



SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2019

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended December 31, 2019.

1. CONSOLIDATED INCOME STATEMENT

	Note	GROUP			GROUP		
		4Q19	4Q18	+ / (-)	FY19	FY18	+ / (-)
<i>(S\$ million)</i>				%			%
Turnover	2a	2,317	2,566	(10)	9,618	11,689	(18)
Cost of sales	2b	(2,194)	(2,339)	(6)	(8,726)	(10,769)	(19)
Gross profit		123	227	(46)	892	920	(3)
General & administrative expenses	2c	(99)	(94)	5	(447)	(408)	10
Other operating income / (expenses), net	2d	133	18	NM	222	107	107
Non-operating income	2e	21	29	(28)	32	50	(36)
Non-operating expenses	2e	(129)	(1)	NM	(134)	(2)	NM
Finance income	2f	31	29	7	132	87	52
Finance costs	2f	(146)	(152)	(4)	(586)	(508)	15
Share of results of associates and joint ventures, net of tax	2g	44	40	10	184	174	6
(Loss) / Profit before tax		(22)	96	NM	295	420	(30)
Tax (expense) / credit	2h	(20)	13	NM	(78)	(88)	(11)
(Loss) / Profit for the period / year		(42)	109	NM	217	332	(35)
Attributable to:							
Owners of the Company		(15)	106	NM	247	347	(29)
Non-controlling interests (NCI)		(27)	3	NM	(30)	(15)	100
		(42)	109	NM	217	332	(35)
Earnings per ordinary share (cents)							
- basic	2i	(1.34)	5.42	NM	11.81	16.98	(30)
- diluted		(1.33)	5.38	NM	11.74	16.87	(30)

* denotes amount of less than \$1 million or less than 1%

NM – Not meaningful

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2a. Turnover and disaggregation of revenue

4Q19

(\$ million)	Energy ¹	Marine	Urban ¹	Others / Corporate	Elimination	Total
Turnover						
External sales	1,332	624	278	83	–	2,317
Inter-segment sales	8	*	*	4	(12)	–
Total	1,340	624	278	87	(12)	2,317
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,161	–	–	–	–	1,161
Provision of water products and related services	47	–	–	–	–	47
Ship and rig repair, building, conversion and related services	–	609	–	–	–	609
Construction and engineering related activities	46	–	*	77	–	123
Others	78	13	278	5	–	374
Total revenue from contracts with customers	1,332	622	278	82	–	2,314
Charter hire and rental income	–	2	–	1	–	3
Total external sales	1,332	624	278	83	–	2,317
Timing of revenue recognition						
At a point in time	2	78	278	6	–	364
Over time	1,330	544	–	76	–	1,950
Total revenue from contracts with customers	1,332	622	278	82	–	2,314

4Q18

(\$ million)	Energy ¹	Marine	Urban ¹	Others / Corporate	Elimination	Total
Turnover						
External sales	1,581	913	2	70	–	2,566
Inter-segment sales	11	–	*	10	(21)	–
Total	1,592	913	2	80	(21)	2,566
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,386	–	–	–	–	1,386
Provision of water products and related services	72	–	–	–	–	72
Ship and rig repair, building, conversion and related services	–	898	–	–	–	898
Construction and engineering related activities	37	–	–	49	–	86
Others	86	10	2	16	–	114
Total revenue from contracts with customers	1,581	908	2	65	–	2,556
Charter hire and rental income	–	5	–	5	–	10
Total external sales	1,581	913	2	70	–	2,566
Timing of revenue recognition						
At a point in time	–	888	2	18	–	908
Over time	1,581	20	–	47	–	1,648
Total revenue from contracts with customers	1,581	908	2	65	–	2,556

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

In 4Q19, the Group reported a turnover of S\$2,317 million, a decrease of 10% or S\$249 million. Turnover for the Energy business decreased 16% to S\$1,332 million and turnover for the Marine business decreased 32% to S\$624 million.

The lower turnover from the Energy business was attributable mainly to lower provision of energy products and related services in Singapore due to the planned major maintenance shutdown and 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 projects, mitigated by higher repair and upgrade revenue.

Turnover for the Urban business in 4Q19 revenue was mostly from the sale of Nanjing Riverside Grandeur (NJRJ) residential property in China.

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

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

FY19

(\$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	6,138	2,883	280	317	–	9,618
Inter-segment sales	32	*	*	13	(45)	–
Total	6,170	2,883	280	330	(45)	9,618
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	5,436	–	–	–	–	5,436
Provision of water products and related services	207	–	–	–	–	207
Ship and rig repair, building, conversion and related services	–	2,840	–	–	–	2,840
Construction and engineering related activities	190	–	–	272	–	462
Others	305	41	278	44	–	668
Total revenue from contracts with customers	6,138	2,881	278	316	–	9,613
Charter hire and rental income	–	2	2	1	–	5
Total external sales	6,138	2,883	280	317	–	9,618
Timing of revenue recognition						
At a point in time	8	418	278	45	–	749
Over time	6,130	2,463	–	271	–	8,864
Total revenue from contracts with customers	6,138	2,881	278	316	–	9,613

FY18

(\$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	6,536	4,888	5	260	–	11,689
Inter-segment sales	33	–	*	54	(87)	–
Total	6,569	4,888	5	314	(87)	11,689
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	5,694	–	–	–	–	5,694
Provision of water products and related services	247	–	–	–	–	247
Ship and rig repair, building, conversion and related services	–	4,808	–	–	–	4,808
Construction and engineering related activities	246	–	–	210	–	456
Others	349	32	3	45	–	429
Total revenue from contracts with customers	6,536	4,840	3	255	–	11,634
Charter hire and rental income	–	48	2	5	–	55
Total external sales	6,536	4,888	5	260	–	11,689
Timing of revenue recognition						
At a point in time	22	2,399	2	46	–	2,469
Over time	6,514	2,441	1	209	–	9,165
Total revenue from contracts with customers	6,536	4,840	3	255	–	11,634

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

2b. Cost of sales

(S\$ million)	Note	GROUP			GROUP		
		4Q19	4Q18	+ / (-) %	FY19	FY18	+ / (-) %
Cost of sales		(2,194)	(2,339)	(6)	(8,726)	(10,769)	(19)
Included in cost of sales :-							
Depreciation and amortisation	(i)	(165)	(154)	7	(657)	(568)	16
Property, plant and equipment written back / (written off), net	(ii)	3	(7)	NM	(13)	(8)	63
Write-back of stock obsolescence	(iii)	2	*	NM	*	1	NM
Impairment loss on property, plant and equipment		(81)	(5)	NM	(81)	(5)	NM
Impairment loss on intangible assets		(64)	-	NM	(64)	-	NM

4Q19 Impairments on :-		UKPR*	China wastewater treatment plant*	Others	Total
Property, plant and equipment	(iv)	(52)	(22)	(7)	(81)
Intangible assets	(v)	(64)	-	-	(64)

* Announced on February 6, 2020 (see 4c note 1)

The overall lower cost of sales for 4Q19 corresponded with the lower sales for the period except for the impairments. Excluding the impact of the impairment, 4Q19 achieved better gross profit margin, attributable to the India Energy business on lower impact from the thermal plant shutdown and higher operational capacity for renewable segment and the United Kingdom (UK) on resumption of the capacity market scheme.

- (i) The higher depreciation and amortisation in 4Q19 compared to 4Q18 was mainly due to additional capacity for India renewables and UK Power Reserve (UKPR) offset by lower depreciation from Marine. With the adoption of SFRS(I) 16 Leases effective from January 1, 2019, S\$9 million of depreciation of right-of-use assets was recognised in 4Q19.
- (ii) The 4Q19 net S\$3 million write back included an adjustment in the India Energy business upon receipts of insurance compensation for its damaged stator and a write off of building structures by Marine business.
- (iii) The write-back for stock obsolescence arose mainly from the Marine and minting businesses due to an increase in raw materials prices.
- (iv) The 4Q19 other impairments of S\$7 million included impairment of site costs from India Energy business and a piece of land in UK, owned by a subsidiary of Marine.
- (v) The impairment registered in 4Q19 relates to customer contracts and was part of the UKPR impairment announced on February 6, 2020 (see 4c note 1).

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

2c. General & administrative expenses

(S\$ million)	Note	GROUP			GROUP		
		4Q19	4Q18	+ / (-) %	FY19	FY18	+ / (-) %
General & administrative expenses		(99)	(94)	5	(447)	(408)	10
Included in general & administrative expenses :-							
Depreciation and amortisation		(6)	(10)	(40)	(25)	(27)	(7)
Write-back of / (Allowance for) expected credit loss	(i)	7	3	133	(7)	(3)	133
Provision for fines and related other provision	(ii)	-	-	NM	(7)	(25)	(72)

4Q19 general and administrative expenses of S\$99 million was S\$5 million higher than 4Q18. The increase in expenses was mainly due to higher personnel expenses as the Group continued to build and deepen capabilities in new business lines, including digital and technology.

- (i) The net write-back of expected credit loss allowance in 4Q19 was mainly due to better collection from Energy operations in India.
- (ii) Provision for fines and related other provision was for an alleged discharge of off-specification wastewater by its overseas wastewater treatment company in Nanjing, China, Sembcorp Nanjing SUIWU (NSS). Together with the provisions made in FY17 and FY18, the total provision amounted to S\$57 million (Group's share was S\$54 million). The legal proceedings for NSS have concluded. The Group's share of fines and cash settlement for both the criminal and civil claims were fully provided (see note 15 subsequent event).

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

(S\$ million)	Note	GROUP			GROUP		
		4Q19	4Q18	+ / (-) %	FY19	FY18	+ / (-) %
Other operating income / (expenses), net		133	18	NM	222	107	107
Included in other operating income / (expenses), net :-							
Gain / (Loss) on disposal of property, plant & equipment	(i)	18	*	NM	15	4	275
Gain on disposal of assets held for sale	(ii)	70	-	NM	70	-	NM
Gain on disposal of intangible assets		2	*	NM	2	*	NM
Changes in fair value of financial instruments	(iii)	7	(6)	NM	(7)	15	NM
Foreign exchange (loss) / gain, net	(iv)	(19)	*	NM	(11)	(22)	(50)
Rental income		5	4	25	21	19	11
Grant income		1	2	(50)	4	7	(43)
Other income	(v)	49	18	172	128	84	52

- (i) The 4Q19 gain on disposal came mainly from a land lease sale by the UK Energy business.
- (ii) The 4Q19 gain on disposal of assets held for sale as at December 31, 2018 was from the completion of sale of utilities assets formerly serving Jurong Aromatics Corporation in Singapore.
- (iii) Changes in the 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 gain / (loss).
- (iv) Net foreign exchange loss in 4Q19 arose mainly from revaluation of assets and liabilities denominated in United States dollar (USD) to Singapore dollar (SGD) in the Marine business.
- (v) Other income in 4Q19 included receipts from an insurance claim (S\$18 million), recovery from a related party and vendor (S\$10 million) and settlement with a vendor (S\$16 million) in India, as well as sales of scrap (S\$4 million) in the Marine business. FY19 other income also included a settlement with O&M contractors and a customer in India. These insurance claims, recoveries and settlements were mainly to compensate for the loss of revenue or higher costs in previous financial periods.

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

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

(S\$ million)	Note	GROUP			GROUP		
		4Q19	4Q18	+ / (-) %	FY19	FY18	+ / (-) %
Non-operating income		21	29	(28)	32	50	(36)
Non-operating expense		(129)	(1)	NM	(134)	(2)	NM
Included in non-operating income :-							
Dividend income		–	*	NM	*	*	NM
Gain on disposal of other financial assets		–	1	(100)	4	4	–
Gain on disposal of subsidiaries, joint venture and business, net	(i)	19	27	(30)	16	44	(64)
Negative goodwill	(ii)	–	–	NM	6	*	NM
Included in non-operating expense :-							
Change in fair value of other financial assets	(iii)	–	*	NM	(1)	*	NM
Impairment of investment in joint venture		(1)	–	NM	(1)	–	NM
Impairment of goodwill	(iv)	(64)	–	NM	(65)	(1)	NM
Impairment on assets reclassified to held for sale	(v)	(64)	–	NM	(64)	–	NM

- (i) The amount related to the disposal of municipal water assets and water business in China and commercial construction business in Singapore.
- (ii) The negative goodwill was primarily due to the fair value adjustments on completion of valuation and final allocation of purchase price for the acquisition of interests and titles to all intellectual property rights of Sevan Marine ASA and HiLoad LNG AS in 3Q18. (see Note 7b)
- (iii) These related mainly to gain on disposal of unit trusts and funds.
- (iv) The 4Q19 impairment of goodwill was part of the UKPR assets impairment announced on February 6, 2020 (see 4c note 1).
- (v) The amount related to impairment (including transaction taxes and costs) booked due to the difference between the sale value and the net asset value of the water business in Chile, as announced on February 6, 2020 (see 4c note 1).

2f Finance income and finance costs

(S\$ million)	Note	GROUP			GROUP		
		4Q19	4Q18	+ / (-) %	FY19	FY18	+ / (-) %
Finance income	(i)	31	29	7	132	87	52
Finance costs	(ii)	(146)	(152)	(4)	(586)	(508)	15
Included in finance costs :-							
Interest paid and payable to banks and others		(134)	(129)	4	(534)	(465)	15
Amortisation of capitalised transaction costs		(3)	(11)	(73)	(12)	(17)	(29)
Fair value changes of interest rate swaps		(4)	(4)	–	(15)	(16)	(6)
Unwind of discount on restoration costs and financing component from contracts with customers		(3)	(8)	(63)	(7)	(10)	(30)
Interest expense on lease liabilities		(2)	–	NM	(18)	–	NM

- (i) Higher finance income earned in 4Q19 was mainly due to interest from customers on deferred payment arrangement.
- (ii) The lower 4Q19 finance costs was mainly due to lower charge of capitalised transaction cost and deemed interest expense on restoration and contracts with customers net off by higher average bank borrowings for ongoing projects and working capital needs in the Marine and Energy businesses. The increase in interest paid and payable was due to Myingyan and Sirajganj Unit 4 (S4), with interest costs no longer being capitalised as the plants have commenced operations. 4Q19 finance costs also included S\$2 million of deemed interest costs on lease liabilities, upon adoption of SFRS(I) 16.

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

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

4Q19 share of results of associates and joint ventures was S\$44 million, S\$4 million higher than the S\$40 million reported in 4Q18. The improvement came mainly from Urban's Vietnam operations.

2h. Tax (expense) / credit

(S\$ million)	GROUP			GROUP		
	4Q19	4Q18	+ / (-) %	FY19	FY18	+ / (-) %
Tax (expense) / credit, net	(20)	13	NM	(78)	(88)	(11)
Included in tax expense :-						
Net write-back of tax in respect of prior years (i)	24	9	167	29	11	164

The higher 4Q19 tax expense was mainly due to tax for the Urban business on profit from its NJRG sale, which included land appreciation tax, net of recognition of tax credit and tax incentives for Marine and the net write-back of tax in respect of prior years.

The Group's FY19 effective tax rate was 70% compared to 36% in FY18. The higher effective tax rate for FY19 was mainly due to Urban's higher tax in 4Q19 as explained above and certain impairment losses which are not deductible for tax purposes.

(i) 4Q19 tax write-back was mainly from Marine and Energy in Singapore and India. India has recognised deferred tax assets pertaining to prior years upon reassessment.

The deferred tax assets are recognised only to the extent that it is probable that the related tax benefit will be realised.

4Q18 net tax credit was mainly from Marine due to losses incurred and recognition of tax incentives.

2i. Earnings per ordinary share

	GROUP			GROUP		
	4Q19	4Q18	+ / (-) %	FY19	FY18	+ / (-) %
(i) Based on the weighted average number of shares (in Singapore cents)	(1.34)	5.42	NM	11.81	16.98	(30)
- Weighted average number of shares (in million)	1,786.4	1,784.8	*	1,786.5	1,786.4	*
(ii) On a fully diluted basis (in Singapore cents)	(1.33)	5.38	NM	11.74	16.87	(30)
- Adjusted weighted average number of shares (in million)	1,798.4	1,796.8	*	1,797.7	1,797.9	*

2j. Breakdown of sales

(S\$ million)	GROUP		
	FY19	FY18	+ / (-) %
First Half Year			
(i) Sales reported	4,851	6,102	(21)
(ii) Profit after tax before deducting non-controlling interests reported	199	143	39
Second Half Year			
(ii) Sales reported	4,767	5,587	(15)
(ii) Profit after tax before deducting non-controlling interests reported	18	189	(90)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(S\$ million)	Note	GROUP		GROUP	
		4Q19	4Q18	FY19	FY18
(Loss) / Profit for the period / year		(42)	109	217	332
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations	(i)	(61)	(8)	(94)	(160)
Exchange differences on monetary items forming part of net investment in foreign operation		(3)	*	(3)	(1)
Net change in fair value of cash flow hedges	(ii)	89	(142)	26	65
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	7	(17)	(11)	(167)
Realisation of reserve upon disposal of joint venture		(1)	–	(1)	–
Realisation of reserve upon disposal of subsidiaries		(2)	20	(3)	19
Share of other comprehensive income of associates and joint ventures	(iv)	15	(8)	(12)	31
		44	(155)	(98)	(213)
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)	48	2	40	(4)
Defined benefit plan actuarial gain / (loss)		2	(4)	6	(4)
Other comprehensive income / (loss) for the period / year, net of tax		94	(157)	(52)	(221)
Total comprehensive income / (loss) for the period / year		52	(48)	165	111
Attributable to:					
Owners of the Company		79	(30)	201	159
Non-controlling interests		(27)	(18)	(36)	(48)
Total comprehensive income / (loss) for the period / year		52	(48)	165	111

3a. Notes to Consolidated Statement of Comprehensive Income

- (i) Change in foreign currency translation in 4Q19 arose mainly from depreciation of USD and Indian Rupee (INR) against SGD net of appreciation of British Pound (GBP) against SGD.
- (ii) Fair value changes in 4Q19 were mainly 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' changes in fair value on interest rate swaps.
- (v) Fair value changes in 4Q19 included an amount of S\$49 million resulted from an appreciation in value of an underlying investment post Initial Public listing in China and FY19 included amount relating to the disposal of Gallant Venture.

4. SEGMENTAL REPORTING

FY19

(i) Operating segments

(\$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	6,138	2,883	280	317	–	9,618
Inter-segment sales	32	*	*	13	(45)	–
Total	6,170	2,883	280	330	(45)	9,618
Results						
Earnings before interest and taxes (EBIT)	603	(141)	102	1	–	565
Share of results of associates and joint ventures, net of tax	114	(2)	75	(3)	–	184
Profit from operations (PFO)	717	(143)	177	(2)	–	749
Finance income	38	93	5	157	(161)	132
Finance costs	(489)	(130)	(5)	(123)	161	(586)
	266	(180)	177	32	–	295
Tax (expense) / credit	(45)	37	(58)	(12)	–	(78)
Non-controlling interests	(26)	58	(2)	–	–	30
Net profit / (loss) for the year	195	(85)	117	20	–	247

Assets

Segment assets	12,872	8,407	498	4,869	(5,185)	21,461
Interests in associates and joint ventures	920	15	705	56	–	1,696
Tax assets	46	40	7	2	–	95
Total assets	13,838	8,462	1,210	4,927	(5,185)	23,252

Liabilities

Segment liabilities	9,655	6,214	191	3,946	(5,185)	14,821
Tax liabilities	451	35	51	15	–	552
Total liabilities	10,106	6,249	242	3,961	(5,185)	15,373

Capital expenditure

701	423	1	8	–	1,133
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Significant non-cash items

Depreciation and amortisation	423	245	1	13	–	682
Allowance for impairment in value of assets and assets written off, net	154	4	–	*	–	158
Allowance for expected credit loss	6	*	1	*	–	7
Impairment on assets reclassified to held for sale	64	–	–	–	–	64
Impairment of goodwill	65	–	–	–	–	65
Provision for fines and related other provision	7	–	–	–	–	7

(ii) Geographical segments

(\$ million)	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	%	%	%	%	%	%	%	
Singapore	3,955	41	5,838	34	9,429	40	505	46
China	511	5	1,527	9	2,015	9	25	2
India	1,625	17	5,493	32	6,650	28	462	41
Rest of Asia	350	4	1,366	8	1,644	7	5	–
Middle East & Africa	81	1	315	2	355	2	*	–
UK	671	7	719	4	969	4	69	6
Norway	668	7	122	1	136	1	*	–
Rest of Europe	508	5	186	1	195	1	*	–
Brazil	359	4	1,541	9	1,716	7	62	5
USA	825	8	3	–	4	–	*	–
Other Countries	65	1	47	–	139	1	5	–
Total	9,618	100	17,157	100	23,252	100	1,133	100

4. SEGMENTAL REPORTING (Cont'd)

FY18

(i) Operating segments

<i>(S\$ million)</i>	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	6,536	4,888	5	260	–	11,689
Inter-segment sales	33	–	*	54	(87)	–
Total	6,569	4,888	5	314	(87)	11,689
Results						
Earnings before interest and taxes (EBIT)	728	(58)	*	(3)	–	667
Share of results of associates and joint ventures, net of tax	92	(2)	94	(10)	–	174
Profit from operations (PFO)	820	(60)	94	(13)	–	841
Finance income	35	55	1	101	(105)	87
Finance costs	(425)	(101)	(5)	(82)	105	(508)
	430	(106)	90	6	–	420
Tax (expense) / credit	(98)	22	*	(12)	–	(88)
Non-controlling interests	(20)	36	(4)	3	–	15
Net profit / (loss) for the year	312	(48)	86	(3)	–	347

Assets

Segment assets	12,617	8,483	698	3,568	(3,892)	21,474
Interests in associates and joint ventures	946	67	666	62	–	1,741
Tax assets	65	34	4	3	–	106
Total assets	13,628	8,584	1,368	3,633	(3,892)	23,321

Liabilities

Segment liabilities	9,230	6,164	494	2,809	(3,892)	14,805
Tax liabilities	493	62	1	22	–	578
Total liabilities	9,723	6,226	495	2,831	(3,892)	15,383

Capital expenditure

818	342	*	7	–	1,167
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Significant non-cash items

Depreciation and amortisation	380	201	1	13	–	595
Allowance for impairment in value of assets and assets written off, net	10	5	–	1	–	16
Inventories written back, net	(2)	1	–	*	–	(1)
Impairment of goodwill	–	–	–	1	–	1
Allowance for / (Write-back of) expected credit loss	2	3	(2)	*	–	3
Provision for fines and related other provision	25	–	–	–	–	25

(ii) Geographical segments

<i>(S\$ million)</i>	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	%	%	%	%	%	%	%	
Singapore	4,204	36	5,534	32	9,322	40	384	33
China	219	2	1,533	9	2,126	9	20	2
India	1,687	14	5,266	31	6,482	28	513	44
Rest of Asia	647	6	1,488	9	1,659	7	1	–
Middle East & Africa	116	1	324	2	359	2	3	–
UK	649	6	814	5	1,044	4	145	12
Norway	1,628	14	137	1	147	1	*	–
Rest of Europe	963	8	196	1	255	1	*	–
Brazil	243	2	1,520	9	1,721	7	89	8
USA	1,186	10	2	–	4	–	*	–
Other Countries	147	1	183	1	202	1	12	1
Total	11,689	100	16,997	100	23,321	100	1,167	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, Norway, 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)	4Q19	4Q18	Growth		FY19	FY18	Growth	
				%				%
Turnover	1,332	1,581	(249)	(16)	6,138	6,536	(398)	(6)
Profit from operations (PFO) before EI	200	176	24	14	894	822	72	9
Net Profit before EI	92	64	28	44	360	321	39	12
Exceptional items (EI)	(155)	1	(156)	NM	(165)	(9)	(156)	NM
Net (Loss) / Profit	(63)	65	(128)	NM	195	312	(117)	(38)

Turnover

Turnover of S\$1,332 million in 4Q19 was S\$249 million or 16% lower than that of 4Q18. The decrease was mainly due to lower contribution in Singapore and the absence of contribution from South Africa post-divestment. The decline from Singapore was mainly due to lower gas sales and the planned major maintenance shutdown for the power generation assets in the quarter. This decline was partially offset by the UK's capacity market revenue recognised for the period since November 2018 upon the resumption of the capacity market scheme on October 24, 2019.

FY19 turnover of S\$6,138 million was S\$398 million or 6% lower than that of FY18. In addition to the reasons mentioned above, the lower turnover was also due to a shutdown of one thermal power unit in India during 1Q19 and the absence of contribution from South Africa post divestment in December 2018.

PFO before EI

4Q19 underlying PFO of S\$200 million was S\$24 million or 14% higher than 4Q18. The better PFO came mainly from India's settlement income from insurance and vendors, UK, and new assets in Myanmar and Bangladesh which started to contribute to the Group's PFO, offset by lower performance from Singapore due to a planned major maintenance shutdown and loss of contribution from divested assets.

India's 4Q19 performance had the benefit of one-off insurance and vendor settlements. For 4Q18, settlement from O&M contractors and a customer was recognised. Excluding the impact from these one-off settlements, 4Q19 performance was better than 4Q18 with higher plant load factor achieved and new capacities added to its renewable fleet.

The better performance in the UK was due to the recognition of capacity market revenue.

FY19 underlying PFO of S\$894 million was S\$72 million higher than FY18. The improvement was mainly from Bangladesh, China, India and Myanmar. Myanmar and Bangladesh achieved higher contribution as both plants commenced commercial operations in phases during 2018 and 2019. The higher PFO in Myanmar included a settlement from its vendor while the higher PFO in China came mainly from its renewable business with an increase in operational capacity and better contribution from the thermal power assets. India operations achieved better performance as SEIL Project 1 achieved higher plant load factors while SEIL Project 2 achieved higher dark spreads from lower coal cost. The renewable power business recorded better operating performance with better wind resources and new capacities.

Net Profit

4Q19 after exceptional items was a loss of S\$63 million compared to net profit of S\$65 million in 4Q18. FY19 net profit of S\$195 million was S\$117 million lower compared to the corresponding period last year.

Besides the exceptional items, FY19 net profit was impacted by the higher finance costs for Myingyan and Bangladesh following the commencement of operations. The effect of the higher finance costs was offset by the lower tax expense with India's recognition of tax credit following the election of the new tax rule for some of its subsidiaries under the renewable business.

4. SEGMENTAL REPORTING (Cont'd)

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

Energy (Cont'd)

Exceptional items: (4Q and FY19)

2019: 4Q19 exceptional items pertained to impairment losses of S\$245 million (see note 1) net of S\$90 million of disposal gains. FY19 exceptional items also included a S\$3 million net charge to profit and loss for disposal of a subsidiary net of negative goodwill and a S\$7 million additional provision for potential fines and claims at NSS.

2018: FY18 amount totalling a negative S\$9 million, comprised S\$23 million gain from the divestment of waste paper recycling and medical waste operations in Singapore and municipal water operations in South Africa, offset by S\$25 million of provisions for potential fines and claims at NSS, and a non-cash S\$7 million expensing of UKPR's capitalised cost upon refinancing.

4Q19 (note 1) Impairment: announced on February 6, 2020:

<i>(S\$ million)</i>	UKPR*	China wastewater treatment plant	Chile water business	Total
Cost of sales (note 2b)				
Property, plant and equipment	52	22	–	74
Intangible assets	64	–	–	64
Non-operating expense (note 2e)				
Goodwill	62	2	–	64
Assets reclassified to held for sale	–	–	64	64
Less: tax and NCI	(20)	(1)	–	(21)
Net of tax	158	23	64	245

*In accordance to the impairment of the underlying cash generating units (CGUs) as well as the goodwill allocated to these CGUs

Disposal gains in 4Q19 comprised the disposal of certain utilities assets in Singapore (S\$65 million), a gain from the sale of a land lease at Wilton, UK (S\$16 million) and gains from the divestment of water assets and business in China (S\$9 million).

4. SEGMENTAL REPORTING (Cont'd)

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

Marine

	4Q19	4Q18	Growth		FY19	FY18	Growth	
(S\$ million)				%				%
Turnover	624	913	(289)	(32)	2,883	4,888	(2,005)	(41)
Loss from operations (LFO) before EI	(89)	(4)	(85)	NM	(148)	(60)	(88)	147
Net (Loss) / Profit before EI	(47)	1	(48)	NM	(88)	(48)	(40)	(83)
Exception items (EI)	—	—	—	—	3	—	3	NM
Net (Loss) / Profit	(47)	1	(48)	NM	(85)	(48)	(37)	77

Turnover for 4Q19 and FY19 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repairs and upgrades revenue. Excluding the effects of delivery of rigs, revenue of S\$624 million in 4Q19 was a decrease of 11% and revenue would have been S\$2.67 billion in FY19, an increase of 6% compared to the corresponding periods of S\$702 million and S\$2.53 billion respectively.

LFO for 4Q19 and FY19 was mainly due to accelerated depreciation for the yard at Tanjong Kling Road and continued low overall business volume, offset by profits from repairs and upgrades business on improved margins and better product mix.

Urban

	4Q19	4Q18	Growth		FY19	FY18	Growth	
(S\$ million)				%				%
Turnover*	278	2	276	NM	280	5	275	NM
Profit from operations (PFO) before EI	146	35	111	NM	177	78	99	127
Net profit before EI	87	33	54	164	117	71	46	65
Exceptional items (EI)	—	—	—	—	—	15	(15)	(100)
Net Profit	87	33	54	164	117	86	31	36

*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.

Turnover recognised in 4Q19 was due to the sale of Nanjing Riverside Grandeur (NJRG) in China.

4Q19 PFO and net profit was higher than 4Q18, mainly due to recognition of the sale of NJRG.

FY19 PFO and net profit also included profits attributed to steady performance of Vietnam operations. FY18 profit included the recognition of commercial and residential land sales from Chengdu, China.

5. BALANCE SHEETS

	GROUP		COMPANY	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<i>(S\$ million)</i>				
Non-current assets				
Property, plant and equipment	11,739	11,672	309	328
Right-of-use assets	464	–	100	–
Investment properties	128	110	–	–
Investments in subsidiaries	–	–	2,646	2,647
Associates and joint ventures	1,696	1,741	–	–
Other financial assets	266	262	–	–
Trade and other receivables	2,170	2,366	349	273
Contract costs	2	*	–	–
Intangible assets	630	779	26	24
Deferred tax assets	62	67	–	–
	17,157	16,997	3,430	3,272
Current assets				
Inventories	386	513	4	7
Trade and other receivables	2,048	2,311	83	96
Contract assets	1,501	1,022	–	10
Contract costs	90	329	–	–
Assets held for sale	75	129	–	127
Other financial assets	228	95	–	–
Cash and cash equivalents	1,767	1,925	1,123	759
	6,095	6,324	1,210	999
Total assets	23,252	23,321	4,640	4,271
Current liabilities				
Trade and other payables	2,844	2,968	244	130
Lease liabilities	34	–	4	–
Contract liabilities	172	445	3	1
Provisions	34	86	11	19
Liabilities held for sale	31	–	–	–
Other financial liabilities	50	62	–	–
Current tax payable	204	153	74	58
Interest-bearing borrowings	2,643	1,862	–	–
	6,012	5,576	336	208
Net current assets	83	748	874	791
Non-current liabilities				
Deferred tax liabilities	348	425	29	50
Other long-term payables	131	242	171	268
Lease liabilities	470	–	116	–
Provisions	142	163	10	16
Other financial liabilities	44	43	–	–
Interest-bearing borrowings	8,157	8,870	–	–
Contract liabilities	69	64	30	30
	9,361	9,807	356	364
Total liabilities	15,373	15,383	692	572
Net assets	7,879	7,938	3,948	3,699
Equity attributable to owners of the Company:-				
Share capital	566	566	566	566
Other reserves	(323)	(248)	(4)	(7)
Revenue reserve	5,827	5,669	2,585	2,339
	6,070	5,987	3,147	2,898
Perpetual securities	801	801	801	801
	6,871	6,788	3,948	3,699
Non-controlling interests	1,008	1,150	–	–
Total equity	7,879	7,938	3,948	3,699

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

5a. Group's borrowings and debt securities

	As at December 31, 2019	As at December 31, 2018
<i>(S\$ million)</i>		
Amount repayable:		
(i) <u>In one year or less, or on demand</u>		
Interest-bearing borrowings		
Secured	674	686
Unsecured	1,969	1,176
	<u>2,643</u>	<u>1,862</u>
(ii) <u>Between one to five years</u>		
Interest-bearing borrowings		
Secured	1,264	1,180
Unsecured	4,268	4,623
	<u>5,532</u>	<u>5,803</u>
(iii) <u>After five years</u>		
Interest-bearing borrowings		
Secured	1,951	2,086
Unsecured	674	981
	<u>2,625</u>	<u>3,067</u>
Total	<u>10,800</u>	<u>10,732</u>
(iv) The secured loans are collateralised by the following assets' net book value:-		
	As at December 31, 2019	As at December 31, 2018
<i>(S\$ million)</i>		
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	7,099	6,758

5b. Net asset value

	Group		Company	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Net asset value per ordinary share based on issued share capital at the end of the financial year (in S\$)	3.85	3.80	2.21	2.07

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at December 31, 2019 was S\$3.40 (December 31, 2018: S\$3.35).

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 S\$67 million was attributable mainly to additions from Marine and the new renewable power assets in India and Singapore, net of depreciation and impairment, reclassified to assets held for sale and deconsolidation of subsidiaries upon disposals.

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

“Investment properties” arose from the ongoing construction of commercial property in Nanjing, China.

“Associates and joint venture” decreased mainly due to Marine’s divestment of its 50% shareholding in interest in Pacific Workboats Pte Ltd.

“Trade and other receivables” reduction was mainly due to reclassification of balances due within 12 months to current.

“Intangible assets” decreased mainly due to Energy business’ impairment in 4Q19, disposals and amortisation, net of reclassification of engineering designs under developments from contract costs during the year.

Current assets

“Inventories” decreased mainly due to the cost recognition of the residential property, NJRG, in China upon handover of the units in December 2019.

“Trade and other receivables” decreased mainly due to Marine’s receipts from customers for completed projects net of service concession receivables reclassified from non-current. Energy India’s better collections from customers approximately offset the effect of higher receivables with Thermal Plant 1 unit 1 which resumed operations in 1Q19 since shutdown in October 2018.

“Contract assets” increased mainly due to Marine’s revenue recognised for work completed not yet billed.

“Contract costs” decreased mainly due to recognition of cost of sales upon delivery of rig and reclassification of engineering designs under development to intangible assets during the year.

“Assets held for sale” as at December 31, 2019 was for the disposal of Energy’s assets in Chile as announced on February 6, 2020. At December 31, 2018 assets held for sale related to an equity interest in a Marine’s associated company and certain utilities facilities were completed in January 2019 and October 2019, respectively.

“Other financial assets” increased mainly due to fair value adjustments on cross currency swaps, forward foreign exchange contracts and fuel oil swaps on contracts to be delivered within 12 months.

Current liabilities

“Trade and other payables” decreased mainly due to payment made during the year net of higher trade creditors with India’s Thermal Project 1 resuming full operation since end February 2019, higher accrued expenses from UK operations and higher accrued capital expenses for the Group’s ongoing expansion of its renewable assets.

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

“Contract liabilities” decreased mainly due to the sales recognition of NJRG.

“Provisions” decreased mainly because the balance amount of S\$36 million for fines and related other provision were reclassified to current and non-current other payables of S\$21 million and S\$15 million respectively, upon the conclusion of the legal proceedings (see Note 15(c)).

“Liabilities held for sale” arose for the disposal of Energy’s liabilities in Chile as announced on February 6, 2020.

“Other financial liabilities” decreased mainly due to fair value adjustment on forward foreign exchange contracts, foreign currency swaps and fuel oil swaps.

“Interest-bearing borrowings” increased mainly due to higher amount due within 12 months, net of repayment during the year. Out of the S\$2.6 billion current borrowings, S\$1.4 billion was under Marine and Marine is finalising with lenders to refinance and re-profile these loans with longer term maturities. As at December 31, 2019, the Group has at least S\$1.0 billion in committed revolving credit facilities with final maturity dates beyond 2022 that can be drawn down.

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

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

(i) Group (cont'd)

Non-current liabilities

“Deferred tax liabilities” decreased mainly due to the disposal and impairment of assets and the recognition of unutilised tax losses.

“Other payables” decreased mainly due to Marine’s reclassification of accrued land lease payables to lease liabilities.

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

“Provisions” decreased mainly due to write-back of warranty provisions from Marine.

“Interest-bearing borrowings” decreased with amount due within 12 months being reclassified to current liabilities.

(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 higher loan to the Singapore renewable businesses.

Current assets

“Contract assets” decreased as work performed billed and recognised as trade receivables.

“Assets held for sale” as at December 31, 2018 was for sale of certain utilities facilities, completed in October 2019.

Current liabilities

“Trade and other payables” increased mainly because loan due to a subsidiary was due within 12 months as at December 2019.

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

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

“Current tax payable” increased as certain deferred tax liabilities became current with the disposal of certain utilities facilities during the year.

Non-current liabilities

“Deferred tax liabilities” decreased as the temporary difference reversed.

“Other long-term payables” decreased mainly due to reclassification of loan due to a subsidiary to current.

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

“Provisions” decreased mainly due to change in estimates of the restoration provision.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

(S\$ million)	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total	Perpetual securities			Total
9M19										
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	–	–	–	–	(27)	(27)	–	(27)	*	(27)
Restated balance at January 1, 2019	566	(9)	(390)	151	5,642	5,960	801	6,761	1,150	7,911
Total comprehensive income										
Profit for the period	–	–	–	–	262	262	–	262	(3)	259
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	(35)	–	–	(35)	–	(35)	2	(33)
Exchange differences on monetary items forming part of net investment in foreign operation	–	–	*	–	–	*	–	*	–	*
Net change in fair value of cash flow hedges	–	–	–	(59)	–	(59)	–	(59)	(4)	(63)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(14)	–	(14)	–	(14)	(4)	(18)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(8)	–	(8)	–	(8)	–	(8)
Realisation of reverse upon disposal of subsidiary	–	–	–	7	(8)	(1)	–	(1)	*	(1)
Defined benefit plan actuarial gains and losses	–	–	–	–	4	4	–	4	–	4
Share of other comprehensive income of associates and joint ventures	–	–	–	(27)	–	(27)	–	(27)	–	(27)
Total other comprehensive income	–	–	(35)	(101)	(4)	(140)	–	(140)	(6)	(146)
Total comprehensive income	–	–	(35)	(101)	258	122	–	122	(9)	113
Transactions with owners of the Company, recognised directly in equity										
Contributions from non-controlling interests	–	–	–	(3)	–	(3)	–	(3)	20	17
Capital reduction / distribution to non-controlling interests	–	–	–	–	–	–	–	–	(1)	(1)
Share-based payments	–	–	–	6	–	6	–	6	*	6
Purchase of treasury shares	–	(1)	–	–	–	(1)	–	(1)	–	(1)
Purchase of treasury shares by a subsidiary	–	–	–	–	–	–	–	–	*	*
Treasury shares transferred to employees	–	9	–	(9)	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	(1)	–	(1)	–	(1)	1	–
Perpetual securities distribution paid	–	–	–	–	–	–	(18)	(18)	–	(18)
Accrued perpetual securities distribution	–	–	–	–	(27)	(27)	27	–	–	–
Dividend paid	–	–	–	–	(71)	(71)	–	(71)	(19)	(90)
Total transactions with owners	–	8	–	(7)	(98)	(97)	9	(88)	1	(87)
At September 30, 2019	566	(1)	(425)	43	5,802	5,985	810	6,795	1,142	7,937

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						Perpetual securities	Total	Non-controlling interests	Total equity
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total				
4Q19										
Total comprehensive income										
Loss for the period	–	–	–	–	(15)	(15)	–	(15)	(27)	(42)
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	(53)	–	–	(53)	–	(53)	(8)	(61)
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	–	–	–	79	–	79	–	79	10	89
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	6	–	6	–	6	1	7
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	48	–	48	–	48	–	48
Realisation of reserve upon disposal of joint venture	–	–	(1)	–	*	(1)	–	(1)	–	(1)
Realisation of reserve upon disposal of subsidiary	–	–	*	*	1	1	–	1	(3)	(2)
Defined benefit plan actuarial gains and losses	–	–	–	–	2	2	–	2	*	2
Share of other comprehensive income of associates and joint ventures	–	–	–	15	–	15	–	15	–	15
Total other comprehensive income	–	–	(57)	148	3	94	–	94	–	94
Total comprehensive income	–	–	(57)	148	(12)	79	–	79	(27)	52
Transactions with owners of the Company, recognised directly in equity										
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	2	2
Capital reduction / distribution to non-controlling interests	–	–	–	–	–	–	–	–	(3)	(3)
Purchase of treasury shares	–	(3)	–	–	–	(3)	–	(3)	–	(3)
Share-based payments	–	–	–	3	–	3	–	3	1	4
Acquisition of non-controlling interests	–	–	–	15	–	15	–	15	(106)	(91)
Perpetual distribution paid	–	–	–	–	–	–	(18)	(18)	–	(18)
Accrued perpetual securities distribution	–	–	–	–	(9)	(9)	9	–	–	–
Transfer of reserve	–	–	–	(46)	46	–	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	(1)	(1)
Total transactions with owners	–	(3)	–	(28)	37	6	(9)	(3)	(107)	(110)
At December 31, 2019	566	(4)	(482)	163	5,827	6,070	801	6,871	1,008	7,879

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						Perpetual securities	Total	Non-controlling interests	Total equity
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total				
9M18										
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	—	—	—	—	241	241	—	241	(18)	223
Other comprehensive income										
Foreign currency translation differences for foreign operations	—	—	(153)	—	—	(153)	—	(153)	1	(152)
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	—	—	—	212	—	212	—	212	(5)	207
Net change in fair value of cash flow hedges reclassified to profit or loss	—	—	—	(148)	—	(148)	—	(148)	(2)	(150)
Net change in fair value of financial assets at fair value through other comprehensive income	—	—	—	(2)	—	(2)	—	(2)	(4)	(6)
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	(3)	(1)
Share of other comprehensive income of associates and joint ventures	—	—	—	38	*	38	—	38	1	39
Total other comprehensive income	—	—	(154)	109	(7)	(52)	—	(52)	(12)	(64)
Total comprehensive income	—	—	(154)	109	234	189	—	189	(30)	159
Transactions with owners of the Company, recognised directly in equity										
Contributions from non-controlling interests	—	—	*	(6)	*	(6)	—	(6)	24	18
Share-based payments	—	—	—	5	—	5	—	5	1	6
Purchase of treasury shares	—	(13)	—	—	—	(13)	—	(13)	—	(13)
Purchase of treasury shares by a subsidiary	—	—	—	(1)	—	(1)	—	(1)	*	(1)
Treasury shares transferred to employees	—	8	—	(8)	—	—	—	—	—	—
Treasury shares of a subsidiary	—	—	—	*	—	*	—	*	1	1
Acquisition of non-controlling interests	—	—	1	28	—	29	—	29	(29)	—
Acquisition of a subsidiary	—	—	—	*	*	*	—	*	1	1
Perpetual securities distribution paid	—	—	—	—	—	—	(228)	(228)	—	(228)
Accrued perpetual securities distribution	—	—	—	—	(34)	(34)	34	—	—	—
Dividend paid	—	—	—	—	(71)	(71)	—	(71)	(24)	(95)
Unclaimed dividends	—	—	—	—	*	*	—	*	—	*
Total transactions with owners	—	(5)	1	18	(105)	(91)	(194)	(285)	(26)	(311)
At September 30, 2018	566	(5)	(418)	307	5,576	6,026	809	6,835	1,173	8,008

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						Perpetual securities	Total	Non-controlling interests	Total equity
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total				
4Q18										
Total comprehensive income										
Profit for the period	–	–	–	–	106	106	–	106	3	109
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	(2)	–	–	(2)	–	(2)	(6)	(8)
Exchange differences on monetary items forming part of net investment in foreign operation	–	–	*	–	–	*	–	*	–	*
Net change in fair value of cash flow hedges	–	–	–	(130)	–	(130)	–	(130)	(12)	(142)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(21)	–	(21)	–	(21)	4	(17)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	2	–	2	–	2	–	2
Defined benefit plan actuarial gains and losses	–	–	–	–	(4)	(4)	–	(4)	–	(4)
Realisation of reserve upon disposal of subsidiary	–	–	27	*	–	27	–	27	(7)	20
Share of other comprehensive income of associates and joint ventures	–	–	3	(11)	*	(8)	–	(8)	*	(8)
Total other comprehensive income	–	–	28	(160)	(4)	(136)	–	(136)	(21)	(157)
Total comprehensive income	–	–	28	(160)	102	(30)	–	(30)	(18)	(48)
Transactions with owners of the Company, recognised directly in equity										
Share-based payments	–	–	–	4	–	4	–	4	1	5
Purchase of treasury shares	–	(4)	–	–	–	(4)	–	(4)	–	(4)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	(1)	(1)
Perpetual securities distribution paid	–	–	–	–	–	–	(17)	(17)	–	(17)
Accrued perpetual securities distribution	–	–	–	–	(9)	(9)	9	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	(5)	(5)
Total transactions with owners	–	(4)	–	4	(9)	(9)	(8)	(17)	(5)	(22)
At December 31, 2018	566	(9)	(390)	151	5,669	5,987	801	6,788	1,150	7,938

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

6b. Statements of Changes in Equity of the Company

	Attributable to owners of the Company						
	Share capital	Reserve for own shares	Others	Revenue reserve	Total	Perpetual securities	Total
<i>(S\$ million)</i>							
9M19							
At December 31, 2018 as previously reported	566	(9)	2	2,339	2,898	801	3,699
Adoption of SFRS(I) 16	–	–	–	(20)	(20)	–	(20)
Restated balance at January 1, 2019	566	(9)	2	2,319	2,878	801	3,679
Total comprehensive income							
Profit for the period	–	–	–	138	138	–	138
Total comprehensive income	–	–	–	138	138	–	138
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	–	–	5	–	5	–	5
Purchase of treasury shares	–	(1)	–	–	(1)	–	(1)
Treasury shares transferred to employees	–	9	(9)	–	–	–	–
Perpetual securities distribution paid	–	–	–	–	–	(18)	(18)
Accrued perpetual securities distribution	–	–	–	(27)	(27)	27	–
Dividend paid	–	–	–	(71)	(71)	–	(71)
Total transactions with owners	–	8	(4)	(98)	(94)	9	(85)
At September 30, 2019	566	(1)	(2)	2,359	2,922	810	3,732
4Q19							
Total comprehensive income							
Profit for the period	–	–	–	235	235	–	235
Total comprehensive income	–	–	–	235	235	–	235
Transactions with owners of the Company, recognised directly in equity							
Issue of treasury shares	–	–	*	–	*	–	*
Purchase of treasury shares	–	–	(3)	–	(3)	–	(3)
Share-based payments	–	–	2	–	2	–	2
Perpetual securities distribution paid	–	–	–	–	–	(18)	(18)
Accrued perpetual securities distribution	–	–	–	(9)	(9)	9	–
Total transactions with owners	–	–	(1)	(9)	(10)	(9)	(19)
At December 31, 2019	566	(1)	(3)	2,585	3,147	801	3,948

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

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

	Attributable to owners of the Company				Perpetual securities	Total
	Share capital	Reserve for own shares	Others	Revenue reserve		
<i>(S\$ million)</i>						
9M18						
At January 1, 2018	566	*	2	2,086	1,003	3,657
Total comprehensive income						
Profit for the period	–	–	–	182	–	182
Total comprehensive income	–	–	–	182	–	182
Transactions with owners of the Company, recognised directly in equity						
Share-based payments	–	–	3	–	–	3
Changes to share-based reserve upon disposal of subsidiary	–	–	*	–	–	*
Purchase of treasury shares	–	(13)	–	–	–	(13)
Treasury shares transferred to employees	–	8	(8)	–	–	–
Perpetual securities distribution paid	–	–	–	–	(228)	(228)
Accrued perpetual securities distribution	–	–	–	(34)	34	–
Dividend paid	–	–	–	(71)	–	(71)
Unclaimed dividends reissued	–	–	–	*	–	*
Total transactions with owners	–	(5)	(5)	(105)	(194)	(309)
At September 30, 2018	566	(5)	(3)	2,163	809	3,530
4Q18						
Total comprehensive income						
Profit for the period	–	–	–	185	–	185
Total comprehensive income	–	–	–	185	–	185
Transactions with owners of the Company, recognised directly in equity						
Share-based payments	–	–	5	–	–	5
Changes to share-based reserve upon disposal of subsidiary	–	–	*	–	–	*
Purchase of treasury shares	–	(4)	–	–	–	(4)
Treasury shares transferred to employees	–	*	*	–	–	*
Perpetual securities distribution paid	–	–	–	–	(17)	(17)
Accrued perpetual securities distribution	–	–	–	(9)	9	–
Total transactions with owners	–	(4)	5	(9)	(8)	(16)
At December 31, 2018	566	(9)	2	2,339	801	3,699

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	–	(3,130,247)
At September 30, 2019	<u>1,787,547,732</u>	<u>269,891</u>
Treasury shares purchased	–	1,730,100
Treasury shares transferred pursuant to restricted share plan	–	(33,715)
At December 31, 2019	<u>1,787,547,732</u>	<u>1,966,276</u>

Issued and paid up capital

As at December 31, 2019, the Company's issued and paid up capital excluding treasury shares comprised 1,785,581,456 (December 31, 2018: 1,784,447,594) ordinary shares.

Treasury shares

During 4Q19, the Company acquired 1,730,100 (4Q18: 1,400,000) ordinary shares in the Company by way of on-market purchases. 33,715(4Q18: 9,492) treasury shares were re-issued pursuant to the Restricted Share Plan (RSP).

As at December 31, 2019, 1,966,276 (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 due to under-achievement of targets	(770,000)
Conditional performance shares awarded	<u>2,487,800</u>
At September 30, 2019 and December 31, 2019	<u>5,319,353</u>

During 4Q19, nil (4Q18: nil) performance shares were awarded under the Company's PSP. No performance shares were released or lapsed in 4Q19 and 4Q18.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2019, was 5,319,353 (December 31, 2018: 3,601,553). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 7,979,029 (December 31, 2018: 5,402,329) 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		Total
	2017 & before	2019	
At January 1, 2019	5,082,597	–	5,082,597
Restricted shares awarded	46,600	3,501,703	3,548,303
Restricted shares released	(2,125,449)	(1,137,381)	(3,262,830)
Restricted shares lapsed	(93,221)	(29,024)	(122,245)
Restricted shares lapsed due to under-achievement of targets	<u>(1,187,000)</u>	<u>–</u>	<u>(1,187,000)</u>
At September 30, 2019	1,723,527	2,335,298	4,058,825
Restricted shares awarded	–	4,500	4,500
Restricted shares released	(17,215)	(16,500)	(33,715)
Restricted shares lapsed	<u>(8,023)</u>	<u>(10,687)</u>	<u>(18,710)</u>
At December 31, 2019	<u>1,698,289</u>	<u>2,312,611</u>	<u>4,010,900</u>

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 4Q19, 4,500 (4Q18: nil) restricted shares were awarded under the RSP, 33,715 (4Q18: 15,721) restricted shares were released and 18,710 (4Q18: 52,540) restricted shares were lapsed. Of the restricted shares released, 33,715 (4Q18: 9,492) restricted shares released were settled by way of issuance of treasury shares and nil (4Q18: 6,229) restricted shares were cash-settled.

The total number of restricted shares outstanding, for awards achieved but not released, as at end December 31, 2019 was 4,010,900 (December 31, 2018: 5,082,597).

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 fulfilment of service conditions at vesting. The actual release of the conditional awards is a maximum of 4,010,900 (December 31, 2018: 4,489,401) restricted shares.

7. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP 4Q19	GROUP 4Q18	GROUP FY19	GROUP FY18
<i>(\$ million)</i>					
Cash flows from Operating Activities					
(Loss) / Profit for the period / year		(42)	109	217	332
Adjustments for:					
Dividend income		–	*	*	*
Finance income	(31)	(31)	(29)	(132)	(87)
Finance costs		146	152	586	508
Depreciation and amortisation		171	164	682	595
Share of results of associates and joint ventures, net of tax		(44)	(40)	(184)	(174)
Gain on disposal of property, plant and equipment, other financial assets and business		(18)	(1)	(19)	(8)
Gain on disposal of intangible assets		(2)	*	(2)	*
Gain on disposal of assets held for sale		(70)	–	(70)	–
Gain on disposal and liquidation of investments in subsidiaries, joint venture and business		(19)	(27)	(16)	(44)
Changes in fair value of financial instruments and other financial assets		(7)	6	8	(15)
Equity settled share-based compensation expenses		4	5	10	11
Impairment of goodwill		64	–	65	1
Impairment of intangible assets		64	–	64	–
Allowance made for impairment loss in value of assets and assets written off, net		81	12	96	16
Negative goodwill		–	–	(6)	*
Inventories written down and allowance for stock obsolescence, net		(2)	*	*	(1)
Allowance for expected credit loss		(7)	(3)	7	3
Impairment on assets reclassified to held for sale		64	–	64	–
Provision for fines		–	–	7	25
Tax expense / (credit)		20	(13)	78	88
Operating profit before working capital changes		372	335	1,455	1,250
Changes in working capital:					
Inventories		128	(3)	124	(9)
Receivables		120	(86)	239	(1,216)
Payables		(285)	(278)	(206)	(215)
Contract costs		24	194	188	2,160
Contract assets		71	101	(479)	(361)
Contract liabilities		(307)	144	(245)	(748)
		123	407	1,076	861
Tax paid		(21)	(44)	(99)	(122)
Net cash from operating activities		102	363	977	739
Cash flows from Investing Activities					
Dividend received		92	74	229	167
Interest received		25	19	104	74
Proceeds from disposal of joint venture		–	62	–	66
Proceeds from disposal of assets held for sale		197	–	197	–
Proceeds from sale of other financial assets and business		195	61	503	315
Proceeds from sale of property, plant and equipment		25	2	27	11
Proceeds from disposal of interests in subsidiaries, net of cash disposed	7c	56	69	(10)	73
Proceeds from sale of intangible assets		3	*	7	*
Loan repayments from related parties		*	4	10	25
Non-trade balances with related corporations, net of repayment		2	28	(2)	–
Acquisition of subsidiaries and intangible assets, net of cash acquired	7b	–	(1)	–	(426)
Additional investments in joint ventures and associates		(1)	(55)	(11)	(85)
Acquisition of other financial assets		(229)	(80)	(567)	(310)
Purchase of property, plant and equipment and investment properties		(229)	(329)	(925)	(1,107)
Purchase of software, carbon allowance and service concession agreement		(4)	(7)	(9)	(20)
Cash balances transferred to held for sale, net of advance received		(4)	6	(4)	–
Net cash from / (used in) investing activities		128	(147)	(451)	(1,217)

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

	Note	GROUP 4Q19	4Q18	GROUP FY19	FY18
<i>(S\$ million)</i>					
Cash flows from Financing Activities					
Proceeds from share issued to non-controlling interests of subsidiaries		2	2	19	25
Proceeds from share options exercised with issue of treasury shares of a subsidiary		–	1	–	1
Purchase of treasury shares		(3)	(4)	(4)	(17)
Purchase of treasury shares by subsidiary		–	*	–	(1)
Proceeds from borrowings		859	1,361	4,007	3,011
Repayment of borrowings		(752)	(825)	(3,886)	(2,157)
Repayment of hire-purchase creditors		–	1	–	1
Payment on lease liabilities		(13)	1	(35)	–
Payment for non-controlling interests / non-controlling interest acquired in 2017		(91)	–	(91)	(292)
Capital reduction paid to non-controlling interests		(3)	–	(4)	–
Dividends paid to owners of the Company		–	–	(71)	(71)
Dividends paid to non-controlling interests of subsidiaries		(1)	(5)	(20)	(29)
Payment in restricted cash held as collateral		(22)	10	(27)	4
Redemption of perpetual securities and distribution paid		(18)	(17)	(36)	(245)
Interest paid		(136)	(143)	(544)	(486)
Net cash (used in) / from financing activities		(178)	382	(692)	(256)
Net increase / (decrease) in cash and cash equivalents		52	598	(166)	(734)
Cash and cash equivalents at beginning of the period / year		1,699	1,332	1,923	2,682
Effect of exchange rate changes on balances held in foreign currency		(11)	(7)	(17)	(25)
Cash and cash equivalents at end of the period / year	7a	1,740	1,923	1,740	1,923

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 December 31, 2019	As at December 31, 2018
<i>(S\$ million)</i>		
Fixed deposits with banks	380	323
Cash and bank balances	1,387	1,602
Cash and cash equivalents in the balance sheets	1,767	1,925
Bank overdrafts	–	(1)
Restricted bank balances held as collateral by banks	(27)	(1)
Cash and cash equivalents in the consolidated statement of cash flows	1,740	1,923

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

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

In 3Q18, the Group acquired 77.83% of Vellocet Clean Energy Pty Ltd and acquisition of interests and titles to all intellectual property rights to Sevan Marine ASA and of HiLoad LNG AS.

The Group also 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) in 1H18.

<i>(S\$ million)</i>		FY18
Effect on cash flows of the Group		
Cash paid		467
Less: Cash and cash equivalents in subsidiaries acquired		(41)
Cash outflow on acquisition		<u>426</u>
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment		411
Intangible assets	N1	208
Inventories		3
Trade and other receivables		65
Cash and cash equivalents		41
Total assets		<u>728</u>
Trade and other payables		60
Other financial liabilities		1
Borrowings		244
Finance lease		1
Deferred tax liabilities	N1	46
Total liabilities		<u>352</u>
Net identifiable assets		376
Add: Goodwill	N1	92
Less: Non-controlling interests		(1)
Less: Amount previously accounted for as joint venture		*
Less: Gain on step up acquisition of joint venture		*
Consideration transferred for the business		<u>467</u>
Deferred consideration		-
Cash paid		<u>467</u>

N1. The Group completed the purchase price allocation exercise for Sevan Marine ASA and HiLoad LNG AS during the period ended September 30, 2019 and had made adjustments to the provisional fair value originally recorded in prior year. Purchase price adjustments, which are non-cash in nature, made during the measurement period have not been applied retrospectively as these adjustments, which relate mainly to balance sheet effects and certain consequential income statement effects, are immaterial to the Group. The adjustments to 3Q18 and 9M18 identifiable assets acquired and liabilities assumed were:

<i>(S\$ million)</i>	Increase / (Decrease)
Intangible assets	8
Deferred tax liabilities	<u>2</u>
Net identifiable assets	6
Less: Negative goodwill	<u>6</u>
Cash paid	<u>-</u>

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

7c. Cash flow on sale of subsidiaries, net of cash disposed

In 4Q19, the Group have completed the divestment of commercial design and construction business (100% stake in Sembcorp Design and Construction Pte Ltd) and a water business in China (80% stake in Sembcorp Lianyungang Water Co).

In 4Q18, the Group completed its divestment of municipal water operations in South Africa Water business (The Group's wholly owned subsidiary Sembcorp Utilities (Netherlands) N.V.'s 100% stake in Sembcorp Utilities South Africa, 100% effective stake in Sembcorp Silulumanzi and 73.4% stake in Sembcorp Siza Water) to South African Water Works Pty Ltd.

4Q18 also included the divestment of the Group's wholly owned subsidiary Sembcorp Design and Construction Pte Ltd's entire 60% stake in Sembcorp EOSM.

FY18 also included the divestment of Sembcorp Tay Paper Recycling.

<i>(S\$ million)</i>	4Q19	4Q18	FY19	FY18
Effect on cash flows of the Group				
Property, plant and equipment	27	14	34	17
Intangible assets	–	38	1	41
Inventories	*	1	–	1
Other assets	–	1	–	1
Trade and other receivables	3	16	53	20
Deferred tax assets	–	1	–	1
Cash and cash equivalents	7	15	73	17
Assets held for sale	120	–	–	–
Total assets	<u>157</u>	<u>86</u>	<u>161</u>	<u>98</u>
Trade and other payables	(12)	(20)	(66)	(22)
Other liabilities	–	(3)	(28)	(3)
Borrowings	(9)	(4)	(9)	(4)
Finance lease	*	(2)	(1)	(2)
Current tax payable	–	*	(7)	*
Deferred tax liabilities	–	(9)	(1)	(9)
Liabilities held for sale	(90)	–	–	–
Total liabilities	<u>(111)</u>	<u>(38)</u>	<u>(112)</u>	<u>(40)</u>
Net assets derecognised	46	48	49	58
Less: Non-controlling interests	(2)	(5)	(2)	(7)
Realisation of currency translation & other reserve upon disposal	*	28	*	28
Realisation of net investment hedge	–	2	–	–
	<u>44</u>	<u>73</u>	<u>47</u>	<u>79</u>
Gain on disposal	19	11	16	11
Consideration received	63	84	63	90
Less: Cash and cash equivalents disposed of	(7)	(15)	(73)	(17)
Net cash inflow	<u>56</u>	<u>69</u>	<u>(10)</u>	<u>73</u>

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

7d. Explanatory Notes to Consolidated Statement of Cash Flows

(i) Fourth Quarter

Net cash from operating activities before changes in working capital stood at S\$372 million; while net cash from operating activities was S\$102 million. The changes in working capital included Marine's net outflow for ongoing projects and included the effect of Urban's reversal of the S\$261 million advance received in 2018 for NJRG when the sale was recognised in the quarter.

Net cash from investing activities was \$128 million, mainly due to proceeds from disposal of assets held for sale and dividend income, partially offset by purchase of property, plant and equipment.

Net cash used in financing activities was S\$178 million, mainly for payment for interest and acquisition of non-controlling interests leading to 100% ownership of two businesses in the Energy's segment.

(ii) Full Year

Net cash from operating activities before changes in working capital stood at S\$1,455 million; while net cash from operating was S\$977 million. The changes in working capital were mainly due to Urban's sale of NJRG, as explained above, Marine's working capital for ongoing projects, offset by receipts from completed projects. In FY18, the changes in working capital included S\$191 million increase in service concession receivables from Myingyan and Sirajganj Unit 4 power projects.

Net cash used in investing activities was S\$451 million, mainly for the purchase of property, plant and equipment and net investments in other financial assets, partially offset by dividend and interest received.

Net cash used in financing activities was S\$692 million, mainly for interest payment and acquisition of non-controlling interests of two businesses in the Energy's segment.

(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 year ended December 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:-

<i>(S\$ million)</i>	Group	Company
Assets		
Right-of-use assets	483	110
Property, plant and equipment	(75)	–
Deferred tax assets	*	–
Prepayment	(27)	–
Liabilities		
Lease liabilities	509	130
Other payables	(101)	–
Equity		
Revenue reserve	(27)	(20)
Non-controlling interests	*	–

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.

Amendments to SFRS (I) 9 and SFRS (I) 7 Interest Rate Benchmark Reform (IRBR)

The Group has also early adopted the above amendments. The amendments provide temporary relief from applying specific hedge accounting requirements to hedge relationships directly affected by IRBR and have the effect that IRBR should not generally cause hedge accounting to terminate.

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 July 8, 2019, the Group issued 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. 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.

9b. Compensation of Key Management Personnel

There were no change to the key management personnel and no change to the compensation scheme in 4Q19.

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 reliably 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) Group	Fair value measurement using:			Total
	Level 1	Level 2	Level 3	
As at December 31, 2019				
Financial assets at FVOCI	–	–	87	87
Financial assets at FVTPL	81	–	25 [#]	106
Derivative financial assets	–	172	–	172
	<u>81</u>	<u>172</u>	<u>112</u>	<u>365</u>
Derivative financial liabilities	–	(94)	–	(94)
	<u>81</u>	<u>78</u>	<u>112</u>	<u>271</u>
 (S\$ million)				
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
	<u>127</u>	<u>153</u>	<u>52</u>	<u>332</u>
Derivative financial liabilities	–	(105)	–	(105)
	<u>127</u>	<u>48</u>	<u>52</u>	<u>227</u>

[#] The increase in level 3 financial assets at FVTPL for December 31, 2019 included S\$13 million fair value of Sembcorp Jingmen Water Co. Ltd (SJW). SJW has a disagreement with the local authorities on the treatability of the wastewater from a customer. On December 31, 2019, an administrative decision was issued by the City Construction Bureau in Jingmen, China that allows the local authorities to temporarily take over the operation of SJW for the period from June 28, 2019 to May 28, 2020. As a result, during this period, the Group is deemed to have lost control of SJW, and SJW is deconsolidated and recognised as 'other financial assets' accordingly.

In December 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 and FVTPL in Level 3 of the fair value hierarchy:

(S\$ million)	Financial assets at FVOCI	Financial assets at FVTPL
Group		
As at January 1, 2019	37	15
Addition	–	1
Net change in fair value	<u>(1)</u>	<u>(3)</u>
As at September 30, 2019	36	13
Reclassification [#]	–	13
Net change in fair value	<u>51</u>	<u>(1)</u>
As at December 31, 2019	<u>87</u>	<u>25</u>
 (S\$ million)		
Group		
As at January 1, 2018	42	11
Addition	–	*
Net change in fair value	<u>(6)</u>	<u>2</u>
As at September 30, 2018	36	13
Net change in fair value	<u>1</u>	<u>2</u>
As at December 31, 2018	<u>37</u>	<u>15</u>

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.

<i>(S\$ million)</i>	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
Group				
As at December 31, 2019				
Service concession receivables	1,055	–	1,055	1,253
Interest-bearing borrowings:				
– Non-current borrowings	–	8,157	8,157	8,226

<i>(S\$ million)</i>	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	–	8,870	8,870	8,821

<i>(S\$ million)</i>	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
Company				
As at December 31, 2019				
Amounts due from related parties	358	–	358	360
Amounts due to related parties	–	280	280	285

<i>(S\$ million)</i>	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

On February 6, 2020, the Group announced that there were material impairments amounting to S\$245 million of the Energy assets. Consequently, the Energy business made a net loss in 4Q19, while FY19 remained profitable.

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.

Group

Looking forward in 2020 there continues to be downside risks to global economic growth expectations with heightened geopolitical tensions as well as the impact of the COVID-19 outbreak on China and the region.

While the offshore and marine sector continues to experience a sustained downturn, the Group's Energy and Urban businesses will continue to underpin Group performance in 2020. The Group remains committed to its transformation plan, anchored by strong fundamentals and increasing opportunities to provide sustainable solutions to support the global energy transition.

Energy

In 2020, underlying performance of the Energy business is expected to be lower than in 2019 due to loss of contribution from divested assets, the absence of one-off income in Myanmar, and the potential impact arising from the COVID-19 outbreak.

The Energy business continues to focus on reshaping its portfolio towards renewables and sustainable solutions and executing its strategy to reposition accordingly.

Urban

In 2019, the Urban business recognised significant contribution from the sale of a residential development in China. Excluding this contribution, the Urban business is expected to provide steady profitability underpinned by its net orderbook.

Marine

Business activity levels remain low for all segments except for repairs and upgrades, which continues to improve, underpinned by IMO regulations that require installation of ballast water treatment systems and gas scrubbers.

Challenges remain, in particular supply chain disruptions due to the COVID-19 virus outbreak, which could affect execution of Marine projects. Competition remains intense for all segments of the business. Sembcorp Marine expects the trend of losses to continue into 2020.

15. SUBSEQUENT EVENT

- (a) On January 3, 2020, the Group announced that it had entered into a sale and purchase agreement with Veolia Environmental Services Asia to acquire 100% equity interest in Veolia ES Singapore and the public cleaning business of Veolia ES Singapore Industrial (VESSI) for approximately S\$28 million. The completion of the acquisition is subject to conditions precedent including regulatory approvals.
- (b) On February 6, 2020, the Group announced that it had agreed to sell 100% of its interest in the water business in Chile for a total consideration of CLP27.8 billion (approximately S\$49 million) to the Spanish construction and engineering service SACYR S.A. group of companies. Arising from the divestment, an impairment of S\$64 million was recognised in 4Q19 profit and loss, and a foreign currency translation loss (S\$30 million, as at 31 December 2019) will be taken to profit and loss upon completion of the sale, expected by mid-2020.
- (c) On February 7, 2020, the Group announced that the legal proceedings in China related to the discharge of off-specification wastewater by its 95%-owned joint venture wastewater treatment company, Sembcorp Nanjing SUIWU (NSS), was concluded following the issue of the final mediation agreement. The Group's share of fines and cash settlement for both the criminal and civil claims was a total of RMB237 million (S\$54 million), fully provided, and the Group is committed to new investments of RMB233 million (S\$45 million) over the next four years to develop projects and initiatives to support environmental protection in China.

16. DIVIDEND

(a) Current Financial Year reported On

Name of Dividend	2019 Interim Ordinary Exempt-1-Tier	Proposed 2019 Final Ordinary Exempt-1-Tier	2019 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	2.0	3.0	5.0

(b) Corresponding year of the Immediately Preceding Financial Year

Name of Dividend	2018 Interim Ordinary Exempt-1-Tier	2018 Final Ordinary Exempt-1-Tier	2018 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	2.0	2.0	4.0

(c) Current Financial Year reported On

The proposed final tax exempt 1-Tier dividend of 3.0 cents per ordinary share, if approved at the AGM to be held on April 22, 2020, will be paid on May 15, 2020.

(d) Notice of Record Date and Dividend Payment Date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on April 29, 2020 to determine the shareholders' entitlements to the proposed 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 April 28, 2020 (the "Record Date") will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on the Record Date will be entitled to the proposed dividend.

(e) Total annual dividend and capital distribution (in dollar value)

(S\$ million)	FY19	FY18
Name of Dividend		
Interim ordinary dividend	36	36
Final ordinary dividend *	54	36
Total	<u>90</u>	<u>72</u>

*FY19 dividend is estimated based on the share capital of 1,785,581,456 ordinary share at the end of the financial year.

17. INTERESTED PERSON TRANSACTIONS

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Groups' latest NTA. For FY19, the 5% Groups consolidated NTA as at December 31, 2018 was S\$300 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transaction of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2019, the Company obtained approval for such shareholders' mandate.

	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)	
	4Q19	FY19
<i>(S\$ million)</i>		
Sale of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Mapletree Investments Pte Ltd and its Associates	–	1.3
- PSA International Pte Ltd and its Associates	1.2	5.2
- Singapore Power Limited and its Associates	0.6	2.8
- Singapore Technologies Telemedia Pte Ltd and its Associates	–	1.2
- Temasek Capital (Private) Limited and its Associates	0.1	8.8
	<hr/>	<hr/>
	1.9	19.3
Olam International Ltd and its Associates	1.1	4.3
Singapore Telecommunications Ltd and its Associates	–	146.0
Capitaland Ltd and its Associates	0.6	23.8
Singapore Technologies Engineering Ltd and its Associates	0.2	0.2
	<hr/>	<hr/>
	3.8	193.6
Purchase of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited and its Associates	1.2	4.9
- Surbana-Jurong Private limited	5.8	9.2
- Temasek Capital (Private) Limited and its Associates ¹	80.1	466.4
- Certis CISCO Security Pte Ltd and its Associates	–	0.1
	<hr/>	<hr/>
	87.1	480.6
Singapore Technologies Engineering Ltd and its Associates	–	0.2
Starhub Ltd and its Associates	1.9	1.9
	<hr/>	<hr/>
	89.0	482.7
Provision of Management and Support Services		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	–	3.0
	<hr/>	<hr/>
	92.8	679.3
Treasury Transactions		

On June 21, 2019, the Company announced that it issued 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.

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 up to November 10, 2019. Up until November 10, 2019, Sembcorp Gas Pte Ltd is 30% owned by Seletar Investment Pte Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited.

17. **INTERESTED PERSON TRANSACTIONS** (Cont'd)

Aggregate value of all interested person transactions conducted during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)

(b) Transactions not under shareholders' mandate

Investment of Funds

Temasek Holdings (Private) Limited and its Associates
- ABC World Asia Pte Ltd

4Q19

FY19

20.0

20.0

Acquisition of share²

Temasek Holdings (Private) Limited and its Associates
- Temasek Capital (Private) Limited and its Associates

12.1

12.1

32.1

32.1

Note:

2. On November 11, 2019, the Group completed its acquisition of the remaining 30% shareholding in Sembcorp Gas Pte Ltd from Seletar Investments 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. **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDING**

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

BY ORDER OF THE BOARD

Kwong Sook May (Ms)
Company Secretary
February 21, 2020