SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

FIRST QUARTER ENDED MARCH 31, 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2019

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the first quarter ended March 31, 2019.

1. CONSOLIDATED INCOME STATEMENT

		GROUP		
		1Q19	**1Q18**	**+ / (-)**
(S$ million)	**Note**			**%**
Turnover	2a	**2,480**	**2,758**	**(10)**
Cost of sales	2b	(2,213)	(2,496)	(11)
Gross profit		**267**	**262**	**2**
General & administrative expenses	2c	(109)	(88)	24
Other operating income / (expenses), net	2d	19	(3)	NM
Non-operating income	2e	1	1	–
Non-operating expenses		*	–	NM
Finance income	2f	34	17	100
Finance costs	2f	(142)	(114)	25
Share of results of associates and joint ventures, net of tax	2g	45	42	7
Profit before tax		**115**	**117**	**(2)**
Tax expense	2h	(18)	(38)	(53)
Profit for the period		**97**	**79**	**23**
Attributable to:				
Owners of the Company		93	77	21
Non-controlling interests		4	2	100
		97	**79**	**23**
Earnings per ordinary share (cents)	2i			
- basic		4.68	3.64	29
- diluted		4.66	3.62	29

* denotes amount of less than $1 million

NM – Not meaningful

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2a. Turnover and disaggregation of revenue

1Q19

(S$ million)	Energy[1]	Marine	Urban[1]	Others / Corporate	Elimination	Total
Turnover						
External sales	1,592	811	1	76	–	2,480
Inter-segment sales	8	–	*	3	(11)	–
Total	**1,600**	**811**	**1**	**79**	**(11)**	**2,480**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,403	–	–	–	–	1,403
Provision of water products and related services	53	–	–	–	–	53
Ship and rig repair, building, conversion and related services	–	802	–	–	–	802
Construction and engineering related activities	63	–	–	61	–	124
Others	73	9	1	15	–	98
Total revenue from contracts with customers	**1,592**	**811**	**1**	**76**	**–**	**2,480**
Charter hire and rental income	–	–	–	–	–	–
Total external sales	**1,592**	**811**	**1**	**76**	**–**	**2,480**
Timing of revenue recognition						
At a point in time	2	228	–	15	–	245
Over time	1,590	583	1	61	–	2,235
Total revenue from contracts with customers	**1,592**	**811**	**1**	**76**	**–**	**2,480**

1Q18

(S$ million)	Energy[1]	Marine	Urban[1]	Others / Corporate	Elimination	Total
Turnover						
External sales	1,510	1,180	1	67	–	2,758
Inter-segment sales	6	–	*	14	(20)	–
Total	**1,516**	**1,180**	**1**	**81**	**(20)**	**2,758**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,288	–	–	–	–	1,288
Provision of water products and related services	58	–	–	–	–	58
Ship and rig repair, building, conversion and related services	–	1,160	–	–	–	1,160
Construction and engineering related activities	78	–	–	56	–	134
Others	86	6	1	11	–	104
Total revenue from contracts with customers	**1,510**	**1,166**	**1**	**67**	**–**	**2,744**
Charter hire and rental income	–	14	–	–	–	14
Total external sales	**1,510**	**1,180**	**1**	**67**	**–**	**2,758**
Timing of revenue recognition						
At a point in time	8	705	–	11	–	724
Over time	1,502	461	1	56	–	2,020
Total revenue from contracts with customers	**1,510**	**1,166**	**1**	**67**	**–**	**2,744**

[1] "Energy" and "Urban" refer to the business segments previously known as "Utilities" and "Urban Development" respectively.

In 1Q19, the Group reported a turnover of $2,480 million, a decrease of 10% or $278 million. Turnover for the Energy business increased 5% to $1,592 million and turnover for the Marine business decreased 31% to $811 million.

The increase in turnover for the Energy business was mainly attributed to the provision of energy products offset by lower sales from water products with the loss of contribution from South Africa post-divestment and lower sales from construction and engineering with the completion of facilities in Myanmar and Bangladesh.

The decrease in turnover for the Marine business was mainly due to lower revenue recognition from rigs and floaters and offshore platform projects.

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

2b. Cost of sales

(S$ million)	Note	GROUP 1Q19	GROUP 1Q18	+ / (-) %
Cost of sales		(2,213)	(2,496)	(11)
Included in cost of sales :-				
Depreciation and amortisation	(i)	(161)	(133)	21
Fixed assets written off		(2)	*	NM

(i) The higher depreciation and amortisation in 1Q19 as compared to 1Q18 was mainly due to UK Power Reserve (UKPR), which was acquired in 2Q18 and accelerated depreciation of certain property, plant and equipment at the yard at Tanjong Kling Road since 4Q18. With the adoption of SFRS(I) 16 Leases effective from January 1, 2019, $10 million of depreciation of right-of-use assets was recognised in 1Q19.

2c. General & administrative expenses

(S$ million)	Note	GROUP 1Q19	GROUP 1Q18	+ / (-) %
General & administrative expenses	(i)	(109)	(88)	24
Included in general & administrative expenses :-				
Depreciation and amortisation		(7)	(6)	17
(Allowance for) / write-back of expected credit loss allowance and bad debts, net	(ii)	(6)	4	NM
Fixed assets written off		*	(1)	NM

(i) Higher general & administrative expenses in 1Q19 was mainly due to higher personnel, facilities and consultancy costs incurred as the Group continued to build and deepen its capabilities in new business lines, digital and technology. The general & administrative expenses in 1Q19 also include an increase in expected credit loss allowance of $6 million.

(ii) 1Q19 net increase in expected credit loss allowance was mainly from energy operations in India while 1Q18 net write-back was mainly from the Urban business and energy operations in the UK.

2d. Other operating income / (expenses), net

(S$ million)	Note	GROUP 1Q19	GROUP 1Q18	+ / (-) %
Other operating income / (expenses), net		19	(3)	NM
Included in other operating income / (expenses), net : -				
(Loss) / Gain on disposal of property, plant & equipment		*	*	NM
Changes in fair value of financial instruments	(i)	(10)	5	NM
Foreign exchange gain / (loss), net	(ii)	6	(28)	NM
Rental income		5	5	–
Grant income		1	1	–
Other income	(iii)	17	13	31

(i) Changes in fair value of financial instruments were mainly from foreign currency forward contracts and cross currency swaps used mainly for managing the Group's foreign currency exposures and interest costs. The corresponding effects from revaluation of assets and liabilities in foreign currencies were recorded under foreign exchange gain / (loss), net.

(ii) Net foreign exchange gain in 1Q19 arose mainly from appreciation of the British Pound (GBP) against the Singapore dollar (SGD). The gain was reduced by losses from revaluation of assets and liabilities denominated in United States dollar (USD) to SGD in the Marine business.

(iii) Higher other income in 1Q19 was mainly due to higher sales of scrap and reversal of accrued renewable maintenance no longer payable upon contract termination.

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

2e. Non-operating income

(S$ million)	Note	GROUP 1Q19	GROUP 1Q18	+ / (-) %
Non-operating income		1	1	–
Included in non-operating income :-				
Gain on disposal of other financial assets	(i)	1	1	–

(i) These relate mainly to gain on disposal of unit trusts and funds.

2f. Finance income and finance costs

(S$ million)	Note	GROUP 1Q19	GROUP 1Q18	+ / (-) %
Finance income	(i)	34	17	100
Finance costs	(ii)	(142)	(114)	25
Included in finance costs :-				
Interest paid and payable to bank and others		(130)	(109)	19
Amortisation of capitalised transaction costs		(2)	(1)	100
Fair value changes of interest rate swaps		(3)	(4)	(25)
Unwind of discount on restoration costs and financing component from contracts with customers		(1)	*	NM
Interest expense on lease liabilities		(6)	–	NM

(i) Higher finance income in 1Q19 was mainly due to interest income from a customer on deferred payment arrangement.

(ii) 1Q19 finance costs was higher than 1Q18. The increase came mainly from Myingyan, Sirajganj Unit 4 (S4) and UKPR. 1Q19 finance costs also included $6 million of deemed interest costs on lease liabilities, upon adoption of SFRS(I) 16.

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

1Q19 share of results of associates and joint ventures was $45 million, 7% higher than the $42 million reported in 1Q18 as better performance from Energy offset lower contribution from Urban in China. Energy better performance is attributable to its renewable operations in China and energy-from-waste operations in the UK, as well as its thermal power operation in Vietnam.

2h. Tax expense

(S$ million)	GROUP 1Q19	GROUP 1Q18	+ / (-) %
Tax expense	(18)	(38)	(53)
Included in tax expense :-			
Net write-back of tax in respect of prior years	4	*	NM

The net write-back of tax in prior years was mainly from Marine business.

1Q19 effective tax rate was 26% as compared to 51% in 1Q18. Tax expenses for India was lower subsequent to the amalgamation of its thermal power operations in 4Q18.

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

2i. Earnings per ordinary share

	GROUP 1Q19 S$	1Q18 S$	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	4.68	3.64	29
- Weighted average number of shares (in million)	1,787.0	1,787.9	–
(ii) On a fully diluted basis (in cents)	4.66	3.62	29
- Adjusted weighted average number of shares (in million)	1,793.8	1,798.6	–

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(S$ million)	Note	GROUP 1Q19	1Q18
Profit for the period		**97**	**79**
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(i)	16	(85)
Exchange differences on monetary items forming part of net investment in foreign operation		1	3
Net change in fair value of cash flow hedges	(ii)	33	28
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	13	(15)
Share of other comprehensive income of associates and joint ventures	(iv)	(7)	17
		56	(52)
Items that may not be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	(v)	1	(13)
Defined benefit plan actuarial (losses) / gain		*	*
Other comprehensive income for the period, net of tax		57	(65)
Total comprehensive income for the period		**154**	**14**
Attributable to:			
Owners of the Company		151	27
Non-controlling interests		3	(13)
Total comprehensive income for the period		**154**	**14**

3a. Notes to Consolidated Statement of Comprehensive Income

(i) Change in foreign currency translation in 1Q19 arose mainly from appreciation of British Pound, China Renminbi and Indian Rupee against Singapore dollar, net of depreciation of United States dollar against Singapore dollar.

(ii) Fair value changes in 1Q19 were mainly due to hedging differential on fuel oil swaps, foreign currency forward contracts, cross currency swaps and interest rate swaps.

(iii) These relate to cash flow hedges recognised to profit and loss upon realisation.

(iv) These relate mainly to share of associates and joint ventures' hedging differential on interest rate swaps.

(v) Fair value changes were mainly attributable to the movement in prices of equity investments through other comprehensive income.

4. SEGMENTAL REPORTING

1Q19

(i) Operating segments

(S$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	1,592	811	1	76	–	2,480
Inter-segment sales	8	–	*	3	(11)	–
Total	**1,600**	**811**	**1**	**79**	**(11)**	**2,480**
Results						
Earnings before interest and taxes (EBIT)	180	5	(4)	(3)	–	178
Share of results of associates and joint ventures, net of tax	36	(1)	11	(1)	–	45
Profit from operations (PFO)	**216**	**4**	**7**	**(4)**	**–**	**223**
Finance income	9	25	1	31	(32)	34
Finance costs	(117)	(32)	(2)	(23)	32	(142)
	108	**(3)**	**6**	**4**	**–**	**115**
Tax (expense) / credit	(18)	2	1	(3)	–	(18)
Non-controlling interests	(5)	1	*	–	–	(4)
Net profit for the period	**85**	*****	**7**	**1**	**–**	**93**
Assets						
Segment assets	12,992	8,360	717	3,872	(4,137)	21,804
Interests in associates and joint ventures	963	65	687	62	–	1,777
Tax assets	64	31	5	4	–	104
Total assets	**14,019**	**8,456**	**1,409**	**3,938**	**(4,137)**	**23,685**
Liabilities						
Segment liabilities	9,475	6,040	523	3,112	(4,137)	15,013
Tax liabilities	516	60	1	24	–	601
Total liabilities	**9,991**	**6,100**	**524**	**3,136**	**(4,137)**	**15,614**
Capital expenditure	221	85	*	1	–	307
Significant non-cash items						
Depreciation and amortisation	102	63	*	3	–	168
Allowance for impairment in value of assets and assets written off, net	2	*	–	–	–	2
Gain on disposal of property, plant and equipment	*	*	–	*	–	*
Allowance / (Write-back) of doubtful debts and bad debts, net	7	(1)	*	–	–	6

(ii) Geographical segments

(S$ million)	Revenue	%	Non-current Assets	%	Total Assets	%	Capital Expenditure	%
Singapore	1,022	41	6,057	34	9,610	40	100	33
China	48	2	1,576	9	2,213	9	1	–
India	389	15	5,447	31	6,559	28	164	53
Rest of Asia	63	2	1,457	8	1,690	7	5	2
Middle East & Africa	18	1	315	2	356	2	*	–
UK	189	8	659	4	956	4	18	6
Rest of Europe	438	18	326	2	387	2	*	–
Brazil	72	3	1,513	9	1,707	7	18	6
USA	226	9	2	–	4	–	*	–
Other Countries	15	1	184	1	203	1	1	–
Total	2,480	100	17,536	100	23,685	100	307	100

4. SEGMENTAL REPORTING (Cont'd)

1Q18

(i) Operating segments

(S$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	1,510	1,180	1	67	–	2,758
Inter-segment sales	6	–	*	14	(20)	–
Total	**1,516**	**1,180**	**1**	**81**	**(20)**	**2,758**
Results						
Earnings before interest and taxes (EBIT)	160	18	(2)	(4)	–	172
Share of results of associates and joint ventures, net of tax	30	*	14	(2)	–	42
Profit from operations (PFO)	**190**	**18**	**12**	**(6)**	**–**	**214**
Finance income	8	9	*	20	(20)	17
Finance costs	(95)	(22)	(1)	(16)	20	(114)
	103	**5**	**11**	**(2)**	–	**117**
Tax expense	(33)	(2)	*	(3)	–	(38)
Non-controlling interests	*	(1)	(1)	*	–	(2)
Net profit for the period	**70**	**2**	**10**	**(5)**	**–**	**77**
Assets						
Segment assets	11,634	8,661	377	3,035	(3,090)	20,617
Interests in associates and joint ventures	876	67	743	93	–	1,779
Tax assets	68	28	2	3	–	101
Total assets	**12,578**	**8,756**	**1,122**	**3,131**	**(3,090)**	**22,497**
Liabilities						
Segment liabilities	7,920	6,203	276	2,434	(3,090)	13,743
Tax liabilities	500	82	*	17	–	599
Total liabilities	**8,420**	**6,285**	**276**	**2,451**	**(3,090)**	**14,342**
Capital expenditure	125	42	*	1	–	168
Significant non-cash items						
Depreciation and amortisation	89	48	*	2	–	139
Allowance for impairment in value of assets and assets written off, net	1	*	–	–	–	1
(Write-back of) / Allowance for doubtful debts and bad debts, net	(3)	1	(2)	*	–	(4)

(ii) Geographical segments

(S$ million)	Revenue	%	Non-current Assets	%	Total Assets	%	Capital Expenditure	%
Singapore	985	36	4,708	31	9,874	44	60	36
China	51	2	1,562	11	1,922	8	3	2
India	441	16	5,141	34	6,214	28	76	45
Rest of Asia	390	14	1,398	9	1,677	7	2	1
Middle East & Africa	34	1	362	2	422	2	1	1
UK	157	6	128	1	244	1	6	4
Rest of Europe	555	20	343	2	394	2	*	–
Brazil	63	2	1,403	9	1,540	7	16	9
USA	46	2	5	–	6	–	*	–
Other Countries	36	1	184	1	204	1	4	2
Total	2,758	100	15,234	100	22,497	100	168	100

4. SEGMENTAL REPORTING (Cont'd)

Notes to Segmental Analysis

4a. Operating Segments

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

(i) The Energy segment's principal activities are in the provision of energy and water to industrial, commercial and municipal customers. Key activities in the energy sector include power generation, process steam production, as well as natural gas importation. In the water sector, the business offers wastewater treatment as well as the production of reclaimed, desalinated and potable water and water for industrial use. In addition, the business also provides on-site logistics, solid waste management and specialised project management, engineering, and procurement services.

(ii) The Marine segment focuses principally on providing integrated solutions for the offshore and marine industry. Key capabilities include rigs & floaters; repairs & upgrades; offshore platforms and specialised shipbuilding.

(iii) The Urban segment owns, develops markets and manages integrated urban projects comprising industrial parks as well as business, commercial and residential space in Asia.

(iv) The Others / Corporate segment comprises businesses mainly relating to minting, design and construction activities, offshore engineering and others.

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

4b. Geographical Segments

The Group's geographical segments are presented in ten principal geographical areas: Singapore, China, India, Rest of Asia, Middle East & Africa, UK, Rest of Europe, Brazil, USA and Other Countries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

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

4c. Review of segment performance

Energy

(S$ million)	1Q19	1Q18	Growth	%
Turnover	1,592	1,510	82	5
Profit from operations (PFO)	216	190	26	14
Net Profit	85	70	15	21

Turnover

Turnover of $1,592 million in 1Q19 was $82 million or 5% higher than that of 1Q18. The increase was mainly from Singapore and UK operations. Turnover for Singapore, which is mainly pegged to fuel oil prices, increased with higher High Sulphur Fuel Oil price while turnover in the UK included contribution from UKPR, which was acquired in 2Q18. However, the increase was offset by lower turnover in India due to the shutdown of Unit 1 of the first thermal power plant in January and February and no turnover from South Africa post-divestment.

PFO

1Q19 PFO of $216 million was $26 million higher than 1Q18. The improved performance came mainly from India and new facilities in Myanmar and Bangladesh, which commenced commercial operations in phases during FY2018. Higher profit was also recognised from the UK. However, these better results were partially offset by lower spark spread and higher selling cost from Singapore operations.

India Energy operations achieved better performance as the second thermal power plant achieved higher dark spreads from better short-term contracted positions and lower coal costs and its renewable power benefitted from better wind resource. 1Q19 higher PFO also included the reversal of accrued maintenance fee no longer payable.

Higher PFO in UK was contributed by UKPR which reported PFO of $18 million primarily from the triad revenue earned in last winter offset by lower PFO from Teessides' operations due to shutdowns of the Wilton plants.

Net Profit

Net profit of $85 million was $15 million higher than 1Q18. Higher finance costs arising from higher borrowing for the acquisition of UKPR in 2Q18 offset lower tax expense subsequent to the amalgation of India's thermal businesses in 4Q18.

4. SEGMENTAL REPORTING (Cont'd)

4c. Review of segment performance (Cont'd)

Marine

(S$ million)	1Q19	1Q18	Growth	%
Turnover	811	1,180	(369)	(31)
Profit from operations (PFO)	4	18	(14)	(78)
Net Profit	*	2	(2)	(100)

Turnover for 1Q19 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade businesses. Excluding the effects of the delivery of 1 jack-up rig in 1Q19 and delivery of 3 jack-up rigs in 1Q18, revenue would have been $608 million, an increase of 27% compared with $480 million in 1Q18.

PFO for 1Q19 was lower mainly due to continued lower overall business volume which impacted the absoprtion of overhead costs, offset by margin recognition from newly secured production floater projects and delivery of rigs. 1Q18 profit arose mainly from profit recognition on a rig delivered in 1Q18, offset by lower overall business volume.

Following a lower net finance cost and a tax credit, 1Q19 net profit was approximately $2 million lower than last year.

Urban

(S$ million)	1Q19	1Q18	Growth	%
Turnover*	1	1	–	–
Profit from operations (PFO)	7	12	(5)	(42)
Net Profit	7	10	(3)	(30)

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

1Q19 PFO and net profit was lower than 1Q18, mainly due to lower land sales in China.

5. BALANCE SHEETS

(S$ million)	GROUP As at March 31, 2019	GROUP As at December 31, 2018	COMPANY As at March 31, 2019	COMPANY As at December 31, 2018
Non-current assets				
Property, plant and equipment	11,846	11,672	325	328
Right-of-use assets	437	–	67	–
Investment properties	117	110	–	–
Investments in subsidiaries	–	–	2,647	2,647
Interests in associates and joint ventures	1,777	1,741	–	–
Other financial assets	242	262	–	–
Trade and other receivables	2,266	2,349	312	273
Contract costs	1	*	–	–
Tax recoverable	18	17	–	–
Intangible assets	776	779	24	24
Deferred tax assets	56	67	–	–
	17,536	**16,997**	**3,375**	**3,272**
Current assets				
Inventories	500	513	8	7
Trade and other receivables	2,135	2,289	113	96
Contract costs	166	329	–	–
Contract assets	1,380	1,022	–	10
Tax recoverable	30	22	–	–
Assets held for sale	127	129	127	127
Other financial assets	126	95	–	–
Cash and cash equivalents	1,685	1,925	747	759
	6,149	**6,324**	**995**	**999**
Total assets	**23,685**	**23,321**	**4,370**	**4,271**
Current liabilities				
Trade and other payables	2,992	2,968	142	130
Contract liabilities	508	445	1	1
Provisions	85	86	15	19
Other financial liabilities	69	62	*	–
Current tax payable	183	153	62	58
Interest-bearing borrowings	1,653	1,862	–	–
Lease liabilities	27	–	6	–
	5,517	**5,576**	**226**	**208**
Net current assets	**632**	**748**	**769**	**791**
Non-current liabilities				
Deferred tax liabilities	418	425	50	50
Contract liabilities	66	64	31	30
Provisions	163	163	16	16
Other financial liabilities	29	43	–	–
Retirement benefit obligations	5	5	–	–
Interest-bearing borrowings	8,815	8,870	–	–
Lease liabilities	475	–	71	–
Other payables	126	237	269	268
	10,097	**9,807**	**437**	**364**
Total liabilities	**15,614**	**15,383**	**663**	**572**
Net assets	**8,071**	**7,938**	**3,707**	**3,699**
Equity attributable to owners of the Company :-				
Share capital	566	566	566	566
Other reserves	(191)	(248)	(8)	(7)
Revenue reserve	5,735	5,669	2,339	2,339
	6,110	5,987	2,897	2,898
Perpetual securities	810	801	810	801
	6,920	**6,788**	**3,707**	**3,699**
Non-controlling interests	**1,151**	**1,150**	**–**	**–**
Total equity	**8,071**	**7,938**	**3,707**	**3,699**

5. NOTES TO THE BALANCE SHEETS (Cont'd)

5a. Group's borrowings and debt securities

		As at March 31, 2019	As at December 31, 2018
	(S$ million)		
	Amount repayable:		
(i)	**In one year or less, or on demand**		
	Interest-bearing borrowings		
	Secured	647	686
	Unsecured	1,006	1,176
		1,653	1,862
(ii)	**Between one to five years**		
	Interest-bearing borrowings		
	Secured	1,209	1,180
	Unsecured	4,435	4,623
		5,644	5,803
(iii)	**After five years**		
	Interest-bearing borrowings		
	Secured	2,092	2,086
	Unsecured	1,079	981
		3,171	3,067
	Total	10,468	10,732

(iv) **The secured loans are collaterised by the following assets' net book value:-**

	As at March 31, 2019	As at December 31, 2018
(S$ million)		
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	6,504	6,758

5b. Net asset value

	Group		Company	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Net asset value per ordinary share based on issued share capital at the end of the financial period (in $)	3.87	3.80	2.07	2.07

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at March 31, 2019 was $3.42 (December 31, 2018: $3.35), an increase mainly due to net increase in reserves.

5. NOTES TO THE BALANCE SHEETS (Cont'd)

5c. Explanatory Notes to Balance Sheets

(i) Group

Non-current assets

"Property, plant and equipment" increase of $174 million was attributable mainly to additions from Marine, Energy's India and UK operations net of depreciation for the period.

"Right-of-use assets" arose from recognition of land and building leases with the adoption of SFRS(I) 16.

"Other financial assets" decreased due mainly to Energy's cross currency swap contracts.

"Trade and other receivables" decreased due mainly to reclassification of Myingyan's and S4's service concession receivables that is due within 12 months to current.

"Deferred tax assets" decreased due mainly to change in estimates of Myanmar's tax losses and tax effects on the adoption of SFRS(I) 16.

Current assets

"Trade and other receivables" decrease was mainly from Marine's receipts from customers for completed projects net of service concession receivables reclassified from non-current, as Myingyan and S4 power plants have commenced commercial operations.

"Contract costs" decreased mainly due to recognition of cost of sales upon delivery and sale of rigs.

"Contract assets" increased mainly due to revenue recognised for work completed not yet billed.

"Tax recoverable" increased mainly from Energy India.

"Assets held for sale" decreased in 1Q19 due to the completion of Marine's divestment of its 20% equity interest in Ecospec Global Technology Pte Ltd.

"Other financial assets" increased mainly due to fair value adjustments on Marine's foreign currency forward contracts and Energy's fuel oil swap.

"Cash and cash equivalents" decreased mainly due to repayment of borrowings and payments for capital expenditures net of receipts from customers.

Current liabilities

"Contract liabilities" increased due mainly to milestone payment received from customer from Design & Construction business net of Marine's recognition of revenue upon the delivery of rigs.

"Provisions" With reference to the provision for fines made relating to an alleged discharge of off-specification wastewater at an overseas water business, disclosed under Note 20 of the FY2018 audited financial statements, legal proceedings have progressed to a final stage. Based on available information at the date of release of the Group's 1Q2019 results, the Group has assessed and believes that the current provision amount is adequate to cover the fines and related compensation.

"Current tax payables" increased mainly due to provision made for current period.

"Interest-bearing borrowings" decreased mainly due to repayment of current borrowings.

"Lease liabilities" arose from recognition of operating lease commitment with the adoption of SFRS(I) 16 predominantly for land and building.

5. NOTES TO THE BALANCE SHEETS (Cont'd)

5c. Explanatory Notes to Balance Sheets (Cont'd)

Non-current liabilities

"Other financial liabilities" decreased due mainly to fair value adjustments for Energy's fuel oil swap and Marine's foreign currency forward contracts and interest rate swaps offset by increase in fair value on Myingyan's interest rate swaps.

"Lease liabilities" arose from recognition of operating lease commitment with the adoption of SFRS(I) 16 predominantly for land and building.

"Other payables" decreased mainly due to Marine's reclassification of accrued land lease payables to lease liabilities.

Equity

"Other reserves" deficit decreased mainly due to net foreign currency translation gain and fair value gain on hedges.

(ii) Company

Non-current assets

"Right-of-use assets" arose from recognition of land leases with the adoption of SFRS(I) 16.

"Trade and other receivables" increased mainly due to loan to subsidiaries.

Current assets

"Trade and other receivables" increased mainly due to billings for pipeline work completed for a customer.

"Contract assets" decreased in line with billings for work performed.

Current liabilities

"Provisions" decreased mainly due to reversal of provision no longer required upon settlement with customers.

"Lease liabilities" arose from recognition of operating lease commitment with the adoption of SFRS(I) 16 predominantly for land.

Non-current liabilities

"Lease liabilities" arose from recognition of operating lease commitment with the adoption of SFRS(I) 16 predominantly for land.

Equity

"Revenue reserve" has $10 million reduction as at January 1, 2019 (see note 8b) due to the adoption of SFRS(I) 16.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

(S$ million)	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company									
1Q19										
At December 31, 2018 as previously reported	**566**	**(9)**	**(390)**	**151**	**5,669**	**5,987**	**801**	**6,788**	**1,150**	**7,938**
Adoption of SFRS(I) 16	–	–	–	–	(18)	(18)	–	(18)	3	(15)
Restated balance at January 1, 2019	**566**	**(9)**	**(390)**	**151**	**5,651**	**5,969**	**801**	**6,770**	**1,153**	**7,923**
Total comprehensive income										
Profit for the period	–	–	–	–	93	93	–	93	4	97
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	20	–	–	20	–	20	(4)	16
Exchange differences on monetary items forming part of net investment in foreign operation	–	–	1	–	–	1	–	1	–	1
Net change in fair value of cash flow hedges	–	–	–	27	–	27	–	27	6	33
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	16	–	16	–	16	(3)	13
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	1	–	1	–	1	–	1
Defined benefit plan actuarial gains and losses	–	–	–	–	*	*	–	*	–	*
Share of other comprehensive income of associates and joint ventures	–	–	–	(7)	–	(7)	–	(7)	–	(7)
Total other comprehensive income	–	–	21	37	–	58	–	58	(1)	57
Total comprehensive income	–	–	**21**	**37**	**93**	**151**	–	**151**	**3**	**154**
Transactions with owners of the Company, recognised directly in equity										
Capital reduction / distribution to non-controlling interests	–	–	–	–	–	–	–	–	(1)	(1)
Share-based payments	–	–	–	*	–	–	–	*	*	*
Purchase of treasury shares	–	(1)	–	–	–	(1)	–	(1)	–	(1)
Purchase of treasury shares by a subsidiary	–	–	–	–	–	–	–	–	*	*
Treasury shares transferred to employees	–	8	–	(8)	–	–	–	–	–	–
Accrued perpetual securities distribution	–	–	–	–	(9)	(9)	9	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	(4)	(4)
Total transactions with owners	–	**7**	–	**(8)**	**(9)**	**(10)**	**9**	**(1)**	**(5)**	**(6)**
At March 31, 2019	**566**	**(2)**	**(369)**	**180**	**5,735**	**6,110**	**810**	**6,920**	**1,151**	**8,071**

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

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

(S$ million)	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company									
1Q18										
At January 1, 2018	**566**	*****	**(265)**	**180**	**5,447**	**5,928**	**1,003**	**6,931**	**1,229**	**8,160**
Total comprehensive income										
Profit for the period	–	–	–	–	77	77	–	77	2	79
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	(72)	–	–	(72)	–	(72)	(13)	(85)
Exchange differences on monetary items forming part of net investment in foreign operation	–	–	3	–	–	3	–	3	–	3
Net change in fair value of cash flow hedges	–	–	–	26	–	26	–	26	2	28
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(15)	–	(15)	–	(15)	*	(15)
Net change in fair value of available-for-sale financial assets	–	–	–	(10)	–	(10)	–	(10)	(3)	(13)
Defined benefit plan actuarial gains and losses	–	–	–	-	*	*	–	*	*	*
Share of other comprehensive income of associates and joint ventures	–	–	–	18	–	18	–	18	(1)	17
Total other comprehensive income	–	–	(69)	19	*	(50)	–	(50)	(15)	(65)
Total comprehensive income	–	–	**(69)**	**19**	**77**	**27**	**–**	**27**	**(13)**	**14**
Transactions with owners of the Company, recognised directly in equity										
Share-based payments	–	–	–	*	–	*	–	*	*	*
Purchase of treasury shares	–	(9)	–	–	–	(9)	–	(9)	–	(9)
Treasury shares transferred to employees	–	8	–	(8)	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	1	28	–	29	–	29	(29)	–
Perpetual securities distribution paid	–	–	–	–	–	–	(5)	(5)	–	(5)
Accrued perpetual securities distribution	–	–	–	–	(11)	(11)	11	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	(6)	(6)
Unclaimed dividends	–	–	–	–	*	*	–	*	–	*
Total transactions with owners	**–**	**(1)**	**1**	**20**	**(11)**	**9**	**6**	**15**	**(35)**	**(20)**
At March 31, 2018	**566**	**(1)**	**(333)**	**219**	**5,513**	**5,964**	**1,009**	**6,973**	**1,181**	**8,154**

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

6b. Statements of Changes in Equity of the Company

(S$ million)	Attributable to owners of the Company: Share capital	Reserve for own shares	Others	Revenue reserve	Total	Perpetual securities	Total
1Q19							
At December 31, 2018 as previously reported	**566**	**(9)**	**2**	**2,339**	**2,898**	**801**	**3,699**
Adoption of SFRS(I) 16	–	–	–	(10)	(10)	–	(10)
Restated balance at January 1, 2019	**566**	**(9)**	**2**	**2,329**	**2,888**	**801**	**3,689**
Total comprehensive income							
Profit for the period	–	–	–	19	19	–	19
Total comprehensive income	**–**	**–**	**–**	**19**	**19**	**–**	**19**
Transactions with owners of the Company, recognised directly in equity							
Purchase of treasury shares	–	(1)	–	–	(1)	–	(1)
Treasury shares transferred to employees	–	8	(8)	–	–	–	–
Accrued perpetual securities distribution	–	–	–	(9)	(9)	9	–
Total transactions with owners	**–**	**7**	**(8)**	**(9)**	**(10)**	**9**	**(1)**
At March 31, 2019	**566**	**(2)**	**(6)**	**2,339**	**2,897**	**810**	**3,707**

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

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

(S$ million)	Attributable to owners of the Company: Share capital	Reserve for own shares	Others	Revenue reserve	Total	Perpetual securities	Total
1Q18							
At January 1, 2018	**566**	*****	**2**	**2,087**	**2,655**	**1,003**	**3,658**
Total comprehensive income							
Profit for the period	–	–	–	41	41	–	41
Total comprehensive income	**–**	**–**	**–**	**41**	**41**	**–**	**41**
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	–	–	*	–	*	–	*
Purchase of treasury shares	–	(9)	–	–	(9)	–	(9)
Treasury shares transferred to employees	–	8	(8)	–	–	–	–
Perpetual securities distribution paid	–	–	–	–	–	(5)	(5)
Accrued perpetual securities distribution	–	–	–	(11)	(11)	11	–
Unclaimed dividends reissued	–	–	–	*	*	–	*
Total transactions with owners	**–**	**(1)**	**(8)**	**(11)**	**(20)**	**6**	**(14)**
At March 31, 2018	**566**	**(1)**	**(6)**	**2,117**	**2,676**	**1,009**	**3,685**

6. NOTES TO THE STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6c. Changes in the Company's share capital

Issued share capital and treasury shares

	Number of shares	
	Issued Share Capital	Treasury Share
At January 1, 2019	1,787,547,732	3,100,138
Treasury shares purchased	–	300,000
Treasury shares transferred pursuant to restricted share plan	–	(2,807,674)
At March 31, 2019	1,787,547,732	592,464

Issued and paid up capital

As at March 31, 2019, the Company's issued and paid up capital excluding treasury shares comprised 1,786,955,268 (December 31, 2018: 1,784,447,594) ordinary shares.

Treasury shares

During 1Q19, the Company acquired 300,000 (1Q18: 2,800,000) ordinary shares in the Company by way of on-market purchases. 2,807,674 (1Q18: 2,517,612) treasury shares were re-issued pursuant to the Restricted Share Plan (RSP).

As at March 31, 2019, 592,464 (December 31, 2018: 3,100,138) treasury shares were held that may be re-issued upon the vesting of performance shares and restricted shares under the Performance Share Plan (PSP) and RSP respectively.

Performance Shares

	Number of shares
At January 1, 2019	3,601,553
Performance shares lapsed arising from under-achievement of targets	(770,000)
At March 31, 2019	2,831,553

During 1Q19, nil (1Q18: nil) performance shares were awarded under the Company's PSP, nil (1Q18: nil) performance shares were released and 770,000 (1Q18: 743,750) performance shares lapsed arising from under-achievement of the performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at March 31, 2019, was 2,831,553 (March 31, 2018: 1,659,553). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,247,329 (March 31, 2018: 2,489,329) performance shares.

6. NOTES TO THE STATEMENTS OF CHANGES IN EQUITY (Cont'd)

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

Restricted shares

	Number of shares		
	2017 & before	**2019**	**Total**
At January 1, 2019	5,082,597	–	5,082,597
Restricted shares awarded	46,600	3,232,953	3,279,553
Restricted shares released	(2,107,081)	(789,576)	(2,896,657)
Restricted shares lapsed	(54,347)	–	(54,347)
Restricted shares lapsed due to under-achievement of targets	(1,187,000)	–	(1,187,000)
At March 31, 2019	1,780,769	2,443,377	4,224,146

Award granted in 2019
As detailed in the 2018 Annual Report, with effect from 2019, shares will be granted to eligible employees under the SCI RSP 2010 based on financial performance and corporate objectives achieved in the preceding year.

For managerial participants, a quarter of the awards granted will vest immediately depending on the fulfilment of the criteria. The remaining three-quarters of the awards will vest over the following three years in equal tranches, subject to individual performance and fulfilment of service conditions at vesting.

During 1Q19, a total of 3,279,553 (1Q18: nil) restricted shares were awarded under the RSP, 2,896,657 (1Q18: 2,436,848) restricted shares were released and a total of 1,241,347 (1Q18: 361,075) restricted shares lapsed. Of the restricted shares released, 2,807,674 (1Q18: 2,394,612) restricted shares released were settled by way of issuance of treasury shares and 88,983 (1Q18: 42,236) restricted shares were cash-settled.

The total number of restricted shares outstanding for awards achieved but not released, as at end March 31, 2019 was 4,224,146 (March 31, 2018: 5,488,898).

With the change in the remuneration structure, with effect from 2019 award, the RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfillment of service conditions at vesting. The actual release of the conditional awards is a maximum of 4,224,146 (March 31, 2018: 4,858,101) restricted shares.

7. CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
(S$ million)	1Q19	1Q18
Cash flows from Operating Activities		
Profit for the period	97	79
Adjustments for :		
Dividend income	*	*
Finance income	(34)	(17)
Finance costs	142	114
Depreciation and amortisation	168	139
Share of results of associates and joint ventures, net of tax	(45)	(42)
Gain on disposal of property, plant and equipment and other financial assets	(1)	(1)
Changes in fair value of financial instruments	10	(5)
Equity settled share-based compensation expenses	1	1
Allowance made for impairment loss in value of assets and assets written off, net	2	1
Allowance / (Write-back) of doubtful debts and bad debts, net	6	(4)
Tax expense	18	38
Operating profit before working capital changes	364	303
Changes in working capital:		
Inventories	15	2
Receivables	207	(8)
Payables	(112)	(331)
Contract costs	162	671
Contract assets	(359)	(74)
Contract liabilities	65	(352)
	342	211
Tax paid	(10)	(20)
Net cash from operating activities	332	191
Cash flows from Investing Activities		
Dividend received	44	36
Interest received	30	15
Proceeds from sale of other financial assets and business	79	62
Proceeds from sale of property, plant and equipment	1	*
Proceeds from sale of intangible assets	*	–
Loan repayments from related parties	9	10
Non-trade balances with related corporations, net of repayment	*	(5)
Additional investments in joint ventures	(8)	(1)
Acquisition of other financial assets	(81)	(62)
Purchase of property, plant and equipment and investment properties	(241)	(50)
Purchase of intangible assets	(1)	(5)
Net cash used in investing activities	(168)	*

7. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	GROUP	
	1Q19	**1Q18**
(S$ million)		
Cash flows from Financing Activities		
Proceeds from share issued to non-controlling interests of subsidiaries	*	–
Purchase of treasury shares	(1)	(9)
Proceeds from borrowings	626	1,225
Repayment of borrowings	(902)	(1,448)
Payment on lease liabilities	(9)	–
Payment for non-controlling interests acquired in 2017	–	(292)
Unclaimed dividends	–	*
Capital reduction paid to non-controlling interests	(1)	–
Dividends paid to non-controlling interests of subsidiaries	(4)	(7)
Payment in restricted cash held as collateral	(1)	(3)
Redemption of perpetual securities and distribution paid	–	(5)
Interest paid	(118)	(93)
Net cash used in financing activities	(410)	(632)
Net decrease in cash and cash equivalents	(246)	(441)
Cash and cash equivalents at beginning of the period	**1,923**	**2,681**
Effect of exchange rate changes on balances held in foreign currency	6	(10)
Cash and cash equivalents at end of the period	**1,683**	**2,230**

7a. Cash and cash equivalents

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

	Group	
	As at March 31, 2019	**As at December 31, 2018**
(S$ million)		
Fixed deposits with banks	351	323
Cash and bank balances	1,334	1,602
Cash and cash equivalents in the balance sheets	1,685	1,925
Bank overdrafts	–	(1)
Restricted bank balances held as collateral by banks	(2)	(1)
Cash and cash equivalents in the consolidated statement of cash flows	1,683	1,923

7b. Explanatory Notes to Consolidated Statement of Cash Flows

(i) First Quarter

Net cash from operating activities before changes in working capital and net cash from operating activities stood at $364 million and $332 million respectively. The changes in working capital were mainly from receipts from customers offset by application for Marine's ongoing projects.

Net cash used in investing activities was $168 million, mostly for acquisition of property, plant & equipment for the quarter.

Net cash used in financing activities was $410 million, mainly for net repayment of Marine's borrowings.

(ii) Significant non-cash transactions

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

8. ACCOUNTING POLICIES

8a. Basis of preparation

The financial statements for the three months period ended March 31, 2019 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, December 31, 2018.

8b. 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 January 1, 2019:

- SFRS(I) 16 — Leases
- SFRS(I) INT 23 — Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9 — Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28 — Long-term Interests in Associates and joint Ventures
- Amendments to SFRS(I) 3 — Business Combinations
- Amendments to SFRS(I) 11 — Joint Arrangements
- Amendments to SFRS(I) 1-12 — Income Taxes
- Amendments to SFRS(I) 1-23 — Borrowing Costs
- Amendments to SFRS(I) 1-19 — Plan Amendment, Curtailment or Settlement

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

The Group measures the Right-of-use (ROU) asset at its carrying amount 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. 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 at agreed interval 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 January 1, 2019, the adoption of SFRS(I) 16 resulted in the following key effects at the Group and Company:-

(S$ million)	**Group**	**Company**
Asset		
Right-of-use assets	445	69
Property, plant and equipment	(43)	–
Deferred tax assets	(2)	–
Prepayment	(15)	–
Liabilities		
Lease liabilities	501	79
Other payables	(101)	–
Equity		
Revenue reserve	(18)	(10)
Non-controlling interests	3	–

The nature of expenses related to those leases with change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for right-of-use assets and interest expense on lease liabilities.

9. RELATED PARTIES

9a. Related Party Transactions

The balances due from related parties arose from the usual trade transactions, reimbursements and for financing of capital expansion.

During 1Q19 and as at March 31, 2019, there were no significant changes in the outstanding balances and new transactions with related parties since the end of the last annual reporting period. (ie Financial year ended December 31 2018).

9b. Compensation of Key Management Personnel

There were no change to the key management personnel and no change to the compensation scheme in 1Q19.

10. FAIR VALUE MEASUREMENTS

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 – Using quoted prices (unadjusted) from active markets for identical financial instruments
- Level 2 – Using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 – Using inputs not based on observable market data (unobservable input).

Securities
The fair value of financial assets is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

Derivatives
The derivatives used by the Group for hedging and enhancement of performance purposes. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps, electricity futures market contracts. They are accounted on consistent basis as disclosed in the most recent annual financial report.

1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current market price.

2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

3. The fair value of fuel oil swaps contracts is accounted for based on the difference between the contractual strike price with the counterparty and the current market price.

4. Contracts for differences (CFDs) are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The CFDs are measured at cost since the fair value cannot be measured reliability as there have been minimal trades made in the electricity future market. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

Non-derivative non-current financial assets and liabilities
Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the reporting date.

Other financial assets and liabilities
The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

For financial instruments not actively traded in the market, fair value is determined by independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

10. FAIR VALUE MEASUREMENTS (Cont'd)

Financial assets and liabilities carried at fair value

(S$ million)	Fair value measurement using: Level 1	Level 2	Level 3	Total
Group				
As at March 31, 2019				
Financial assets at FVOCI	71	–	37	108
Financial assets at FVTPL	58	–	15	73
Derivative financial assets	–	156	–	156
	129	156	52	337
Derivative financial liabilities	–	(98)	–	(98)
	129	58	52	239

(S$ million)	Level 1	Level 2	Level 3	Total
Group				
As at December 31, 2018				
Financial assets at FVOCI	71	–	37	108
Financial assets at FVTPL	56	–	15	71
Derivative financial assets	–	153	–	153
	127	153	52	332
Derivative financial liabilities	–	(105)	–	(105)
	127	48	52	227

In March 31, 2019 and December 31, 2018, there have been no transfers between the different levels of the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements of financial assets at FVOCI (December 31, 2018: FVOCI) in Level 3 of the fair value hierarchy:

(S$ million)	**Financial assets at FVOCI**
Group	
As at January 1, 2019	37
Net change in fair value recognised in OCI	*
As at March 31, 2019	37

(S$ million)	**Financial assets at FVOCI**
Group	
As at January 1, 2018	39
Additions	3
Net change in fair value recognised in OCI	(5)
As at December 31, 2018	37

10. FAIR VALUE MEASUREMENTS (Cont'd)

The fair value of financial assets and financial liabilities measured on amortised cost basis for the Group and the Company approximate the carrying amounts, except for service concession receivables and non-current borrowings of the Group.

(S$ million)	**Financial assets at amortised costs**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Group				
As at March 31, 2019				
Service concession receivables	1,079	–	1,079	1,137
Interest-bearing borrowings:				
– Non-current borrowings	–	8,815	8,815	8,781

(S$ million)	**Financial assets at amortised costs**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Group				
As at December 31, 2018				
Service concession receivables	1,065	–	1,065	1,068
Interest-bearing borrowings:				
– Non-current borrowings	–	8,868	8,868	8,821

(S$ million)	**Financial assets at amortised costs**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Company				
As at March 31, 2019				
Amounts due from related parties	322	–	322	324
Amounts due to related parties	–	293	293	295

(S$ million)	**Financial assets at amortised costs**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Company				
As at December 31, 2018				
Amounts due from related parties	279	–	279	278
Amounts due to related parties	–	247	247	246

11. AUDIT

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

12. AUDITORS' REPORT

Not applicable.

13. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

14. PROSPECTS

This release contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, availability and cost of fuel and materials, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy, directives and changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the management on future events and impact on the Group.

Energy

The Energy business is consolidating and expected to deliver a steady performance in 2019.

In Singapore, completion of the sale of certain utilities facilities to ExxonMobil Asia Pacific is expected by end-2019. In India, the energy business is expected to continue to improve, underpinned by a positive long-term outlook for the India power market. Major maintenance shutdowns for the power generation assets in Singapore as well as in the UK will take place this year.

The focus for the business continues to be on lifting performance and investing in capabilities in line with the strategy to reposition for success amid the global energy transition.

Urban

Urban's earnings growth is expected to continue into 2019, underpinned by a strong orderbook in Vietnam and the recognition of income from the sale of a residential development in China.

Marine

Sembcorp Marine is responding to increasing enquiries and tenders for offshore production units, innovative engineering solutions and projects related to the gas value chain. However, competition remains intense and production activity for the Marine business is expected to remain low.

Sembcorp Marine will continue to take steps to manage costs, cash flows and gearing to address the balance sheet and to capitalise on new business opportunities.

Group

The Energy and Urban businesses continue to underpin the Group's performance. However, the market environment continues to be challenging in 2019, especially for the offshore and marine sector. Global economic growth is projected to ease as markets face escalating risks including rising trade tensions and tightening financial conditions.

The Group remains focused on executing strategy, improving performance as well as strengthening its balance sheet, and is on track to deliver on its divestment programme.

15. SUBSEQUENT EVENT

On April 1, 2019, the Group signed a conditional agreement to transfer its wholly-owned municipal water plant to a local government agency for a total consideration of RMB 98.8 million (approximately S$19.9 million). The transaction is expected to be completed by mid-2020.

16. DIVIDEND

The Company's practice is to consider declaring dividends on a biannual basis. Therefore, there was no interim dividend declared in 1Q19.

17. INTERESTED PERSON TRANSACTIONS

(S$ million)	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) 1Q19
Sale of Goods and Services	
Temasek Holdings (Private) Limited and its Associates	
- PSA International Pte Ltd and its Associates	1.5
- Singapore Power Limited and its Associates	1.1
- Temasek Capital (Private) Limited and its Associates	0.2
	2.8
Olam International Ltd and its Associates	0.9
	3.7
Purchase of Goods and Services	
Temasek Holdings (Private) Limited and its Associates	
- Singapore Power Limited and its Associates	1.2
- Temasek Capital (Private) Limited and its Associates [1]	142.0
	143.2
Singapore Technologies Engineering Ltd and its Associates	0.1
	143.3
Provision of Management and Support Services	
Temasek Holdings (Private) Limited and its Associates	
- Temasek Capital (Private) Limited and its Associates	2.0
	149.0

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

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

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

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

We, Ang Kong Hua, and Neil McGregor, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the first quarter ended March 31, 2019 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for the first quarter ended March 31, 2019.

On behalf of the board of directors

Ang Kong Hua	**Neil McGregor**
Chairman	**Director**

BY ORDER OF THE BOARD

Kwong Sook May (Ms)
Company Secretary
May 15, 2019