SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

SEMBCORP INDUSTRIES LTD
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UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2019

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

1. CONSOLIDATED INCOME STATEMENT

		GROUP			GROUP		
		2Q19	**2Q18**	**+ / (-)**	**1H19**	**1H18**	**+ / (-)**
(S$ million)	**Note**			**%**			**%**
Turnover	2a	**2,372**	**3,344**	**(29)**	**4,851**	**6,102**	**(21)**
Cost of sales	2b	(2,107)	(3,155)	(33)	(4,319)	(5,651)	(24)
Gross profit		**265**	**189**	**40**	**532**	**451**	**18**
General & administrative expenses	2c	(125)	(92)	36	(234)	(181)	29
Other operating income / (expenses), net	2d	38	37	3	57	34	68
Non-operating income	2e	1	4	(75)	3	5	(40)
Non-operating expenses	2e	(1)	(1)	–	(2)	(1)	100
Finance income	2f	32	18	78	67	35	91
Finance costs	2f	(147)	(122)	20	(289)	(235)	23
Share of results of associates and joint ventures, net of tax	2g	54	56	(4)	99	97	2
Profit before tax		**117**	**89**	**31**	**233**	**205**	**14**
Tax expense	2h	(15)	(24)	(38)	(34)	(61)	(44)
Profit for the period		**102**	**65**	**57**	**199**	**144**	**38**
Attributable to:							
Owners of the Company		98	82	20	191	159	20
Non-controlling interests		4	(17)	NM	8	(15)	NM
		102	**65**	**57**	**199**	**144**	**38**
Earnings per ordinary share (cents)	2i						
- basic		4.98	3.94	26	9.69	7.58	28
- diluted		4.95	3.91	27	9.63	7.54	28

* denotes amount of less than $1 million

NM – Not meaningful

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2a. Turnover and disaggregation of revenue

2Q19

(S$ million)	Energy[1]	Marine	Urban[1]	Others / Corporate	Elimination	Total
Turnover						
External sales	1,561	731	1	79	–	2,372
Inter-segment sales	8	–	*	2	(10)	–
Total	**1,569**	**731**	**1**	**81**	**(10)**	**2,372**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,368	–	–	–	–	1,368
Provision of water products and related services	51	–	–	–	–	51
Ship and rig repair, building, conversion and related services	–	722	–	–	–	722
Construction and engineering related activities	64	–	*	63	–	127
Others	78	9	–	16	–	103
Total revenue from contracts with customers	**1,561**	**731**	*****	**79**	**–**	**2,371**
Charter hire and rental income	–	–	1	–	–	1
Total external sales	**1,561**	**731**	**1**	**79**	**–**	**2,372**
Timing of revenue recognition						
At a point in time	4	17	*	16	–	37
Over time	1,557	714	–	63	–	2,334
Total revenue from contracts with customers	**1,561**	**731**	*****	**79**	**–**	**2,371**

2Q18

(S$ million)	Energy[1]	Marine	Urban[1]	Others / Corporate	Elimination	Total
Turnover						
External sales	1,663	1,627	1	53	–	3,344
Inter-segment sales	8	–	*	15	(23)	–
Total	**1,671**	**1,627**	**1**	**68**	**(23)**	**3,344**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,426	–	–	–	–	1,426
Provision of water products and related services	57	–	–	–	–	57
Ship and rig repair, building, conversion and related services	–	1,605	–	–	–	1,605
Construction and engineering related activities	89	–	–	49	–	138
Others	91	7	1	4	–	103
Total revenue from contracts with customers	**1,663**	**1,612**	**1**	**53**	**–**	**3,329**
Charter hire and rental income	–	15	–	–	–	15
Total external sales	**1,663**	**1,627**	**1**	**53**	**–**	**3,344**
Timing of revenue recognition						
At a point in time	19	395	*	4	–	418
Over time	1,644	1,217	1	49	–	2,911
Total revenue from contracts with customers	**1,663**	**1,612**	**1**	**53**	**–**	**3,329**

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

In 2Q19, the Group reported a turnover of $2,372 million, a decrease of 29% or $972 million. Turnover for the Energy business decreased 6% to $1,561 million and turnover for the Marine business decreased 55% to $731 million.

The lower turnover from Energy was attributed mainly to lower provision of energy products and related services from Singapore and India and lower construction revenue (service concession) recognition. The decrease was also partly due to the absence of contribution from South Africa post-divestment.

The decrease in turnover for the Marine business was mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade revenue.

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

2a. Turnover and disaggregation of revenue (Cont'd)

1H19

(S$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	3,153	1,542	1	155	–	4,851
Inter-segment sales	16	–	*	5	(21)	–
Total	**3,169**	**1,542**	**1**	**160**	**(21)**	**4,851**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	2,772	–	–	–	–	2,772
Provision of water products and related services	104	–	–	–	–	104
Ship and rig repair, building, conversion and related services	–	1,523	–	–	–	1,523
Construction and engineering related activities	127	–	*	124	–	251
Others	150	19	–	31	–	200
Total revenue from contracts with customers	**3,153**	**1,542**	*****	**155**	**–**	**4,850**
Charter hire and rental income	–	–	1	–	–	1
Total external sales	**3,153**	**1,542**	**1**	**155**	**–**	**4,851**
Timing of revenue recognition						
At a point in time	6	245	*	31	–	282
Over time	3,147	1,297	–	124	–	4,568
Total revenue from contracts with customers	**3,153**	**1,542**	*****	**155**	**–**	**4,850**

1H18

(S$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	3,173	2,808	1	120	–	6,102
Inter-segment sales	14	–	*	29	(43)	–
Total	**3,187**	**2,808**	**1**	**149**	**(43)**	**6,102**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	2,714	–	–	–	–	2,714
Provision of water products and related services	116	–	–	–	–	116
Ship and rig repair, building, conversion and related services	–	2,765	–	–	–	2,765
Construction and engineering related activities	167	–	–	104	–	271
Others	176	14	1	16	–	207
Total revenue from contracts with customers	**3,173**	**2,779**	**1**	**120**	**–**	**6,073**
Charter hire and rental income	–	29	–	–	–	29
Total external sales	**3,173**	**2,808**	**1**	**120**	**–**	**6,102**
Timing of revenue recognition						
At a point in time	27	1,101	*	15	–	1,143
Over time	3,146	1,678	1	105	–	4,930
Total revenue from contracts with customers	**3,173**	**2,779**	**1**	**120**	**–**	**6,073**

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

2b. Cost of sales

(S$ million)	Note	GROUP 2Q19	GROUP 2Q18	+ / (-) %	GROUP 1H19	GROUP 1H18	+ / (-) %
Cost of sales		(2,107)	(3,155)	(33)	(4,319)	(5,651)	(24)
Included in cost of sales :-							
Depreciation and amortisation	(i)	(164)	(139)	18	(325)	(273)	19
Fixed assets written off		(6)	(1)	NM	(8)	(1)	NM

The overall decline in cost of sales for 2Q19 corresponded to lower sales for the period

(i) The higher depreciation and amortisation in 2Q19 as compared to 2Q18 was mainly due to UK Power Reserve (UKPR), acquired in May 2018 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, $11 million of depreciation of right-of-use assets was recognised in 2Q19.

2c. General & administrative expenses

(S$ million)	Note	GROUP 2Q19	GROUP 2Q18	+ / (-) %	GROUP 1H19	GROUP 1H18	+ / (-) %
General & administrative expenses		(125)	(92)	36	(234)	(181)	29
Included in general & administrative expenses :-							
Depreciation and amortisation		(6)	(5)	20	(14)	(12)	17
Allowance for expected credit loss	(i)	(6)	(5)	20	(12)	(1)	NM
Fixed assets written off		*	(2)	NM	*	(3)	NM

Higher general & administrative expenses in 2Q19 was mainly due to increase in personnel and administrative expenses from business acquired last year and increased in consultancy cost as the Group continued to build and deepen the capabilities in new business lines, including digital and technology.

(i) The net increase in 2Q19 expected credit loss allowance was mainly from energy operations in India and Sirajganj Unit 4 (S4) arising from increase in service concession receivables.

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

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

(S$ million)	Note	GROUP 2Q19	GROUP 2Q18	+ / (-) %	GROUP 1H19	GROUP 1H18	+ / (-) %
Other operating income / (expenses), net		38	37	3	57	34	68
Included in other operating income / (expenses), net : -							
(Loss) / Gain on disposal of property, plant & equipment		(1)	2	NM	(1)	2	NM
Loss on disposal of intangible assets		*	–	NM	*	–	NM
Changes in fair value of financial instruments	(i)	8	10	(20)	(2)	15	NM
Foreign exchange (loss) / gain, net	(ii)	(6)	5	NM	*	(23)	NM
Rental income		5	5	–	10	10	–
Grant income		1	3	(67)	2	4	(50)
Other income	(iii)	31	12	158	48	26	85

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

(ii) Net foreign exchange loss in 2Q19 arose mainly from depreciation of the British Pound (GBP) against the Singapore dollar (SGD). The loss was mitigated by gain from revaluation of assets and liabilities denominated in United States dollar (USD) to SGD in the Marine business.

(iii) Other income increased in 2Q19 was mainly due to the recognition of settlement with a customer in India on late payment. Other income also include sale of scrap.

2e. Non-operating income and non-operating expenses

(S$ million)	Note	GROUP 2Q19	GROUP 2Q18	+ / (-) %	GROUP 1H19	GROUP 1H18	+ / (-) %
Non-operating income		1	4	(75)	3	5	(40)
Non-operating expense		(1)	(1)	–	(2)	(1)	100
Included in non-operating income / (expense), net :-							
Gain on disposal of subsidiaries		–	*	NM	–	*	NM
Gain on disposal of joint ventures		–	2	(100)	–	2	(100)
Gain on disposal of other financial assets	(i)	1	1	–	2	2	–
Impairment of goodwill		–	(1)	(100)	–	(1)	(100)

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

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

2f. Finance income and finance costs

(S$ million)	Note	GROUP 2Q19	2Q18	+ / (-) %	GROUP 1H19	1H18	+ / (-) %
Finance income	(i)	32	18	78	67	35	91
Finance costs	(ii)	(147)	(122)	20	(289)	(235)	23
Included in finance costs :-							
Interest paid and payable to bank and		(134)	(115)	17	(263)	(223)	18
Amortisation of capitalised transaction		(3)	(2)	50	(5)	(3)	67
Fair value changes of interest rate swaps		(4)	(4)	–	(7)	(8)	(13)
Unwind of discount on restoration costs and financing component from contracts with customers		(1)	(1)	–	(3)	(1)	200
Interest expense on lease liabilities		(5)	–	NM	(11)	–	NM

(i) Higher finance income registered in 2Q19 was mainly due to interest income from a customer on deferred payment arrangement.

(ii) 2Q19 finance costs was higher than 2Q18. The increase was mainly from the Energy and Marine businesses with higher average bank borrowing following the acquisition of UKPR in May 2018 and working capital needs for ongoing projects, respectively. The increase was also due to Myingyan and S4, where interest costs are no longer capitalised as the plants have commenced operations. 2Q19 finance costs also included $5 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

2Q19 share of results of associates and joint ventures was $54 million, marginally lower than $56 million reported in 2Q18.

2h. Tax expense

(S$ million)	GROUP 2Q19	2Q18	+ / (-) %	GROUP 1H19	1H18	+ / (-) %
Tax expense	(15)	(24)	(38)	(34)	(61)	(44)
Included in tax expense :-						
Net write-back of tax in respect of prior years	1	*	NM	5	1	NM

The net write-back of tax in prior years was mainly from Singapore's power generation business.

1H19 effective tax rate was 25% as compared to 57% in 1H18. Tax expenses for India was lower subsequent to the amalgamation of its thermal power operations in 4Q18.

2i. Earnings per ordinary share

	GROUP 2Q19 S$	2Q18 S$	+ / (-) %	GROUP 1H19 S$	1H18 S$	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	4.98	3.94	26	9.69	7.58	28
- Weighted average number of shares (in million)	1,787.2	1,787.3	*	1,786.2	1,787.2	*
(ii) On a fully diluted basis (in cents)	4.95	3.91	27	9.63	7.54	28
- Adjusted weighted average number of shares (in million)	1,799.2	1,796.7	*	1,796.5	1,796.7	*

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(S$ million)	Note	GROUP 2Q19	GROUP 2Q18	GROUP 1H19	GROUP 1H18
Profit for the period		**102**	**65**	**199**	**144**
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations	(i)	2	29	18	(56)
Exchange differences on monetary items forming part of net investment in foreign operation		(1)	(1)	–	2
Net change in fair value of cash flow hedges	(ii)	(25)	35	8	63
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	(9)	(27)	4	(42)
Realisation of reserve upon disposal of subsidiaries		–	*	–	*
Share of other comprehensive income of associates and joint ventures	(iv)	(11)	8	(18)	25
		(44)	44	12	(8)
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)	(9)	7	(8)	(6)
Defined benefit plan actuarial gain / (loss)		4	*	4	*
Other comprehensive (loss) / income for the period, net of tax		(49)	51	8	(14)
Total comprehensive income for the period		**53**	**116**	**207**	**130**
Attributable to:					
Owners of the Company		47	139	198	167
Non-controlling interests		6	(23)	9	(37)
Total comprehensive income for the period		**53**	**116**	**207**	**130**

3a. Notes to Consolidated Statement of Comprehensive Income

(i) Change in foreign currency translation in 2Q19 arose mainly from appreciation of USD and Indian Rupee (INR) against SGD, net of depreciation of GBP and China Renminbi (RMB) against SGD.

(ii) Fair value changes in 2Q19 were mainly due to hedging differential on fuel oil swaps, forward foreign currency 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 in 2Q19 included amount realised through other comprehensive income upon the disposal of holding in Gallant Venture.

4. SEGMENTAL REPORTING

1H19

(i) Operating segments

(S$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	3,153	1,542	1	155	–	4,851
Inter-segment sales	16	–	*	5	(21)	–
Total	**3,169**	**1,542**	**1**	**160**	**(21)**	**4,851**
Results						
Earnings before interest and taxes (EBIT)	374	*	(10)	(8)	–	356
Share of results of associates and joint ventures, net of tax	72	(1)	29	(1)	–	99
Profit from operations (PFO)	**446**	**(1)**	**19**	**(9)**	**–**	**455**
Finance income	19	48	2	66	(68)	67
Finance costs	(239)	(66)	(3)	(49)	68	(289)
	226	**(19)**	**18**	**8**	**–**	**233**
Tax (expense) / credit	(36)	7	1	(6)	–	(34)
Non-controlling interests	(13)	6	(1)	–	–	(8)
Net profit / (loss) for the period	**177**	**(6)**	**18**	**2**	**–**	**191**
Assets						
Segment assets	13,249	8,598	623	3,565	(3,670)	22,365
Interests in associates and joint ventures	981	63	701	61	–	1,806
Tax assets	65	49	5	3	–	122
Total assets	**14,295**	**8,710**	**1,329**	**3,629**	**(3,670)**	**24,293**
Liabilities						
Segment liabilities	9,798	6,292	472	2,767	(3,670)	15,659
Tax liabilities	476	68	1	22	–	567
Total liabilities	**10,274**	**6,360**	**473**	**2,789**	**(3,670)**	**16,226**
Capital expenditure	294	214	*	1	–	509
Significant non-cash items						
Depreciation and amortisation	206	125	*	8	–	339
Allowance for impairment in value of assets and assets written off, net	9	*	–	–	–	9
Allowance for / (write-back of) expected credit loss	13	(1)	*	*	–	12

(ii) Geographical segments

(S$ million)	Revenue	%	Non-current Assets	%	Total Assets	%	Capital Expenditure	%
Singapore	2,000	41	5,857	33	9,794	40	249	49
China	116	2	1,580	9	2,239	9	4	1
India	854	18	5,479	31	6,847	28	196	38
Rest of Asia	155	3	1,408	8	1,662	7	3	1
Middle East & Africa	38	1	318	2	354	2	*	–
UK	331	7	854	5	1,083	5	25	5
Rest of Europe	754	16	322	2	348	1	*	–
Brazil	167	3	1,541	9	1,753	7	30	6
USA	404	8	2	–	4	–	*	–
Other Countries	32	1	177	1	209	1	2	–
Total	4,851	100	17,538	100	24,293	100	509	100

4. SEGMENTAL REPORTING (Cont'd)

1H18

(i) Operating segments

(S$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	3.173	2,808	1	120	–	6,102
Inter-segment sales	14	–	*	29	(43)	–
Total	**3,187**	**2,808**	**1**	**149**	**(43)**	**6,102**
Results						
Earnings before interest and taxes (EBIT)	360	(34)	(6)	(12)	–	308
Share of results of associates and joint ventures, net of tax	46	1	55	(5)	–	97
Profit from operations (PFO)	**406**	**(33)**	**49**	**(17)**	**–**	**405**
Finance income	17	19	*	44	(45)	35
Finance costs	(196)	(48)	(2)	(34)	45	(235)
	227	**(62)**	**47**	**(7)**	–	**205**
Tax (expense) / credit	(64)	8	*	(5)	–	(61)
Non-controlling interests	(8)	22	(2)	3	–	15
Net profit / (loss) for the period	**155**	**(32)**	**45**	**(9)**	**–**	**159**
Assets						
Segment assets	12,766	8,252	354	3,111	(3,648)	20,835
Interests in associates and joint ventures	935	69	798	71	–	1,873
Tax assets	66	38	2	5	–	111
Total assets	**13,767**	**8,359**	**1,154**	**3,187**	**(3,648)**	**22,819**
Liabilities						
Segment liabilities	8,949	5,895	287	2,480	(3,648)	13,963
Tax liabilities	533	78	*	18	–	629
Total liabilities	**9,482**	**5,973**	**287**	**2,498**	**(3,648)**	**14,592**
Capital expenditure	296	111	*	3	–	410
Significant non-cash items						
Depreciation and amortisation	181	96	1	7	–	285
Impairment of goodwill	–	–	–	1	–	1
Allowance for impairment in value of assets and assets written off, net	3	*	–	1	–	4
Allowance for / (Write-back of) expected credit loss	2	1	(2)	*	–	1

(ii) Geographical segments	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
(S$ million)		%		%		%		%
Singapore	2,076	34	5,122	31	9,183	39	143	35
China	104	2	1,641	10	2,013	9	5	1
India	925	15	5,111	31	6,330	28	201	49
Rest of Asia	478	8	1,514	9	1,716	8	3	1
Middle East & Africa	61	1	376	2	434	2	2	–
UK	352	6	749	5	961	4	17	4
Rest of Europe	1,091	18	342	2	414	2	*	–
Brazil	132	2	1,446	9	1,557	7	31	8
USA	817	13	6	–	7	–	*	–
Other Countries	66	1	184	1	204	1	8	2
Total	6,102	100	16,491	100	22,819	100	410	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 presented are in 10 principal geographical areas: Singapore, China, India, Rest of Asia, Middle East & Africa, UK, Rest of Europe, Brazil, USA and Other Countries. 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)	2Q19	2Q18	Growth	%	1H19	1H18	Growth	%
Turnover	1,561	1,663	(102)	(6)	3,153	3,173	(20)	(1)
Profit from operations (PFO)	231	216	15	7	446	406	40	10
Net Profit	92	85	7	8	177	155	22	14

Turnover
Turnover of $1,561 million in 2Q19 was $102 million or 6% lower than that of 2Q18. The decrease was mainly from Singapore, India and Bangladesh. The decline from Singapore came mainly from lower gas sales and lower turnover from the solid waste management business. India's decline was mainly due to lower plant load factor of its thermal power mitigated by higher turnover from renewable with higher operational capacity. The decline in contribution from S4 in Bangladesh was in line with the progress of its construction, which achieved commercial operations in May 2019.

PFO
2Q19 PFO of $231 million was $15 million higher than 2Q18. The improved performance came mainly from India and contribution of new facilities in Myanmar and Bangladesh, which commenced commercial operations in phases during year 2018 and 2019. Higher profit was also recognised from China. However, the better performance were partially offset by lower generation and higher Open Electricity Market operating expenses in Singapore and weaker performance from UK.

India operations achieved better performance as the second thermal power plant achieved higher dark spreads from better short-term contracted positions and lower coal cost while its renewable power recorded better operating performance. 2Q19 higher PFO also included the recognition of settlement with a customer on late payment partially offset by expected credit loss allowance.

Higher PFO in China came mainly from its renewable business with more capacity and better contribution from thermal power.

Weaker performance in the UK was due to major maintenance of plants in Teesside. The UK's capacity market remains suspended.

Net Profit
Net profit of $92 million was $7 million higher than 2Q18. Higher finance costs arising from higher borrowing for the acquisition of UKPR in May 2018 offset lower tax expense subsequent to the amalgamation of India's thermal businesses in 4Q18.

4. SEGMENTAL REPORTING (Cont'd)

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

Marine

(S$ million)	2Q19	2Q18	Growth	%	1H19	1H18	Growth	%
Turnover	731	1,627	(896)	(55)	1,542	2,808	(1,266)	(45)
Profit from operations (PFO)	(7)	(52)	45	(87)	(1)	(33)	32	(97)
Net Loss	(6)	(34)	28	(82)	(6)	(32)	26	(81)

Turnover for 2Q19 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 rigs, revenue would have been $722 million, an increase of 26% compared with $572 million in 2Q18.

PFO for 2Q19 was a loss 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. The higher loss in 2Q18 and 1H18 was mainly due to net loss upon the sale and delivery of certain rigs.

Urban

(S$ million)	2Q19	2Q18	Growth	%	1H19	1H18	Growth	%
Turnover*	1	1	–	–	1	1	–	–
Profit from operations (PFO)	12	37	(25)	(68)	19	49	(30)	(61)
Net Profit	11	35	(24)	(69)	18	45	(27)	(60)

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

2Q19 PFO and net profit was lower than 2Q18, mainly due to lower land sales in China. 2Q19 profit included the partial recognition of residential land sales of $8.5 million from Nanjing Eco Hi-tech Island, China.

5. BALANCE SHEETS

(S$ million)	GROUP As at June 30, 2019	GROUP As at December 31, 2018	COMPANY As at June 30, 2019	COMPANY As at December 31, 2018
Non-current assets				
Property, plant and equipment	11,902	11,672	320	328
Right-of-use assets	444	–	66	–
Investment properties	117	110	–	–
Investments in subsidiaries	–	–	2,648	2,647
Interests in associates and joint ventures	1,806	1,741	–	–
Other financial assets	167	262	–	–
Trade and other receivables	2,255	2,349	337	273
Contract costs	2	*	–	–
Tax recoverable	16	17	–	–
Intangible assets	754	779	23	24
Deferred tax assets	75	67	–	–
	17,538	**16,997**	**3,394**	**3,272**
Current assets				
Inventories	547	513	7	7
Trade and other receivables	2,274	2,289	124	96
Contract costs	169	329	–	–
Contract assets	1,305	1,022	–	10
Tax recoverable	31	22	–	–
Assets held for sale	128	129	127	127
Other financial assets	217	95	*	–
Cash and cash equivalents	2,084	1,925	758	759
	6,755	**6,324**	**1,016**	**999**
Total assets	**24,293**	**23,321**	**4,410**	**4,271**
Current liabilities				
Trade and other payables	3,290	2,968	238	130
Contract liabilities	477	445	3	1
Provisions	88	86	15	19
Other financial liabilities	68	62	*	–
Current tax payable	150	153	48	58
Interest-bearing borrowings	4,102	1,862	–	–
Lease liabilities	44	–	6	–
	8,219	**5,576**	**310**	**208**
Net current (liabilities) / assets	**(1,464)**	**748**	**706**	**791**
Non-current liabilities				
Deferred tax liabilities	417	425	50	50
Contract liabilities	69	64	33	30
Provisions	163	163	16	16
Other financial liabilities	40	43	–	–
Retirement benefit obligations	5	5	–	–
Interest-bearing borrowings	6,717	8,870	–	–
Lease liabilities	470	–	70	–
Other payables	126	237	168	268
	8,007	**9,807**	**337**	**364**
Total liabilities	**16,226**	**15,383**	**647**	**572**
Net assets	**8,067**	**7,938**	**3,763**	**3,699**
Equity attributable to owners of the Company:-				
Share capital	566	566	566	566
Other reserves	(243)	(248)	(6)	(7)
Revenue reserve	5,792	5,669	2,402	2,339
	6,115	5,987	2,962	2,898
Perpetual securities	801	801	801	801
	6,916	**6,788**	**3,763**	**3,699**
Non-controlling interests	**1,151**	**1,150**	**–**	**–**
Total equity	**8,067**	**7,938**	**3,763**	**3,699**

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

5a. Group's borrowings and debt securities

	(S$ million)	As at June 30, 2019	As at December 31, 2018
	Amount repayable:		
(i)	**In one year or less, or on demand**		
	Interest-bearing borrowings		
	Secured	637	686
	Unsecured	3,465	1,176
		4,102	1,862
(ii)	**Between one to five years**		
	Interest-bearing borrowings		
	Secured	1,210	1,180
	Unsecured	2,455	4,623
		3,665	5,803
(iii)	**After five years**		
	Interest-bearing borrowings		
	Secured	2,073	2,086
	Unsecured	979	981
		3,052	3,067
	Total	10,819	10,732

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

(S$ million)	As at June 30, 2019	As at December 31, 2018
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	7,162	6,758

5b. Net asset value

	Group		Company	
	As at June 30, 2019	As at December 31, 2018	As at June 30, 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	2.11	2.07

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at June 30, 2019 was $3.42 (December 31, 2018: $3.35), an increase mainly due to net increase in reserves.

5. <u>NOTES TO THE BALANCE SHEETS</u> (Cont'd)

5c. Explanatory Notes to Balance Sheets

(i) Group

Non-current assets

"Property, plant and equipment" increase of $230 million was attributable mainly to additions from Marine, Energy's UK operations and renewable assets in India and Singapore 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 disposal of holding in Gallant Venture and decrease in Energy's cross currency swap contracts.

"Deferred tax assets" increased due mainly to Marine's tax credit on unutilised tax losses offset by change in estimates of Myanmar's tax losses and tax effects on the adoption of SFRS(I) 16.

Current assets

"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.

"Other financial assets" increased mainly due to fair value adjustments on cross currency swaps, foreign currency forward contracts and fuel oil swaps.

Current liabilities

"Trade and other payables" increased due mainly to higher trade creditors with India's thermal project 1 resumed full operation since end February 2019 and higher accrued capital expenses for the Group's ongoing expansion in its renewable assets.

"Other financial liabilities" increased mainly due to fair value adjustment on forward foreign exchange contract, interest rate swap, foreign currency swap and fuel oil swap.

"Interest-bearing borrowings" increased mainly due to reclassification from long-term borrowings, net of repayment. As announced on June 21, 2019, the Group has secured a $1.5 billion 5-year bond issuance to DBS Bank, a related party, to refinance the borrowings as and when they fall due.

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

Net current liabilities

The Group recorded net current liabilities of $1,464 million as at June 30, 2019, mainly arising from the Group's $4.1 billion interest-bearing borrowings that are due within 12 months. This amount included $2.1 billion from Marine. As at June 30, 2019, the Group has at least $1.0 billion in committed revolving credit facilities with final maturity dates beyond 2022 and $1.5 billion 5-year bond (as announced on June 21, 2019) that can be drawn down and issued, respectively. On July 8, 2019, the Group issued $1.5 billion bonds to refinance some of these current interest-bearing borrowings.

Non-current liabilities

"Interest-bearing borrowings" decreased with amount due within 12 months being reclassified from non-current to current liabilities.

"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.

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

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

(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

"Trade and other payables" increased mainly due to reclassification of loan due to a subsidiary from non-current liabilities.

"Contract liabilities" increased mainly due to milestone payments received from customer net of revenue recognition for its steam pipeline construction for customers.

"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

"Contract liabilities" increased mainly due to milestone payments received from customer net of revenue recognition for its steam pipeline construction for customers.

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

"Other payables" decreased mainly due to reclassification of loan due to a subsidiary to current liabilities.

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)

	Attributable to owners of the Company									
(S$ million)	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
2Q19										
Total comprehensive income										
Profit for the period	–	–	–	–	98	98	–	98	4	102
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	(5)	–	–	(5)	–	(5)	7	2
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	–	–	–	(19)	–	(19)	–	(19)	(6)	(25)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(10)	–	(10)	–	(10)	1	(9)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(9)	–	(9)	–	(9)	–	(9)
Defined benefit plan actuarial gains and losses	–	–	–	–	4	4	–	4	–	4
Share of other comprehensive income of associates and joint ventures	–	–	–	(11)	–	(11)	–	(11)	–	(11)
Total other comprehensive income	–	–	(6)	(49)	4	(51)	–	(51)	2	(49)
Total comprehensive income	–	–	**(6)**	**(49)**	**102**	**47**	–	**47**	**6**	**53**
Transactions with owners of the Company, recognised directly in equity										
Share-based payments	–	–	–	3	–	3	–	3	*	3
Treasury shares transferred to employees	–	1	–	(1)	–	–	–	–	–	–
Perpetual securities distribution paid	–	–	–	–	–	–	(18)	(18)	–	(18)
Accrued perpetual securities distribution	–	–	–	–	(9)	(9)	9	–	–	–
Dividend paid	–	–	–	–	(36)	(36)	–	(36)	(6)	(42)
Total transactions with owners	–	1	–	**2**	**(45)**	**(42)**	**(9)**	**(51)**	**(6)**	**(57)**
At June 30, 2019	**566**	**(1)**	**(375)**	**133**	**5,792**	**6,115**	**801**	**6,916**	**1,151**	**8,067**

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)

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

(S$ million)	Attributable to owners of the Company: Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
2Q18										
Total comprehensive income										
Profit for the period	–	–	–	–	82	82	–	82	(17)	65
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	21	–	–	21	–	21	8	29
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	–	–	–	45	–	45	–	45	(10)	35
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(26)	–	(26)	–	(26)	(1)	(27)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	8	–	8	–	8	(1)	7
Defined benefit plan actuarial gains and losses	–	–	–	–	*	*	–	*	*	*
Reclassification of reserve upon liquidation of other financial asset	–	–	–	7	(7)	–	–	–	–	–
Realisation of reserve upon disposal of subsidiary	–	–	–	2	*	2	–	2	(2)	*
Share of other comprehensive income of associates and joint ventures	–	–	–	8	–	8	–	8	*	8
Total other comprehensive income	–	–	20	44	(7)	57	–	57	(6)	51
Total comprehensive income	–	–	**20**	**44**	**75**	**139**	–	**139**	**(23)**	**116**
Transactions with owners of the Company, recognised directly in equity										
Contributions from non-controlling interests	–	–	*	(5)	1	(4)	–	(4)	24	20
Share-based payments	–	–	–	1	–	1	–	1	*	1
Purchase of treasury shares	–	(1)	–	–	–	(1)	–	(1)	–	(1)
Treasury shares transferred to employees	–	1	–	*	–	1	–	1	–	1
Treasury shares of a subsidiary	–	–	–	*	–	*	–	*	*	*
Perpetual securities distribution paid	–	–	–	–	–	-	(18)	(18)	–	(18)
Accrued perpetual securities distribution	–	–	–	–	(12)	(12)	12	-	–	–
Dividend paid	–	–	–	–	(36)	(36)	–	(36)	(10)	(46)
Unclaimed dividends	–	–	–	–	*	*	–	*	–	*
Total transactions with owners	–	–	*	**(4)**	**(47)**	**(51)**	**(6)**	**(57)**	**14**	**(43)**
At June 30, 2018	**566**	**(1)**	**(313)**	**259**	**5,541**	**6,052**	**1,003**	**7,055**	**1,172**	**8,227**

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**
2Q19							
Total comprehensive income							
Profit for the period	–	–	–	108	108	–	108
Other comprehensive income							
Net change in fair value of cash flow hedges	–	–	*	–	*	–	*
Total comprehensive income	**–**	**–**	**–**	**108**	**108**	**–**	**108**
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	–	–	2	–	2	–	2
Treasury shares transferred to employees	–	1	(1)	–	–	–	–
Perpetual securities distribution paid	–	–	–	–	–	(18)	(18)
Accrued perpetual securities distribution	–	–	–	(9)	(9)	9	–
Dividend paid	–	–	–	(36)	(36)	–	(36)
Total transactions with owners	**–**	**1**	**1**	**(45)**	**(43)**	**(9)**	**(52)**
At June 30, 2019	**566**	**(1)**	**(5)**	**2,402**	**2,962**	**801**	**3,763**

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

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

(S$ million)	Share capital	Reserve for own shares	Others	Revenue reserve	Total	Perpetual securities	Total
	Attributable to owners of the Company						
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**
2Q18							
Total comprehensive income							
Profit for the period	–	–	–	115	115	–	115
Total comprehensive income	**–**	**–**	**–**	**115**	**115**	**–**	**115**
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	–	–	*	–	*	–	*
Changes to share-based reserve upon disposal of subsidiary	–	–	1	–	1	–	1
Purchase of treasury shares	–	(1)	–	–	(1)	–	(1)
Treasury shares transferred to employees	–	1	*	–	1	–	1
Perpetual securities distribution paid	–	–	–	–	–	(18)	(18)
Accrued perpetual securities distribution	–	–	–	(12)	(12)	12	–
Dividend paid	–	–	–	(36)	(36)	–	(36)
Total transactions with owners	–	*****	**1**	**(48)**	**(47)**	**(6)**	**(53)**
At June 30, 2018	**566**	**(1)**	**(5)**	**2,184**	**2,744**	**1,003**	**3,747**

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 Shares
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
Treasury shares transferred pursuant to restricted share plan	–	(322,573)
At June 30, 2019	1,787,547,732	269,891

Issued and paid up capital

As at June 30, 2019, the Company's issued and paid up capital excluding treasury shares comprised 1,787,277,841 (December 31, 2018: 1,784,447,594) ordinary shares.

Treasury shares

During 2Q19, the Company acquired nil (2Q18: 200,000) ordinary shares in the Company by way of on-market purchases. 322,573 (2Q18: 186,430) treasury shares were re-issued pursuant to the Restricted Share Plan (RSP).

As at June 30, 2019, 269,891 (June 30, 2018: 338,785) 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
Conditional performance shares awarded	2,429,000
At June 30, 2019	5,260,553

During 2Q19, 2,429,000 (2Q18: nil) performance shares were awarded under the Company's PSP. No performance shares were released nor lapsed arising in 2Q19 and 2Q18.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at June 30, 2019, was 5,260,553 (June 30, 2018: 1,659,553). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 7,890,829 (June 30, 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
Restricted shares awarded	–	268,750	268,750
Restricted shares released	(18,368)	(347,805)	(366,173)
Restricted shares lapsed	(8,814)	(1,125)	(9,939)
At June 30, 2019	1,753,587	2,363,197	4,116,784

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 2Q19, a total of 268,750 (2Q18: 178,600) restricted shares were awarded under the RSP, 366,173 (2Q18: 187,407) restricted shares were released and a total of 9,939 (2Q18: 124,396) restricted shares lapsed. All restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding for awards achieved but not released, as at end June 30, 2019 was 4,116,784 (June 30, 2018: 5,355,695).

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 4,116,784 (June 30, 2018: 4,724,301) restricted shares.

7. CONSOLIDATED STATEMENT OF CASH FLOWS

(S$ million)	GROUP 2Q19	GROUP 2Q18	GROUP 1H19	GROUP 1H18
Cash flows from Operating Activities				
Profit for the period	102	65	199	144
Adjustments for:				
Dividend income	*	*	*	*
Finance income	(32)	(18)	(67)	(35)
Finance costs	147	122	289	235
Depreciation and amortisation	170	144	339	285
Share of results of associates and joint ventures, net of tax	(54)	(56)	(99)	(97)
Gain on disposal of property, plant and equipment and other financial assets	*	(3)	(1)	(4)
Gain on disposal of assets / investment held for sale	–	(2)	–	(2)
Loss on disposal of intangible assets	*	–	*	–
Gain on disposal of investments in subsidiaries	*	*	*	*
Changes in fair value of financial instruments	(8)	(10)	2	(15)
Equity settled share-based compensation expenses	3	1	4	2
Impairment of goodwill	–	1	–	1
Allowance made for impairment loss in value of assets and assets written off, net	6	3	9	4
Allowance for expected credit loss	6	5	12	1
Tax expense	15	24	34	61
Operating profit before working capital changes	355	276	721	580
Changes in working capital:				
Inventories	(51)	(12)	(35)	(10)
Receivables	(58)	(965)	149	(973)
Payables	311	108	196	(303)
Contract costs	(3)	1,020	158	1,691
Contract assets	76	(136)	(283)	(210)
Contract liabilities	(27)	(328)	37	(680)
	603	(37)	943	95
Tax paid	(51)	(41)	(61)	(61)
Net cash from / (used in) operating activities	552	(78)	882	34
Cash flows from Investing Activities				
Dividend received	50	27	94	63
Interest received	33	18	63	33
Proceeds from disposal of joint venture	–	4	–	3
Proceeds from sale of other financial assets and business	154	90	233	152
Proceeds from sale of property, plant and equipment	*	3	1	2
Proceeds from disposal of interests in subsidiaries, net of cash disposed	–	5	–	5
Proceeds from sale of intangible assets	*	–	*	–
Loan repayments from related parties	*	*	9	10
Non-trade balances with related corporations, net of repayment	(2)	(1)	(2)	2
Acquisition of subsidiaries, net of cash acquired	–	(364)	–	(364)
Acquisition of / Additional investments in joint ventures and associates	(1)	(28)	(9)	(29)
Acquisition of other financial assets	(178)	(76)	(258)	(138)
Purchase of property, plant and equipment and investment properties	(327)	(207)	(567)	(257)
Purchase of intangible assets	(3)	(3)	(3)	(8)
Net cash used in investing activities	(274)	(532)	(439)	(526)

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

(S$ million)	GROUP 2Q19	GROUP 2Q18	GROUP 1H19	GROUP 1H18
Cash flows from Financing Activities				
Proceeds from share issued to non-controlling interests of subsidiaries	–	23	*	23
Proceeds from share options exercised with issue of treasury shares	–	*	–	*
Proceeds from share options exercised with issue of treasury shares of a subsidiary	*	–	*	–
Purchase of treasury shares	–	(1)	(1)	(9)
Proceeds from borrowings	753	355	1,379	769
Repayment of borrowings	(411)	(220)	(1,312)	(786)
Payment on lease liabilities	(8)	(1)	(17)	(1)
Payment for non-controlling interests acquired in 2017	–	–	–	(292)
Unclaimed dividends	–	*	–	*
Capital reduction paid to non-controlling interests	*	–	(2)	–
Dividends paid to owners of the Company	(36)	(36)	(36)	(36)
Dividends paid to non-controlling interests of subsidiaries	(6)	(10)	(10)	(16)
Payment in restricted cash held as collateral	(3)	(1)	(4)	(3)
Redemption of perpetual securities and distribution paid	(18)	(18)	(18)	(23)
Interest paid	(146)	(125)	(264)	(219)
Net cash from / (used in) financing activities	125	(34)	(285)	(593)
Net increase / (decrease) in cash and cash equivalents	403	(644)	158	(1,085)
Cash and cash equivalents at beginning of the period	**1,684**	**2,230**	**1,923**	**2,681**
Effect of exchange rate changes on balances held in foreign currency	(7)	(5)	(1)	(15)
Cash and cash equivalents at end of the period	**2,080**	**1,581**	**2,080**	**1,581**

7a. Cash and cash equivalents

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

(S$ million)	GROUP As at June 30, 2019	GROUP As at December 31, 2018
Fixed deposits with banks	509	323
Cash and bank balances	1,575	1,602
Cash and cash equivalents in the balance sheets	2,084	1,925
Bank overdrafts	–	(1)
Restricted bank balances held as collateral by banks	(4)	(1)
Cash and cash equivalents in the consolidated statement of cash flows	2,080	1,923

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

7b. Cash flow on acquisition of subsidiaries, net of cash acquired

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

	1H18 $'000
Effect on cash flows of the Group	
Cash paid[1]	400
Less: Cash and cash equivalents in subsidiaries acquired	(36)
Cash outflow on acquisition	364
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	413
Long-term receivables and prepayments	11
Intangible assets	182
Inventories	4
Trade and other receivables	67
Tax recoverable	2
Cash and cash equivalents	36
Total assets	715
Trade and other payables	48
Other financial liabilities	1
Borrowings	268
Deferred tax liabilities	48
Total liabilities	365
Net identifiable assets	350
Add: Goodwill	60
Less: Amount previously accounted for as joint venture	*
Less: Gain on step up acquisition of joint venture	*
Consideration transferred for the business	410
Deferred consideration	(10)
Cash paid[1]	400

1 Out of the $400 million cash paid, $209 million was in the form of shareholder's loan.

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

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

7c. Explanatory Notes to Consolidated Statement of Cash Flows

(i) Second Quarter

Net cash from operating activities before changes in working capital and net cash from operating activities was $355 million and $552 million respectively. The changes in working capital were mainly from Marine's receipts from completed projects, offset by working capital for ongoing projects.

Net cash used in investing activities was $274 million, mostly for the acquisition of property, plant & equipment for the quarter and net investments in other financial assets, offset by dividend and interest received.

Net cash inflow from financing activities was $125 million, mainly from net increase in borrowings for Marine's and UK energy's operations.

(ii) Half Year

Net cash from operating activities before changes in working capital and net cash from operating activities was $721 million and $882 million respectively. The changes in working capital were mainly from Marine's receipts from completed projects, offset by working capital for ongoing projects. In 1H18, the changes in working capital included $113 million increase in service concession receivables from Myingyan and Sirajganj Unit 4 power projects.

Net cash used in investing activities was $439 million, mostly for purchase of property, plant & equipment and net investments in other financial assets, offset by dividend and interest received.

Net cash used in financing activities was $285 million, mainly for payment for interest.

(iii) 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 six months period ended June 30, 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	(44)	–
Deferred tax assets	(2)	–
Prepayment	(15)	–
Liabilities		
Lease liabilities	500	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 ROU 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.

On June 21, 2019, the Company announced that it will issue S$1.5 billion of 5-year 3.55% per annum bonds to DBS Bank, a related party as sole lead manager and initial purchaser through a private placement. The investors of the bond include Temasek, the Company's immediate and ultimate holding company and an interested person (see Note 17). The interest rate of the bonds, benchmarked against corporate bond issued with bond size at least S$500 million, was comparable to those issued in the market since Year 2010. An amount of S$2,262,000 management and agent fees was paid or payable to DBS Bank in relation to the issuance of the above bonds. The above transactions were reviewed and approved by the Audit Committee and Board of Directors to ensure that the effective cost of the bond was not higher than the cost issued to third parties. The bonds have not been issued as at June 30, 2019.

9b. Compensation of Key Management Personnel

There were no change to the key management personnel and no change to the compensation scheme in 2Q19.

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 June 30, 2019				
Financial assets at FVOCI	–	–	36	36
Financial assets at FVTPL	73	–	14	87
Derivative financial assets	–	154	–	154
	73	154	50	277
Derivative financial liabilities	–	(108)	–	(108)
	73	46	50	169

(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 June 30, 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
Net change in fair value recognised in OCI	(1)
As at June 30, 2019	36

(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 June 30, 2019				
Service concession receivables	1,081	–	1,081	1,081
Interest-bearing borrowings:				
– Non-current borrowings	–	6,717	6,717	6,133

(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 June 30, 2019				
Amounts due from related parties	343	–	343	342
Amounts due to related parties	–	277	277	279

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

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 and rising electricity demand.

Urban

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

Marine

Sembcorp Marine is responding to enquiries and tenders for various engineering solutions and projects related to the production and gas value chain segments.

Challenges in the offshore and marine sector persist, and a sustained recovery in new orders will take some time. Competition remains intense and margins compressed. With insufficient new orders secured in the last few quarters, Sembcorp Marine 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.

Group

The Energy and Urban businesses continue to underpin the Group's performance. The market environment continues to be challenging for the offshore and marine sector and Sembcorp Marine is expecting full year losses. While there are downside risks to global economic growth expectations with heightened policy uncertainty and trade tensions, the Group's diversified business portfolio is expected to provide resilience to weather the prevailing macroeconomic uncertainties.

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 July 23, 2019, the Group signed a conditional agreement to divest its 80% stake in Sembcorp Lianyungang Water Co to its local partner, Lianyungang Shenghai Wastewater Treatment Plant Co, for RMB120 million (approximately S$23.7 million). The transaction is expected to be completed by the end of the year.

16. DIVIDEND

(a) Current Financial Period Reported on

	2019
Name of Dividend	**Interim Ordinary Exempt-1-Tier**
Dividend Type	Cash
Dividend Amount (cents per share)	2.0

(b) Corresponding Period of the Immediately Preceding Financial Year

	2018
Name of Dividend	**Interim Ordinary Exempt-1-Tier**
Dividend Type	Cash
Dividend Amount (cents per share)	2.0

(c) Date Payable

The interim dividend will be paid on September 4, 2019.

(d) Books closure date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on August 23, 2019 to determine the shareholders' entitlements to the dividend. Duly completed transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01 Singapore 068902, up to 5.00 p.m. on August 22, 2019 (the "Book Closure Date") will be registered to determine shareholders' entitlements to the dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Book Closure Date will be entitled to the dividend.

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) 2Q19	1H19
Sale of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Mapletree Investments Pte Ltd and its Associates	1.3	1.3
- PSA International Pte Ltd and its Associates	1.3	2.7
- Singapore Power Limited and its Associates	0.6	1.7
- Singapore Technologies Telemedia Pte Ltd and its Associates	0.6	0.6
- Temasek Capital (Private) Limited and its Associates	8.1	8.3
	11.9	14.6
Olam International Ltd and its Associates	1.2	2.1
Singapore Telecommunications Ltd and its Associates	146.0	146.0
	159.1	162.7
Purchase of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited and its Associates	1.2	2.4
- Surbana-Jurong Private limited	2.7	2.7
- Temasek Capital (Private) Limited and its Associates [1]	141.0	283.1
- Certis CISCO Security Pte Ltd and its Associates	0.1	0.1
	145.0	288.3
Singapore Technologies Engineering Ltd and its Associates	–	0.2
	145.0	288.5
Provision of Management and Support Services		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	1.0	3.0
	305.1	454.2

Treasury Transactions

On June 21, 2019, the Company announced that it will issue S$1.5 billion of 5-year 3.55% per annum bonds to DBS Bank, a related party as sole lead manager and initial purchaser through a private placement. The investors of the bond include Temasek, the Company's immediate and ultimate holding company, and an Interested Person.

The issue of the bonds to DBS Bank is not an Interested Person Transaction. However, assuming that it is treated as an Interested Person Transaction, the maximum amount at risk is the total interest payable on the S$1.5 billion principal amount of bonds calculated at the fixed rate of 3.55% per annum for 5 years, which is S$266.25 million.

The bonds have not been issued as at June 30, 2019.

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 second quarter and half year ended June 30, 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 second quarter and half year ended June 30, 2019.

On behalf of the board of directors

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

BY ORDER OF THE BOARD

Kwong Sook May (Ms)
Company Secretary
August 14, 2019