



SEMCORP MARINE LTD  
Registration Number: 196300098Z

**SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019 FINANCIAL STATEMENTS  
& RELATED ANNOUNCEMENT**

**TABLE OF CONTENTS**

<b><u>Item No</u></b>	<b><u>Description</u></b>	<b><u>Page</u></b>
1	Consolidated Income Statement	1
2	Notes to Consolidated Income Statement	2 – 4
3	Consolidated Statement of Comprehensive Income	5
4	Balance Sheets	6 – 8
5	Consolidated Statement of Cash Flows	9 – 10
6	Statements of Changes in Equity	11 – 16
7	Audit	16
8	Auditors' Report	16
9	Accounting Policies	16
10	Changes in Accounting Policies	17
11	Review of Group Performance	18
12	Variance from Prospect Statement	18
13	Prospects	19
14	Dividend	19
15	Segmental Reporting	20 – 22
16	Interested Person Transactions	23
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)	23
18	Confirmation Pursuant to the Rule 705(5) of the Listing Manual	23

**SEMCORP MARINE LTD**

Registration Number: 196300098Z

**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the second quarter and half year ended 30 June 2019.

**1. CONSOLIDATED INCOME STATEMENT**

	Note	Group		+ / (-) %	Group		+ / (-) %
		2Q 2019 \$'000	2Q 2018 \$'000		1H 2019 \$'000	1H 2018 \$'000	
<b>Turnover</b>	2a	<b>731,294</b>	<b>1,627,169</b>	<b>(55.1)</b>	<b>1,541,874</b>	<b>2,807,517</b>	<b>(45.1)</b>
Cost of sales	2a	(726,659)	(1,674,242)	(56.6)	(1,515,444)	(2,811,474)	(46.1)
<b>Gross profit/(loss)</b>	2a	<b>4,635</b>	<b>(47,073)</b>	n.m.	<b>26,430</b>	<b>(3,957)</b>	n.m.
Other operating income	2b	10,392	9,373	10.9	21,668	20,235	7.1
Other operating expenses	2b	3,832	6,527	(41.3)	(959)	(3,521)	(72.8)
General and administrative expenses	2c	(23,281)	(21,400)	8.8	(44,469)	(45,793)	(2.9)
<b>Operating (loss)/profit</b>		<b>(4,422)</b>	<b>(52,573)</b>	<b>(91.6)</b>	<b>2,670</b>	<b>(33,036)</b>	n.m.
Finance income	2d	23,047	10,748	n.m.	47,696	19,266	n.m.
Finance costs	2d	(33,107)	(25,468)	30.0	(65,516)	(47,602)	37.6
Non-operating income	2e	-	66	n.m.	-	86	n.m.
Share of results of associates and joint ventures, net of tax	2f	(639)	782	n.m.	(1,193)	967	n.m.
<b>Loss before tax</b>		<b>(15,121)</b>	<b>(66,445)</b>	<b>(77.2)</b>	<b>(16,343)</b>	<b>(60,319)</b>	<b>(72.9)</b>
Tax credit	2g	5,748	9,902	(42.0)	7,572	8,057	(6.0)
<b>Loss for the period</b>		<b>(9,373)</b>	<b>(56,543)</b>	<b>(83.4)</b>	<b>(8,771)</b>	<b>(52,262)</b>	<b>(83.2)</b>
<b>Loss attributable to:</b>							
Owners of the Company		<b>(8,543)</b>	<b>(55,620)</b>	<b>(84.6)</b>	<b>(6,830)</b>	<b>(50,305)</b>	<b>(86.4)</b>
Non-controlling interests		<b>(830)</b>	<b>(923)</b>	<b>(10.1)</b>	<b>(1,941)</b>	<b>(1,957)</b>	<b>(0.8)</b>
<b>Loss for the period</b>		<b>(9,373)</b>	<b>(56,543)</b>	<b>(83.4)</b>	<b>(8,771)</b>	<b>(52,262)</b>	<b>(83.2)</b>
<b>Earnings per ordinary share (cents)</b>							
Basic	2h	(0.41)	(2.66)	(84.6)	(0.33)	(2.41)	(86.3)
Diluted		<b>(0.41)</b>	<b>(2.66)</b>	<b>(84.6)</b>	<b>(0.33)</b>	<b>(2.41)</b>	<b>(86.3)</b>

n.m.: not meaningful

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

Note	Group			Group			
	2Q 2019 \$'000	2Q 2018 \$'000	+ / (-) %	1H 2019 \$'000	1H 2018 \$'000	+ / (-) %	
Turnover	(i)	731,294	1,627,169	(55.1)	1,541,874	2,807,517	(45.1)
Cost of sales		(726,659)	(1,674,242)	(56.6)	(1,515,444)	(2,811,474)	(46.1)
Gross profit/(loss)	(ii)	4,635	(47,073)	n.m.	26,430	(3,957)	n.m.
<i>Included in gross profit/(loss):</i>							
Depreciation and amortisation	(iii)	(60,901)	(48,129)	26.5	(120,850)	(93,424)	29.4
Inventories (written down)/written back		(11)	(21)	(47.6)	(18)	27	n.m.

(i) Turnover for 2Q 2019 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade revenue. Excluding the effects of delivery of 2 jack-up rigs to Borr Drilling and sale of a semi-submersible rig in 2Q 2018, revenue would have been \$722 million, an increase of 26% compared with \$572 million in 2Q 2018.

Turnover for 1H 2019 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade revenue. Excluding the effects of the delivery of 1 jack-up rig to Borr Drilling in 1H 2019, and delivery of 4 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL and sale of a semi-submersible rig in 1H 2018, revenue would have been \$1.3 billion, an increase of 26% compared with \$1.1 billion in 1H 2018.

(ii) Gross profit for 2Q 2019 and 1H 2019 was low 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 rig. The gross loss in 2Q 2018 was mainly due to loss upon the sale of a semi-submersible rig, low overall business volume, mitigated by margin recognition upon the delivery of a BOTL rig.

(iii) Higher depreciation in 2Q 2019 and 1H 2019 was mainly due to the accelerated depreciation of the fixed assets at Tanjong Kling Yard since 4Q 2018.

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

Note	Group			Group			
	2Q 2019 \$'000	2Q 2018 \$'000	+ / (-) %	1H 2019 \$'000	1H 2018 \$'000	+ / (-) %	
Other operating income	10,392	9,373	10.9	21,668	20,235	7.1	
Other operating expenses	3,832	6,527	(41.3)	(959)	(3,521)	(72.8)	
	14,224	15,900	(10.5)	20,709	16,714	23.9	
<i>Included in other operating income/(expenses):</i>							
Foreign exchange gain/(loss), net	(i)	3,903	8,007	(51.3)	(741)	(1,966)	(62.3)
Fair value adjustment on hedging instruments	(ii)	1,075	(2,052)	n.m.	1,164	(1,079)	n.m.
Fair value adjustment on firm commitments under fair value hedge		-	(434)	n.m.	-	(371)	n.m.
Gain/(loss) on disposal of property, plant and equipment, net		34	985	(96.5)	(54)	985	n.m.
Rental income		3,533	3,478	1.6	7,019	6,910	1.6
Other income	(iii)	5,784	5,946	(2.7)	13,485	12,340	9.3
Other expenses		(105)	(30)	n.m.	(164)	(105)	56.2
	14,224	15,900	(10.5)	20,709	16,714	23.9	

(i) Foreign exchange gain in 2Q 2019 and foreign exchange loss in 1H 2019 was mainly due to 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 1H 2019 was mainly due to higher sales of scrap.

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

### 2c. General and administrative expenses

Note	Group			+ / (-) %	Group		
	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000		1H 2018 \$'000	+ / (-) %	
General and administrative expenses <i>Included in general and administrative expenses:</i>	(i)	(23,281)	(21,400)	8.8	(44,469)	(45,793)	(2.9)
Depreciation and amortisation (Allowance for)/write-back of doubtful debts and bad debts, net		(310)	(697)	(55.5)	(1,551)	(1,427)	8.7
		(167)	-	n.m.	602	(469)	n.m.

(i) Higher general and administrative expenses in 2Q 2019 was mainly due to higher professional fees.

### 2d. Finance income and finance costs

Note	Group			+ / (-) %	Group		
	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000		1H 2018 \$'000	+ / (-) %	
Finance income Finance costs	(i) (ii)	23,047 (33,107) (10,060)	10,748 (25,468) (14,720)	n.m. 30.0 (31.7)	47,696 (65,516) (17,820)	19,266 (47,602) (28,336)	n.m. 37.6 (37.1)
<i>Included in finance income/(costs):</i>							
Interest income		23,047	10,748	n.m.	47,696	19,266	n.m.
Interest paid and payable to bank and others		(28,526)	(24,432)	16.8	(56,303)	(46,072)	22.2
Amortisation of capitalised transaction costs		(866)	(1,036)	(16.4)	(1,785)	(1,530)	16.7
Unwind of discount on restoration costs		(185)	-	n.m.	(360)	-	n.m.
Interest expense on lease liabilities		(3,530)	-	n.m.	(7,068)	-	n.m.
		(10,060)	(14,720)	(31.7)	(17,820)	(28,336)	(37.1)

(i) Higher finance income in 2Q 2019 and 1H 2019 was mainly due to interest income from a customer on deferred payment arrangement.

(ii) Higher finance costs in 2Q 2019 and 1H 2019 was mainly due to higher average bank borrowings compared to the corresponding period in 2018 and higher interest expense on lease liabilities upon the adoption of SFRS(I) 16 Leases on 1 January 2019.

### 2e. Non-operating income

	Group			+ / (-) %	Group		
	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000		1H 2018 \$'000	+ / (-) %	
Non-operating income <i>Included in non-operating income:</i>	-	66	n.m.		-	86	n.m.
Net change in fair value of financial assets measured through profit or loss	-	66	n.m.		-	86	n.m.
	-	66	n.m.		-	86	n.m.

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

The share of results of associates and joint ventures in 2Q 2019 and 1H 2019 was mainly due to share of losses from joint ventures.

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

**2g. Tax credit**

Note	Group			Group		
	2Q 2019 \$'000	2Q 2018 \$'000	+ / (-) %	1H 2019 \$'000	1H 2018 \$'000	+ / (-) %
Tax credit <i>Included in tax credit:</i> Write-back of tax in respect of prior years, net	(i) 5,748	9,902	(42.0)	7,572	8,057	(6.0)
	193	377	(48.8)	3,865	456	n.m.

(i) The tax credit was mainly due to pre-tax losses incurred during the period, recognition of tax incentives and write-back of tax in respect of prior years. The deferred tax assets are recognised only to the extent that it is probable that the related tax benefit will be realised.

**2h. Earnings per ordinary share**

	Group			Group		
	2Q 2019	2Q 2018	+ / (-) %	1H 2019	1H 2018	+ / (-) %
(i) Based on the weighted average number of shares (cents) - Weighted average number of shares ('000)	(0.41)	(2.66)	(84.6)	(0.33)	(2.41)	(86.3)
	2,089,126	2,088,850	-	2,088,751	2,088,178	-
(ii) On a fully diluted basis (cents) - Adjusted weighted average number of shares ('000)	(0.41)	(2.66)	(84.6)	(0.33)	(2.41)	(86.3)
	2,089,126	2,088,850	-	2,088,751	2,088,178	-

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	Group			+ / (-) %	Group		
	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000		1H 2018 \$'000	+ / (-) %	
<b>Loss for the period</b>	<b>(9,373)</b>	<b>(56,543)</b>	<b>(83.4)</b>		<b>(8,771)</b>	<b>(52,262)</b>	<b>(83.2)</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)	15,136	20,579	(26.4)	1,393	(3,033)	n.m.
Net change in fair value of cash flow hedges	3a(ii)	(14,969)	(26,715)	(44.0)	(4,044)	(23,114)	(82.5)
Net change in fair value of cash flow hedges transferred to profit or loss	3a(iii)	2,349	-	n.m.	(3,932)	-	n.m.
		<u>2,516</u>	<u>(6,136)</u>	n.m.	<u>(6,583)</u>	<u>(26,147)</u>	<u>(74.8)</u>
<i>Item that may not be reclassified subsequently to profit or loss:</i>							
Net change in fair value of equity investments at FVOCI	3a(iv)	-	(3,230)	n.m.	-	(11,339)	n.m.
Other comprehensive income for the period, net of tax		<u>2,516</u>	<u>(9,366)</u>	n.m.	<u>(6,583)</u>	<u>(37,486)</u>	<u>(82.4)</u>
<b>Total comprehensive income for the period</b>		<b><u>(6,857)</u></b>	<b><u>(65,909)</u></b>	<b><u>(89.6)</u></b>	<b><u>(15,354)</u></b>	<b><u>(89,748)</u></b>	<b><u>(82.9)</u></b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		(6,032)	(64,934)	(90.7)	(13,405)	(87,665)	(84.7)
Non-controlling interests		(825)	(975)	(15.4)	(1,949)	(2,083)	(6.4)
<b>Total comprehensive income for the period</b>		<b><u>(6,857)</u></b>	<b><u>(65,909)</u></b>	<b><u>(89.6)</u></b>	<b><u>(15,354)</u></b>	<b><u>(89,748)</u></b>	<b><u>(82.9)</u></b>

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

- (i) The movement in foreign currency translation reserves in 2Q 2019 and 1H 2019 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 in 2Q 2018 and 1H 2018 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-Jun-2019 \$'000	As at 31-Dec-2018 \$'000	As at 30-Jun-2019 \$'000	As at 31-Dec-2018 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	4,247,825	4,179,257	31,027	57,988
Right-of-use assets	286,829	-	1,405	-
Investment properties	-	-	72,522	13,870
Investments in subsidiaries	-	-	1,787,067	1,786,386
Interests in associates and joint ventures	63,423	66,533	-	-
Other financial assets	3,940	2,881	-	-
Trade and other receivables	1,116,137	1,136,124	30,826	31,719
Intangible assets	203,061	208,934	122	122
Deferred tax assets	37,380	23,223	-	-
	<u>5,958,595</u>	<u>5,616,952</u>	<u>1,922,969</u>	<u>1,890,085</u>
<b>Current assets</b>				
Inventories	108,393	80,171	-	-
Trade and other receivables	390,366	690,550	159,540	107,163
Contract costs	159,381	328,690	-	-
Contract assets	1,286,714	998,666	-	-
Tax recoverable	11,135	10,568	-	-
Assets held for sale	985	1,657	-	-
Other financial assets	8,984	12,283	-	-
Cash and cash equivalents	781,889	837,724	54,937	79,584
	<u>2,747,847</u>	<u>2,960,309</u>	<u>214,477</u>	<u>186,747</u>
<b>Total assets</b>	<u>8,706,442</u>	<u>8,577,261</u>	<u>2,137,446</u>	<u>2,076,832</u>
<b>Current liabilities</b>				
Trade and other payables	1,629,941	1,532,746	18,092	24,706
Contract liabilities	41,339	139,731	-	-
Provisions	19,175	16,875	-	-
Other financial liabilities	9,295	9,809	-	-
Current tax payable	28,278	7,591	6,154	5,304
Interest-bearing borrowings	2,146,896	1,055,496	50,000	50,000
Lease liabilities	19,054	483	8,192	483
	<u>3,893,978</u>	<u>2,762,731</u>	<u>82,438</u>	<u>80,493</u>
<b>Net current (liabilities)/assets</b>	<u>(1,146,131)</u>	<u>197,578</u>	<u>132,039</u>	<u>106,254</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	38,325	52,808	4,975	4,975
Provisions	120,612	120,861	26,427	26,094
Other financial liabilities	6,951	10,162	-	-
Interest-bearing borrowings	1,966,903	3,172,500	-	-
Lease liabilities	328,206	951	54,956	951
Other long-term payables	8,299	108,813	5,574	5,574
	<u>2,469,296</u>	<u>3,466,095</u>	<u>91,932</u>	<u>37,594</u>
<b>Total liabilities</b>	<u>6,363,274</u>	<u>6,228,826</u>	<u>174,370</u>	<u>118,087</u>
<b>Net assets</b>	<u><b>2,343,168</b></u>	<u><b>2,348,435</b></u>	<u><b>1,963,076</b></u>	<u><b>1,958,745</b></u>
<b>Equity attributable to owners of the Company</b>				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(55,383)	(51,027)	(21,551)	(23,770)
Revenue reserve	1,879,461	1,878,423	1,500,339	1,498,227
Non-controlling interests	2,308,366	2,311,684	1,963,076	1,958,745
	<u>2,343,168</u>	<u>2,348,435</u>	<u>1,963,076</u>	<u>1,958,745</u>

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

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

Interest-bearing borrowings:	As at 30-Jun-2019 \$'000		As at 31-Dec-2018 \$'000	
	(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	2,146,896	(i) <u>Amount repayable after one year</u> Unsecured	1,055,496
		1,966,903		3,172,500

##### 4b. Net asset value

	Group		Company	
	30-Jun-2019	31-Dec-2018	30-Jun-2019	31-Dec-2018
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	110.48	110.68	93.96	93.78

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

###### (i) Group

###### Non-current assets

'Right-of-use assets' arose from the adoption of SFRS(I) 16 *Leases* on 1 January 2019. It comprises mainly land leases that were recognised in the balance sheet.

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

'Deferred tax assets' increased mainly due to tax credit on unutilised tax losses, offset by the tax effects on the adoption of SFRS(I) 16 *Leases*.

###### Current assets

'Inventories' increased mainly due to purchase of materials for projects.

'Trade and other receivables' decreased mainly due to receipts from customers for completed projects.

'Contract costs' decreased mainly due to recognition of costs of sales upon the delivery of rig.

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

'Assets held for sale' decreased mainly due to the Group's divestment of its 20% equity interest in Ecospec Global Technology Pte. Ltd., which was completed in January 2019. During the year, a workshop in Malaysia amounting to \$0.985 million was reclassified from property, plant and equipment.

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

###### Current liabilities

'Contract liabilities' decreased mainly due to recognition of revenue upon the delivery of rig.

'Provisions' increased mainly due to provision for warranty.

'Current tax payable' increased mainly due to provision made.

'Interest-bearing borrowings' increased mainly due to reclassification from long term borrowings, offset by repayments. In July 2019, short term borrowings amounting to approximately \$900 million was repaid. The Group has adequate long term loan facilities to refinance the short term borrowings as they fall due.

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

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

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

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

**Net Current liabilities**

The Group recorded net current liabilities of \$1.15 billion as at 30 June 2019. On 21 June 2019, the Group secured a five-year subordinated loan facility from Sembcorp Industries of \$2 billion, of which \$1.5 billion was drawn down on 8 July 2019 to retire short term borrowings and re-profile the remaining borrowings with longer term maturities. The above will strengthen the Group's financial position.

**Non-current liabilities**

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

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

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

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

'Other long-term payables' decreased mainly due to reclassification of accrued land lease to lease liabilities.

**Equity**

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

(ii) **Company**

**Non-current assets**

'Property, plant and equipment' decreased mainly due to depreciation charge for the period, and reclassification to right-of-use assets and investment properties.

'Right-of-use assets' arose from the reclassification from property, plant and equipment upon the adoption of SFRS(I) 16 *Leases* on 1 January 2019.

'Investment properties' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

**Current assets**

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

'Cash and cash equivalents' decreased mainly due to payments made.

**Current liabilities**

'Trade and other payables' decreased mainly due to lower payables due to subsidiaries.

'Current tax payable' increased mainly due to provision made.

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

**Non-current liabilities**

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group 2Q 2019 \$'000	Group 2Q 2018 \$'000	Group 1H 2019 \$'000	Group 1H 2018 \$'000
<b>Cash flows from operating activities:</b>				
Loss for the period	(9,373)	(56,543)	(8,771)	(52,262)
Adjustments for:				
Finance income	(23,047)	(10,748)	(47,696)	(19,266)
Finance costs	33,107	25,468	65,516	47,602
Depreciation of property, plant and equipment, and right-of-use assets	53,860	43,097	107,599	83,405
Amortisation of intangible assets	7,351	5,729	14,802	11,446
Share of results of associates and joint ventures, net of tax (Gain)/loss on disposal of property, plant and equipment	639	(782)	1,193	(967)
Fair value adjustment on hedging instruments	(34)	(985)	54	(985)
Fair value adjustment on firm commitments under fair value hedge	(1,075)	2,052	(1,164)	1,079
Net change in fair value of financial assets measured through profit or loss	-	434	-	371
Share-based payment expenses	208	1,379	1,705	3,129
Property, plant and equipment written off	-	2	114	6
Inventories written down/(written back), net	11	21	18	(27)
Allowance for/(write-back of) doubtful debts and bad debts, net	167	-	(602)	469
Tax credit	(5,748)	(9,902)	(7,572)	(8,057)
Operating profit/(loss) before working capital changes	56,066	(844)	125,196	65,857
 Changes in working capital:				
Inventories	(17,632)	7,117	(28,240)	8,161
Contract costs	1,225	1,017,524	169,309	1,686,589
Contract assets	76,035	(126,470)	(288,048)	(180,903)
Contract liabilities	(22,938)	(314,253)	(98,392)	(715,271)
Trade and other receivables	67,871	(632,117)	324,515	(647,396)
Trade and other payables	126,394	(20,238)	91,847	(254,988)
Cash generated from/(used in) operations	287,021	(69,281)	296,187	(37,951)
Interest income received	19,762	10,701	36,607	19,285
Interest paid	(32,355)	(24,432)	(60,132)	(46,072)
Tax (paid)/refunded	(1,287)	883	431	(10,788)
Net cash generated from/(used in) operating activities	273,141	(82,129)	273,093	(75,526)
 <b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(128,576)	(69,517)	(205,100)	(113,415)
Proceeds from sale of property, plant and equipment	35	987	412	990
Proceeds from disposal of equity investments at FVOCI	-	6,861	-	6,861
Dividend received from joint venture	1,904	-	1,904	-
Net cash used in investing activities	(126,637)	(61,669)	(202,784)	(105,564)
 <b>Cash flows from financing activities:</b>				
Proceeds from borrowings	181,449	158,501	493,162	231,041
Repayment of borrowings	(65,720)	(163,325)	(607,887)	(479,499)
Payment of lease liabilities	(3,521)	(512)	(8,175)	(512)
Dividends paid to owners of the Company	-	(20,888)	-	(20,888)
Unclaimed dividends	-	13	-	13
Net cash generated from/(used in) financing activities	112,208	(26,211)	(122,900)	(269,845)
Net increase/(decrease) in cash and cash equivalents	258,712	(170,009)	(52,591)	(450,935)
<b>Cash and cash equivalents at beginning of the period</b>	524,003	1,017,707	837,173	1,301,000
Effect of exchange rate changes on balances held in foreign currencies	(826)	270	(2,693)	(2,097)
<b>Cash and cash equivalents at end of the period</b>	<b>781,889</b>	<b>847,968</b>	<b>781,889</b>	<b>847,968</b>

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

5a. **Cash and cash equivalents**

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

	30-Jun-2019 \$'000	30-Jun-2018 \$'000
Fixed deposits	6,581	3,228
Cash and bank balances	775,308	845,248
Cash and cash equivalents in balance sheets	781,889	848,476
Bank overdrafts	-	(508)
Cash and cash equivalents in consolidated statement of cash flows	781,889	847,968

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

**Second quarter**

Cash flows generated from operating activities before changes in working capital were \$56.1 million in 2Q 2019. Net cash generated from operating activities for 2Q 2019 at \$273.1 million was mainly due to receipts from completed projects, offset by working capital for ongoing projects.

Net cash used in investing activities for 2Q 2019 was \$126.6 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard.

Net cash generated from financing activities for 2Q 2019 was \$112.2 million. It relates mainly to net proceeds from borrowings.

**Half year**

Cash flows generated from operating activities before changes in working capital were \$125.2 million in 1H 2019. Net cash generated from operating activities for 1H 2019 at \$273.1 million was mainly due to receipts from completed projects, offset by working capital for ongoing projects.

Net cash used in investing activities for 1H 2019 was \$202.8 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard.

Net cash used in financing activities for 1H 2019 was \$122.9 million. It relates mainly to net repayment of borrowings.

## 6. STATEMENTS OF CHANGES IN EQUITY

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

Attributable to owners of the Company									
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total Equity \$'000
<b>1Q 2019</b>									
At 31 December 2018	484,288	(2,151)	(13,011)	(13,577)	(22,288)	1,878,423	2,311,684	36,751	2,348,435
Adjustment on initial application of SFRS(I) 16, net of tax	-	-	-	-	-	7,868	7,868	-	7,868
<b>Adjusted balance at 1 January 2019</b>	<b>484,288</b>	<b>(2,151)</b>	<b>(13,011)</b>	<b>(13,577)</b>	<b>(22,288)</b>	<b>1,886,291</b>	<b>2,319,552</b>	<b>36,751</b>	<b>2,356,303</b>
<b>Total comprehensive income</b>							1,713	1,713	(1,111)
Profit for the period	-	-	-	-	-	-	1,713	1,713	602
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(13,730)	-	-	(13,730)	(13)	(13,743)
Net change in fair value of cash flow hedges	-	-	-	-	10,925	-	10,925	-	10,925
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(6,281)	-	(6,281)	-	(6,281)
Total other comprehensive income	-	-	-	(13,730)	4,644	-	(9,086)	(13)	(9,099)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,730)</b>	<b>4,644</b>	<b>1,713</b>	<b>(7,373)</b>	<b>(1,124)</b>	<b>(8,497)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	896	-	-	(896)	-	-	-	-
Share-based payments	-	-	-	-	1,029	-	1,029	-	1,029
<b>Total transactions with owners</b>	<b>-</b>	<b>896</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>-</b>	<b>1,029</b>	<b>-</b>	<b>1,029</b>
<b>At 31 March 2019</b>	<b>484,288</b>	<b>(1,255)</b>	<b>(13,011)</b>	<b>(27,307)</b>	<b>(17,511)</b>	<b>1,888,004</b>	<b>2,313,208</b>	<b>35,627</b>	<b>2,348,835</b>
<b>2Q 2019</b>									
<b>Total comprehensive income</b>							(8,543)	(8,543)	(830)
Loss for the period	-	-	-	-	-	-	(8,543)	(8,543)	(9,373)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	15,131	-	-	15,131	5	15,136
Net change in fair value of cash flow hedges	-	-	-	-	(14,969)	-	(14,969)	-	(14,969)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	2,349	-	2,349	-	2,349
Total other comprehensive income	-	-	-	15,131	(12,620)	-	2,511	5	2,516
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,131</b>	<b>(12,620)</b>	<b>(8,543)</b>	<b>(6,032)</b>	<b>(825)</b>	<b>(6,857)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	484	-	-	-	-	484	-	484
Share-based payments	-	-	-	-	706	-	706	-	706
<b>Total transactions with owners</b>	<b>-</b>	<b>484</b>	<b>-</b>	<b>-</b>	<b>706</b>	<b>-</b>	<b>1,190</b>	<b>-</b>	<b>1,190</b>
<b>At 30 June 2019</b>	<b>484,288</b>	<b>(771)</b>	<b>(13,011)</b>	<b>(12,176)</b>	<b>(29,425)</b>	<b>1,879,461</b>	<b>2,308,366</b>	<b>34,802</b>	<b>2,343,168</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 \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	Non-controlling interests \$'000	Total Equity \$'000
<b>1Q 2018</b>									
At 31 December 2017									
As previously stated	484,288	(3,451)	(13,011)	(22,712)	8,470	1,985,392	2,438,976	41,199	2,480,175
Adjustment on initial application of SFRS(I) 9, net of tax	-	-	-	-	(447)	(641)	(1,088)	-	(1,088)
<b>Adjusted balance at 1 January 2018</b>	<b>484,288</b>	<b>(3,451)</b>	<b>(13,011)</b>	<b>(22,712)</b>	<b>8,023</b>	<b>1,984,751</b>	<b>2,437,888</b>	<b>41,199</b>	<b>2,479,087</b>
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	5,315	5,315	(1,034)	4,281
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(23,538)	-	-	(23,538)	(74)	(23,612)
Net change in fair value of cash flow hedges	-	-	-	-	3,601	-	3,601	-	3,601
Net change in fair value of equity investments at FVOCI	-	-	-	-	(8,109)	-	(8,109)	-	(8,109)
Total other comprehensive income	-	-	-	(23,538)	(4,508)	-	(28,046)	(74)	(28,120)
<b>Total comprehensive income</b>				<b>(23,538)</b>	<b>(4,508)</b>	<b>5,315</b>	<b>(22,731)</b>	<b>(1,108)</b>	<b>(23,839)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	1,665	-	-	(1,665)	-	-	-	-
Share-based payments	-	-	-	-	1,186	-	1,186	-	1,186
<b>Total transactions with owners</b>	<b>-</b>	<b>1,665</b>	<b>-</b>	<b>-</b>	<b>(479)</b>	<b>-</b>	<b>1,186</b>	<b>-</b>	<b>1,186</b>
<b>At 31 March 2018</b>	<b>484,288</b>	<b>(1,786)</b>	<b>(13,011)</b>	<b>(46,250)</b>	<b>3,036</b>	<b>1,990,066</b>	<b>2,416,343</b>	<b>40,091</b>	<b>2,456,434</b>
<b>2Q 2018</b>									
<b>Total comprehensive income</b>									
Loss for the period	-	-	-	-	-	(55,620)	(55,620)	(923)	(56,543)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	20,631	-	-	20,631	(52)	20,579
Net change in fair value of cash flow hedges	-	-	-	-	(26,715)	-	(26,715)	-	(26,715)
Net change in fair value of equity investments at FVOCI	-	-	-	-	(3,230)	-	(3,230)	-	(3,230)
Reclassification of reserve on disposal of equity investments at FVOCI	-	-	-	-	11,339	(11,339)	-	-	-
Total other comprehensive income	-	-	-	20,631	(18,606)	(11,339)	(9,314)	(52)	(9,366)
<b>Total comprehensive income</b>				<b>20,631</b>	<b>(18,606)</b>	<b>(66,959)</b>	<b>(64,934)</b>	<b>(975)</b>	<b>(65,909)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	527	-	-	(13)	-	514	-	514
Dividends paid	-	-	-	-	-	(20,888)	(20,888)	-	(20,888)
Unclaimed dividends	-	-	-	-	-	13	13	-	13
Share-based payments	-	-	-	-	1,122	-	1,122	-	1,122
<b>Total transactions with owners</b>	<b>-</b>	<b>527</b>	<b>-</b>	<b>-</b>	<b>1,109</b>	<b>(20,875)</b>	<b>(19,239)</b>	<b>-</b>	<b>(19,239)</b>
<b>At 30 June 2018</b>	<b>484,288</b>	<b>(1,259)</b>	<b>(13,011)</b>	<b>(25,619)</b>	<b>(14,461)</b>	<b>1,902,232</b>	<b>2,332,170</b>	<b>39,116</b>	<b>2,371,286</b>

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

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

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1Q 2019</b>						
At 1 January 2019	484,288	(2,151)	960	(22,579)	1,498,227	1,958,745
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	1,051	1,051
<b>Other comprehensive income</b>						
Total other comprehensive income						
<b>Total comprehensive income</b>	-	-	-	-	1,051	1,051
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	896	-	(896)	-	-
Share-based payments	-	-	-	570	-	570
Cost of share-based payment issued to employees of subsidiaries	-	-	-	459	-	459
<b>Total transactions with owners</b>	-	896	-	133	-	1,029
At 31 March 2019	484,288	(1,255)	960	(22,446)	1,499,278	1,960,825
<b>2Q 2019</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	1,061	1,061
<b>Other comprehensive income</b>						
Total other comprehensive income						
<b>Total comprehensive income</b>	-	-	-	-	1,061	1,061
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	484	-	-	-	484
Share-based payments	-	-	-	484	-	484
Cost of share-based payment issued to employees of subsidiaries	-	-	-	222	-	222
<b>Total transactions with owners</b>	-	484	-	706	-	1,190
At 30 June 2019	484,288	(771)	960	(21,740)	1,500,339	1,963,076

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

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

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

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

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

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

As at 30 June 2019, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,343,267 (31 December 2018: 2,088,597,623) ordinary shares.

(ii) **Treasury Shares**

	<b>Number of shares</b>	
	<b>2019</b>	<b>2018</b>
At 1 January	1,162,484	1,850,187
Treasury shares issued pursuant to RSP	(484,344)	(892,583)
At 31 March	678,140	957,604
Treasury shares issued pursuant to RSP	(261,300)	(282,625)
At 30 June	416,840	674,979

During 2Q 2019, there were 261,300 (2Q 2018: 282,625) treasury shares issued pursuant to the Company's Restricted Share Plan ("RSP").

As at 30 June 2019, 416,840 (30 June 2018: 674,979) 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) **Performance Shares**

	<b>Number of shares</b>	
	<b>2019</b>	<b>2018</b>
At 1 January	4,088,000	4,733,000
Performance shares lapsed arising from targets not met	(1,470,000)	(1,215,000)
At 31 March	2,618,000	3,518,000
Conditional performance shares lapsed	-	(278,000)
At 30 June	2,618,000	3,240,000

During 2Q 2019, there were no (2Q 2018: nil) performance shares awarded under the PSP, no (2Q 2018: nil) performance shares released and no (2Q 2018: 278,000) performance shares that lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2019 was 2,618,000 (30 June 2018: 3,240,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,927,000 (30 June 2018: 4,860,000) performance shares.

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

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

**(iv) Restricted Shares**

	<b>Number of shares</b>	
	<b>2019</b>	<b>2018</b>
At 1 January	15,616,727	15,383,413
Conditional restricted shares released	(484,344)	(892,583)
Conditional restricted shares lapsed	(271,295)	(153,648)
Restricted shares lapsed arising from targets not met	(11,159,921)	(6,078,150)
At 31 March	3,701,167	8,259,032
Conditional restricted shares awarded	261,300	275,800
Conditional restricted shares released	(261,300)	(282,625)
Conditional restricted shares lapsed	(54,831)	(132,583)
At 30 June	3,646,336	8,119,624

During 2Q 2019, there were 261,300 (2Q 2018: 275,800) restricted shares awarded under the RSP, 261,300 (2Q 2018: 282,625) restricted shares released and 54,831 (2Q 2018: 132,583) restricted shares that lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2019 was 3,646,336 (30 June 2018: 8,119,624). Of this, there were no (30 June 2018: 7,284,100) restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2019. Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,926,150 restricted shares as at 30 June 2018.

**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**

The financial statements are prepared in accordance to Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). All references to SFRS(I) and IFRS are referred to as SFRS(I) in these financial statements unless otherwise specified.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current quarter as the most recent audited financial statements for the year ended, and as at, 31 December 2018.

## 10. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following SFRS(I)s, interpretations of SFRS(I) and requirement of SFRS(I) which are mandatorily effective from 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 3 and SFRS(I) 11 *Previously Held Interest in a Joint Operation*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-28 *Long-Term Interests in Associates and Joint Ventures*

The adoption of the above standards do not have any significant impact on the financial statements except for SFRS(I) 16.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group also applied the practical expedient to grandfather the definition of a lease on transition.

At transition, the Group had measured the Right-of-use (ROU) assets at either its carrying amounts as if SFRS(I) 16 had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application; or at amounts equal to the lease liabilities as at 1 January 2019. For lease contracts that contain the option to renew, the Group used hindsight in determining the lease term.

The Group and Company recognise their existing operating lease arrangements as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the adoption of SFRS(I) 16 resulted in the following key effects at the Group and Company:

	Group \$'000	Company \$'000
<b>Assets</b>		
Property, plant and equipment	(43,776)	(7,527)
Right-of-use assets	281,710	1,645
Investment properties	-	70,841
Deferred tax assets	(1,625)	-
<b>Liabilities</b>		
Lease liabilities	328,971	64,959
Other long-term payables	(100,530)	-
<b>Equity</b>		
Revenue reserve	7,868	-

## 11. REVIEW OF GROUP PERFORMANCE

### (i) Turnover

	2Q 2019	2Q 2018	+ / (-)	+ / (-)	1H 2019	1H 2018	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
<b>Rigs &amp; Floaters</b>	542.4	1,393.6	(851.2)	(61.1)	1,222.2	2,412.9	(1,190.7)	(49.3)
<b>Repairs &amp; Upgrades</b>	142.4	126.0	16.4	13.0	244.9	204.5	40.4	19.8
<b>Offshore Platforms</b>	34.0	84.9	(50.9)	(60.0)	49.1	147.3	(98.2)	(66.7)
<b>Specialised Shipbuilding</b>	2.8	-	2.8	n.m.	7.1	-	7.1	n.m.
<b>Other Activities</b>	9.7	22.7	(13.0)	(57.3)	18.6	42.8	(24.2)	(56.5)
	<b>731.3</b>	<b>1,627.2</b>	<b>(895.9)</b>	<b>(55.1)</b>	<b>1,541.9</b>	<b>2,807.5</b>	<b>(1,265.6)</b>	<b>(45.1)</b>

Turnover for 2Q 2019 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade revenue. Excluding the effects of the delivery of 2 jack-up rigs to Borr Drilling and sale of a semi-submersible rig in 2Q 2018, revenue would have been \$722 million, an increase of 26% compared with \$572 million in 2Q 2018.

Turnover for 1H 2019 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade revenue. Excluding the effects of the delivery of 1 jack-up rig to Borr Drilling in 1H 2019, and delivery of 4 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL and sale of a semi-submersible rig in 1H 2018, revenue would have been \$1.3 billion, an increase of 26% compared with \$1.1 billion in 1H 2018.

### (ii) Loss attributable to Owners of the Company (“Net loss”)

Net loss for 2Q 2019 and 1H 2019 was 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 rig. The higher net loss in 2Q 2018 and 1H 2018 was mainly due to loss upon the sale of a semi-submersible rig, low overall business volume, mitigated by margin recognition upon the delivery of BOTL rig.

## 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 continue to improve, especially for the offshore production segment. Offshore drilling activities have also gradually increased.

Sembcorp Marine is responding to enquiries and tenders for various engineering solutions and projects related to the production and gas value chain segments. The repairs and upgrades segment continues to gradually improve, underpinned by IMO regulations that require ballast water treatment systems and gas scrubbers to be installed.

Overall, challenges in the offshore and marine sector persist, and it will take some time before we see a sustained recovery in new orders, while competition remains intense and margins compressed. With insufficient new orders secured in the last few quarters, the company is expecting the losses for the second half to be higher than the first half, with the full year losses projected to be similar in range to last year's losses.

Sembcorp Marine is actively pursuing new orders and will execute existing orders efficiently.

*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

There is no dividend recommended for the period ended 30 June 2019.

## 15. **SEGMENTAL REPORTING**

1H 2019

### **(i) Business Segments:**

<b>(i) Business Segments:</b>		<b>Rigs &amp; floaters, Repairs &amp; upgrades, Offshore platforms, and Specialised shipbuilding</b>	<b>Ship chartering</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Turnover</b>						
Sales to external parties		1,538,404	-	3,470	-	1,541,874
Inter-segment sales		-	-	53,362	(53,362)	-
<b>Total</b>		<b>1,538,404</b>	<b>-</b>	<b>56,832</b>	<b>(53,362)</b>	<b>1,541,874</b>
<b>Results</b>						
Segment results		13,159	(10,996)	507	-	2,670
Finance income		44,465	-	3,231	-	47,696
Finance costs		(60,577)	(597)	(4,342)	-	(65,516)
Share of results of associates and joint ventures, net of tax		(277)	(1,359)	443	-	(1,193)
Loss before tax		(3,230)	(12,952)	(161)	-	(16,343)
Tax credit/(expense)		7,584	-	(12)	-	7,572
<b>Profit/(loss) for the period</b>		<b>4,354</b>	<b>(12,952)</b>	<b>(173)</b>	<b>-</b>	<b>(8,771)</b>
<b>Assets</b>						
Segment assets		8,297,492	200,037	96,975	-	8,594,504
Interests in associates and joint ventures		4,259	47,837	11,327	-	63,423
Deferred tax assets		37,380	-	-	-	37,380
Tax recoverable		10,482	-	653	-	11,135
<b>Total assets</b>		<b>8,349,613</b>	<b>247,874</b>	<b>108,955</b>	<b>-</b>	<b>8,706,442</b>
<b>Liabilities</b>						
Segment liabilities		6,016,666	3,469	276,536	-	6,296,671
Deferred tax liabilities		38,241	-	84	-	38,325
Current tax payable		27,381	-	897	-	28,278
<b>Total liabilities</b>		<b>6,082,288</b>	<b>3,469</b>	<b>277,517</b>	<b>-</b>	<b>6,363,274</b>
<b>Capital expenditure</b>		214,228	-	49	-	214,277
<b>Significant non-cash items</b>						
Depreciation and amortisation		115,831	4,494	2,076	-	122,401
Fair value adjustment on hedging instruments		(1,164)	-	-	-	(1,164)
Property, plant and equipment written off		-	-	114	-	114
Inventories written down/(written back), net		22	-	(4)	-	18
Write-back of doubtful debts and bad debts, net		(602)	-	-	-	(602)

## (ii) Geographical Segments:

	Turnover from external customers		Non-current assets <sup>(1)</sup>		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	70,491	5	3,907,322	66	6,419,130	74	181,821	85
Rest of Asia, Australia & India	61,168	4	141,063	3	174,423	2	2,454	1
Middle East & Africa	4,192	-	-	-	-	-	-	-
United Kingdom	78,111	5	4,882	-	7,920	-	-	-
Norway	424,508	28	129,641	2	144,767	2	49	-
France	223,531	14	66	-	2,126	-	21	-
The Netherlands	60,970	4	192,161	3	200,109	2	-	-
Rest of Europe	44,563	3	68	-	772	-	13	-
Brazil	166,557	11	1,541,608	26	1,754,918	20	29,905	14
U.S.A.	403,323	26	464	-	2,277	-	14	-
Other countries	4,460	-	-	-	-	-	-	-
<b>Total</b>	<b>1,541,874</b>	<b>100</b>	<b>5,917,275</b>	<b>100</b>	<b>8,706,442</b>	<b>100</b>	<b>214,277</b>	<b>100</b>

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

## 15. SEGMENTAL REPORTING (Cont'd)

1H 2018

### (i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	2,774,332	29,081	4,104	-	2,807,517
Inter-segment sales	-	-	95,681	(95,681)	-
<b>Total</b>	<b>2,774,332</b>	<b>29,081</b>	<b>99,785</b>	<b>(95,681)</b>	<b>2,807,517</b>
<b>Results</b>					
Segment results	(38,769)	6,799	(1,066)	-	(33,036)
Finance income	19,197	-	69	-	19,266
Finance costs	(46,733)	(869)	-	-	(47,602)
Non-operating income	-	-	86	-	86
Share of results of associates and joint ventures, net of tax	(282)	337	912	-	967
(Loss)/profit before tax	(66,587)	6,267	1	-	(60,319)
Tax credit	8,008	-	49	-	8,057
<b>(Loss)/profit for the period</b>	<b>(58,579)</b>	<b>6,267</b>	<b>50</b>	<b>-</b>	<b>(52,262)</b>
<b>Assets</b>					
Segment assets	7,605,231	253,347	382,059	-	8,240,637
Interests in associates and joint ventures	4,894	53,109	10,611	-	68,614
Deferred tax assets	27,561	-	626	-	28,187
Tax recoverable	9,900	-	-	-	9,900
<b>Total assets</b>	<b>7,647,586</b>	<b>306,456</b>	<b>393,296</b>	<b>-</b>	<b>8,347,338</b>
<b>Liabilities</b>					
Segment liabilities	5,788,874	75,600	35,222	-	5,899,696
Deferred tax liabilities	52,071	-	155	-	52,226
Current tax payable	23,653	-	477	-	24,130
<b>Total liabilities</b>	<b>5,864,598</b>	<b>75,600</b>	<b>35,854</b>	<b>-</b>	<b>5,976,052</b>
<b>Capital expenditure</b>	111,300	-	19	-	111,319
<b>Significant non-cash items</b>					
Depreciation and amortisation	90,079	4,376	396	-	94,851
Fair value adjustment on hedging instruments	1,079	-	-	-	1,079
Fair value adjustment on firm commitments under fair value hedge	371	-	-	-	371
Property, plant and equipment written off	6	-	-	-	6
Inventories written back, net	(27)	-	-	-	(27)
Allowance for doubtful debts and bad debts, net	469	-	-	-	469
Net change in fair value of financial assets measured through profit or loss	-	-	(86)	-	(86)
<b>(ii) Geographical Segments:</b>					
	Turnover from external customers \$'000	Non-current assets <sup>(1)</sup> \$'000	Total assets \$'000	Capital expenditure \$'000	
	%	%	%	%	%
Singapore	203,602	7	2,487,963	56	6,200,077
Japan	327,475	12	-	-	-
Rest of Asia, Australia & India	31,690	1	148,017	3	172,779
Middle East & Africa	10,651	-	-	-	-
United Kingdom	160,432	6	4,718	-	6,252
Norway	790,406	28	139,425	3	146,803
The Netherlands	166,089	6	201,897	5	264,450
Rest of Europe	134,298	5	93	-	2,787
Brazil	131,545	5	1,446,359	33	1,548,825
U.S.A.	816,141	29	3,989	-	5,365
Other countries	35,188	1	-	-	-
<b>Total</b>	<b>2,807,517</b>	<b>100</b>	<b>4,432,461</b>	<b>100</b>	<b>8,347,338</b>
					<b>100</b>
					<b>111,319</b>

<sup>(1)</sup> Non-current assets presented consist of property, plant and equipment, interests 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>1H 2019 \$'000</b>	<b>1H 2018 \$'000</b>
<b>Transaction for the Purchase of Goods and Services</b> Sembcorp Industries Limited and its associates	293	-
<b>Management and Support Services</b> Sembcorp Industries Limited	125	125
<b>Total Interested Person Transactions</b>	<b>418</b>	<b>125</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. CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the second quarter and half year ended 30 June 2019 unaudited financial results to be false or misleading.

**BY ORDER OF THE BOARD**

**TAN YAH SZE  
COMPANY SECRETARY**

**29 July 2019**