



SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2019

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the third quarter and nine months year ended September 30, 2019.

1. CONSOLIDATED INCOME STATEMENT

	Note	GROUP			GROUP		
		3Q19	3Q18	+ / (-)	9M19	9M18	+ / (-)
(S\$ million)				%			%
Turnover	2a	2,450	3,021	(19)	7,301	9,123	(20)
Cost of sales	2b	(2,213)	(2,780)	(20)	(6,532)	(8,431)	(23)
Gross profit		237	241	(2)	769	692	11
General & administrative expenses	2c	(114)	(132)	(14)	(348)	(313)	11
Other operating income / (expenses), net	2d	32	55	(42)	89	89	–
Non-operating income	2e	8	16	(50)	11	21	(48)
Non-operating expenses	2e	(3)	–	NM	(5)	(1)	NM
Finance income	2f	34	23	48	101	58	74
Finance costs	2f	(151)	(121)	25	(440)	(356)	24
Share of results of associates and joint ventures, net of tax	2g	41	37	11	140	134	4
Profit before tax		84	119	(29)	317	324	(2)
Tax expense	2h	(24)	(40)	(40)	(58)	(101)	(43)
Profit for the period		60	79	(24)	259	223	16
Attributable to:							
Owners of the Company		71	82	(13)	262	241	9
Non-controlling interests		(11)	(3)	267	(3)	(18)	(83)
		60	79	(24)	259	223	16
Earnings per ordinary share (cents)							
- basic	2i	3.47	3.98	(13)	13.15	11.57	14
- diluted		3.45	3.96	(13)	13.07	11.51	14

* 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

3Q19

(\$ million)	Energy ¹	Marine	Urban ¹	Others / Corporate	Elimination	Total
Turnover						
External sales	1,653	717	1	79	–	2,450
Inter-segment sales	8	–	*	4	(12)	–
Total	1,661	717	1	83	(12)	2,450
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,503	–	–	–	–	1,503
Provision of water products and related services	56	–	–	–	–	56
Ship and rig repair, building, conversion and related services	–	708	–	–	–	708
Construction and engineering related activities	38	–	*	71	–	109
Others	56	9	–	8	–	73
Total revenue from contracts with customers	1,653	717	*	79	–	2,449
Charter hire and rental income	–	–	1	–	–	1
Total external sales	1,653	717	1	79	–	2,450
Timing of revenue recognition						
At a point in time	52	95	*	8	–	155
Over time	1,601	622	–	71	–	2,294
Total revenue from contracts with customers	1,653	717	*	79	–	2,449

3Q18

(\$ million)	Energy ¹	Marine	Urban ¹	Others / Corporate	Elimination	Total
Turnover						
External sales	1,782	1,167	2	70	–	3,021
Inter-segment sales	8	–	*	15	(23)	–
Total	1,790	1,167	2	85	(23)	3,021
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	1,594	–	–	–	–	1,594
Provision of water products and related services	59	–	–	–	–	59
Ship and rig repair, building, conversion and related services	–	1,145	–	–	–	1,145
Construction and engineering related activities	42	–	–	57	–	99
Others	87	8	2	13	–	110
Total revenue from contracts with customers	1,782	1,153	2	70	–	3,007
Charter hire and rental income	–	14	–	–	–	14
Total external sales	1,782	1,167	2	70	–	3,021
Timing of revenue recognition						
At a point in time	12	410	*	13	–	435
Over time	1,770	743	2	57	–	2,572
Total revenue from contracts with customers	1,782	1,153	2	70	–	3,007

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

In 3Q19, the Group reported a turnover of \$2,450 million, a decrease of 19% or \$571 million. Turnover for the Energy business decreased 7% to \$1,653 million and turnover for the Marine business decreased 39% to \$717 million.

The lower turnover from Energy was attributed mainly to lower provision of energy products and related services from Singapore, United Kingdom 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.

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

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

9M19

<i>(\$ million)</i>	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	4,806	2,259	2	234	–	7,301
Inter-segment sales	24	–	*	9	(33)	–
Total	4,830	2,259	2	243	(33)	7,301
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	4,275	–	–	–	–	4,275
Provision of water products and related services	160	–	–	–	–	160
Ship and rig repair, building, conversion and related services	–	2,231	–	–	–	2,231
Construction and engineering related activities	165	–	*	195	–	360
Others	206	28	–	39	–	273
Total revenue from contracts with customers	4,806	2,259	*	234	–	7,299
Charter hire and rental income	–	–	2	–	–	2
Total external sales	4,806	2,259	2	234	–	7,301
Timing of revenue recognition						
At a point in time	58	340	*	39	–	437
Over time	4,748	1,919	–	195	–	6,862
Total revenue from contracts with customers	4,806	2,259	*	234	–	7,299

9M18

<i>(\$ million)</i>	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	4,955	3,975	3	190	–	9,123
Inter-segment sales	22	–	*	44	(66)	–
Total	4,977	3,975	3	234	(66)	9,123
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	4,308	–	–	–	–	4,308
Provision of water products and related services	175	–	–	–	–	175
Ship and rig repair, building, conversion and related services	–	3,910	–	–	–	3,910
Construction and engineering related activities	209	–	–	161	–	370
Others	263	22	3	29	–	317
Total revenue from contracts with customers	4,955	3,932	3	190	–	9,080
Charter hire and rental income	–	43	–	–	–	43
Total external sales	4,955	3,975	3	190	–	9,123
Timing of revenue recognition						
At a point in time	39	1,511	*	28	–	1,578
Over time	4,916	2,421	3	162	–	7,502
Total revenue from contracts with customers	4,955	3,932	3	190	–	9,080

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

2b. Cost of sales

(S\$ million)	Note	GROUP			GROUP		
		3Q19	3Q18	+ / (-) %	9M19	9M18	+ / (-) %
Cost of sales		(2,213)	(2,780)	(20)	(6,532)	(8,431)	(23)
Included in cost of sales :-							
Depreciation and amortisation	(i)	(167)	(141)	18	(492)	(414)	19
Fixed assets written off		(8)	–	NM	(16)	(1)	NM
(Allowance) / Write-back for stock obsolescence		(2)	1	NM	(2)	1	NM
(Allowance) / Write-back for impairment loss, net – property, plant and equipment		–	*	NM	–	*	NM

The overall lower cost of sales for 3Q19 corresponded with the lower sales for the period.

- (i) The higher depreciation and amortisation in 3Q19 as compared to 3Q18 was mainly due to additional capacity for India renewables and UK Power Reserve (UKPR) and accelerated depreciation of certain property, plant and equipment at the Tanjong Kling Road yard since 4Q18. With the adoption of SFRS(I) 16 Leases effective from January 1, 2019, \$12 million of depreciation of right-of-use assets was recognised in 3Q19.

2c. General & administrative expenses

(S\$ million)	Note	GROUP			GROUP		
		3Q19	3Q18	+ / (-) %	9M19	9M18	+ / (-) %
General & administrative expenses		(114)	(132)	(14)	(348)	(313)	11
Included in general & administrative expenses :-							
Depreciation and amortisation		(5)	(5)	–	(19)	(17)	12
Allowance for expected credit loss	(i)	(2)	(5)	(60)	(14)	(6)	133
Fixed assets written off		*	*	NM	*	(3)	NM
Provision for fines	(ii)	–	(25)	(100)	–	(25)	(100)

General & administrative expenses in 3Q18 included \$25 million of provision for fines. Excluding the impact of this provision, the increase in expenses was mainly due to personnel expenses as the Group continued to build and deepen capabilities in new business lines, including digital and technology.

- (i) The net decrease in 3Q19 expected credit loss allowance was mainly from energy operations in China.
(ii) Provision for fines made related to an alleged discharge of off-specification wastewater at an overseas water business in 3Q18.

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

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

(S\$ million)	Note	GROUP			GROUP		
		3Q19	3Q18	+ / (-) %	9M19	9M18	+ / (-) %
Other operating income / (expenses), net		32	55	(42)	89	89	–
Included in other operating income / (expenses), net :-							
(Loss) / Gain on disposal of property, plant & equipment		(2)	2	NM	(3)	4	NM
Loss on disposal of intangible assets		*	–	NM	*	–	NM
Changes in fair value of financial instruments	(i)	(12)	6	NM	(14)	21	NM
Foreign exchange gain / (loss), net	(ii)	8	1	NM	8	(22)	NM
Rental income		6	5	20	16	15	7
Grant income		1	1	–	3	5	(40)
Other income	(iii)	31	40	(23)	79	66	20

- (i) 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).
- (ii) Net foreign exchange gain in 3Q19 arose mainly from revaluation of assets and liabilities denominated in United States dollar (USD) to Singapore dollar (SGD) in the Marine business. The gain was partially offset by the depreciation of Indian Rupee (INR) and British Pound (GBP).
- (iii) Other income in 3Q19 included insurance settlement for stator damage, settlement with vendor and sales of scrap. 3Q18 included settlement with O&M contractors and a customer in India. These settlements were mainly to compensate the loss of revenue in previous financial periods.

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

(S\$ million)	Note	GROUP			GROUP		
		3Q19	3Q18	+ / (-) %	9M19	9M18	+ / (-) %
Non-operating income		8	16	(50)	11	21	(48)
Non-operating expense		(3)	–	NM	(5)	(1)	NM
Included in non-operating income / (expense), net :-							
Provision for disposal of subsidiary	(i)	(3)	–	NM	(3)	–	NM
Gain on disposal of other financial assets	(ii)	2	1	100	4	3	33
Change in fair value of other financial assets		–	*	NM	(1)	*	NM
Negative goodwill	(iii)	6	*	NM	6	*	NM
Impairment of goodwill		(1)	–	NM	(1)	(1)	–
Gain on disposal of subsidiaries, joint venture and business		*	15	NM	*	17	NM

- (i) The amount related to the disposal of a subsidiary in Australia.
- (ii) These relate mainly to gain on disposal of unit trusts and funds.
- (iii) 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)

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

2f Finance income and finance costs

(S\$ million)	Note	GROUP			GROUP		
		3Q19	3Q18	+ / (-) %	9M19	9M18	+ / (-) %
Finance income	(i)	34	23	48	101	58	74
Finance costs	(ii)	(151)	(121)	25	(440)	(356)	24
Included in finance costs :-							
Interest paid and payable to banks and others		(137)	(113)	21	(400)	(336)	19
Amortisation of capitalised transaction costs		(4)	(3)	33	(9)	(6)	50
Fair value changes of interest rate swaps		(4)	(4)	–	(11)	(12)	(8)
Unwind of discount on restoration costs and financing component from contracts with customers		(1)	(1)	–	(4)	(2)	100
Interest expense on lease liabilities		(5)	–	NM	(16)	–	NM

(i) Higher finance income earned in 3Q19 was mainly from customers on deferred payment arrangement.

(ii) Higher 3Q19 finance costs was mainly due to Marine and Energy businesses' higher average bank borrowings for ongoing projects and working capital needs. The increase was also due to Myingyan and Sirajganj Unit 4 (S4), where interest costs are no longer capitalised as the plants have commenced operations. 3Q19 finance costs also included \$5 million of deemed interest costs on lease liabilities, upon adoption of SFRS(I) 16.

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

3Q19 share of results of associates and joint ventures was \$41 million, \$4 million higher than the \$37 million reported in 3Q18. The improvement came mainly from Middle East (Energy) and Vietnam (Urban) operations.

2h. Tax expense

(S\$ million)	GROUP			GROUP		
	3Q19	3Q18	+ / (-) %	9M19	9M18	+ / (-) %
Tax expense	(24)	(40)	(40)	(58)	(101)	(43)
Included in tax expense :-						
Net write-back of tax in respect of prior years	–	1	(100)	5	2	150

The overall lower tax expense in 3Q19 was mainly due to the lower pre-tax profit.

The lower 9M19 tax expense included the recognition of tax credit and tax incentives for Marine and lower tax expenses for India subsequent to the amalgamation of its thermal power operations in 4Q18.

The Group's 9M19 effective tax rate was 33% as compared to 53% in 9M18.

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

2i. Earnings per ordinary share

	GROUP			GROUP		
	3Q19	3Q18	+ / (-)	9M19	9M18	+ / (-)
	S\$	S\$	%	S\$	S\$	%
(i) Based on the weighted average number of shares (in cents)	3.47	3.98	(13)	13.15	11.57	14
- Weighted average number of shares (in million)	1,787.3	1,786.4	*	1,786.6	1,786.9	*
(ii) On a fully diluted basis (in cents)	3.45	3.96	(13)	13.07	11.51	14
- Adjusted weighted average number of shares (in million)	1,799.3	1,798.5	*	1,797.4	1,796.4	*

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(S\$ million)	Note	GROUP		GROUP	
		3Q19	3Q18	9M19	9M18
Profit for the period		60	79	259	223
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations	(i)	(51)	(95)	(33)	(151)
Exchange differences on monetary items forming part of net investment in foreign operation		*	(3)	*	(1)
Net change in fair value of cash flow hedges	(ii)	(71)	75	(63)	138
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	(22)	(38)	(18)	(80)
Realisation of reserve upon disposal of subsidiaries		(1)	*	(1)	*
Share of other comprehensive income of associates and joint ventures	(iv)	(9)	12	(27)	37
		(154)	(49)	(142)	(57)
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)	-	*	(8)	(6)
Defined benefit plan actuarial gain / (loss)		*	*	4	*
Other comprehensive loss for the period, net of tax		(154)	(49)	(146)	(63)
Total comprehensive (loss) / income for the period		(94)	30	113	160
Attributable to:					
Owners of the Company		(76)	22	122	189
Non-controlling interests		(18)	8	(9)	(29)
Total comprehensive (loss) / income for the period		(94)	30	113	160

3a. Notes to Consolidated Statement of Comprehensive Income

- (i) Change in foreign currency translation in 3Q19 arose mainly from depreciation of Renminbi (RMB) and INR against SGD net of appreciation of USD against SGD.
- (ii) Fair value changes in 3Q19 were mainly due to hedging differential on fuel oil swaps, forward foreign currency contracts, cross currency swaps and interest rate swaps.
- (iii) These relate to cash flow hedges recognised to profit and loss upon realisation.
- (iv) These relate mainly to share of associates and joint ventures' hedging differential on interest rate swaps.
- (v) Fair value changes in 9M19 included amount realised through other comprehensive income upon the disposal of holding in Gallant Venture.

4. SEGMENTAL REPORTING

9M19

(i) Operating segments

(\$ million)	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	4,806	2,259	2	234	–	7,301
Inter-segment sales	24	–	*	9	(33)	–
Total	4,830	2,259	2	243	(33)	7,301
Results						
Earnings before interest and taxes (EBIT)	587	(52)	(16)	(3)	–	516
Share of results of associates and joint ventures, net of tax	97	(2)	47	(2)	–	140
Profit from operations (PFO)	684	(54)	31	(5)	–	656
Finance income	28	72	4	111	(114)	101
Finance costs	(363)	(101)	(4)	(86)	114	(440)
	349	(83)	31	20	–	317
Tax (expense) / credit	(69)	19	*	(8)	–	(58)
Non-controlling interests	(22)	26	(1)	–	–	3
Net profit / (loss) for the period	258	(38)	30	12	–	262

Assets

Segment assets	13,298	8,582	609	4,899	(5,086)	22,302
Interests in associates and joint ventures	953	15	713	60	–	1,741
Tax assets	55	65	4	2	–	126
Total assets	14,306	8,662	1,326	4,961	(5,086)	24,169

Liabilities

Segment liabilities	9,846	6,294	467	4,133	(5,086)	15,654
Tax liabilities	476	75	1	14	–	566
Total liabilities	10,322	6,369	468	4,147	(5,086)	16,220

Capital expenditure

	503	283	*	6	–	792
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Significant non-cash items

Depreciation and amortisation	313	187	1	10	–	511
Allowance for impairment in value of assets and assets written off, net	16	*	–	–	–	16
Allowance for / (Write-back of) expected credit loss	15	(1)	*	*	–	14

(ii) Geographical segments

(\$ million)	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	%	%	%	%	%	%	%	
Singapore	3,066	42	5,872	33	9,686	40	340	43
China	173	2	1,541	9	2,184	9	5	1
India	1,340	18	5,493	31	6,821	28	356	45
Rest of Asia	250	3	1,422	8	1,727	7	5	1
Middle East & Africa	60	1	313	2	365	2	*	–
UK	473	7	824	5	1,049	5	37	4
Rest of Europe	1,007	14	316	2	341	1	*	–
Brazil	290	4	1,552	9	1,784	7	46	6
USA	594	8	3	–	4	–	*	–
Other Countries	48	1	176	1	208	1	3	–
Total	7,301	100	17,512	100	24,169	100	792	100

4. SEGMENTAL REPORTING (Cont'd)

9M18

(i) Operating segments

<i>(S\$ million)</i>	Energy	Marine	Urban	Others / Corporate	Elimination	Total
Turnover						
External sales	4,955	3,975	3	190	–	9,123
Inter-segment sales	22	–	*	44	(66)	–
Total	4,977	3,975	3	234	(66)	9,123
Results						
Earnings before interest and taxes (EBIT)	566	(55)	(12)	(11)	–	488
Share of results of associates and joint ventures, net of tax	70	(1)	71	(6)	–	134
Profit from operations (PFO)	636	(56)	59	(17)	–	622
Finance income	26	34	1	69	(72)	58
Finance costs	(294)	(74)	(5)	(55)	72	(356)
	368	(96)	55	(3)	–	324
Tax (expense) / credit	(103)	12	*	(10)	–	(101)
Non-controlling interests	(19)	34	(2)	5	–	18
Net profit / (loss) for the period	246	(50)	53	(8)	–	241

Assets

Segment assets	12,561	8,430	367	3,193	(3,636)	20,915
Interests in associates and joint ventures	931	68	785	67	–	1,851
Tax assets	65	59	2	5	–	131
Total assets	13,557	8,557	1,154	3,265	(3,636)	22,897

Liabilities

Segment liabilities	8,883	6,078	312	2,597	(3,636)	14,234
Tax liabilities	544	90	*	20	–	654
Total liabilities	9,427	6,168	312	2,617	(3,636)	14,888

Capital expenditure

558	270	*	4	–	832
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Significant non-cash items

Depreciation and amortisation	281	139	1	10	–	431
Allowance for impairment in value of assets and assets written off, net	3	*	–	1	–	4
Gain on disposal of property, plant and equipment	1	3	–	*	–	4
Impairment of goodwill	–	–	–	1	–	1
Allowance for / (Write-back of) expected credit loss	7	1	(2)	*	–	6
Provision for fines	25	–	–	–	–	25

(ii) Geographical segments

<i>(S\$ million)</i>	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	%	%	%	%	%	%	%	
Singapore	3,354	37	5,537	33	9,219	41	291	35
China	160	2	1,539	9	1,912	8	11	1
India	1,407	15	5,077	30	6,195	27	372	45
Rest of Asia	530	6	1,600	9	1,802	8	5	1
Middle East & Africa	90	1	336	2	468	2	3	–
UK	514	5	804	5	1,000	4	75	9
Rest of Europe	1,827	20	343	2	411	2	*	–
Brazil	167	2	1,506	9	1,682	7	65	8
USA	973	11	6	–	7	–	*	–
Other Countries	101	1	180	1	201	1	10	1
Total	9,123	100	16,928	100	22,897	100	832	100

4. SEGMENTAL REPORTING (Cont'd)

Notes to Segmental Analysis

4a. Operating Segments

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

- (i) The Energy segment's principal activities are in the provision of energy and water to industrial, commercial and municipal customers. Key activities in the energy sector include power generation, process steam production, as well as natural gas importation. In the water sector, the business offers wastewater treatment as well as the production of reclaimed, desalinated and potable water and water for industrial use. In addition, the business also provides on-site logistics, solid waste management and specialised project management, engineering, and procurement services.
- (ii) The Marine segment focuses principally on providing integrated solutions for the offshore and marine industry. Key capabilities include rigs & floaters; repairs & upgrades; offshore platforms and specialised shipbuilding.
- (iii) The Urban segment owns, develops markets and manages integrated urban projects comprising industrial parks as well as business, commercial and residential space in Asia.
- (iv) The Others / Corporate segment comprises businesses mainly relating to minting, design and construction activities, offshore engineering and others.

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

4b. Geographical Segments

The Group's geographical segments presented are in 10 principal geographical areas: Singapore, China, India, Rest of Asia, Middle East & Africa, UK, Rest of Europe, Brazil, USA and Other Countries. Segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

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

4c. Review of segment performance

Energy

(S\$ million)	3Q19	3Q18	Growth		9M19	9M18	Growth	
				%				%
Turnover	1,653	1,782	(129)	(7)	4,806	4,955	(149)	(3)
Profit from operations (PFO) ^{before EI}	241	240	1	*	687	646	41	6
Net Profit ^{before EI}	84	101	(17)	(17)	261	256	5	2
Exceptional items (EI)	(3)	(10)	7	(70)	(3)	(10)	7	(70)
Net Profit	81	91	(10)	(11)	258	246	12	5

Turnover

Turnover of \$1,653 million in 3Q19 was \$129 million or 7% lower than that of 3Q18. The decrease was mainly from Singapore, United Kingdom (UK) and the absence of contribution from South Africa post-divestment. The decline from Singapore came mainly from lower gas sales and lower turnover from the solid waste management business partly due to divested businesses. UK decline was mainly because of major maintenance of Teesside's plants.

9M19 turnover of \$4,806 million was \$149 million or 3% lower than that of 9M18. In addition to the lower turnover in 3Q19, the decline was also due to a shutdown of one thermal power unit in India during 1Q19.

PFO ^{before EI}

3Q19 underlying PFO of \$241 million was marginally better than 3Q18. The better performance came mainly from the new assets in Myanmar and Bangladesh, which started to contribute steadily to the Group's PFO, offset by lower performance from India, UK and loss of contribution from the divested businesses. 3Q19 also included insurance and vendor settlements.

India's 3Q18 performance had the benefit of one-off settlements with O&M contractors and a customer. Excluding the impact from these one-off settlements, 3Q19 performance was better than 3Q18 with higher plant load factor achieved for its second thermal plant, new capacities added to its renewable fleet and an insurance claim settlement for the stator damaged in 4Q18.

Weaker performance in the UK was partly due to major maintenance of plants in Teesside and no capacity market revenue recorded in 3Q19 and 9M19. On October 24, 2019, the European Court of Justice has approved the resumption of the capacity market scheme.

9M19 PFO was a \$41 million improvement over 9M18. The improvement was mainly from Myanmar, Bangladesh, China and India. Myanmar and Bangladesh achieved higher contribution as both plants commenced commercial operations in phases during year 2018 and 2019. Higher PFO in China came mainly from its renewable business with an increase in operational capacity added and better contribution from thermal power. India operations achieved better performance as the second thermal power plant achieved higher dark spreads from better short-term contracted positions and lower coal cost while its renewable power recorded better operating performance.

Net Profit

Net profit of \$81 million was \$10 million lower than 3Q18 while 9M19 net profit of \$258 million was \$12 million higher than the corresponding period last year.

3Q19 net profit was impacted by the higher finance costs from Myingyan and Bangladesh following the commencement of operations. The effect of the higher finance costs was offset by the lower tax expense subsequent to the amalgamation of India's thermal businesses in 4Q18.

Exceptional items: (3Q and 9M)

2019: provision for disposal of subsidiary net of negative goodwill

2018: provision of fines less gain on divestment of medical waste business

4. SEGMENTAL REPORTING (Cont'd)

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

Marine

	3Q19	3Q18	Growth		9M19	9M18	Growth	
(S\$ million)				%				%
Turnover	717	1,167	(450)	(39)	2,259	3,975	(1,716)	(43)
Loss from operations (LFO)	(53)	(23)	(30)	130	(54)	(56)	2	(4)
Net Loss	(32)	(18)	(14)	78	(38)	(50)	12	(24)

Turnover for 3Q19 decreased mainly due to lower revenue recognition from rigs and floaters projects. Excluding the effects of the delivery of rigs in 3Q18, revenue would have been \$773 million, a decrease of 8%.

LFO for 3Q19 was mainly due to additional costs for rigs and floaters projects and continued lower overall business volume offset by margin recognition from newly secured production floater projects and delivery of rig. Besides the low overall business volume, the net results in 3Q18 and 9M18 included loss upon the sale and delivery of certain rigs.

Urban

	3Q19	3Q18	Growth		9M19	9M18	Growth	
(S\$ million)				%				%
Turnover*	1	2	(1)	(50)	2	3	(1)	(33)
Profit from operations (PFO)	12	10	2	20	31	59	(28)	(47)
Net Profit	12	8	4	50	30	53	(23)	(43)

*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.

3Q19 PFO and net profit was higher than 3Q18, mainly due to higher land sales in Vietnam. 9M18 profit included the recognition of commercial and residential land sales from Chengdu, China.

5. BALANCE SHEETS

	GROUP		COMPANY	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
<i>(S\$ million)</i>				
Non-current assets				
Property, plant and equipment	11,929	11,672	314	328
Right-of-use assets	431	–	65	–
Investment properties	123	110	–	–
Investments in subsidiaries	–	–	2,649	2,647
Interests in associates and joint ventures	1,741	1,741	–	–
Other financial assets	172	262	–	–
Trade and other receivables	2,225	2,349	337	273
Contract costs	2	*	–	–
Tax recoverable	17	17	–	–
Other assets	47	–	–	–
Intangible assets	733	779	24	24
Deferred tax assets	92	67	–	–
	17,512	16,997	3,389	3,272
Current assets				
Inventories	511	513	8	7
Trade and other receivables	2,233	2,289	111	96
Contract costs	163	329	–	–
Contract assets	1,572	1,022	–	10
Tax recoverable	17	22	–	–
Assets held for sale	247	129	127	127
Other financial assets	210	95	–	–
Cash and cash equivalents	1,704	1,925	747	759
	6,657	6,324	993	999
Total assets	24,169	23,321	4,382	4,271
Current liabilities				
Trade and other payables	3,207	2,968	224	130
Contract liabilities	480	445	3	1
Provisions	84	86	16	19
Liabilities held for sale	89	–	–	–
Other financial liabilities	116	62	–	–
Current tax payable	159	153	54	58
Interest-bearing borrowings	3,072	1,862	–	–
Lease liabilities	31	–	5	–
	7,238	5,576	302	208
Net current (liabilities) / assets	(581)	748	691	791
Non-current liabilities				
Deferred tax liabilities	407	425	50	50
Contract liabilities	69	64	33	30
Provisions	167	163	17	16
Other financial liabilities	66	43	–	–
Retirement benefit obligations	5	5	–	–
Interest-bearing borrowings	7,672	8,870	–	–
Lease liabilities	476	–	69	–
Other payables	120	237	169	268
	8,982	9,807	338	364
Total liabilities	16,220	15,383	640	572
Net assets	7,949	7,938	3,742	3,699
Equity attributable to owners of the Company:-				
Share capital	566	566	566	566
Other reserves	(383)	(248)	(3)	(7)
Revenue reserve	5,811	5,669	2,369	2,339
	5,994	5,987	2,932	2,898
Perpetual securities	810	801	810	801
	6,804	6,788	3,742	3,699
Non-controlling interests	1,145	1,150	–	–
Total equity	7,949	7,938	3,742	3,699

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

5a. Group's borrowings and debt securities

	As at September 30, 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	565	686
Unsecured	2,507	1,176
	<u>3,072</u>	<u>1,862</u>
(ii) <u>Between one to five years</u>		
Interest-bearing borrowings		
Secured	1,232	1,180
Unsecured	3,676	4,623
	<u>4,908</u>	<u>5,803</u>
(iii) <u>After five years</u>		
Interest-bearing borrowings		
Secured	2,085	2,086
Unsecured	679	981
	<u>2,764</u>	<u>3,067</u>
Total	<u>10,744</u>	<u>10,732</u>
(iv) The secured loans are collateralised by the following assets' net book value:-		
	As at September 30, 2019	As at December 31, 2018
<i>(S\$ million)</i>		
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>7,077</u>	<u>6,758</u>

5b. Net asset value

	Group		Company	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in \$)	3.81	3.80	2.09	2.07

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at September 30, 2019 was \$3.35 (December 31, 2018: \$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 \$257 million was attributable mainly to additions from Marine and the new renewable assets in India, Singapore and UK, net of depreciation for the period.

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

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

“Other financial assets” decreased mainly due to disposal of the shares in Gallant Venture and decreased in mark-to-market valuation of the forward foreign exchange and cross currency swap contracts.

“Other assets” arose from Marine’s divestment of its 50% shareholding interest in Pacific Workboats Pte Ltd (“PWPL”) on October 9, 2019. The divestment was conditional upon dividend distribution by PWPL which was satisfied through a distribution of assets, comprising primarily of vessels.

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

Current assets

“Contract costs” decreased mainly due to recognition of cost of sales upon delivery of rig.

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

“Assets held for sale” increased as the Group entered into an agreement to divest the commercial construction business under its wholly-owned subsidiary, Sembcorp Design & Construction. As at September 30, 2019, the assets held for sale included certain utilities facilities to be sold to ExxonMobil Asia Pacific and this sale was completed in October 2019.

“Other financial assets” increased mainly due to fair value adjustments on cross currency swaps, forward foreign exchange contracts.

Current liabilities

“Trade and other payables” increased due mainly to higher trade creditors with India’s Thermal Project 1 resumed full operation since end February 2019, higher accrued expenses from UK operations and higher accrued capital expenses for the Group’s ongoing expansion in its renewable assets.

“Liabilities held for sale” arose from the agreement entered into to divest the commercial construction business.

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

“Interest-bearing borrowings” increased mainly due to reclassification from non-current borrowings, net of repayment.

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

Net current liabilities

The Group recorded net current liabilities of \$581 million as at September 30, 2019, mainly arising from the Group’s \$3.1 billion interest-bearing borrowings that are due within 12 months. This amount included \$1.3 billion from Marine. As at September 30, 2019, the Group has at least \$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

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

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

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

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

(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

"Trade and other receivables" increased mainly due to higher revenue as compared to December 2018.

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

Current liabilities

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

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

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

Non-current liabilities

"Contract liabilities" increased mainly due to milestone payments received from customers net of revenue recognition.

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

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

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

(S\$ million)	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
1H19										
At December 31, 2018 as previously reported	566	(9)	(390)	151	5,669	5,987	801	6,788	1,150	7,938
Adoption of SFRS(I) 16	–	–	–	–	(18)	(18)	–	(18)	3	(15)
Restated balance at January 1, 2019	566	(9)	(390)	151	5,651	5,969	801	6,770	1,153	7,923
Total comprehensive income										
Profit for the period	–	–	–	–	191	191	–	191	8	199
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	15	–	–	15	–	15	3	18
Net change in fair value of cash flow hedges	–	–	–	8	–	8	–	8	–	8
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	6	–	6	–	6	(2)	4
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(8)	–	(8)	–	(8)	–	(8)
Defined benefit plan actuarial gains and losses	–	–	–	–	4	4	–	4	–	4
Share of other comprehensive income of associates and joint ventures	–	–	–	(18)	–	(18)	–	(18)	–	(18)
Total other comprehensive income	–	–	15	(12)	4	7	–	7	1	8
Total comprehensive income	–	–	15	(12)	195	198	–	198	9	207
Transactions with owners of the Company, recognised directly in equity										
Capital reduction / distribution to non-controlling interests	–	–	–	–	–	–	–	–	(1)	(1)
Share-based payments	–	–	–	3	–	3	–	3	*	3
Purchase of treasury shares	–	(1)	–	–	–	(1)	–	(1)	–	(1)
Purchase of treasury shares by a subsidiary	–	–	–	–	–	–	–	–	*	*
Treasury shares transferred to employees	–	9	–	(9)	–	–	–	–	–	–
Perpetual securities distribution paid	–	–	–	–	–	–	(18)	(18)	–	(18)
Accrued perpetual securities distribution	–	–	–	–	(18)	(18)	18	–	–	–
Dividend paid	–	–	–	–	(36)	(36)	–	(36)	(10)	(46)
Total transactions with owners	–	8	–	(6)	(54)	(52)	–	(52)	(11)	(63)
At June 30, 2019	566	(1)	(375)	133	5,792	6,115	801	6,916	1,151	8,067

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

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

(S\$ million)	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				
3Q19										
Total comprehensive income										
Profit for the period	–	–	–	–	71	71	–	71	(11)	60
Other comprehensive income										
Foreign currency translation differences for foreign operations	–	–	(50)	–	–	(50)	–	(50)	(1)	(51)
Exchange differences on monetary items forming part of net investment in foreign operation	–	–	*	–	–	*	–	*	–	*
Net change in fair value of cash flow hedges	–	–	–	(67)	–	(67)	–	(67)	(4)	(71)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(20)	–	(20)	–	(20)	(2)	(22)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–	–	–
Realisation of reserve upon disposal of subsidiary	–	–	–	7	(8)	(1)	–	(1)	*	(1)
Defined benefit plan actuarial gains and losses	–	–	–	–	*	*	–	*	–	*
Share of other comprehensive income of associates and joint ventures	–	–	–	(9)	–	(9)	–	(9)	–	(9)
Total other comprehensive income	–	–	(50)	(89)	(8)	(147)	–	(147)	(7)	(154)
Total comprehensive income	–	–	(50)	(89)	63	(76)	–	(76)	(18)	(94)
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	–	–	–	–	–	–	–	–	*	*
Share-based payments	–	–	–	3	–	3	–	3	*	3
Acquisition of non-controlling interests	–	–	–	(1)	–	(1)	–	(1)	1	–
Accrued perpetual securities distribution	–	–	–	–	(9)	(9)	9	–	–	–
Dividend paid	–	–	–	–	(35)	(35)	–	(35)	(9)	(44)
Total transactions with owners	–	–	–	(1)	(44)	(45)	9	(36)	12	(24)
At September 30, 2019	566	(1)	(425)	43	5,811	5,994	810	6,804	1,145	7,949

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				
1H18										
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	—	—	—	—	159	159	—	159	(15)	144
Other comprehensive income										
Foreign currency translation differences for foreign operations	—	—	(51)	—	—	(51)	—	(51)	(5)	(56)
Exchange differences on monetary items forming part of net investment in foreign operation	—	—	2	—	—	2	—	2	—	2
Net change in fair value of cash flow hedges	—	—	—	71	—	71	—	71	(8)	63
Net change in fair value of cash flow hedges reclassified to profit or loss	—	—	—	(41)	—	(41)	—	(41)	(1)	(42)
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	(2)	—
Share of other comprehensive income of associates and joint ventures	—	—	—	26	—	26	—	26	(1)	25
Total other comprehensive income	—	—	(49)	63	(7)	7	—	7	(21)	(14)
Total comprehensive income	—	—	(49)	63	152	166	—	166	(36)	130
Transactions with owners of the Company, recognised directly in equity										
Contributions from non-controlling interests	—	—	*	(5)	*	(5)	—	(5)	24	19
Share-based payments	—	—	—	1	—	1	—	1	*	1
Purchase of treasury shares	—	(10)	—	—	—	(10)	—	(10)	—	(10)
Treasury shares transferred to employees	—	9	—	(8)	—	1	—	1	—	1
Acquisition of non-controlling interests	—	—	1	28	—	29	—	29	(29)	—
Perpetual securities distribution paid	—	—	—	—	—	—	(23)	(23)	—	(23)
Accrued perpetual securities distribution	—	—	—	—	(23)	(23)	23	—	—	—
Dividend paid	—	—	—	—	(36)	(36)	—	(36)	(16)	(52)
Unclaimed dividends	—	—	—	—	*	*	—	*	—	*
Total transactions with owners	—	(1)	1	16	(59)	(43)	—	(43)	(21)	(64)
At June 30, 2018	566	(1)	(313)	259	5,540	6,051	1,003	7,054	1,172	8,226

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				
3Q18										
Total comprehensive income										
Profit for the period	—	—	—	—	82	82	—	82	(3)	79
Other comprehensive income										
Foreign currency translation differences for foreign operations	—	—	(102)	—	—	(102)	—	(102)	7	(95)
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	—	—	—	70	—	70	—	70	5	75
Net change in fair value of cash flow hedges reclassified to profit or loss	—	—	—	(37)	—	(37)	—	(37)	(1)	(38)
Net change in fair value of financial assets at fair value through other comprehensive income	—	—	—	*	—	*	—	*	—	*
Defined benefit plan actuarial gains and losses	—	—	—	—	*	*	—	*	*	*
Realisation of reserve upon disposal of subsidiary	—	—	—	*	—	*	—	*	—	*
Share of other comprehensive income of associates and joint ventures	—	—	—	12	*	12	—	12	*	12
Total other comprehensive income	—	—	(105)	45	*	(60)	—	(60)	11	(49)
Total comprehensive income	—	—	(105)	45	82	22	—	22	8	30
Transactions with owners of the Company, recognised directly in equity										
Share-based payments	—	—	—	4	—	4	—	4	*	4
Purchase of treasury shares	—	(4)	—	—	—	(4)	—	(4)	—	(4)
Purchase of treasury shares by a subsidiary	—	—	—	(1)	—	(1)	—	(1)	*	(1)
Treasury shares transferred to employees	—	*	—	*	—	—	—	—	—	—
Acquisition of subsidiary	—	—	—	*	*	*	—	*	1	1
Perpetual securities distribution paid	—	—	—	—	—	—	(205)	(205)	—	(205)
Accrued perpetual securities distribution	—	—	—	—	(11)	(11)	11	—	—	—
Dividend paid	—	—	—	—	(35)	(35)	—	(35)	(8)	(43)
Unclaimed dividends	—	—	—	—	*	*	—	*	—	*
Total transactions with owners	—	(4)	—	3	(46)	(47)	(194)	(241)	(7)	(248)
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)

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>							
1H19							
At December 31, 2018 as previously reported	566	(9)	2	2,339	2,898	801	3,699
Adoption of SFRS(I) 16	–	–	–	(10)	(10)	–	(10)
Restated balance at January 1, 2019	566	(9)	2	2,329	2,888	801	3,689
Total comprehensive income							
Profit for the period	–	–	–	127	127	–	127
Total comprehensive income	–	–	–	127	127	–	127
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	–	–	2	–	2	–	2
Purchase of treasury shares	–	(1)	–	–	(1)	–	(1)
Treasury shares transferred to employees	–	9	(9)	–	–	–	–
Perpetual securities distribution paid	–	–	–	–	–	(18)	(18)
Accrued perpetual securities distribution	–	–	–	(18)	(18)	18	–
Dividend paid	–	–	–	(36)	(36)	–	(36)
Total transactions with owners	–	8	(7)	(54)	(53)	–	(53)
At June 30, 2019	566	(1)	(5)	2,402	2,962	801	3,763

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

6b. Statements of Changes in Equity of the Company

	Attributable to owners of the Company				Perpetual securities	Total
	Share capital	Reserve for own shares	Others	Revenue reserve		
<i>(S\$ million)</i>						
3Q19						
Total comprehensive income						
Profit for the period	–	–	–	11	–	11
Other comprehensive income						
Net change in fair value of cash flow hedges	–	–	*	–	–	*
Total comprehensive income	–	–	*	11	–	11
Transactions with owners of the Company, recognised directly in equity						
Share-based payments	–	–	3	–	–	3
Accrued perpetual securities distribution	–	–	–	(9)	9	–
Dividend paid	–	–	–	(35)	–	(35)
Total transactions with owners	–	–	3	(44)	9	(32)
At September 30, 2019	566	(1)	(2)	2,369	810	3,742

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				Total	Perpetual securities	Total
	Share capital	Reserve for own shares	Others	Revenue reserve			
<i>(S\$ million)</i>							
1H18							
At January 1, 2018	566	*	2	2,087	2,655	1,003	3,658
Total comprehensive income							
Profit for the period	–	–	–	156	156	–	156
Total comprehensive income	–	–	–	156	156	–	156
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	–	–	*	–	*	–	*
Changes to share-based reserve upon disposal of subsidiary	–	–	1	–	1	–	1
Purchase of treasury shares	–	(10)	–	–	(10)	–	(10)
Treasury shares transferred to employees	–	9	(8)	–	1	–	1
Perpetual securities distribution paid	–	–	–	–	–	(23)	(23)
Accrued perpetual securities distribution	–	–	–	(23)	(23)	23	–
Dividend paid	–	–	–	(36)	(36)	–	(36)
Unclaimed dividends reissued	–	–	–	*	*	–	*
Total transactions with owners	–	(1)	(7)	(59)	(67)	–	(67)
At June 30, 2018	566	(1)	(5)	2,184	2,744	1,003	3,747
3Q18							
Total comprehensive income							
Profit for the period	–	–	–	25	25	–	25
Total comprehensive income	–	–	–	25	25	–	25
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	–	–	2	–	2	–	2
Changes to share-based reserve upon disposal of subsidiary	–	–	*	–	*	–	*
Purchase of treasury shares	–	(4)	–	–	(4)	–	(4)
Treasury shares transferred to employees	–	*	*	–	*	–	*
Perpetual securities distribution paid	–	–	–	–	–	(205)	(205)
Accrued perpetual securities distribution	–	–	–	(11)	(11)	11	–
Dividend paid	–	–	–	(35)	(35)	–	(35)
Total transactions with owners	–	(4)	2	(46)	(48)	(194)	(242)
At September 30, 2018	566	(5)	(3)	2,163	2,721	809	3,530

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 June 30, 2019 / September 30, 2019	<u>1,787,547,732</u>	<u>269,891</u>

Issued and paid up capital

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

Treasury shares

During 3Q19, the Company acquired nil (3Q18: 1,400,000) ordinary shares in the Company by way of on-market purchases. Nil (3Q18: 29,155) treasury shares were re-issued pursuant to the Restricted Share Plan (RSP).

As at September 30, 2019, 269,891 (September 30, 2018: 1,709,630) 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>2,429,000</u>
At June 30, 2019	5,260,553
Conditional performance shares awarded	<u>58,800</u>
At September 30, 2019	<u>5,319,353</u>

During 3Q19, 58,800 (3Q18: 1,982,000) performance shares were awarded under the Company's PSP. No performance shares were released or lapsed in 3Q19 and 3Q18.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at September 30, 2019, was 5,319,353 (September 30, 2018: 3,641,553). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 7,979,029 (September 30, 2018: 5,462,329) 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	(63,161)	(1,125)	(64,286)
Restricted shares lapsed due to under-achievement of targets	<u>(1,187,000)</u>	<u>–</u>	<u>(1,187,000)</u>
At June 30, 2019	1,753,587	2,363,197	4,116,784
Restricted shares lapsed	<u>(30,060)</u>	<u>(27,899)</u>	<u>(57,959)</u>
At September 30, 2019	<u>1,723,527</u>	<u>2,335,298</u>	<u>4,058,825</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 3Q19, nil (3Q18: nil) restricted shares were awarded under the RSP, nil (3Q18: 28,555) restricted shares were released and 57,959 (3Q18: 169,687) restricted shares were lapsed. All restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, for awards achieved but not released, as at end September 30, 2019 was 4,058,825 (September 30, 2018: 5,157,453).

With the change in the remuneration structure, with effect from 2019 award, the RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfillment of service conditions at vesting. The actual release of the conditional awards is a maximum of 4,058,825 (September 30, 2018: 4,559,601) restricted shares.

7. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP 3Q19	GROUP 3Q18	GROUP 9M19	GROUP 9M18
<i>(\$ million)</i>					
Cash flows from Operating Activities					
Profit for the period		60	79	259	223
Adjustments for:					
Dividend income		(1)	*	(1)	*
Finance income		(34)	(23)	(101)	(58)
Finance costs		151	121	440	356
Depreciation and amortisation		172	146	511	431
Share of results of associates and joint ventures, net of tax		(41)	(37)	(140)	(134)
Gain on disposal of property, plant and equipment, other financial assets and business		*	(18)	(1)	(22)
Gain on disposal of investment in joint venture and subsidiaries		*	–	*	(2)
Loss on disposal of intangible assets		*	–	*	–
Changes in fair value of financial instruments		12	(6)	14	(21)
Equity settled share-based compensation expenses		3	4	6	6
Impairment of goodwill		1	–	1	1
Allowance made for impairment loss in value of assets and assets written off, net		8	*	16	4
Negative goodwill		(6)	–	(6)	–
Inventories written down and allowance for stock obsolescence, net		2	(1)	2	(1)
Allowance for expected credit loss		2	5	14	6
Provision for fines		–	25	–	25
Tax expense		24	40	58	101
Operating profit before working capital changes		353	335	1,072	915
Changes in working capital:					
Inventories		30	19	(5)	(5)
Receivables		(48)	(223)	101	(1,130)
Payables		(117)	245	80	64
Contract costs		6	274	164	1,965
Contract assets		(268)	(265)	(551)	(462)
Contract liabilities		25	(216)	62	(893)
		(19)	169	923	454
Tax paid		(17)	(17)	(78)	(77)
Net cash (used in) / from operating activities		(36)	152	845	377
Cash flows from Investing Activities					
Dividend received		43	30	137	93
Interest received		35	22	98	55
Proceeds from disposal of joint venture		–	–	–	3
Proceeds from sale of other financial assets and business		75	101	308	253
Proceeds from sale of property, plant and equipment		1	7	2	9
Proceeds from disposal of interests in subsidiaries, net of cash disposed		*	–	*	5
Proceeds from sale of intangible assets		15	–	15	–
Loan repayments from related parties		1	10	10	20
Non-trade balances with related corporations, net of repayment		(2)	36	(4)	(28)
Acquisition of subsidiaries and intangible assets, net of cash acquired	7b	–	(60)	–	(424)
Additional investments in joint ventures and associates		(1)	–	(10)	(29)
Acquisition of other financial assets		(80)	(91)	(338)	(229)
Purchase of property, plant and equipment and investment properties		(129)	(396)	(696)	(778)
Purchase of software, carbon allowance and service concession agreement		(2)	(5)	(5)	(13)
Cash balances transferred to held for sale, net of advance received		(66)	(6)	(66)	(6)
Net cash used in investing activities		(110)	(352)	(549)	(1,069)

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

	Note	GROUP		GROUP	
		3Q19	3Q18	9M19	9M18
<i>(S\$ million)</i>					
Cash flows from Financing Activities					
Proceeds from share issued to non-controlling interests of subsidiaries		17	–	17	23
Proceeds from share options exercised with issue of treasury shares		–	–	–	*
Purchase of treasury shares		–	(4)	(1)	(13)
Purchase of treasury shares by subsidiary		–	(1)	–	(1)
Proceeds from borrowings		1,770	881	3,149	1,650
Repayment of borrowings		(1,822)	(547)	(3,134)	(1,333)
Payment on lease liabilities		(5)	*	(22)	(1)
Payment for non-controlling interests acquired in 2017		–	–	–	(292)
Unclaimed dividends		–	*	–	*
Capital reduction paid to non-controlling interests		*	–	(2)	–
Dividends paid to owners of the Company		(35)	(35)	(71)	(71)
Dividends paid to non-controlling interests of subsidiaries		(9)	(8)	(19)	(24)
Payment in restricted cash held as collateral		(1)	(3)	(5)	(6)
Redemption of perpetual securities and distribution paid		–	(205)	(18)	(228)
Interest paid		(145)	(124)	(408)	(343)
Net cash used in financing activities		<u>(230)</u>	<u>(46)</u>	<u>(514)</u>	<u>(639)</u>
Net decrease in cash and cash equivalents		<u>(376)</u>	<u>(246)</u>	<u>(218)</u>	<u>(1,331)</u>
Cash and cash equivalents at beginning of the period		2,080	1,581	1,923	2,681
Effect of exchange rate changes on balances held in foreign currency		(5)	(3)	(6)	(18)
Cash and cash equivalents at end of the period	7a	<u>1,699</u>	<u>1,332</u>	<u>1,699</u>	<u>1,332</u>

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 September 30, 2019	As at December 31, 2018
<i>(S\$ million)</i>		
Fixed deposits with banks	430	323
Cash and bank balances	1,274	1,602
Cash and cash equivalents in the balance sheets	<u>1,704</u>	<u>1,925</u>
Bank overdrafts	–	(1)
Restricted bank balances held as collateral by banks	(5)	(1)
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>1,699</u></u>	<u><u>1,923</u></u>

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.

9M18 also included the Group acquired 100% equity interest in UK Power Reserve, 100% of MSOA Pte Ltd and 51% additional shares of Changi Mega Solar (previously a joint venture with 49% equity interest).

<i>(S\$ million)</i>	3Q18	9M18
Effect on cash flows of the Group		
Cash paid ¹	60	460
Less: Cash and cash equivalents in subsidiaries acquired	*	(36)
Cash outflow on acquisition	<u>60</u>	<u>424</u>
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	*	412
Long-term receivables and prepayments	–	11
Intangible assets	N1 52	204
Inventories	–	5
Trade and other receivables	5	72
Tax recoverable	–	2
Cash and cash equivalents	*	36
Total assets	<u>57</u>	<u>742</u>
Trade and other payables	*	67
Other financial liabilities	–	1
Borrowings	–	251
Deferred tax liabilities	N1 –	48
Total liabilities	<u>*</u>	<u>367</u>
Net identifiable assets	57	375
Add: Goodwill	N1 4	95
Less: Non-controlling interests	(1)	(1)
Less: Amount previously accounted for as joint venture	–	1
Less: Gain on step up acquisition of joint venture	–	*
Consideration transferred for the business	<u>60</u>	<u>470</u>
Deferred consideration	–	(10)
Cash paid ¹	<u>60</u>	<u>460</u>

¹ Out of the \$460 million cash paid, \$209 million was in the form of shareholder's loan.

N1. The Group completed the purchase price allocation exercise during the period ended 30 September 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	10
Deferred tax liabilities	<u>2</u>
Net identifiable assets	8
Add : Goodwill	(2)
Less : Negative goodwill	<u>6</u>
Cash paid	<u>–</u>

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

7c. Explanatory Notes to Consolidated Statement of Cash Flows

(i) Third Quarter

Net cash from operating activities before changes in working capital and net cash used in operating activities was \$353 million and \$36 million respectively. The changes in working capital were mainly due to Marine's working capital for ongoing projects offset by receipts from completed projects.

Net cash used in investing activities was \$110 million, mostly for the acquisition of property, plant and equipment for the quarter, net investments in other financial assets, offset by dividend and interest received. In addition, there was cash balances transferred to assets held for sales arose from the agreement entered into to divest the commercial construction business.

Net cash used in financing activities was \$230 million, mainly for payment for interest.

(ii) Nine Months

Net cash from operating activities before changes in working capital and net cash from operating activities was \$1,072 million and \$845 million respectively. The changes in working capital were mainly due to Marine's working capital for ongoing projects offset by receipts from completed projects. In 9M18, the changes in working capital included \$181 million increase in service concession receivables from Myingyan and Sirajganj Unit 4 power projects.

Net cash used in investing activities was \$549 million, mainly for 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 \$514 million, mainly for payment for interest.

(iii) Significant non-cash transactions

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

8. ACCOUNTING POLICIES

8a. Basis of preparation

The financial statements for the nine months period ended September 30, 2019 are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). All references to SFRS(I) and IFRS are referred to as SFRS(I) in these financial statements unless otherwise specified.

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

8b. Changes in accounting policies

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

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

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

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

The Group measures the Right-of-use (ROU) asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application. For lease contracts that contain the option to renew, the Group used hindsight in determining the lease term.

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

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

(S\$ million)	Group	Company
Assets		
Right-of-use assets	444	69
Property, plant and equipment	(44)	–
Deferred tax assets	(2)	–
Prepayment	(15)	–
Liabilities		
Lease liabilities	499	79
Other payables	(101)	–
Equity		
Revenue reserve	(18)	(10)
Non-controlling interests	3	–

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

9. RELATED PARTIES

9a. Related Party Transactions

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

On 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 3Q19.

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 September 30, 2019				
Financial assets at FVOCI	–	–	36	36
Financial assets at FVTPL	87	–	16	103
Derivative financial assets	–	156	–	156
	<u>87</u>	<u>156</u>	<u>52</u>	<u>295</u>
Derivative financial liabilities	–	(182)	–	(182)
	<u>87</u>	<u>(26)</u>	<u>52</u>	<u>113</u>

(S\$ million) Group	Fair value measurement using:			Total
	Level 1	Level 2	Level 3	
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>

In September 30, 2019 and December 31, 2018, there have been no transfers between the different levels of the fair value hierarchy.

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

(S\$ million) Group	Financial assets at FVOCI
As at January 1, 2019	37
Net change in fair value recognised in OCI	(1)
As at June 30, 2019	<u>36</u>
Net change in fair value recognised in OCI	–
As at September 30, 2019	<u>36</u>

(S\$ million) Group	Financial assets at FVOCI
As at January 1, 2018	39
Additions	3
Net change in fair value recognised in OCI	(5)
As at December 31, 2018	<u>37</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 September 30, 2019				
Service concession receivables	1,076	–	1,076	1,226
Interest-bearing borrowings:				
– Non-current borrowings	–	7,672	7,672	7,186

<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	–	8,868	8,868	8,821

<i>(S\$ million)</i>	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
Company				
As at September 30, 2019				
Amounts due from related parties	345	–	345	346
Amounts due to related parties	–	282	282	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

Please refer to paragraph 14.

14. PROSPECTS

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

Energy

In India, the energy business is expected to continue to improve, underpinned by a positive long-term outlook for the India power market. In Singapore, the sale of certain utilities facilities to ExxonMobil Asia Pacific was completed in October 2019. Major maintenance shutdowns for the power generation assets in Singapore will take place in the fourth quarter of 2019, and is expected to impact the performance of Singapore energy operations.

The business will continue to reshape its portfolio towards renewables and sustainable solutions and execute its strategy to reposition for success amid the global energy transition and rising electricity demand.

Urban

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

Marine

Challenges in the offshore and marine sector persist and competition remains intense. Activity levels in all segments remain low except for repairs and upgrades, which continues to improve, underpinned by the cruise ship segment, and IMO regulations that require installation of ballast water treatment systems and gas scrubbers.

Sembcorp Marine is expecting the trend of losses to continue into the fourth quarter, and the full year losses to be higher than last year.

Group

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

While the Group has achieved its divestment programme target ahead of plan, it remains focused on strengthening its balance sheet as well as on executing its strategy and improving performance.

15. SUBSEQUENT EVENT

On October 02, 2019, the Group announced that it has signed an agreement to divest the commercial construction business under its wholly-owned subsidiary, Sembcorp Design & Construction for gross proceeds of approximately S\$49.9 million.

On November 11, 2019, the Group announced that it has completed the divestment of its entire shareholdings in its subsidiary, Sembcorp Lianyungang Water Co., Ltd.

On November 11, 2019, the Group announced that it has completed the acquisition of the remaining 30% equity shareholding of its subsidiary, Sembcorp Gas Pte Ltd.

16. DIVIDEND

The Group's practice is to consider declaring dividends on biannual basis. Therefore, there was no interim dividend declared in 3Q19.

17. INTERESTED PERSON TRANSACTIONS

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)

	3Q19	9M19
<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	1.3	4.0
- Singapore Power Limited and its Associates	0.5	2.2
- Singapore Technologies Telemedia Pte Ltd and its Associates	0.6	1.2
- Temasek Capital (Private) Limited and its Associates	0.4	8.7
	2.8	17.4
Olam International Ltd and its Associates	1.1	3.2
Singapore Telecommunications Ltd and its Associates	–	146.0
Capitaland Ltd	23.2	23.2
	27.1	189.8
 Purchase of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited and its Associates	1.3	3.7
- Surbana-Jurong Private limited	0.7	3.4
- Temasek Capital (Private) Limited and its Associates ¹	103.2	386.3
- Certis CISCO Security Pte Ltd and its Associates	–	0.1
	105.2	393.5
Singapore Technologies Engineering Ltd and its Associates	–	0.2
	105.2	393.7
 Provision of Management and Support Services		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	–	3.0
	132.3	586.5

Treasury Transactions

9M19

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

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

Note:

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

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

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

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

We, Ang Kong Hua, and Neil McGregor, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the third quarter and nine months ended September 30, 2019 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for the third quarter and nine months ended September 30, 2019.

On behalf of the board of directors

Ang Kong Hua
Chairman

Neil McGregor
Director

BY ORDER OF THE BOARD

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