



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**SEMBCORP MARINE LTD**
**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018**

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2018.

**1. CONSOLIDATED INCOME STATEMENT**

	Note	Group			Group		
		4Q 2018 \$'000	4Q 2017 (Restated) \$'000	+ / (-) %	FY 2018 \$'000	FY 2017 (Restated) \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>913,174</b>	<b>911,567</b>	<b>0.2</b>	<b>4,887,866</b>	<b>3,034,767</b>	<b>61.1</b>
Cost of sales	2a	(893,320)	(780,661)	14.4	(4,884,772)	(2,689,004)	81.7
<b>Gross profit</b>	2a	<b>19,854</b>	<b>130,906</b>	<b>(84.8)</b>	<b>3,094</b>	<b>345,763</b>	<b>(99.1)</b>
Other operating income	2b	12,925	30,009	(56.9)	49,608	63,705	(22.1)
Other operating expenses	2b	(501)	(1,150)	(56.4)	(2,811)	(5,021)	(44.0)
General and administrative expenses	2c	(30,229)	(24,339)	24.2	(102,214)	(98,737)	3.5
<b>Operating profit/(loss)</b>		<b>2,049</b>	<b>135,426</b>	<b>(98.5)</b>	<b>(52,323)</b>	<b>305,710</b>	<b>n.m.</b>
Finance income	2d	20,906	6,663	n.m.	55,026	22,807	n.m.
Finance costs	2e	(26,754)	(22,920)	16.7	(101,356)	(95,522)	6.1
Non-operating income	2f	-	17,121	n.m.	141	64,803	(99.8)
Non-operating expenses	2f	-	(6,759)	n.m.	-	(13,309)	n.m.
Share of results of associates and joint ventures, net of tax	2g	(1,755)	(1,693)	3.7	(2,385)	(3,617)	(34.1)
<b>(Loss)/profit before tax</b>		<b>(5,554)</b>	<b>127,838</b>	<b>n.m.</b>	<b>(100,897)</b>	<b>280,872</b>	<b>n.m.</b>
Tax credit/(expense)	2h	10,355	(11,736)	n.m.	22,531	(24,817)	n.m.
<b>Profit/(loss) for the period/year</b>		<b>4,801</b>	<b>116,102</b>	<b>(95.9)</b>	<b>(78,366)</b>	<b>256,055</b>	<b>n.m.</b>
<b>Profit/(loss) attributable to:</b>							
Owners of the Company		<b>5,930</b>	<b>117,307</b>	<b>(94.9)</b>	<b>(74,131)</b>	<b>260,183</b>	<b>n.m.</b>
Non-controlling interests		(1,129)	(1,205)	(6.3)	(4,235)	(4,128)	2.6
<b>Profit/(loss) for the period/year</b>		<b>4,801</b>	<b>116,102</b>	<b>(95.9)</b>	<b>(78,366)</b>	<b>256,055</b>	<b>n.m.</b>
<b>Earnings per ordinary share (cents)</b>							
Basic	2i	0.28	5.61	(95.0)	(3.55)	12.45	n.m.
Diluted		0.28	5.61	(95.0)	(3.55)	12.45	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 fourth quarter and full year ended 31 December 2017 financial statements.

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

		Group			Group		
		4Q 2018	4Q 2017	+ / (-)	FY 2018	FY 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Turnover	(i)	913,174	911,567	0.2	4,887,866	3,034,767	61.1
Cost of sales		(893,320)	(780,661)	14.4	(4,884,772)	(2,689,004)	81.7
Gross profit	(ii)	19,854	130,906	(84.8)	3,094	345,763	(99.1)
<i>Included in gross profit:</i>							
Depreciation and amortisation		(56,481)	(47,985)	17.7	(192,818)	(189,378)	1.8
Inventories written down		(484)	(166)	n.m.	(432)	(56)	n.m.
Contract costs written back, net		-	32,400	n.m.	-	19,678	n.m.
Impairment losses on property, plant and equipment	(iii)	(4,663)	-	n.m.	(4,663)	-	n.m.

- (i) Turnover for 4Q 2018 increased marginally mainly due revenue recognition for newly secured projects, mitigated by lower revenue recognition for offshore platforms projects. Excluding the effects of the delivery of 1 jack-up rig to Borr Drilling in 4Q 2018 and 4Q 2017 respectively, and revenue adjustment in 4Q 2017 due to termination of three rig contracts with a customer, revenue would have been \$702 million, an increase of 30% compared with \$542 million in 4Q 2017.

Turnover for FY 2018 increased by 61% mainly due to higher revenue recognition for rigs & floaters upon the delivery of 7 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL, sale of a semi-submersible rig and revenue recognition for newly secured projects. Excluding the effects of the delivery to Borr Drilling and BOTL, and sale of the semi-submersible rig in FY 2018; and revenue adjustment in FY 2017 due to termination of five rig contracts with customers, revenue would have been \$2.53 billion, largely unchanged from the \$2.55 billion in FY 2017.

- (ii) Gross profit for 4Q 2018 decreased mainly due to continued low overall business volume which impacted the absorption of overhead costs, offset by margin recognition from newly secured production floater projects and delivery of rigs. The net positive effect of contracts termination of three rigs was recorded in 4Q 2017, which mainly arose from the entitlement to the down payments on termination of these rig contracts.

Gross profit for FY 2018 was lower mainly due to loss upon the sale of a semi-submersible, continued low overall business volume which impacted the absorption of overhead costs, offset by margin recognition from newly secured production floater projects and delivery of rigs. The net positive effect of contracts termination of five rigs was recorded in FY 2017, which mainly arose from the entitlement to the down payments on termination of these rig contracts.

- (iii) Impairment losses for 4Q 2018 and FY 2018 relate to impairment of a marine vessel.

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

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

	Group			Group		
	4Q 2018	4Q 2017	+ / (-)	FY 2018	FY 2017	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Other operating income	12,925	30,009	(56.9)	49,608	63,705	(22.1)
Other operating expenses	(501)	(1,150)	(56.4)	(2,811)	(5,021)	(44.0)
	<u>12,424</u>	<u>28,859</u>	(56.9)	<u>46,797</u>	<u>58,684</u>	(20.3)
<i>Included in other operating income/(expenses):</i>						
Foreign exchange gain, net (i)	3,633	19,930	(81.8)	8,593	20,719	(58.5)
Fair value adjustment on hedging instruments (ii)	81	1,623	(95.0)	(1,713)	1,623	n.m.
Fair value adjustment on firm commitments under fair value hedge	(464)	(21)	n.m.	(692)	(3,454)	(80.0)
(Loss)/gain on disposal of property, plant and equipment, net	(219)	(893)	(75.5)	2,371	(863)	n.m.
Rental income	2,575	3,526	(27.0)	12,895	15,739	(18.1)
Other income (iii)	6,936	4,960	39.8	25,749	25,624	0.5
Other expenses	(118)	(266)	(55.6)	(406)	(704)	(42.3)
	<u>12,424</u>	<u>28,859</u>	(56.9)	<u>46,797</u>	<u>58,684</u>	(20.3)

- (i) Foreign exchange gain in 4Q 2018 mainly arose from the revaluation of liabilities denominated in Brazilian Real to United States dollar. For FY 2018, foreign exchange gain mainly arose from the revaluation of liabilities denominated in Brazilian Real to United States dollar and revaluation of assets denominated in United States dollar to Singapore dollar.

Foreign exchange gain in 4Q 2017 mainly arose from the revaluation of liabilities denominated in Brazilian Real to United States dollar. For FY 2017, foreign exchange gain mainly arose from the revaluation of liabilities denominated in United States dollar to Brazilian Real and the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.

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

- (iii) Higher other income in 4Q 2018 and FY 2018 was mainly due to higher sales of scrap.

### 2c. General and administrative expenses

	Group			Group		
	4Q 2018	4Q 2017	+ / (-)	FY 2018	FY 2017	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
General and administrative expenses (i)	(30,229)	(24,339)	24.2	(102,214)	(98,737)	3.5
<i>Included in general and administrative expenses:</i>						
Depreciation and amortisation	(584)	(77)	n.m.	(2,628)	(3,538)	(25.7)
Allowance for doubtful debts and bad debts	(1,868)	(86)	n.m.	(2,673)	(167)	n.m.

- (i) Lower general and administrative expenses in 4Q 2017 was mainly due to write back of bonus provision.

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

### 2d. Finance income

Higher finance income in 4Q 2018 and FY 2018 was mainly due to interest income from a customer for deferred payments granted.

### 2e. Finance costs

	Group			Group		
	4Q 2018	4Q 2017	+ / (-)	FY 2018	FY 2017	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Finance costs	(26,754)	(22,920)	16.7	(101,356)	(95,522)	6.1
<i>Included in finance costs:</i>						
Interest expense	(23,718)	(21,663)	9.5	(95,822)	(92,312)	3.8
Commitment and facility fees	(959)	(488)	96.5	(3,457)	(2,441)	41.6
Unwind of discount on restoration costs	(2,077)	(769)	n.m.	(2,077)	(769)	n.m.
	<u>(26,754)</u>	<u>(22,920)</u>	16.7	<u>(101,356)</u>	<u>(95,522)</u>	6.1

(i) Higher finance costs in 4Q 2018 and FY 2018 was mainly due to higher average interest rates compared to the corresponding periods in 2017.

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

	Group			Group		
	4Q 2018	4Q 2017	+ / (-)	FY 2018	FY 2017	+ / (-)
	\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Non-operating income	-	17,121	n.m.	141	64,803	(99.8)
Non-operating expenses	-	(6,759)	n.m.	-	(13,309)	n.m.
	-	<u>10,362</u>	n.m.	141	<u>51,494</u>	(99.7)
<i>Included in non-operating income/(expenses):</i>						
Gain on disposal of assets held for sale	(i)	-	n.m.	-	46,816	n.m.
(Loss)/gain on disposal of subsidiaries, net	-	(113)	n.m.	-	753	n.m.
Gain on disposal of other financial assets	-	-	n.m.	27	-	n.m.
Gain on disposal of available-for-sale financial asset	-	17,200	n.m.	-	17,200	n.m.
Net change in fair value of financial assets measured through profit or loss	-	-	n.m.	114	-	n.m.
Impairment losses on available-for-sale financial assets	-	(1,225)	n.m.	-	(2,275)	n.m.
Assumption of liabilities on behalf of a joint venture	-	(5,500)	n.m.	-	(11,000)	n.m.
	-	<u>10,362</u>	n.m.	141	<u>51,494</u>	(99.7)

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

## 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 4Q 2018 and FY 2018 was mainly due to share of losses from associates and joint ventures.

### 2h. Tax credit/(expense)

		Group			Group		
		4Q 2018	4Q 2017	+ / (-)	FY 2018	FY 2017	+ / (-)
		\$'000	(Restated) \$'000	%	\$'000	(Restated) \$'000	%
Tax credit/(expense)	(i)	10,355	(11,736)	n.m.	22,531	(24,817)	n.m.
<i>Included in tax credit/(expense):</i>							
Write-back of tax in respect of prior years, net	(ii)	4,507	11,947	(62.3)	4,926	17,994	(72.6)

(i) The tax credit in 4Q 2018 and FY 2018 was mainly due to losses incurred during the year and recognition of tax incentives.

(ii) The write-back of tax was mainly attributable to recognition of tax incentives.

### 2i. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit/(loss) attributable to owners of the Company:	Group			Group		
	4Q 2018	4Q 2017	+ / (-)	FY 2018	FY 2017	+ / (-)
		(Restated)	%		(Restated)	%
(i) Based on the weighted average number of shares (cents)	0.28	5.61	(95.0)	(3.55)	12.45	n.m.
- Weighted average number of shares ('000)	2,088,591	2,089,493	n.m.	2,088,437	2,089,523	(0.1)
(ii) On a fully diluted basis (cents)	0.28	5.61	(95.0)	(3.55)	12.45	n.m.
- Adjusted weighted average number of shares ('000)	2,088,591	2,089,493	n.m.	2,088,437	2,089,523	(0.1)

### 2j. Breakdown of sales

	Group		
	FY 2018	FY 2017	+ / (-)
	\$'000	(Restated) \$'000	%
<b>First Half Year</b>			
(i) Sales reported	2,807,517	1,394,435	n.m.
(ii) (Loss)/profit after tax before deducting non-controlling interests reported	(52,262)	40,297	n.m.
<b>Second Half Year</b>			
(iii) Sales reported	2,080,349	1,640,332	26.8
(iv) (Loss)/profit after tax before deducting non-controlling interests reported	(26,104)	215,758	n.m.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		4Q 2018 \$'000	4Q 2017 (Restated) \$'000	+ / (-) %	FY 2018 \$'000	FY 2017 (Restated) \$'000	+ / (-) %
<b>Profit/(loss) for the period/year</b>		<b>4,801</b>	<b>116,102</b>	<b>(95.9)</b>	<b>(78,366)</b>	<b>256,055</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)	(23,177)	953	n.m.	9,000	(51,290)	n.m.
Net change in fair value of cash flow hedges	3a(ii)	(8,566)	(4,876)	75.7	(43,906)	30,498	n.m.
Net change in fair value of cash flow hedges transferred to profit or loss	3a(iii)	(939)	(1,347)	(30.3)	10,387	(1,347)	n.m.
Net change in fair value of available-for-sale financial assets	3a(iv)	-	30,101	n.m.	-	30,791	n.m.
Change in fair value of available-for-sale financial assets transferred to profit or loss	3a(v)	-	(32,299)	n.m.	-	(32,299)	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.
		<u>(32,682)</u>	<u>(7,468)</u>	n.m.	<u>(24,519)</u>	<u>(44,348)</u>	<u>(44.7)</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(vi)	-	-	-	(11,339)	-	n.m.
Other comprehensive income for the period/year, net of tax		<u>(32,682)</u>	<u>(7,468)</u>	n.m.	<u>(35,858)</u>	<u>(44,348)</u>	<u>(19.1)</u>
<b>Total comprehensive income for the period/year</b>		<b><u>(27,881)</u></b>	<b><u>108,634</u></b>	<b>n.m.</b>	<b><u>(114,224)</u></b>	<b><u>211,707</u></b>	<b>n.m.</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		(26,721)	109,770	n.m.	(109,854)	215,861	n.m.
Non-controlling interests		(1,160)	(1,136)	2.1	(4,370)	(4,154)	5.2
<b>Total comprehensive income for the period/year</b>		<b><u>(27,881)</u></b>	<b><u>108,634</u></b>	<b>n.m.</b>	<b><u>(114,224)</u></b>	<b><u>211,707</u></b>	<b>n.m.</b>

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

- (i) The movement in foreign currency translation reserves in 4Q 2018 and FY 2018 arose primarily from the consolidation of entities whose functional currencies are United States dollars.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.
- (iii) It relates to reclassification to profit or loss upon realisation of cash flow hedges.
- (iv) Fair value changes were mainly attributable to the mark-to-market adjustments of available-for-sale financial assets.
- (v) For 4Q 2017 and FY 2017, it relates to realisation of reserve upon disposal of available-for-sale financial asset.
- (vi) 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

	<b>Group</b>		<b>Company</b>	
	<b>31-Dec-2018</b>	<b>31-Dec-2017 (Restated)</b>	<b>31-Dec-2018</b>	<b>31-Dec-2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	4,179,257	3,995,019	57,988	79,418
Investment properties	-	-	13,870	17,190
Investments in subsidiaries	-	-	1,786,386	1,483,520
Interests in associates and joint ventures	66,533	67,965	-	-
Other financial assets	2,881	46,150	-	18,894
Trade and other receivables	1,136,124	168,740	31,719	31,725
Contract costs	-	128,399	-	-
Intangible assets	208,934	179,201	122	184
Deferred tax assets	23,223	13,919	-	-
	<u>5,616,952</u>	<u>4,599,393</u>	<u>1,890,085</u>	<u>1,630,931</u>
<b>Current assets</b>				
Inventories	80,171	95,773	-	-
Trade and other receivables	690,550	640,481	107,163	117,283
Contract costs	328,690	2,358,054	-	-
Contract assets	998,666	652,361	-	-
Tax recoverable	10,568	11,192	-	846
Asset held for sale	1,657	-	-	-
Other financial assets	12,283	33,571	-	-
Cash and cash equivalents	837,724	1,301,000	79,584	55,126
	<u>2,960,309</u>	<u>5,092,432</u>	<u>186,747</u>	<u>173,255</u>
<b>Total assets</b>	<u>8,577,261</u>	<u>9,691,825</u>	<u>2,076,832</u>	<u>1,804,186</u>
<b>Current liabilities</b>				
Trade and other payables	1,532,746	1,604,218	24,706	26,433
Contract liabilities	139,731	1,135,661	-	-
Provisions	16,875	27,755	-	6,771
Other financial liabilities	9,809	1,449	-	-
Current tax payable	7,591	24,868	5,304	-
Interest-bearing borrowings	1,055,979	852,737	50,483	474
	<u>2,762,731</u>	<u>3,646,688</u>	<u>80,493</u>	<u>33,678</u>
<b>Net current assets</b>	<u>197,578</u>	<u>1,445,744</u>	<u>106,254</u>	<u>139,577</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	52,808	61,545	4,975	11,070
Provisions	120,861	70,014	26,094	18,036
Contract liabilities	-	75,497	-	-
Other financial liabilities	10,162	5,713	-	-
Interest-bearing borrowings	3,173,451	3,247,386	951	1,394
Other long-term payables	108,813	104,807	5,574	6,779
	<u>3,466,095</u>	<u>3,564,962</u>	<u>37,594</u>	<u>37,279</u>
<b>Total liabilities</b>	<u>6,228,826</u>	<u>7,211,650</u>	<u>118,087</u>	<u>70,957</u>
<b>Net assets</b>	<u>2,348,435</u>	<u>2,480,175</u>	<u>1,958,745</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	(51,027)	(30,704)	(23,770)	(27,831)
Revenue reserve	1,878,423	1,985,392	1,498,227	1,276,772
	<u>2,311,684</u>	<u>2,438,976</u>	<u>1,958,745</u>	<u>1,733,229</u>
Non-controlling interests	36,751	41,199	-	-
<b>Total equity</b>	<u>2,348,435</u>	<u>2,480,175</u>	<u>1,958,745</u>	<u>1,733,229</u>



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

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

Interest-bearing borrowings:	As at 31-Dec-2018	As at 31-Dec-2017
	\$'000	\$'000
(i) <b>Amount repayable in one year or less, or on demand</b> Unsecured	1,055,979	852,737
(ii) <b>Amount repayable after one year</b> Unsecured	3,173,451	3,247,386

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

	Group		Company	
	31-Dec-2018	31-Dec-2017 (Restated)	31-Dec-2018	31-Dec-2017
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	110.68	116.81	93.78	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, disposal of equity investments at fair value through other comprehensive income (FVOCI) and disposal of investments at fair value through profit or loss.

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

'Contract costs' decreased mainly due to reclassification from non-current to current contract costs.

'Intangible assets' increased mainly due to acquisition of intellectual property rights.

'Deferred tax assets' increased mainly due to the tax effects of provision for restoration costs and warranty provisions during the year.

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

'Inventories' decreased mainly due to utilisation for projects.

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

'Contract assets' increased mainly due to revenue recognised during the period and timing of billings to customers.

'Asset held for sale' is due to reclassification from interests in associates and joint ventures.

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

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

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

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

'Provisions' decreased mainly due to warranty provision written back and reclassification of restoration costs from current to non-current provisions.

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

'Current tax payable' decreased mainly due to payments made during the year, offset by current year tax provision.

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

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

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

###### **Current liabilities** (Cont'd)

'Interest-bearing borrowings' increased mainly due to reclassification from long term borrowings.

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

'Deferred tax liabilities' decreased mainly due to the tax effects of provision for restoration costs and warranty provisions during the year.

'Provisions' increased mainly due to allowance made for warranty provisions and reclassification of restoration costs from current to non-current provisions due to reassessment of period of utilisation.

'Contract liabilities' decreased mainly due to reclassification from non-current to current contract liabilities.

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

###### **Equity**

'Other reserves' deficit increased mainly due to fair value adjustments on foreign currency forward contracts, offset by lower foreign currency translation loss for foreign operations.

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

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

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

'Investment properties' decreased mainly due to depreciation charge for the year and accelerated depreciation for the Tanjong Kling yard.

'Investments in subsidiaries' increased mainly due to additional investment in Sembcorp Marine Integrated Yard Pte. Ltd.

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

'Intangible assets' decreased mainly due to disposal of club membership.

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

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

'Cash and cash equivalents' increased mainly due to proceeds from borrowings, offset by dividends paid.

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

'Provisions' decreased mainly due to reclassification of restoration costs from current to non-current provisions due to reassessment of period of utilisation.

'Current tax payable' increased mainly due to current year tax provision.

'Interest-bearing borrowings' increased mainly due to drawdown of existing bank facilities.

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

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

'Provisions' increased mainly due to reclassification of restoration costs from current to non-current provisions.

'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.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	4Q 2018	4Q 2017 (Restated)	FY 2018	FY 2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit/(loss) for the period/year	4,801	116,102	(78,366)	256,055
Adjustments for:				
Finance income	(20,906)	(6,663)	(55,026)	(22,807)
Finance costs	26,754	22,920	101,356	95,522
Depreciation of property, plant and equipment	49,533	42,345	170,752	170,048
Amortisation of intangible assets	7,532	5,717	24,694	22,868
Share of results of associates and joint ventures, net of tax	1,755	1,693	2,385	3,617
Loss/(gain) on disposal of property, plant and equipment	219	893	(2,371)	863
(Gain)/loss on disposal of intangible assets	(106)	-	(106)	13
Loss/(gain) on disposal of subsidiaries	-	113	-	(753)
Gain on disposal of assets held for sale	-	-	-	(46,816)
Gain on disposal of other financial assets	-	-	(27)	-
Gain on disposal of available-for-sale financial asset	-	(17,200)	-	(17,200)
Assumption of liabilities on behalf of a joint venture	-	5,500	-	11,000
Fair value adjustment on hedging instruments	(81)	(1,623)	1,713	(1,623)
Fair value adjustment on firm commitments under fair value hedge	464	21	692	3,454
Net change in fair value of financial assets measured through profit or loss	-	-	(114)	-
Impairment losses on available-for-sale financial assets	-	1,225	-	2,275
Impairment losses on property, plant and equipment	4,663	-	4,663	-
Share-based payment expenses	1,046	(2,694)	5,833	6,149
Property, plant and equipment written off	52	(331)	58	500
Inventories written down, net	484	166	432	56
Contract costs written back, net	-	(32,400)	-	(19,678)
Allowance for doubtful debts and bad debts, net	1,868	86	2,673	167
Tax (credit)/expense	(10,355)	11,736	(22,531)	24,817
Operating profit before working capital changes	67,723	147,606	156,710	488,527
Changes in working capital:				
Inventories	5,477	(13,862)	15,170	(21,287)
Contract costs	197,071	286,308	2,157,763	140,789
Contract assets	96,546	174,460	(346,305)	(211,529)
Contract liabilities	(149,946)	420,722	(1,071,427)	302,793
Trade and other receivables	(162,081)	(304,981)	(1,023,301)	(182,719)
Trade and other payables	(75,595)	(154,201)	(10,076)	(372,628)
Cash (used in)/generated from operations	(20,805)	556,052	(121,466)	143,946
Interest income received	20,946	3,630	55,107	11,392
Interest paid	(25,795)	(15,207)	(97,899)	(93,081)
Tax refunded/(paid)	9,648	(5,472)	(5,726)	(12,610)
Net cash (used in)/generated from operating activities	(16,006)	539,003	(169,984)	49,647
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(122,332)	(42,443)	(343,395)	(177,892)
Proceeds from sale of property, plant and equipment	5,010	1,450	7,643	1,482
Proceeds from sale of intangible assets	168	-	168	42
Acquisition of subsidiary and intangible assets, net of cash acquired (Note 5b)	-	-	(54,594)	-
Proceeds from disposal of a subsidiary	-	50	-	50
Proceeds from disposal of equity investments at FVOCI	-	-	6,861	-
Proceeds from disposal of other financial assets	-	-	835	-
Proceeds from disposal of available-for-sale financial asset	-	36,033	-	36,033
Proceeds from divestment of assets held for sale	-	-	-	205,690
Net cash (used in)/generated from investing activities	(117,154)	(4,910)	(382,482)	65,405
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	549,435	97,440	1,101,622	465,809
Repayment of borrowings	(259,926)	(382,591)	(990,635)	(441,039)
Repayment of finance lease	-	-	(512)	(512)
Purchase of treasury shares	-	(3,365)	(916)	(5,942)
Dividends paid to owners of the Company	-	-	(20,888)	(41,794)
Dividends paid to non-controlling interests of subsidiaries	-	-	(78)	(279)
Unclaimed dividends	-	-	30	6
Net cash generated from/(used in) financing activities	289,509	(288,516)	88,623	(23,751)
Net increase/(decrease) in cash and cash equivalents	156,349	245,577	(463,843)	91,301
<b>Cash and cash equivalents at beginning of the period/year</b>	682,578	1,056,328	1,301,000	1,216,971
Effect of exchange rate changes on balances held in foreign currencies	(1,754)	(905)	16	(7,272)
<b>Cash and cash equivalents at end of the period/year</b>	<b>837,173</b>	<b>1,301,000</b>	<b>837,173</b>	<b>1,301,000</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:

	31-Dec-2018 \$'000	31-Dec-2017 (Restated) \$'000
Fixed deposits	249	153,081
Cash and bank balances	837,475	1,147,919
Cash and cash equivalents in balance sheets	837,724	1,301,000
Bank overdrafts	(551)	-
Cash and cash equivalents in consolidated statement of cash flows	837,173	1,301,000

### 5b. Cash flow on acquisition of subsidiary and intangible assets, net of cash acquired

	4Q 2018 \$'000	4Q 2017 \$'000	FY 2018 <sup>1</sup> \$'000	FY 2017 \$'000
<b>(i) Effect on cash flows of the Group</b>				
Cash paid	-	-	54,619	-
Less: Cash and cash equivalents in subsidiary acquired	-	-	(25)	-
Cash outflow on acquisition	-	-	54,594	-
<b>(ii) Identifiable assets acquired and liabilities assumed</b>				
Intangible assets	-	-	54,604	-
Trade and other receivables	-	-	5	-
Cash and cash equivalents	-	-	25	-
Total assets	-	-	54,634	-
Trade and other payables	-	-	15	-
Total liabilities	-	-	15	-
Net identifiable assets	-	-	54,619	-
Consideration transferred for the business	-	-	54,619	-

<sup>1</sup> Acquisition of interests and titles to all intellectual property rights of Sevan Marine ASA and HiLoad LNG AS in 3Q 2018.

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**

#### **Fourth quarter**

Cash flows generated from operating activities before changes in working capital were \$67.7 million in 4Q 2018. Net cash used in operating activities for 4Q 2018 at \$16.0 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 4Q 2018 was \$117.2 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard, offset by proceeds from sale of property, plant and equipment.

Net cash generated from financing activities for 4Q 2018 was \$289.5 million. It relates mainly to net proceeds from borrowings.

#### **Full year**

Cash flows generated from operating activities before changes in working capital were \$156.7 million in FY 2018. Net cash used in operating activities for FY 2018 at \$170.0 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 FY 2018 was \$382.5 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard, acquisition of a subsidiary and purchase of intangible assets, offset by proceeds from disposal of equity investments at FVOCI and proceeds from sale of property, plant and equipment.

Net cash generated from financing activities for FY 2018 was \$88.6 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

## 6. STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to owners of the Company								Total Equity \$'000
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>9M 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>									
Loss for the period	-	-	-	-	-	(80,061)	(80,061)	(3,106)	(83,167)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	32,281	-	-	32,281	(104)	32,177
Net change in fair value of cash flow hedges	-	-	-	-	(35,340)	-	(35,340)	-	(35,340)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	11,326	-	11,326	-	11,326
Net change in fair value of equity investments at FVOCI	-	-	-	-	(11,339)	-	(11,339)	-	(11,339)
Reclassification of reserve on disposal of equity investments at FVOCI	-	-	-	-	11,339	(11,339)	-	-	-
Total other comprehensive income	-	-	-	32,281	(24,014)	(11,339)	(3,072)	(104)	(3,176)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,281</b>	<b>(24,014)</b>	<b>(91,400)</b>	<b>(83,133)</b>	<b>(3,210)</b>	<b>(86,343)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(916)	-	-	-	-	(916)	-	(916)
Issue of treasury shares	-	2,192	-	-	(1,678)	-	514	-	514
Dividends paid	-	-	-	-	-	(20,888)	(20,888)	(78)	(20,966)
Unclaimed dividends	-	-	-	-	-	30	30	-	30
Share-based payments	-	-	-	-	3,433	-	3,433	-	3,433
<b>Total transactions with owners</b>	<b>-</b>	<b>1,276</b>	<b>-</b>	<b>-</b>	<b>1,755</b>	<b>(20,858)</b>	<b>(17,827)</b>	<b>(78)</b>	<b>(17,905)</b>
<b>At 30 September 2018</b>	<b>484,288</b>	<b>(2,175)</b>	<b>(13,011)</b>	<b>9,569</b>	<b>(14,236)</b>	<b>1,872,493</b>	<b>2,336,928</b>	<b>37,911</b>	<b>2,374,839</b>
<b>4Q 2018</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	5,930	5,930	(1,129)	4,801
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(23,146)	-	-	(23,146)	(31)	(23,177)
Net change in fair value of cash flow hedges	-	-	-	-	(8,566)	-	(8,566)	-	(8,566)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(939)	-	(939)	-	(939)
Total other comprehensive income	-	-	-	(23,146)	(9,505)	-	(32,651)	(31)	(32,682)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,146)</b>	<b>(9,505)</b>	<b>5,930</b>	<b>(26,721)</b>	<b>(1,160)</b>	<b>(27,881)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	24	-	-	(24)	-	-	-	-
Share-based payments	-	-	-	-	1,477	-	1,477	-	1,477
<b>Total transactions with owners</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>1,453</b>	<b>-</b>	<b>1,477</b>	<b>-</b>	<b>1,477</b>
<b>At 31 December 2018</b>	<b>484,288</b>	<b>(2,151)</b>	<b>(13,011)</b>	<b>(13,577)</b>	<b>(22,288)</b>	<b>1,878,423</b>	<b>2,311,684</b>	<b>36,751</b>	<b>2,348,435</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>9M 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	-	-	-	-	-	142,876	142,876	(2,923)	139,953
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(52,302)	-	-	(52,302)	59	(52,243)
Net change in fair value of cash flow hedges	-	-	-	-	35,374	-	35,374	-	35,374
Net change in fair value of available-for-sale financial assets	-	-	-	-	690	-	690	-	690
Realisation of reserve upon disposal of assets held for sale	-	-	-	(20,484)	-	-	(20,484)	-	(20,484)
Realisation of reserve upon disposal of a subsidiary	-	-	-	(63)	-	-	(63)	(154)	(217)
Total other comprehensive income	-	-	-	(72,849)	36,064	-	(36,785)	(95)	(36,880)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72,849)</b>	<b>36,064</b>	<b>142,876</b>	<b>106,091</b>	<b>(3,018)</b>	<b>103,073</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(2,577)	-	-	-	-	(2,577)	-	(2,577)
Issue of treasury shares	-	3,057	-	-	(2,370)	-	687	-	687
Dividends paid	-	-	-	-	-	(41,794)	(41,794)	(279)	(42,073)
Unclaimed dividends	-	-	-	-	-	6	6	-	6
Share-based payments	-	-	-	-	5,543	-	5,543	-	5,543
Transfer of reserves	-	-	(24,525)	-	-	24,525	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>480</b>	<b>(24,525)</b>	<b>-</b>	<b>3,173</b>	<b>(17,263)</b>	<b>(38,135)</b>	<b>(279)</b>	<b>(38,414)</b>
<b>At 30 September 2017</b>	<b>484,288</b>	<b>(86)</b>	<b>(13,011)</b>	<b>(23,596)</b>	<b>17,800</b>	<b>1,868,085</b>	<b>2,333,480</b>	<b>42,335</b>	<b>2,375,815</b>
<b>4Q 2017 (Restated)</b>									
<b>At 30 September 2017</b>									
As previously stated	484,288	(86)	(13,011)	(22,130)	17,800	2,053,389	2,520,250	42,335	2,562,585
Adoption of SFRS(I) 15	-	-	-	(1,466)	-	(185,304)	(186,770)	-	(186,770)
<b>As restated</b>	<b>484,288</b>	<b>(86)</b>	<b>(13,011)</b>	<b>(23,596)</b>	<b>17,800</b>	<b>1,868,085</b>	<b>2,333,480</b>	<b>42,335</b>	<b>2,375,815</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	117,307	117,307	(1,205)	116,102
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	884	-	-	884	69	953
Net change in fair value of cash flow hedges	-	-	-	-	(4,876)	-	(4,876)	-	(4,876)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(1,347)	-	(1,347)	-	(1,347)
Net change in fair value of available-for-sale financial assets	-	-	-	-	30,101	-	30,101	-	30,101
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	(32,299)	-	(32,299)	-	(32,299)
Total other comprehensive income	-	-	-	884	(8,421)	-	(7,537)	69	(7,468)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884</b>	<b>(8,421)</b>	<b>117,307</b>	<b>109,770</b>	<b>(1,136)</b>	<b>108,634</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(3,365)	-	-	-	-	(3,365)	-	(3,365)
Share-based payments	-	-	-	-	(909)	-	(909)	-	(909)
<b>Total transactions with owners</b>	<b>-</b>	<b>(3,365)</b>	<b>-</b>	<b>-</b>	<b>(909)</b>	<b>-</b>	<b>(4,274)</b>	<b>-</b>	<b>(4,274)</b>
<b>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>

## 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>9M 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	-	-	-	-	94,940	94,940
<b>Other comprehensive income</b>						
Net change in fair value of equity investments at FVOCI	-	-	-	(11,339)	-	(11,339)
Reclassification of reserve on disposal of equity investments at FVOCI	-	-	-	11,339	(11,339)	-
Total other comprehensive income	-	-	-	-	(11,339)	(11,339)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,601</b>	<b>83,601</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(916)	-	-	-	(916)
Issue of treasury shares	-	2,192	-	(1,678)	-	514
Dividends paid	-	-	-	-	(20,888)	(20,888)
Unclaimed dividends	-	-	-	-	30	30
Share-based payments	-	-	-	1,711	-	1,711
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,722	-	1,722
<b>Total transactions with owners</b>	<b>-</b>	<b>1,276</b>	<b>-</b>	<b>1,755</b>	<b>(20,858)</b>	<b>(17,827)</b>
<b>At 30 September 2018</b>	<b>484,288</b>	<b>(2,175)</b>	<b>960</b>	<b>(24,032)</b>	<b>1,339,962</b>	<b>1,799,003</b>
<b>4Q 2018</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	158,265	158,265
<b>Other comprehensive income</b>						
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,265</b>	<b>158,265</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	24	-	(24)	-	-
Share-based payments	-	-	-	1,179	-	1,179
Cost of share-based payment issued to employees of subsidiaries	-	-	-	298	-	298
<b>Total transactions with owners</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>1,453</b>	<b>-</b>	<b>1,477</b>
<b>At 31 December 2018</b>	<b>484,288</b>	<b>(2,151)</b>	<b>960</b>	<b>(22,579)</b>	<b>1,498,227</b>	<b>1,958,745</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>9M 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	-	-	-	-	154,575	154,575
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	483	-	483
Total other comprehensive income	-	-	-	483	-	483
<b>Total comprehensive income</b>	-	-	-	483	154,575	155,058
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(2,577)	-	-	-	(2,577)
Issue of treasury shares	-	3,057	-	(2,370)	-	687
Dividends paid	-	-	-	-	(41,794)	(41,794)
Unclaimed dividends	-	-	-	-	6	6
Share-based payments	-	-	-	2,198	-	2,198
Cost of share-based payment issued to employees of subsidiaries	-	-	-	3,345	-	3,345
<b>Total transactions with owners</b>	-	480	-	3,173	(41,788)	(38,135)
At 30 September 2017	484,288	(86)	960	(18,197)	932,250	1,399,215
<b>4Q 2017</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	344,522	344,522
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	-	-	-	18,923	-	18,923
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	(25,157)	-	(25,157)
Total other comprehensive income	-	-	-	(6,234)	-	(6,234)
<b>Total comprehensive income</b>	-	-	-	(6,234)	344,522	338,288
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(3,365)	-	-	-	(3,365)
Share-based payments	-	-	-	185	-	185
Cost of share-based payment issued to employees of subsidiaries	-	-	-	(1,094)	-	(1,094)
<b>Total transactions with owners</b>	-	(3,365)	-	(909)	-	(4,274)
At 31 December 2017	484,288	(3,451)	960	(25,340)	1,276,772	1,733,229

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

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

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

As at 31 December 2018, the Company's issued and paid up capital, excluding treasury shares, comprises 2,088,597,623 (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	500,000	1,400,100
Treasury shares issued pursuant to RSP	(1,175,208)	(1,786,942)
At 30 September	1,174,979	50,187
Treasury shares purchased	-	1,800,000
Treasury shares issued pursuant to RSP	(12,495)	-
At 31 December	1,162,484	1,850,187

During 4Q 2018, the Company did not acquire (4Q 2017: 1,800,000) ordinary shares in the Company by way of on-market purchases.

In 4Q 2018, there were 12,495 (4Q 2017: nil) treasury shares issued pursuant to the Company's Restricted Share Plan ("RSP").

As at 31 December 2018, 1,162,484 (31 December 2017: 1,850,187) 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
Conditional performance shares awarded	1,168,000	1,600,000
Conditional performance shares lapsed	(598,000)	-
Performance shares lapsed arising from targets not met	(1,215,000)	(1,380,000)
At 30 September and at 31 December	4,088,000	4,733,000

During 4Q 2018, there were no (4Q 2017: nil) performance shares awarded under the PSP and no (4Q 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 31 December 2018 was 4,088,000 (31 December 2017: 4,733,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 6,132,000 (31 December 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 awarded	8,123,988	8,176,450
Conditional restricted shares released	(1,175,208)	(1,786,942)
Conditional restricted shares lapsed	(506,304)	(482,536)
Restricted shares lapsed arising from targets not met	(6,078,150)	(3,923,317)
At 30 September	15,747,739	15,699,797
Conditional restricted shares released	(12,495)	-
Conditional restricted shares lapsed	(118,517)	(316,384)
At 31 December	15,616,727	15,383,413

During 4Q 2018, there were no (4Q 2017: nil) restricted shares awarded under the RSP, 12,495 (4Q 2017: nil) restricted shares released and 118,517 (4Q 2017: 316,384) restricted shares that lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2018 was 15,616,727 (31 December 2017: 15,383,413). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2018 was 14,817,138 (31 December 2017: 14,674,000). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 22,225,707 (31 December 2017: 22,011,000) 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**

- 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.
- 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.

- Consideration payable to customers:** Certain payments made to customers for purchase of goods which were previously offset against revenue are now recognised as expenses.
- 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:

- 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

	4Q 2017			FY 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	654,953	256,614	911,567	2,387,354	647,413	3,034,767
Cost of sales	(703,110)	(77,551)	(780,661)	(2,326,848)	(362,156)	(2,689,004)
Finance income	3,692	2,971	6,663	11,548	11,259	22,807
Tax credit/(expense)	19,211	(30,947)	(11,736)	25,592	(50,409)	(24,817)
Others	(9,731)	-	(9,731)	(87,698)	-	(87,698)
<b>(Loss)/profit for the period/year</b>	<b>(34,985)</b>	<b>151,087</b>	<b>116,102</b>	<b>9,948</b>	<b>246,107</b>	<b>256,055</b>
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(33,780)	151,087	117,307	14,076	246,107	260,183
Non-controlling interests	(1,205)	-	(1,205)	(4,128)	-	(4,128)
<b>(Loss)/profit for the period/year</b>	<b>(34,985)</b>	<b>151,087</b>	<b>116,102</b>	<b>9,948</b>	<b>246,107</b>	<b>256,055</b>
<b>Earnings per ordinary share (cents)</b>						
Basic and diluted	(1.62)	7.23	5.61	0.67	11.78	12.45

### Consolidated Statement of Comprehensive Income

	4Q 2017			FY 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>(Loss)/profit for the period/year</b>	<b>(34,985)</b>	<b>151,087</b>	<b>116,102</b>	<b>9,948</b>	<b>246,107</b>	<b>256,055</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	4,467	(3,514)	953	(62,451)	11,161	(51,290)
Others	(8,421)	-	(8,421)	6,942	-	6,942
Other comprehensive income for the period/year, net of tax	(3,954)	(3,514)	(7,468)	(55,509)	11,161	(44,348)
<b>Total comprehensive income for the period/year</b>	<b>(38,939)</b>	<b>147,573</b>	<b>108,634</b>	<b>(45,561)</b>	<b>257,268</b>	<b>211,707</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	(37,803)	147,573	109,770	(41,407)	257,268	215,861
Non-controlling interests	(1,136)	-	(1,136)	(4,154)	-	(4,154)
<b>Total comprehensive income for the period/year</b>	<b>(38,939)</b>	<b>147,573</b>	<b>108,634</b>	<b>(45,561)</b>	<b>257,268</b>	<b>211,707</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	73,607	640,481	(1,310)	639,171
Contract costs	-	2,486,453	2,486,453	-	2,486,453
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

	4Q 2017			FY 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>						
(Loss)/profit for the period/year	(34,985)	151,087	116,102	9,948	246,107	256,055
Adjustments for:						
Finance income	(3,692)	(2,971)	(6,663)	(11,548)	(11,259)	(22,807)
Inventories (written back) /written down, net	(32,234)	32,400	166	(19,622)	19,678	56
Contract costs (written back), net	-	(32,400)	(32,400)	-	(19,678)	(19,678)
Tax (credit)/expense	(19,211)	30,947	11,736	(25,592)	50,409	24,817
Others	58,665	-	58,665	250,084	-	250,084
Operating (loss)/profit before working capital changes	(31,457)	179,063	147,606	203,270	285,257	488,527
<b>Changes in working capital:</b>						
Inventories and work-in- progress	645,452	(659,314)	(13,862)	292,207	(313,494)	(21,287)
Contract costs	-	286,308	286,308	-	140,789	140,789
Contract assets	-	174,460	174,460	-	(211,529)	(211,529)
Contract liabilities	-	420,722	420,722	-	302,793	302,793
Trade and other receivables	(283,387)	(21,594)	(304,981)	(175,636)	(7,083)	(182,719)
Trade and other payables	225,444	(379,645)	(154,201)	(175,895)	(196,733)	(372,628)
Cash generated from operations	556,052	-	556,052	143,946	-	143,946
Others	(17,049)	-	(17,049)	(94,299)	-	(94,299)
Net cash generated from operating activities	539,003	-	539,003	49,647	-	49,647
Net cash (used in)/generated from investing activities	(4,910)	-	(4,910)	65,405	-	65,405
Net cash used in financing activities	(288,516)	-	(288,516)	(23,751)	-	(23,751)
Net increase in cash and cash equivalents	245,577	-	245,577	91,301	-	91,301
<b>Cash and cash equivalents at beginning of the period/year</b>	1,056,328	-	1,056,328	1,216,971	-	1,216,971
Effect of exchange rate changes on balances held in foreign currencies	(905)	-	(905)	(7,272)	-	(7,272)
<b>Cash and cash equivalents at end of the period/year</b>	1,301,000	-	1,301,000	1,301,000	-	1,301,000

## 11. REVIEW OF GROUP PERFORMANCE

### (i) Turnover

	4Q 2018	4Q 2017	+/(-)	+/(-)	FY 2018	FY 2017	+/(-)	+/(-)
	\$'m	(Restated) \$'m	\$'m	%	\$'m	(Restated) \$'m	\$'m	%
<b>Rigs &amp; Floaters</b>	745.7	639.2	106.5	16.7	4,147.6	1,716.9	2,430.7	n.m.
<b>Repairs &amp; Upgrades</b>	140.4	144.6	(4.2)	(2.9)	476.3	499.3	(23.0)	(4.6)
<b>Offshore Platforms</b>	11.8	109.6	(97.8)	(89.2)	184.2	732.1	(547.9)	(74.8)
<b>Other Activities</b>	15.3	18.2	(2.9)	(15.9)	79.8	86.5	(6.7)	(7.7)
	<b>913.2</b>	<b>911.6</b>	<b>1.6</b>	<b>0.2</b>	<b>4,887.9</b>	<b>3,034.8</b>	<b>1,853.1</b>	<b>61.1</b>

Turnover for 4Q 2018 increased marginally mainly due to revenue recognition for newly secured projects, mitigated by lower revenue recognition for offshore platforms projects. Excluding the effects of the delivery of 1 jack-up rig to Borr Drilling in 4Q 2018 and 4Q 2017 respectively, and revenue adjustment in 4Q 2017 due to termination of three rig contracts with a customer, revenue would have been \$702 million, an increase of 30% compared with \$542 million in 4Q 2017.

Turnover for FY 2018 increased by 61% mainly due to higher revenue recognition for rigs & floaters upon the delivery of 7 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL, sale of a semi-submersible rig and revenue recognition for newly secured projects. Excluding the effects of the delivery to Borr Drilling and BOTL, and sale of the semi-submersible rig in FY 2018; and revenue adjustment in FY 2017 due to termination of five rig contracts with customers, revenue would have been \$2.53 billion, largely unchanged from the \$2.55 billion in FY 2017.

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

Marginal net profit for 4Q 2018 and net loss for FY 2018 was mainly due to loss upon the sale of a semi-submersible, continued low overall business volume which impacted the absorption of overhead costs, offset by margin recognition from newly secured production floater projects and delivery of rigs. The net positive effect of contracts termination which arose mainly from the entitlement to the down payments on termination of five rig contracts and a one-off gain on disposal of Cosco Shipyard Group Co., Ltd was recorded in 2017.

## 12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.



### 13. PROSPECTS

Global capex spend for offshore exploration and production (E&P) is expected to improve further. While offshore drilling activities have increased, offshore rig orders will take some time to recover as the market remains over-supplied.

Offshore production units are expected to dominate orders pipeline and Sembcorp Marine is responding to increasing enquiries and tenders for innovative engineering solutions.

The ship repairs and upgrades segment remains intensely competitive although the market is expected to improve with higher work volume from the new IMO regulations requiring the installation of ballast water treatment systems and gas scrubbers.

Overall business volume and activity for the Group, while stabilizing is expected to remain relatively low. We will continue to take steps to manage our costs, cash flows and gearing to address our balance sheet and to capitalise on new business opportunities.

*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

There is no dividend recommended for the period ended 31 December 2018.

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

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

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

#### (iii) Total Annual Dividend

	2018 \$'000	2017 \$'000
Interim Ordinary dividend	-	20,897
Final Ordinary dividend	-	20,888
<b>Total</b>	<b>-</b>	<b>41,785</b>

## 15. SEGMENTAL REPORTING

FY 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	4,831,789	47,873	8,204	-	4,887,866
Inter-segment sales	-	-	210,133	(210,133)	-
<b>Total</b>	<b>4,831,789</b>	<b>47,873</b>	<b>218,337</b>	<b>(210,133)</b>	<b>4,887,866</b>
<b>Results</b>					
Segment results	(49,395)	(2,673)	(255)	-	(52,323)
Finance income	54,838	-	188	-	55,026
Finance costs	(99,470)	(1,836)	(50)	-	(101,356)
Non-operating income	-	-	141	-	141
Share of results of associates and joint ventures, net of tax	(927)	(2,643)	1,185	-	(2,385)
(Loss)/profit before tax	(94,954)	(7,152)	1,209	-	(100,897)
Tax credit/(expense)	22,837	-	(306)	-	22,531
<b>(Loss)/profit for the year</b>	<b>(72,117)</b>	<b>(7,152)</b>	<b>903</b>	<b>-</b>	<b>(78,366)</b>
<b>Assets</b>					
Segment assets	7,844,064	250,736	382,137	-	8,476,937
Investments in associates and joint ventures	4,581	51,068	10,884	-	66,533
Deferred tax assets	22,597	-	626	-	23,223
Tax recoverable	10,099	-	469	-	10,568
<b>Total assets</b>	<b>7,881,341</b>	<b>301,804</b>	<b>394,116</b>	<b>-</b>	<b>8,577,261</b>
<b>Liabilities</b>					
Segment liabilities	5,899,865	70,049	198,513	-	6,168,427
Deferred tax liabilities	52,724	-	84	-	52,808
Current tax payable	6,329	-	1,262	-	7,591
<b>Total liabilities</b>	<b>5,958,918</b>	<b>70,049</b>	<b>199,859</b>	<b>-</b>	<b>6,228,826</b>
<b>Capital expenditure</b>					
	342,216	-	25	-	342,241
<b>Significant non-cash items</b>					
Depreciation and amortisation	181,218	13,579	649	-	195,446
Fair value adjustment on hedging instruments	1,713	-	-	-	1,713
Fair value adjustment on firm commitments under fair value hedge	692	-	-	-	692
Impairment losses on property, plant and equipment	-	4,663	-	-	4,663
Property, plant and equipment written off	58	-	-	-	58
Inventories written down/(written back), net	447	-	(15)	-	432
Allowance for doubtful debts and bad debts, net	2,673	-	-	-	2,673
Net change in fair value of financial assets measured through profit or loss	-	-	(114)	-	(114)
Gain on disposal of other financial assets	-	-	(27)	-	(27)

### (ii) Geographical Segments:

	Turnover from external customers		Non-current assets <sup>(1)</sup>		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	153,579	3	3,587,067	64	6,279,436	73	250,316	73
Japan	339,829	7	-	-	-	-	-	-
Rest of Asia, Australia & India	84,113	2	145,318	3	177,109	2	3,002	1
Middle East & Africa	10,575	-	-	-	-	-	-	-
United Kingdom	195,484	4	4,224	-	5,351	-	52	-
Norway	1,627,871	33	136,607	2	147,491	2	30	-
France	488,606	10	59	-	2,048	-	25	-
The Netherlands	397,514	8	196,465	4	251,296	3	-	-
Rest of Europe	73,749	2	56	-	742	-	27	-
Brazil	243,344	5	1,520,998	27	1,711,554	20	88,776	26
U.S.A.	1,183,777	24	54	-	2,234	-	13	-
Other countries	89,425	2	-	-	-	-	-	-
<b>Total</b>	<b>4,887,866</b>	<b>100</b>	<b>5,590,848</b>	<b>100</b>	<b>8,577,261</b>	<b>100</b>	<b>342,241</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, contract costs and intangible assets.

## 15. SEGMENTAL REPORTING (Cont'd)

### FY 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	2,967,085	57,437	10,245	-	3,034,767
Inter-segment sales	-	-	88,381	(88,381)	-
<b>Total</b>	<b>2,967,085</b>	<b>57,437</b>	<b>98,626</b>	<b>(88,381)</b>	<b>3,034,767</b>
<b>Results</b>					
Segment results	294,512	13,230	(2,032)	-	305,710
Finance income	22,657	-	150	-	22,807
Finance costs	(93,473)	(2,049)	-	-	(95,522)
Non-operating income	-	-	64,803	-	64,803
Non-operating expenses	-	-	(13,309)	-	(13,309)
Share of results of associates and joint ventures, net of tax	(914)	(3,669)	966	-	(3,617)
Profit before tax	222,782	7,512	50,578	-	280,872
Tax (expense)/credit	(25,136)	-	319	-	(24,817)
<b>Profit for the year</b>	<b>197,646</b>	<b>7,512</b>	<b>50,897</b>	<b>-</b>	<b>256,055</b>
<b>Assets</b>					
Segment assets	9,280,800	246,025	71,924	-	9,598,749
Investments in associates and joint ventures	5,181	53,085	9,699	-	67,965
Deferred tax assets	13,293	-	626	-	13,919
Tax recoverable	11,192	-	-	-	11,192
<b>Total assets</b>	<b>9,310,466</b>	<b>299,110</b>	<b>82,249</b>	<b>-</b>	<b>9,691,825</b>
<b>Liabilities</b>					
Segment liabilities	7,017,542	81,551	26,144	-	7,125,237
Deferred tax liabilities	61,390	-	155	-	61,545
Current tax payable	24,335	-	533	-	24,868
<b>Total liabilities</b>	<b>7,103,267</b>	<b>81,551</b>	<b>26,832</b>	<b>-</b>	<b>7,211,650</b>
<b>Capital expenditure</b>					
	193,295	-	160	-	193,455
<b>Significant non-cash items</b>					
Depreciation and amortisation	182,627	9,230	1,059	-	192,916
Gain on disposal of assets held for sale	-	-	(46,816)	-	(46,816)
Gain on disposal of a subsidiaries	-	-	(753)	-	(753)
Gain on disposal of available-for-sale financial asset	-	-	(17,200)	-	(17,200)
Assumption of liabilities on behalf of a joint venture	-	-	11,000	-	11,000
Fair value adjustment on hedging instruments	(1,623)	-	-	-	(1,623)
Fair value adjustment on firm commitments under fair value hedge	3,454	-	-	-	3,454
Property, plant and equipment written off	470	-	30	-	500
Impairment losses on available-for-sale financial assets	-	-	2,275	-	2,275
Inventories written down, net	56	-	-	-	56
Contract costs written back, net	(19,678)	-	-	-	(19,678)
Allowance for doubtful debts and bad debts, net	148	-	19	-	167

#### (ii) Geographical Segments:

	Turnover from external customers		Non-current assets <sup>(1)</sup>		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	272,538	9	2,588,497	57	7,485,554	77	94,694	49
Rest of Asia, Australia & India	202,756	7	153,441	3	228,378	2	1,779	1
Middle East & Africa	65,706	2	-	-	-	-	-	-
United Kingdom	744,792	24	5,121	-	8,525	-	727	-
Norway	242,214	8	147,865	3	153,172	2	-	-
The Netherlands	591,513	20	207,575	5	246,058	3	-	-
Rest of Europe	284,118	9	89	-	2,330	-	38	-
Brazil	213,192	7	1,432,718	32	1,562,241	16	96,213	50
U.S.A.	177,005	6	4,018	-	5,567	-	4	-
Other countries	240,933	8	-	-	-	-	-	-
<b>Total</b>	<b>3,034,767</b>	<b>100</b>	<b>4,539,324</b>	<b>100</b>	<b>9,691,825</b>	<b>100</b>	<b>193,455</b>	<b>100</b>

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

	<b>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>	
	<b>FY 2018 \$'000</b>	<b>FY 2017 \$'000</b>
<b>Transaction for the Sales of Goods and Services</b>		
PSA International Pte Ltd and its associates	-	3,996
<b>Transaction for the Purchase of Goods and Services</b>		
Sembcorp Industries Limited and its associates	-	106
<b>Management and Support Services</b>		
Sembcorp Industries Limited	250	250
<b>Total Interested Person Transactions</b>	<b>250</b>	<b>4,352</b>

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

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

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

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

**BY ORDER OF THE BOARD**

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

**19 February 2019**