



**SEMBCORP INDUSTRIES LTD**  
**Registration Number: 199802418D**

**FIRST QUARTER ENDED MARCH 31, 2014 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

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## SEMBCORP INDUSTRIES LTD

### UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2014

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the first quarter March 31, 2014.

Following the initial public offering of Sembcorp Salalah Power and Water Company SAOC ("Salalah") in September 2013, Sembcorp's shareholding in Salalah was reduced from 60% to 40%. Consequently, Salalah was accounted for under the equity method as an associate, resulting in the deconsolidation of its financials from Sembcorp's turnover, gross profit and finance costs.

#### 1. GROUP INCOME STATEMENT

GROUP				
	Note	1Q14 \$'000	1Q13 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>2,627,045</b>	<b>2,350,078</b>	<b>11.8</b>
Cost of sales	2a	(2,314,384)	(2,026,305)	14.2
<b>Gross profit</b>	2a	<b>312,661</b>	<b>323,773</b>	<b>(3.4)</b>
General & administrative expenses	2b	(83,261)	(72,674)	14.6
Other income	2c	17,883	22,545	(20.7)
Other expense (net)	2d	228	2,201	(89.6)
Finance income	2e	4,933	1,904	159.1
Finance costs	2e	(18,176)	(35,875)	(49.3)
Share of results of associates and joint ventures, net of tax	2f	53,345	37,461	42.4
<b>Profit before tax</b>		<b>287,613</b>	<b>279,335</b>	<b>3.0</b>
Tax expense	2g	(43,030)	(46,496)	(7.5)
<b>Profit for the period</b>		<b>244,583</b>	<b>232,839</b>	<b>5.0</b>
<b>Attributable to:</b>				
Owners of the Company		184,848	176,871	4.5
Non-controlling interests		59,735	55,968	6.7
		<b>244,583</b>	<b>232,839</b>	<b>5.0</b>
<b>Earnings per ordinary share (cents)</b>				
- basic	2h	10.25	9.90	3.5
- diluted		10.19	9.84	3.6
<b>Economic value added</b>				
	2i	<b>115,603</b>	<b>131,522</b>	<b>(12.1)</b>

## 2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

	GROUP		
	1Q14 \$'000	1Q13 \$'000	+ / (-) %
Turnover	2,627,045	2,350,078	11.8
Cost of sales	(2,314,384)	(2,026,305)	14.2
Gross profit	312,661	323,773	(3.4)
Included in Cost of sales:- Depreciation and amortisation	(71,364)	(70,214)	1.6

Group turnover – refer to Page 14, note 11.

Group gross profit decreased by 3% in 1Q14 mainly due to de-consolidation of Salalah. Excluding the effect of this de-consolidation, Utilities' gross profit increased mainly due to higher contribution from its China operations. Marine also recorded higher gross profit mainly due to contribution from higher turnover for rig building and offshore and conversion projects.

### 2b. General & administrative expenses

	GROUP		
	1Q14 \$'000	1Q13 \$'000	+ / (-) %
General & administrative expenses	(83,261)	(72,674)	14.6
Included in general & administrative expenses: - Depreciation and amortisation	(4,235)	(4,055)	4.4

General & administrative expenses for 1Q14 were higher mainly due to higher professional fees, share based expenses arising from higher achievement factor and administrative expenses.

### 2c. Other income

	GROUP		
	1Q14 \$'000	1Q13 \$'000	+ / (-) %
Other income (i)	17,883	22,545	(20.7)
Included in other income: - Dividend income	78	-	NM

(i) Other income was lower in 1Q14 mainly due to Marine's settlement of claims recorded as an income in 1Q13.

### 2d. Other expense (net)

	GROUP		
	1Q14 \$'000	1Q13 \$'000	+ / (-) %
Other expense (net)	228	2,201	(89.6)
Included in other expense (net): - Changes in fair value of financial instruments	1,135	(1,977)	NM
Changes in fair value of available-for-sale assets	(171)	(4)	NM
Foreign exchange (loss) / gain	(653)	3,248	NM

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

### 2e. Finance income and finance costs

		GROUP		
		1Q14 \$'000	1Q13 \$'000	+ / (-) %
Finance income	(i)	4,933	1,904	159.1
Finance costs	(ii)	(18,176)	(35,875)	(49.3)

- (i) Higher finance income in 1Q14 was mainly due to higher bank balances and better interest rates.
- (ii) Lower finance costs in 1Q14 was mainly due to de-consolidation of Salalah.

### 2f. Share of results of Associates and Joint Ventures, net of tax

The Group recorded higher share of results from associates and joint ventures in 1Q14 compared to 1Q13, mainly due to Utilities' operations from Salalah as an associate in 1Q14 and Urban Development's operations in China.

### 2g. Tax expense

Included in tax expense are the following:	GROUP		
	1Q14 \$'000	1Q13 \$'000	+ / (-) %
Tax expense			
- Net write-back of tax in respect of prior years	1,331	183	627.3

### 2h. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the owners of the Company, less distribution to holders of perpetual securities:	Group		
	1Q14	1Q13	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	10.25	9.90	3.5
- Weighted average number of shares (in million)	1,784.8	1,786.2	(0.1)
(ii) On a fully diluted basis (in cents)	10.19	9.84	3.6
- Adjusted weighted average number of shares (in million)	1,795.3	1,797.0	(0.1)

### 2i. Economic Value Added

Lower Economic Value Added ("EVA") was generated in 1Q14 due to lower net operating profit after tax ("NOPAT") and higher capital charge incurred arising from higher average capital employed.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP	
		1Q14 \$'000	1Q13 \$'000
<b>Profit for the period</b>		<b>244,583</b>	<b>232,839</b>
<b><i>Items that may be reclassified subsequently to profit or loss:</i></b>			
Foreign currency translation differences for foreign operations	(i)	15,884	28,524
Exchange differences on monetary items forming part of net investment in foreign operation		(2,251)	5,214
Net change in fair value of cash flow hedges		(114)	(2,798)
Net change in fair value of cash flow hedges transferred to profit or loss		(714)	5,760
Net change in fair value of available-for-sale financial assets	(ii)	10,451	(5,012)
Share of other comprehensive income of associates and joint ventures		613	(1,125)
<b><i>Items that may not be reclassified subsequently to profit or loss:</i></b>			
Defined benefit plan actuarial gains and losses		750	(7,001)
Other comprehensive income for the period, net of tax		24,619	23,562
<b>Total comprehensive income for the period</b>		<b>269,202</b>	<b>256,401</b>
<b>Attributable to:</b>			
Owners of the Company		207,697	192,262
Non-controlling interests		61,505	64,139
<b>Total comprehensive income for the period</b>		<b>269,202</b>	<b>256,401</b>

#### 3a. Notes to Consolidated Statement of Comprehensive Income

- (i) The movement in reserves in 1Q14 arose primarily due to appreciation of United States dollar and Indian Rupee against Singapore dollar.
- (ii) Mainly due to Urban Development's and Marine's mark-to-market adjustments of quoted prices of available-for-sale assets.

#### 4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 31/3/2014 \$'000	As at 31/12/2013 \$'000	As at 31/3/2014 \$'000	As at 31/12/2013 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	5,283,765	5,126,650	630,822	637,590
Investment properties	20,944	20,954	-	-
Investments in subsidiaries	-	-	1,708,115	1,706,116
Interests in associates and joint ventures	2,027,792	1,852,249	-	-
Other financial assets	351,884	344,181	-	-
Long-term receivables and prepayments	356,341	360,970	7,072	7,223
Intangible assets	303,721	308,223	21,048	21,068
Deferred tax assets	51,041	51,170	-	-
	<u>8,395,488</u>	<u>8,064,397</u>	<u>2,367,057</u>	<u>2,371,997</u>
<b>Current assets</b>				
Inventories and work-in-progress	1,909,425	2,240,655	9,815	10,023
Trade and other receivables	1,152,489	1,140,173	119,686	104,885
Tax recoverable	6,335	6,698	-	-
Assets held for sale	24,437	36,517	-	-
Other financial assets	6,069	9,581	-	-
Cash and cash equivalents	2,880,668	2,255,865	442,186	450,220
	<u>5,979,423</u>	<u>5,689,489</u>	<u>571,687</u>	<u>565,128</u>
<b>Total assets</b>	<u>14,374,911</u>	<u>13,753,886</u>	<u>2,938,744</u>	<u>2,937,125</u>
<b>Current liabilities</b>				
Trade and other payables	2,610,477	2,691,962	374,421	188,396
Excess of progress billings over work-in-progress	1,636,323	1,448,501	-	-
Provisions	86,195	92,347	18,311	20,931
Other financial liabilities	31,245	18,695	-	-
Current tax payable	250,816	236,254	42,970	37,970
Interest-bearing borrowings	477,555	413,993	35	61
	<u>5,092,611</u>	<u>4,901,752</u>	<u>435,737</u>	<u>247,358</u>
<b>Net current assets</b>	<u>886,812</u>	<u>787,737</u>	<u>135,950</u>	<u>317,770</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	379,741	371,596	44,210	44,212
Provisions	101,645	101,693	593	593
Other financial liabilities	52,596	56,786	-	-
Retirement benefit obligations	30,410	30,910	-	-
Interest-bearing borrowings	1,668,608	1,485,011	10	12
Other long-term liabilities	277,117	276,144	271,138	462,915
	<u>2,510,117</u>	<u>2,322,140</u>	<u>315,951</u>	<u>507,732</u>
<b>Total liabilities</b>	<u>7,602,728</u>	<u>7,223,892</u>	<u>751,688</u>	<u>755,090</u>
<b>Net assets</b>	<u>6,772,183</u>	<u>6,529,994</u>	<u>2,187,056</u>	<u>2,182,035</u>
<b>Equity attributable to owners of the Company:-</b>				
Share capital	565,572	565,572	565,572	565,572
Other reserves	(85,497)	(101,230)	(20,612)	(18,839)
Revenue reserve	4,746,772	4,563,136	1,442,200	1,432,332
	<u>5,226,847</u>	<u>5,027,478</u>	<u>1,987,160</u>	<u>1,979,065</u>
Perpetual securities	199,896	202,970	199,896	202,970
	<u>5,426,743</u>	<u>5,230,448</u>	<u>2,187,056</u>	<u>2,182,035</u>
<b>Non-controlling interests</b>	<u>1,345,440</u>	<u>1,299,546</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>6,772,183</u>	<u>6,529,994</u>	<u>2,187,056</u>	<u>2,182,035</u>

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

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

	As at 31/3/2014 \$'000	As at 31/12/2013 \$'000
<b>Amount repayable:</b>		
(i) <u>In one year or less, or on demand</u>		
<b>Interest-bearing borrowings</b>		
Secured	18,796	20,561
Unsecured	458,759	393,432
	<u>477,555</u>	<u>413,993</u>
(ii) <u>After one year</u>		
<b>Interest-bearing borrowings</b>		
Secured	222,214	216,943
Unsecured	1,446,394	1,268,068
	<u>1,668,608</u>	<u>1,485,011</u>
Total	<u>2,146,163</u>	<u>1,899,004</u>
(iii) <b>The secured loans are collateralised by the following assets' net book value:-</b>		
	As at 31/3/2014 \$'000	As at 31/12/2013 \$'000
Net assets of a subsidiary and property, plant and equipment	<u>323,217</u>	<u>319,732</u>

##### 4b. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>31/3/2014</b>	<b>31/12/2013</b>	<b>31/3/2014</b>	<b>31/12/2013</b>
Net asset value per ordinary share based on issued share capital at the end of the financial period (in \$)	3.04	2.93	1.22	1.22

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

Significant variances for balance sheets items are explained as follows:

###### (i) Group

###### Net current assets

"Inventories and work-in-progress" decreased primarily due to deliveries of rig building projects.

"Assets held for sale" decreased due to divestment of Sembcorp Enviro (India) and SembRamky Environmental Management. The sale was completed in January 2014.

"Other financial assets" decreased mainly due to Utilities' fair value adjustment on foreign currency forward contracts and fuel oil swaps.

"Cash and cash equivalents" increased mainly due to Marine's receipts from ongoing and completed projects.

"Excess of progress billings over work-in-progress" increased mainly due to receipts from customers for drillship and jack-up rig building projects in progress.

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

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

###### (i) **Group** (cont'd)

###### **Net current assets** (cont'd)

"Other financial liabilities" increased mainly due to fair value adjustment on foreign currency forward contracts.

"Interest-bearing borrowings" increased due to increase in Marine's borrowings for capital expenditures for the new yard in Brazil.

###### **Non-current liabilities**

"Interest-bearing borrowings" increased mainly due to increase in Marine's borrowings for capital expenditures for the new yard in Brazil.

###### **Equity**

The deficit in "Other reserves" is reduced with the increase in foreign currency translation gain and mark-to-market gain for available-for-sale financial assets in 1Q14.

###### (ii) **Company**

###### **Net current assets**

"Trade and other receivables" increased mainly due to increase in turnover.

"Trade and other payables" increased mainly due to reclassification of an amount from long term to short term owing to the Group's wholly owned subsidiary.

###### **Non-current liabilities**

"Other long-term liabilities" decreased mainly due to a reclassification of an amount from long term to short term owing to the Group's wholly owned subsidiary.



## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>GROUP</b>	
	<b>1Q14</b>	<b>1Q13</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from Operating Activities</b>		
Profit for the period	244,583	232,839
Adjustments for :		
Dividend	(78)	-
Finance income	(4,933)	(1,904)
Finance costs	18,176	35,875
Depreciation and amortisation	75,599	74,269
Share of results of associates and joint ventures	(53,345)	(37,461)
Gain on disposal of property, plant and equipment	(245)	(304)
Changes in fair value of financial instruments	(964)	1,981
Equity settled share-based compensation expenses	7,870	7,056
Allowance made for impairment in value of assets and assets written off (net)	400	757
Tax expense	43,030	46,496
Operating profit before working capital changes	330,093	359,604
Changes in working capital:		
Inventories and work-in-progress	519,750	15,144
Receivables	56,279	(65,414)
Payables	(90,270)	59,157
	815,852	368,491
Tax paid	(21,338)	(17,952)
Net cash inflow from operating activities	794,514	350,539
<b>Cash flows from Investing Activities</b>		
Dividend received	28,157	5,209
Interest received	4,914	2,014
Proceeds from sale of investment held for sale	7,250	-
Proceeds from sale of property, plant and equipment	477	242
Acquisition of non-controlling interests	-	(7,611)
Acquisition of / additional investments in associates and joint ventures	(136,647)	(134,434)
Money placed in an Escrow account for additional investment in a joint venture	(53,422)	-
Acquisition of other financial assets	(366)	(958)
Purchase of property, plant and equipment	(228,952)	(186,078)
Payment for intangible assets	(993)	(1,009)
Net cash outflow from investing activities	(379,582)	(322,625)
<b>Cash flows from Financing Activities</b>		
Proceeds from share issued to non-controlling interest of a subsidiary	757	-
Proceeds from share options exercised with issue of treasury shares	1,001	257
Proceeds from share options exercised with issue of treasury shares of a subsidiary	141	44
Purchase of treasury shares	(8,508)	(11,723)
Purchase of treasury shares by subsidiary	(9,973)	(11,219)
Proceeds from borrowings	246,622	100,173
Repayment of borrowings	(2,731)	(21,228)
Payment on finance leases	(341)	(1,164)
Increase / (Decrease) in other long term liabilities	478	(2,968)
Dividends paid to non-controlling interests of subsidiaries	(8,435)	(11,250)
Perpetual securities distribution paid	(5,041)	-
Interest paid	(10,448)	(1,966)
Net cash inflow from financing activities	203,522	38,956
Net increase in cash and cash equivalents	618,454	66,870
<b>Cash and cash equivalents at beginning of the period</b>	2,255,865	2,059,800
Effect of exchange rate changes on balances held in foreign currency	6,349	8,730
<b>Cash and cash equivalents at end of the period</b>	<b>2,880,668</b>	<b>2,135,400</b>

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

5a. **Explanatory Notes to Consolidated Statement of Cash Flows**

(i) **1st Quarter**

The cash inflow from changes in working capital arising from inventories and work-in-progress of \$519.8 million was mainly due to Marine's deliveries of rig building projects.

Net cash outflow from investing activities for 1Q14 was \$379.6 million of which \$136.6 million was spent on Utilities' equity investment in India and \$53.4 million was placed in an Escrow account for additional investment in a joint venture in Vietnam.

(ii) **Significant non-cash transactions**

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

## 6. STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to owners of the Company									
	Other reserves						Perpetual Securities	Non- controlling		Total Equity \$'000
	Share Capital \$'000	Reserve for own shares \$'000	Translation Reserve \$'000	Others \$'000	Revenue Reserve \$'000	Total \$'000		Total \$'000	interests \$'000	
1Q14										
At January 1, 2014	565,572	(13,877)	(333,798)	246,445	4,563,136	5,027,478	202,970	5,230,448	1,299,546	6,529,994
Total comprehensive income										
Profit for the period	-	-	-	-	184,848	184,848	-	184,848	59,735	244,583
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	13,494	-	-	13,494	-	13,494	2,390	15,884
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(2,251)	-	-	(2,251)	-	(2,251)	-	(2,251)
Net change in fair value of cash flow hedges	-	-	-	(2,263)	-	(2,263)	-	(2,263)	2,149	(114)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(656)	-	(656)	-	(656)	(58)	(714)
Net change in fair value of available-for-sale financial assets	-	-	-	13,162	-	13,162	-	13,162	(2,711)	10,451
Defined benefit plan actuarial gains and losses	-	-	-	-	750	750	-	750	-	750
Share of other comprehensive of associates and joint ventures	-	-	-	613	-	613	-	613	-	613
Total other comprehensive income, net of tax	-	-	11,243	10,856	750	22,849	-	22,849	1,770	24,619
Total comprehensive income	-	-	11,243	10,856	185,598	207,697	-	207,697	61,505	269,202
Transactions with owners of the Company, recognised directly in equity										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	757	757
Share-based payments	-	-	-	7,101	-	7,101	-	7,101	769	7,870
Purchase of treasury shares	-	(8,508)	-	-	-	(8,508)	-	(8,508)	-	(8,508)
Treasury shares transferred to employees	-	18,727	-	(17,726)	-	1,001	-	1,001	-	1,001
Treasury shares of a subsidiary	-	-	-	(5,960)	-	(5,960)	-	(5,960)	(3,872)	(9,832)
Realisation of reserve upon sale of investment held for sale	-	-	-	-	-	-	-	-	(4,830)	(4,830)
Perpetual securities distribution paid	-	-	-	-	-	-	(5,041)	(5,041)	-	(5,041)
Accrued perpetual securities distribution	-	-	-	-	(1,967)	(1,967)	1,967	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(8,435)	(8,435)
Unclaimed dividends	-	-	-	-	5	5	-	5	-	5
Total transactions with owners	-	10,219	-	(16,585)	(1,962)	(8,328)	(3,074)	(11,402)	(15,611)	(27,013)
At March 31, 2014	565,572	(3,658)	(322,555)	240,716	4,746,772	5,226,847	199,896	5,426,743	1,345,440	6,772,183
1Q13										
At January 1, 2013	565,572	(8,163)	(331,720)	237,561	4,040,081	4,503,331	-	4,503,331	1,141,096	5,644,427
Total comprehensive income										
Profit for the period	-	-	-	-	176,871	176,871	-	176,871	55,968	232,839
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	16,427	-	(125)	16,302	-	16,302	12,222	28,524
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	5,214	-	-	5,214	-	5,214	-	5,214
Net change in fair value of cash flow hedges	-	-	-	1,756	-	1,756	-	1,756	(4,554)	(2,798)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	3,283	-	3,283	-	3,283	2,477	5,760
Net change in fair value of available-for-sale financial assets	-	-	-	(3,038)	-	(3,038)	-	(3,038)	(1,974)	(5,012)
Defined benefit plan actuarial gains and losses	-	-	-	-	(7,001)	(7,001)	-	(7,001)	-	(7,001)
Share of other comprehensive income of associates and joint ventures	-	-	-	(1,125)	-	(1,125)	-	(1,125)	-	(1,125)
Total other comprehensive income, net of tax	-	-	21,641	876	(7,126)	15,391	-	15,391	8,171	23,562
Total comprehensive income	-	-	21,641	876	169,745	192,262	-	192,262	64,139	256,401
Transactions with owners of the Company, recognised directly in equity										
Share-based payments	-	-	-	6,048	-	6,048	-	6,048	1,008	7,056
Purchase of treasury shares	-	(11,723)	-	-	-	(11,723)	-	(11,723)	-	(11,723)
Treasury shares transferred to employees	-	19,461	-	(19,204)	-	257	-	257	-	257
Treasury shares of a subsidiary	-	-	-	(6,774)	-	(6,774)	-	(6,774)	(4,401)	(11,175)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(7,611)	(7,611)
Dividend paid	-	-	-	-	-	-	-	-	(11,250)	(11,250)
Total transactions with owners	-	7,738	-	(19,930)	-	(12,192)	-	(12,192)	(22,254)	(34,446)
At March 31, 2013	565,572	(425)	(310,079)	218,507	4,209,826	4,683,401	-	4,683,401	1,182,981	5,866,382

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

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

	Attributable to owners of the Company					
	Other reserves			Revenue Reserve	Total	Perpetual Securities
	Share Capital	Reserve for own shares	Others			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q14</b>						
<b>At January 1, 2014</b>	565,572	(13,877)	(4,962)	1,432,332	1,979,065	202,970
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	11,835	11,835	-
<b>Other comprehensive income</b>						
Net change in fair value of cash flow hedges	-	-	(10)	-	(10)	-
Total other comprehensive income, net of tax	-	-	(10)	-	(10)	-
<b>Total comprehensive income</b>	-	-	(10)	11,835	11,825	-
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Share-based payments	-	-	5,744	-	5,744	-
Purchase of treasury shares	-	(8,508)	-	-	(8,508)	-
Treasury shares transferred to employees	-	18,727	(17,726)	-	1,001	-
Perpetual securities paid	-	-	-	-	-	(5,041)
Accrued perpetual securities distribution	-	-	-	(1,967)	(1,967)	1,967
<b>Total transactions with owners</b>	-	10,219	(11,982)	(1,967)	(3,730)	(3,074)
<b>At March 31, 2014</b>	565,572	(3,658)	(16,954)	1,442,200	1,987,160	199,896
<b>1Q13</b>						
<b>At January 1, 2013</b>	565,572	(8,163)	2,115	1,435,758	1,995,282	-
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	15,319	15,319	-
<b>Other comprehensive income</b>						
Net change in fair value of cash flow hedges	-	-	(12)	-	(12)	-
Total other comprehensive income, net of tax	-	-	(12)	-	(12)	-
<b>Total comprehensive income</b>	-	-	(12)	15,319	15,307	-
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Share-based payments	-	-	4,749	-	4,749	-
Purchase of treasury shares	-	(11,723)	-	-	(11,723)	-
Treasury shares transferred to employees	-	19,461	(19,204)	-	257	-
<b>Total transactions with owners</b>	-	7,738	(14,455)	-	(6,717)	-
<b>At March 31, 2013</b>	565,572	(425)	(12,352)	1,451,077	2,003,872	-

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

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

#### **Issued and paid up capital**

As at March 31, 2014, the Company's issued and paid up capital excluding treasury shares comprises 1,786,834,402 (December 31, 2013: 1,784,781,629) ordinary shares.

#### **Share Options**

During 1Q14, 401,250 (1Q13: 123,150) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at March 31, 2014, there were 821,174 (December 31, 2013: 1,222,424) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

#### **Performance Shares**

During 1Q14, 497,613 (1Q13: 1,150,449) performance shares were released under the Company's Performance Share Plan ("PSP") by way of issuance of treasury shares and 292,248 (1Q13: 123,333) performance shares lapsed. Of the performance shares lapsed in 1Q14, 292,248 were for the under-achievement of the performance targets. In 1Q13, 285,450 performance shares were awarded for the over-achievement of the performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at March 31, 2014, was 1,379,862 (March 31, 2013: 1,560,001). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,069,793 (March 31, 2013: 2,340,002) performance shares.

#### **Restricted Shares**

During 1Q14, 2,783,797 (1Q13: 2,505,117) restricted shares were released under the Restricted Share Plan ("RSP") and 142,615 (1Q13: 80,284) restricted shares lapsed. Of the restricted shares released, 2,753,910 (1Q13: 2,490,562) were settled by way of issuance of treasury shares and 29,887 (1Q13: 14,555) restricted shares were cash-settled.

In 1Q14, 1,150,350 (1Q13: 783,000) restricted shares were awarded for the over-achievement of the performance targets.

The total number of restricted shares outstanding, including awards achieved but not released, as at end March 31, 2014 was 5,178,952 (March 31, 2013: 4,906,036). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 2,153,200 (March 31, 2013: 2,358,600). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 3,229,800 (March 31, 2013: 3,537,900) restricted shares.

#### **Treasury shares**

During 1Q14, the Company acquired 1,600,000 (1Q13: 2,240,000) ordinary shares in the Company by way of on-market purchases. 3,652,773 (1Q13: 3,764,161) treasury shares were re-issued pursuant to the SOP, PSP and RSP.

As at March 31, 2014, 713,330 (March 31, 2013: 82,118) treasury shares were held that may be re-issued upon the exercise of options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

**7. AUDIT**

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

**8. AUDITORS' REPORT**

Not applicable.

**9. ACCOUNTING POLICIES**

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at December 31, 2013.

**10. CHANGES IN ACCOUNTING POLICIES**

The following new/amended FRSs have become effective from January 1, 2014.

FRS 27 (2011)	Separate Financial Statements
FRS 28 (2011)	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting
INT FRS 121	Levies

The adoption of the above FRSs (including consequential amendments) does not have any significant impact on the financial statements.

## 11. REVIEW OF GROUP PERFORMANCE

### Group Overview

The Group net profit grew 5% to \$184.8 million in 1Q14 from \$176.9 million in 1Q13, while turnover increased 12% to \$2.6 billion from \$2.4 billion.

### Turnover

	<b>1Q14</b>	<b>1Q13</b>	<b>Growth</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Utilities	1,213,538	1,248,547	(35,009)	(3)
Marine	1,334,490	1,049,644	284,846	27
Urban Development	1,308	1,809	(501)	(28)
Others/Corporate	77,709	50,078	27,631	55
	<b>2,627,045</b>	<b>2,350,078</b>	<b>276,967</b>	<b>12</b>

The Utilities' turnover in 1Q14 was slightly lower mainly attributable to de-consolidation of Salalah.

Marine's turnover for 1Q14 increased mainly due to the higher revenue recognition for rig building and offshore and conversion projects.

Turnover of Others/Corporate was mainly contributed by a subsidiary dealing in specialised construction activities. Increase in turnover in 1Q14 was mainly due to recognition of projects with higher contract values compared to 1Q13.

## 11. REVIEW OF GROUP PERFORMANCE (Cont'd)

### Net profit attributable to owners of the Company ("Net Profit")

	<b>1Q14</b>	<b>1Q13</b>	<b>Growth</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Utilities	91,612	89,396	2,216	3
Marine	74,298	72,002	2,296	3
Urban Development	19,529	6,684	12,845	192
Others/Corporate	(591)	8,789	(9,380)	NM
	<b>184,848</b>	<b>176,871</b>	<b>7,977</b>	<b>5</b>

The Utilities business' net profit in 1Q14 was \$91.6 million compared to \$89.4 million in 1Q13. Overseas operations contributed 44% of the net profit with China growing 33% to \$16.7 million in 1Q14. Singapore recorded net profit of \$52.8 million, comparable to 1Q13's net profit of \$52.3 million. Competition in the Singapore power market continues to be intense.

Marine's net profit for 1Q14 was higher mainly due to higher operating profit.

Urban Development's business achieved a profit growth of 192% to \$19.5 million, due to strong contributions from its Nanjing Eco Hi-tech Island project in China.

Net profit for Others/Corporate decreased in 1Q14 mainly due to higher finance costs, higher share based expenses arising from higher achievement factor and lower contribution from our offshore engineering business.



## 12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

## 13. PROSPECTS

### **Utilities**

In 2014, Utilities' underlying core business is expected to deliver a steady performance compared to 2013.

2014 will see continued growth from our overseas operations. Strategically positioned in key emerging markets, the business continues to focus on its significant growth in capacity.

### **Marine**

The Marine business has a net orderbook of S\$12.9 billion with completion and deliveries stretching into 2019. The Transocean contract to build two Jurong Espadon III proprietary design drillships is a strong endorsement of Marine's strategy to deepen, broaden and strengthen its product offering to capture this growing market segment.

Demand at the new Sembmarine Integrated Yard @ Tuas continues to be strong, while construction of its wholly-owned shipyard in Brazil remains on track to commence initial operations in the second half of 2014 and is scheduled for completion in 2015.

While enquiry levels remain healthy, competition is keen and intense, exerting pressure on margins.

### **Urban Development**

The Urban Development business is expected to deliver a better performance in 2014, underpinned by land sales in its urban developments in China and Vietnam.

### **Group**

With a strategic presence in key emerging markets, significant growth in capacity and a strong Marine orderbook, Sembcorp is well-positioned to deliver sustainable long-term growth.

*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.*

## 14. DIVIDEND

No interim dividend for the period ended March 31, 2014 is recommended.

## 15. SEGMENTAL REPORTING

### 1Q14

#### (i) Operating segments

	Utilities \$'000	Marine \$'000	Urban Development \$'000	Others/ Corporate \$'000	Elimi- nation \$'000	Total \$'000
<b><u>Turnover</u></b>						
External sales	1,213,538	1,334,490	1,308	77,709	-	2,627,045
Inter-segment sales	9,225	810	1,005	3,370	(14,410)	-
<b>Total</b>	<b>1,222,763</b>	<b>1,335,300</b>	<b>2,313</b>	<b>81,079</b>	<b>(14,410)</b>	<b>2,627,045</b>
<b><u>Results</u></b>						
Segment results	99,455	148,642	(2,470)	1,884	-	247,511
Finance income	3,059	2,972	28	12,544	(13,670)	4,933
Finance costs	(12,288)	(2,477)	(331)	(16,750)	13,670	(18,176)
	<b>90,226</b>	<b>149,137</b>	<b>(2,773)</b>	<b>(2,322)</b>	<b>-</b>	<b>234,268</b>
Share of results of associates and joint ventures	21,668	5,645	22,691	3,341	-	53,345
	<b>111,894</b>	<b>154,782</b>	<b>19,918</b>	<b>1,019</b>	<b>-</b>	<b>287,613</b>
Tax expense	(14,710)	(26,384)	(183)	(1,753)	-	(43,030)
Non-controlling interests	(5,572)	(54,100)	(206)	143	-	(59,735)
<b>Net profit for the period</b>	<b>91,612</b>	<b>74,298</b>	<b>19,529</b>	<b>(591)</b>	<b>-</b>	<b>184,848</b>
<b><u>Assets</u></b>						
Segment assets	4,874,133	7,144,221	306,615	1,797,391	(1,832,617)	12,289,743
Investment in associates and joint ventures	966,240	465,615	517,967	77,970	-	2,027,792
Tax assets	48,393	7,292	1,560	131	-	57,376
<b>Total assets</b>	<b>5,888,766</b>	<b>7,617,128</b>	<b>826,142</b>	<b>1,875,492</b>	<b>(1,832,617)</b>	<b>14,374,911</b>
<b><u>Liabilities</u></b>						
Segment liabilities	2,681,315	4,417,053	160,756	1,545,664	(1,832,617)	6,972,171
Tax liabilities	366,984	247,081	458	16,034	-	630,557
<b>Total liabilities</b>	<b>3,048,299</b>	<b>4,664,134</b>	<b>161,214</b>	<b>1,561,698</b>	<b>(1,832,617)</b>	<b>7,602,728</b>
<b>Capital expenditure</b>	<b>43,193</b>	<b>171,095</b>	<b>3</b>	<b>28</b>	<b>-</b>	<b>214,319</b>
<b><u>Significant non-cash items</u></b>						
Depreciation and amortisation	45,435	27,759	371	2,034	-	75,599
Allowance made for impairment in value of assets and assets written off (net)	374	26	-	-	-	400

#### (ii) Geographical segments

	<b>Revenue</b>		<b>Non-current Assets</b>		<b>Total Assets</b>		<b>Capital Expenditure</b>	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	1,289,203	49	4,212,924	50	9,672,941	67	62,951	29
Rest of ASEAN, Australia & India	176,645	7	924,608	11	1,019,203	7	2,841	1
China	35,629	2	1,336,349	16	1,487,501	10	3,278	2
Middle East & Africa	27,539	1	308,846	4	420,796	3	1,117	1
UK	114,743	4	713,439	8	797,963	6	8,956	4
Rest of Europe	587,471	22	233,072	3	241,561	2	-	-
Brazil	-	-	522,403	6	556,799	4	132,961	62
U.S.A.	256,590	10	4,537	-	5,798	-	-	-
Other Countries	139,225	5	139,310	2	172,349	1	2,215	1
<b>Total</b>	<b>2,627,045</b>	<b>100</b>	<b>8,395,488</b>	<b>100</b>	<b>14,374,911</b>	<b>100</b>	<b>214,319</b>	<b>100</b>

## 15. SEGMENTAL REPORTING (Cont'd)

### 1Q13

#### (i) Operating segments

	Utilities \$'000	Marine \$'000	Urban Development \$'000	Others/ Corporate \$'000	Elimi- nation \$'000	Total \$'000
<b><u>Turnover</u></b>						
External sales	1,248,547	1,049,644	1,809	50,078	-	2,350,078
Inter-segment sales	9,735	478	1,006	6,179	(17,398)	-
<b>Total</b>	<b>1,258,282</b>	<b>1,050,122</b>	<b>2,815</b>	<b>56,257</b>	<b>(17,398)</b>	<b>2,350,078</b>
<b><u>Results</u></b>						
Segment results	126,082	143,343	(1,924)	8,344	-	275,845
Finance income	1,533	783	49	12,596	(13,057)	1,904
Finance costs	(32,409)	(1,356)	(315)	(14,852)	13,057	(35,875)
	<b>95,206</b>	<b>142,770</b>	<b>(2,190)</b>	<b>6,088</b>	<b>-</b>	<b>241,874</b>
Share of results of associates and joint ventures	18,933	5,137	9,222	4,169	-	37,461
	<b>114,139</b>	<b>147,907</b>	<b>7,032</b>	<b>10,257</b>	<b>-</b>	<b>279,335</b>
Tax expense	(19,494)	(25,330)	(179)	(1,493)	-	(46,496)
Non-controlling interests	(5,249)	(50,575)	(169)	25	-	(55,968)
<b>Net profit for the period</b>	<b>89,396</b>	<b>72,002</b>	<b>6,684</b>	<b>8,789</b>	<b>-</b>	<b>176,871</b>
<b><u>Assets</u></b>						
Segment assets	6,123,839	5,664,754	154,380	1,602,612	(1,978,416)	11,567,169
Investment in associates and joint ventures	521,617	449,668	645,293	78,016	-	1,694,594
Tax assets	54,257	2,395	1,560	126	-	58,338
<b>Total assets</b>	<b>6,699,713</b>	<b>6,116,817</b>	<b>801,233</b>	<b>1,680,754</b>	<b>(1,978,416)</b>	<b>13,320,101</b>
<b><u>Liabilities</u></b>						
Segment liabilities	4,098,874	3,203,884	169,951	1,294,564	(1,978,416)	6,788,857
Tax liabilities	404,133	236,734	8,914	15,081	-	664,862
<b>Total liabilities</b>	<b>4,503,007</b>	<b>3,440,618</b>	<b>178,865</b>	<b>1,309,645</b>	<b>(1,978,416)</b>	<b>7,453,719</b>
<b>Capital expenditure</b>	<b>115,757</b>	<b>93,846</b>	<b>2</b>	<b>570</b>	<b>-</b>	<b>210,175</b>
<b><u>Significant non-cash items</u></b>						
Depreciation and amortisation	48,390	24,156	354	1,369	-	74,269
Allowance made for impairment in value of assets and assets written off (net)	699	58	-	-	-	757

#### (ii) Geographical segments

	<b>Revenue</b>		<b>Non-current Assets</b>		<b>Total Assets</b>		<b>Capital Expenditure</b>	
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
Singapore	1,109,064	47	3,823,462	48	8,678,855	65	187,622	89
Rest of ASEAN, Australia & India	235,221	10	780,850	10	836,740	6	6,046	3
China	26,201	1	1,241,779	15	1,334,469	10	7,220	3
Middle East & Africa	107,570	5	1,211,091	15	1,423,268	11	878	1
UK	142,440	6	740,112	9	786,221	6	5,143	2
Rest of Europe	266,517	11	-	-	47	-	-	-
Brazil	69,487	3	50,153	1	69,631	1	793	1
U.S.A.	294,742	13	4,581	-	6,035	-	-	-
Other Countries	98,836	4	158,593	2	184,835	1	2,473	1
<b>Total</b>	<b>2,350,078</b>	<b>100</b>	<b>8,010,621</b>	<b>100</b>	<b>13,320,101</b>	<b>100</b>	<b>210,175</b>	<b>100</b>

## **15. SEGMENTAL REPORTING (Cont'd)**

### **Notes to Segmental Analysis**

#### **15a. 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 Utilities segment's principal activities are in the provision of energy, water, on-site logistics and solid waste management to industrial and municipal customers. Key activities in the energy sector include power generation and retail, process steam production and supply, as well as natural gas import, supply and retail. In the water sector, the business offers wastewater treatment as well as the production and supply of reclaimed, desalinated and potable water and water for industrial use.
- (ii) The Marine segment focuses principally on providing integrated solutions in the repair, building and conversion of ships and rigs, and offshore engineering and construction.
- (iii) The Urban Development segment owns, develops, markets and manages integrated urban developments comprising industrial parks as well as business, commercial and residential space in Asia.
- (iv) 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.

#### **15b. Geographical Segments**

The Group operates in nine principal geographical areas: Singapore, China, Rest of ASEAN, Australia & India, Middle East & Africa, UK, Rest of Europe, Brazil, U.S.A and Other Countries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

#### **15c. Review of segment performance**

Please refer to Paragraph 11 for analysis by operating segments.

## 16. 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)

1Q14

\$'000

### Sale of Goods and Services

Temasek Holdings (Private) Limited and its Associates

- PSA International Pte Ltd and its Associates 1,391

- Singapore Power Limited and its Associates 547

- Temasek Capital (Private) Limited and its Associates 805

- Singapore Technologies Telemedia Pte Ltd and its Associates 120

2,863

Starhub Ltd and its Associates 1,823

Singapore Airlines Limited and its Associates 1,418

6,104

### Purchase of Goods and Services

Temasek Holdings (Private) Limited and its Associates

- Temasek Capital (Private) Limited and its Associates <sup>1</sup> 233,610

- Singapore Power Limited and its Associates 1,035

234,645

Singapore Technologies Engineering Ltd and its Associates 190

234,835

### Management and Support Services

- Temasek Capital (Private) Limited and its Associates 1,595

**Total interested person transactions** **242,534**

Note:

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

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

We, Ang Kong Hua, and Tang Kin Fei, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the first quarter ended March 31, 2014 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 first quarter ended March 31, 2014.

On behalf of the board of directors

**Ang Kong Hua**  
Chairman

**Tang Kin Fei**  
Director

**BY ORDER OF THE BOARD**

**Kwong Sook May (Ms)**  
Company Secretary  
May 6, 2014