,524</b>	<b>100</b>	<b>16,491,385</b>	<b>100</b>	<b>22,819,099</b>	<b>100</b>	<b>410,068</b>	<b>100</b>

## 12. SEGMENTAL REPORTING (Cont'd)

### 1H17 (Restated)

#### (i) Operating segments

	Utilities	Marine	Urban Develop- ment	Others / Elimination Corporate		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	2,890,286	1,394,435	3,985	114,405	-	4,403,111
Inter-segment sales	14,872	-	2,098	29,943	(46,913)	-
<b>Total</b>	<b>2,905,158</b>	<b>1,394,435</b>	<b>6,083</b>	<b>144,348</b>	<b>(46,913)</b>	<b>4,403,111</b>

#### Results

Segment results	331,488	75,444	(6,989)	(4,233)	-	395,710
Share of results of associates and joint ventures, net of tax	34,969	(1,226)	56,786	1,717	-	92,246
<b>Profit from operations</b>	<b>366,457</b>	<b>74,218</b>	<b>49,797</b>	<b>(2,516)</b>	<b>-</b>	<b>487,956</b>
Finance income	11,590	10,671	78	32,005	(32,587)	21,757
Finance costs	(230,086)	(48,909)	(2,025)	(25,444)	32,587	(273,877)
	<b>147,961</b>	<b>35,980</b>	<b>47,850</b>	<b>4,045</b>	<b>-</b>	<b>235,836</b>
Tax (expense) / credit	(46,845)	3,772	(540)	(2,598)	-	(46,211)
Non-controlling interests	(2,872)	(14,190)	(1,572)	1,120	-	(17,514)
<b>Net profit for the year</b>	<b>98,244</b>	<b>25,562</b>	<b>45,738</b>	<b>2,567</b>	<b>-</b>	<b>172,111</b>

#### Assets

Segment assets	11,632,810	9,586,107	361,131	2,805,712	(2,848,850)	21,536,910
Investment in associates and joint ventures	901,029	71,580	694,424	98,644	-	1,765,677
Tax assets	58,241	69,847	1,079	995	-	130,162
<b>Total assets</b>	<b>12,592,080</b>	<b>9,727,534</b>	<b>1,056,634</b>	<b>2,905,351</b>	<b>(2,848,850)</b>	<b>23,432,749</b>

#### Liabilities

Segment liabilities	7,734,085	7,302,431	249,625	2,391,657	(2,848,850)	14,828,948
Tax liabilities	451,478	111,545	1,680	12,234	-	576,937
<b>Total liabilities</b>	<b>8,185,563</b>	<b>7,413,976</b>	<b>251,305</b>	<b>2,403,891</b>	<b>(2,848,850)</b>	<b>15,405,885</b>

#### Capital expenditure

	341,850	96,197	154	7,567	-	<b>445,768</b>
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#### Significant non-cash items

Depreciation and amortisation	176,408	95,962	1,686	5,350	-	279,406
Allowance for impairment in value of assets and assets written off (net)	1,058	480	-	35	-	1,573
(Write-back of) / Allowance for doubtful debts and bad debts (net)	(5,481)	26	(4)	(7)	-	(5,466)
Assumption of liabilities on behalf of joint venture	-	5,500	-	-	-	5,500

#### (ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	1,756,339	40	4,506,960	30	10,728,801	46	69,930	16
China	62,282	1	1,441,711	9	1,855,978	8	10,480	2
India	820,742	19	5,437,046	36	6,505,232	28	294,743	66
Rest of Asia	333,118	8	1,280,615	9	1,466,632	6	2,228	1
Middle East & Africa	98,686	2	441,619	3	496,471	2	1,992	-
UK	608,210	14	128,280	1	229,913	1	2,669	1
Rest of Europe	471,891	11	377,263	2	418,787	2	22	-
Brazil	83,230	2	1,383,921	9	1,554,663	6	53,258	12
U.S.A.	107,175	2	5,080	-	6,969	-	-	-
Other Countries	61,438	1	175,530	1	169,303	1	10,446	2
<b>Total</b>	<b>4,403,111</b>	<b>100</b>	<b>15,178,025</b>	<b>100</b>	<b>23,432,749</b>	<b>100</b>	<b>445,768</b>	<b>100</b>

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

### **Notes to Segmental Analysis**

#### **12a. Operating Segments**

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) The Utilities segment's principal activities are in the provision of energy and water to industrial, commercial and municipal customers. Key activities in the energy sector include power generation, process steam production, as well as natural gas importation. In the water sector, the business offers wastewater treatment as well as the production of reclaimed, desalinated and potable water and water for industrial use. In addition, the business also provides on-site logistics, solid waste management and specialised project management, engineering, and procurement services.
- (ii) The Marine segment focuses principally on providing integrated solutions for the offshore and marine industry. Key capabilities include rigs & floaters; repairs & upgrades; offshore platforms and specialised shipbuilding.
- (iii) The Urban Development segment owns, develops markets and manages integrated urban developments comprising industrial parks as well as business, commercial and residential space in Asia.
- (iv) The Others / Corporate segment comprises businesses mainly relating to minting, design and construction activities, offshore engineering and others.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

#### **12b. Geographical Segments**

The Group's geographical segments are presented in ten principal geographical areas: Singapore, China, India, Rest of Asia, Middle East & Africa, UK, Rest of Europe, Brazil, U.S.A and Other Countries. 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.

## 12. SEGMENTAL REPORTING (Cont'd)

### 12c. Review of segment performance

#### Utilities

	2Q18	2Q17	Growth		1H18	1H17	Growth	
	\$'000	Restated \$'000	\$'000	%	\$'000	Restated \$'000	\$'000	%
Turnover	1,662,906	1,568,061	94,845	6.0	3,172,557	2,890,286	282,271	9.8
Net Profit <i>before EI</i>	85,006	76,872	8,134	10.6	155,335	137,303	18,032	13.1
<i>Exceptional items (EI)</i>	-	(33,900)	33,900	NM	-	(39,059)	39,059	NM
Net Profit	85,006	42,972	42,034	97.8	155,335	98,244	57,091	58.1

Turnover for 2Q18 and 1H18 increased was mainly due to higher HSFO prices from its Singapore operations, higher generation for India and United Kingdom; and contribution from China's Changzhi water treatment plant which commenced operation in September 2017. These increases were however reduced by the lower service concession revenues; in line with the projects' construction progress for Myingyan and Sirajganj.

2Q18 net profit before EI was \$85.0 million, \$8.1 million higher than 2Q17. India reported net profit of \$39.4 million (2Q17: loss of \$3.2 million). Its second thermal power plant was able to maintain a high plant load factor due to reliability and imported coal availability to meet the high demand and benefitted from better dark spread in 2Q18. It also has the benefit of one-off recovery from customer. 2Q18 net profit was however dampened by one-off provisions made for delayed start-up of Myingyan and taxes overseas.

Singapore operation was the largest net profit contributor and India contributed positively to the Group's net profit in 2Q18.

1H18 net profit before EI was \$155.3 million, 13.1% increase over 1H17. India achieved a net profit of \$23.8 million in 1H18, compared to a loss of \$19.8 million in 1H17. China also grew 53% from \$31.2 million in 1H17 to \$47.8 million in 1H18, spurred by positive contributions from Changzhi water treatment plant and Songzao power plant.

#### *Exceptional items (EI) :*

2Q17 and 1H17 exceptional items referred to the refinancing cost incurred for the Indian power project. Out of \$39.1 million in 1H17, \$13.1 million was charged as finance cost.

#### Marine

	2Q18	2Q17	Growth		1H18	1H17	Growth	
	\$'000	Restated \$'000	\$'000	%	\$'000	Restated \$'000	\$'000	%
Turnover	1,627,169	648,853	978,316	150.8	2,807,517	1,394,435	1,413,082	101.3
Net Profit	(33,718)	2,971	(36,689)	NM	(31,928)	25,562	(57,490)	NM

Turnover for 2Q18 and 1H18 increases were attributable mainly to revenue recognition for the delivery of jack-up rigs and sale of a semi-submersible rig. Excluding the delivery and sale of these rigs, Marine's turnover for 2Q18 and 1H18 would have been 12% and 24% lower than corresponding period last year, respectively.

Net loss for 2Q18 and 1H18 was mainly due to loss upon the sale of the semi-submersible and lower overall business volume, which impacted the absorption of overhead costs, offset by profits from delivery of rigs. A one-off gain on disposal of Cosco Shipyard Co., Ltd was recorded in 1H17.

#### Urban Development

	2Q18	2Q17	Growth		1H18	1H17	Growth	
	\$'000	Restated \$'000	\$'000	%	\$'000	Restated \$'000	\$'000	%
Turnover*	751	2,038	(1,287)	(63.2)	1,450	3,985	(2,535)	(63.6)
Net Profit	35,422	8,549	26,873	314.3	44,989	45,738	(749)	(1.6)

\*Urban Development businesses comprise mainly associates or joint ventures which are accounted for under the equity method. The turnover reflected was derived from providing services to these associates or joint ventures.

Net profit in 2Q18 and 1H18 continues to deliver good performance with higher industrial land sales from Vietnam and commercial and residential land sale from Chengdu, China.

### **13. VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

### **14. PROSPECTS**

This release contains 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, availability and cost of fuel and materials, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy, directives and changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the management on future events and impact on the Group.

#### **Utilities**

The global energy transition continues as the industry adjusts to the impact of a changing global fuel mix, increasing demand for renewables, the proliferation of distributed energy resources and declining power prices. The share of electricity as a proportion of total energy demand is also increasing in part due to the electrification of the heating and transport sectors.

To benefit from the global energy transition, the Utilities business will focus on long-term growth along its three business lines of Gas & Power, Renewables & Environment and Merchant & Retail.

The Utilities business is expected to deliver a better performance in 2018 underpinned by an expected turnaround to profitability for its India energy operations.

#### **Marine**

CAPEX spend on global exploration and production (E&P) continues to improve with firmer oil prices in the first half of 2018. The overall industry outlook remains challenging. While improvement in E&P CAPEX spending is projected to continue, it will take some time before a sustained recovery in new orders is seen. Margins remain compressed with intense competition. Overall business volume and activity for the Marine business is expected to remain low for the immediate quarters. The trend of negative operating profit will continue in the near term. Sembcorp Marine's cash resources remain sufficient. It will prudently manage costs and cash flows to align with business volume and potential opportunities.

#### **Urban Development**

The Urban Development business has a healthy orderbook. It expects income contribution from the sale of its property developments in China and Vietnam. The business is expected to continue to perform well in 2018.

#### **Group**

The market environment is expected to remain challenging in 2018. A broader-based global recovery is underway, aided by a rebound in investment and trade. As the Group repositions its businesses for the future, it is confident that it is well-placed to benefit from the market's recovery.



## 15. DIVIDEND

### (a) Current Financial Period Reported on

<b>Name of Dividend</b>	<b>2018 Interim Ordinary Exempt-1-Tier</b>
Dividend Type	Cash
Dividend Amount (cents per share)	2.0

### (b) Corresponding Period of the Immediately Preceding Financial Year

<b>Name of Dividend</b>	<b>2017 Interim Ordinary Exempt-1-Tier</b>
Dividend Type	Cash
Dividend Amount (cents per share)	3.0

### (c) Date Payable

The interim dividend will be paid on August 31, 2018.

### (d) Books closure date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on August 17, 2018 to determine the shareholders' entitlements to the dividend. Duly completed transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01 Singapore 068902, up to 5.00 p.m. on August 16, 2018 (the "Book Closure Date") will be registered to determine shareholders' entitlements to the dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Book Closure Date will be entitled to the dividend.

## 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)**

	<b>2Q18</b>	<b>1H18</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Sale of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Mapletree Investments Pte Ltd and its Associates	440	440
- PSA International Pte Ltd and its Associates	1,287	2,574
- Singapore Power Limited and its Associates	2,028	2,594
- Temasek Capital (Private) Limited and its Associates	359	774
	<hr/>	<hr/>
	4,114	6,382
Singapore Technologies Engineering Pte Ltd and its Associates	4,300	4,300
	<hr/>	<hr/>
	8,414	10,682
<b><u>Purchase of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited and its Associates	1,381	2,751
- Temasek Capital (Private) Limited and its Associates <sup>1</sup>	133,311	250,474
	<hr/>	<hr/>
	134,692	253,225
Singapore Technologies Engineering Ltd and its Associates	-	772
	<hr/>	<hr/>
	134,692	253,997
<b><u>Provision of Management and Support Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	963	2,926
	<hr/>	<hr/>
	144,069	267,605

Note:

1. This relates mainly to the purchase of gas by Sembcorp Cogen Pte Ltd from Sembcorp Gas Pte Ltd for the generation of electricity. Sembcorp Gas Pte Ltd is 30% owned by Seletar Investment Pte Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited.

**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**

We, Ang Kong Hua, and Neil McGregor, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the second quarter and half year ended June 30, 2018 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for the second quarter and half year ended June 30, 2018.

On behalf of the board of directors

**Ang Kong Hua**  
Chairman

**Neil McGregor**  
Director

**BY ORDER OF THE BOARD**

**Kwong Sook May (Ms)**  
Company Secretary  
August 3, 2018