



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

**FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2018 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

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**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2018**

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended December 31, 2018.

**CONSOLIDATED INCOME STATEMENT**

In S\$ million	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
<b>Turnover</b>	2a	<b>2,566</b>	<b>2,405</b>	<b>7</b>	<b>11,689</b>	<b>9,026</b>	<b>30</b>
Cost of sales	2a	(2,339)	(2,074)	13	(10,769)	(7,791)	38
<b>Gross profit</b>	2a	<b>227</b>	<b>331</b>	<b>(31)</b>	<b>920</b>	<b>1,235</b>	<b>(26)</b>
General & administrative expenses	2b	(94)	(135)	(30)	(408)	(420)	(3)
Other operating income / (expenses), net	2c	18	40	(55)	107	75	43
Non-operating income	2d	29	19	53	50	74	(32)
Non-operating expenses	2d	(1)	(7)	(86)	(2)	(44)	(95)
Finance income	2e	29	19	53	87	54	61
Finance costs	2e	(152)	(126)	21	(508)	(527)	(4)
Share of results of associates and joint ventures, net of tax	2f	40	45	(11)	174	164	6
<b>Profit before tax</b>		<b>96</b>	<b>186</b>	<b>(48)</b>	<b>420</b>	<b>611</b>	<b>(31)</b>
Tax credit / (expense)	2g	13	(24)	NM	(88)	(118)	(25)
<b>Profit for the period / year</b>		<b>109</b>	<b>162</b>	<b>(33)</b>	<b>332</b>	<b>493</b>	<b>(33)</b>
<b>Attributable to:</b>							
Owners of the Company		106	118	(10)	347	383	(9)
Non-controlling interests		3	44	(93)	(15)	110	NM
		<b>109</b>	<b>162</b>	<b>(33)</b>	<b>332</b>	<b>493</b>	<b>(33)</b>
<b>Earnings per ordinary share (cents)</b>							
	2h						
- basic		5.42	5.96	(9)	16.98	19.06	(11)
- diluted		5.38	5.90	(9)	16.87	18.89	(11)

\* denotes amount of less than \$1 million

NM – Not meaningful

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") frameworks and the new accounting standards that are effective on January 1, 2018. Please refer to Note 10 for the details on the financial impact from the adoption with respect to the restated fourth quarter and full year ended December 31, 2017 financial statements.

SFRS(I) are issued by Accounting Standards Council, which comprises standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board. All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s unless otherwise specified.

For the income statement of Full Year 2017 (FY17), the main impact of adoption of SFRS(I) 15 would relate to the Marine business.

For the Marine business, the adoption of SFRS(I) 15 leads to differences in timing of revenue and related cost of sales recognition for certain contracts. There was a reversal of revenue and related cost of sales for these contracts pre-2018, now to be recognised upon the transfer of legal title to customers. In FY17, when some of these contracts were terminated and new contracts entered into, revenue and related cost of sales were recognised.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of sales

In S\$ million	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
<b>Turnover</b>		<b>2,566</b>	<b>2,405</b>	<b>7</b>	<b>11,689</b>	<b>9,026</b>	<b>30</b>
Cost of sales		(2,339)	(2,074)	13	(10,769)	(7,791)	38
<b>Gross profit</b>		<b>227</b>	<b>331</b>	<b>(31)</b>	<b>920</b>	<b>1,235</b>	<b>(26)</b>
Included in Gross profit :-							
Depreciation and amortisation		(154)	(140)	10	(568)	(546)	4
Property, plant and equipment written off	(i)	(7)	(1)	NM	(8)	(3)	167
(Allowance) / Write-back for stocks obsolescence	(ii)	*	(10)	NM	1	(10)	NM
Impairment loss, net – property, plant and equipment	(iii)	(5)	-	NM	(5)	(26)	(81)
Contract costs written back, net	(iv)	-	32	(100)	-	20	(100)

In 4Q18, the Group recorded a turnover of \$2,566 million, an increase of 7% or \$161 million. Utilities' turnover of \$1,581 million, grew 13% or \$182 million and Marine's turnover of \$913 million was comparable to 4Q17. Utilities' net increase in turnover was mainly due to higher revenue in Singapore, which benefitted from higher High Sulphur Fuel Oil (HSFO) price; higher volume and prices for India; higher generation from Teesside and contribution from UK Power Reserve (UKPR) which was acquired in 2Q18. Marine's turnover increased marginally mainly due to revenue recognition for newly secured projects offset by lower revenue for offshore platforms projects. Excluding the effects of delivery of one jack-up rig in 4Q18 and 4Q17; and revenue adjustment in 4Q17 due to termination of three rig contracts with a customer, Marine's turnover would have been \$702 million, an increase of 30% compared to \$542 million in 4Q17.

Gross profit was lower in 4Q18 compared to gross profit for 4Q17. FY17 financials were restated following the adoption of the Singapore Financial Reporting Standards (International) or SFRS(I). The lower gross profit was attributed to Marine mainly due to continued low overall business volume that impacted the absorption of overhead costs, offset by margin from newly secured production floater projects and delivery of rigs. In 4Q17, Marine recorded the net positive effects of contract termination of three rigs, which mainly arose from the entitlement to the down payments on termination of these rig contracts.

The impact of contracts which were terminated, and new contracts entered into by Marine was included in the 4Q17 turnover and gross profit. The Group's restated 4Q17 turnover and gross profit were \$2,405 million and \$331 million respectively, versus the previously reported turnover of \$2,123 million and gross profit of \$148 million (see Note 10A)

- (i) 4Q18 property plant and equipment written off was mainly from India renewable business.
- (ii) 4Q17 allowance made for stocks obsolescence was mainly due to Singapore Utilities' business.
- (iii) 4Q18 impairment was mainly for a marine vessel. FY17 allowance made for property plant and equipment arose mainly from Utilities' Singapore assets as a result of optimising its steam production assets.
- (iv) 4Q17 write-back for contract cost was mainly from Marine's business.

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

2b. **General & administrative expenses**

In S\$ million	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
General & administrative expenses		(94)	(135)	(30)	(408)	(420)	(3)
Included in general & administrative expenses : -							
Depreciation and amortisation		(10)	(6)	67	(27)	(25)	8
Write-back / (Allowance) of loss allowance and bad debts, net	(i)	3	(2)	NM	(3)	16	NM
Property, plant and equipment written off		-	*	NM	(3)	*	NM
Provision for fines	(ii)	-	(25)	(100)	(25)	(25)	-

4Q18 general and administrative expenses of \$94 million was \$41 million lower than 4Q17, mainly attributable to lower provision for potential fines and claims and legal and professional fees.

- (i) The net write-back of doubtful debts in 4Q18 was mainly from Utilities' China operations and FY17 amount pertained to write-back mainly for the Utilities' Singapore operations.
- (ii) The provision made in 4Q17 was for potential fines and claims at an overseas water business. Together with the provision made in 3Q18, the total provision amounted to \$50 million as at 31 December 2018. Legal proceedings remain ongoing. The amount was estimated based on available information at the date of release of the Group's 4Q18 results.

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

### 2c. Other operating income / (expenses), net

In S\$ million	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
Other operating income / (expenses), net		18	40	(55)	107	75	43
Included in other operating income / (expenses), net : -							
(Loss) / Gain on disposal of property, plant & equipment		*	(1)	NM	4	(2)	NM
Changes in fair value of financial instrument	(i)	(6)	(6)	-	15	(5)	NM
Foreign exchange gain / (loss), net	(ii)	*	25	NM	(22)	8	NM

In 4Q18, the other operating results registered a net income of \$18 million while 4Q17 registered a net income of \$40 million. The lower net operating income was mainly because the Group reported a higher net foreign exchange gain of \$25 million in 4Q17. 4Q18 net income included settlement with O&M contractors from Utilities' India operations.

- (i) Changes in fair value of financial instrument were mainly from depreciation of foreign currency forward contracts, cross currency swaps and commodity swaps.
- (ii) Net foreign exchange loss in 4Q18, arose mainly from depreciation of the British Pound (GBP) and Japanese Yen (JPY) against the Singapore dollar (SGD). The loss was mitigated by the gain from the appreciation of the Indian Rupee (INR) against the United States dollar (USD) and Marine's revaluation of liabilities denominated in Brazilian Real (BRL) to USD. The foreign exchange gain in 4Q17 arose mainly from Marine's revaluation of liabilities denominated in BRL to USD.

FY18 net foreign exchange loss was mainly due to depreciation of INR against USD and GBP against SGD, offsetting gains from the revaluation of liabilities denominated in BRL to USD and revaluation of assets denominated in USD to SGD.

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

### 2d. Non-operating income and non-operating expenses

In S\$ million	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
Non-operating income	(i)	29	19	53	50	74	(32)
Non-operating expenses	(ii)	(1)	(7)	(86)	(2)	(44)	(95)
Included in non-operating income / (expenses) :-							
Dividend income		*	*	NM	*	*	NM
Gain on disposal and liquidation of subsidiaries	(iii)	11	*	NM	11	5	120
Gain on disposal of associates / joint ventures	(iv)	16	-	NM	18	-	NM
Gain on disposal of business	(v)	-	-	NM	15	-	NM
Gain on disposal of other financial assets	(vi)	1	18	(94)	4	22	(82)
Assumption of liabilities on behalf of a joint venture	(vii)	-	(6)	(100)	-	(11)	(100)
Impairment of goodwill	(viii)	-	-	NM	(1)	(26)	(96)
Gain on disposal of asset / investment held for sales	(ix)	-	-	NM	-	47	(100)
Impairment of investment in an associate		-	-	NM	-	(4)	(100)
Changes in fair value of available-for-sale asset		-	(1)	(100)	-	(2)	(100)
Negative goodwill		-	-	NM	*	*	NM

- (i) Non-operating income in 4Q18 was \$29 million, mainly from the gain on divestments.
- (ii) Non-operating expenses in 4Q17 related mainly to Marine's assumption of liabilities on behalf of a joint venture.
- (iii) 4Q18 gain on disposal of subsidiaries of \$11 million was from the gain on the disposal of South African water business and specialised pre-fab building material manufacturing in Malaysia.
- (iv) 4Q18 gain on disposal of associated companies are for investments in Wuxi, China.
- (v) FY18 gain was arisen from the disposal of the medical waste treatment business.
- (vi) Gain on disposal of other financial asset in 4Q17 was mainly Marine's disposal of its available-for-sale financial asset.
- (vii) The amount relates to provision made by Marine.
- (viii) Impairment of goodwill in FY17 related to Singapore power investment.
- (ix) Gain on disposal of asset / investment held for sales in FY17 related to Marine's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd. (CSG), in January 2017.

### 2e. Finance income and finance costs

In S\$ million	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
Finance income	(i)	29	19	53	87	54	61
Finance costs	(ii)	(152)	(126)	21	(508)	(527)	(4)

- (i) Higher finance income in 4Q18 was mainly due to interest income from a customer on deferred payment arrangement.
- (ii) 4Q18 finance costs was higher than 4Q17. The increase came mainly from Myingyan and Sirajganj Unit 4 (S4) power projects and the acquisition and consolidation of UK Power Reserve's (UKPR) finance costs.

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

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

4Q18 share of results of associates and joint ventures was \$40 million, 11% lower than the \$45 million reported in 4Q17. The decrease in income was due to the Urban Development business in China, namely Nanjing Eco City. This reduction was mitigated by better performance from Utilities operations in Middle East and United Kingdom.

### 2g. Tax credit / (expense)

In S\$ million	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
Tax credit / (expense)		13	(24)	NM	(88)	(118)	(25)
Included in tax credit / (expense) :-							
- Net write-back of tax in respect of prior years		9	15	(40)	11	22	(50)

The tax credit in 4Q18 was mainly due to Marine's losses incurred during the year and its recognition of tax incentives; and the lower current tax from Utilities' India operations.

The Group's effective tax rate of 36% for the year was higher mainly because there is no group relief of current taxes in certain countries; and the deferred tax assets on unutilised tax losses were recognised only to the extent that it is probable that the related tax benefit will be realised.

### 2h. Earnings per ordinary share

	Note	GROUP			GROUP		
		4Q18	4Q17 Restated	+ / (-) %	FY18	FY17 Restated	+ / (-) %
		S\$	S\$	%	S\$	S\$	%
(i) Based on the weighted average number of shares (in cents)		5.42	5.96	(9)	16.98	19.06	(11)
- Weighted average number of shares (in million)		1,784.8	1,787.5	-	1,786.4	1,787.0	-
(ii) On a fully diluted basis (in cents)		5.38	5.90	(9)	16.87	18.89	(11)
- Adjusted weighted average number of shares (in million)		1,796.8	1,805.7	-	1,797.9	1,802.4	-

### 2i. Breakdown of sales

In S\$ million	Note	GROUP		
		FY18	FY17 Restated	+ / (-) %
<b>First Half Year</b>				
(i) Sales reported		6,102	4,403	39
(ii) Profit after tax before deducting non-controlling interests reported		143	190	(25)
<b>Second Half Year</b>				
(i) Sales reported		5,587	4,623	21
(ii) Profit after tax before deducting non-controlling interests reported		189	303	(38)

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In S\$ million	Note	GROUP		GROUP	
		4Q18	4Q17 Restated	FY18	FY17 Restated
<b>Profit for the period / year</b>		<b>109</b>	<b>162</b>	<b>332</b>	<b>493</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operations	(i)	(8)	1	(160)	(139)
Exchange differences on monetary items forming part of net investment in foreign operation		*	*	(1)	(6)
Net change in fair value of cash flow hedges	(ii)	(142)	27	65	44
Net change in fair value of cash flow hedges reclassified to profit or loss		(17)	(5)	(167)	(17)
Net change in fair value of financial assets		-	32	-	38
Net change in fair value of financial assets reclassified to profit or loss		-	(33)	-	(33)
Realisation of reserve upon disposal / liquidation of subsidiaries / assets held for sale	(iii)	20	*	19	(36)
Share of other comprehensive income of associates and joint ventures		(8)	30	31	54
		(155)	52	(213)	(95)
<b>Items that may not be reclassified subsequently to profit or loss:</b>					
Net change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	(iv)	2	-	(4)	-
Defined benefit plan actuarial (losses) / gain		(4)	3	(4)	3
Other comprehensive income for the period / year, net of tax		(157)	55	(221)	(92)
<b>Total comprehensive (loss) / income for the period / year</b>		<b>(48)</b>	<b>217</b>	<b>111</b>	<b>401</b>
<b>Attributable to:</b>					
Owners of the Company		(30)	173	159	320
Non-controlling interests		(18)	44	(48)	81
<b>Total comprehensive (loss) / income for the period / year</b>		<b>(48)</b>	<b>217</b>	<b>111</b>	<b>401</b>

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

- (i) The net foreign currency translation loss in 4Q18 arose mainly from the depreciation of China Renminbi and the British Pound against Singapore dollar, net of appreciation of the Indian Rupee. FY18 also has the effect of depreciation of Indian Rupee against Singapore dollar offset by appreciation of United States dollar against Singapore dollar.
- (ii) Fair value changes in cash flow hedges in 4Q18 were mainly due to changes in fair value on fuel oil swaps, foreign currency forward contracts, cross currency swaps and interest rate swaps.
- (iii) The amount pertains mainly to the realisation of foreign currency translation reserve to profit and loss upon divestment of the South Africa subsidiaries in 4Q18.
- (iv) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of equity investments at fair value through other comprehensive income (FVOCI).



#### 4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 31/12/2018	As at 31/12/2017 Restated	As at 31/12/2018	As at 31/12/2017 Restated
<b>In S\$ million</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11,672	11,158	328	347
Investment properties	110	91	-	-
Investments in subsidiaries	-	-	2,647	2,649
Interests in associates and joint ventures	1,741	1,765	-	-
Other financial assets	262	175	-	-
Trade and other receivables	2,349	1,184	273	226
Contract costs	*	128	-	-
Tax recoverable	17	7	-	-
Assets held for sale	-	100	-	100
Intangible assets	779	581	24	25
Deferred tax assets	67	64	-	-
	<b>16,997</b>	<b>15,253</b>	<b>3,272</b>	<b>3,347</b>
<b>Current assets</b>				
Inventories	513	524	7	9
Trade and other receivables	2,289	2,094	96	141
Contract costs	329	2,363	-	-
Contract assets	1,022	661	10	-
Tax recoverable	22	21	-	-
Assets held for sale	129	-	127	-
Other financial assets	95	142	-	*
Cash and cash equivalents	1,925	2,687	759	720
	<b>6,324</b>	<b>8,492</b>	<b>999</b>	<b>870</b>
<b>Total assets</b>	<b>23,321</b>	<b>23,745</b>	<b>4,271</b>	<b>4,217</b>
<b>Current liabilities</b>				
Trade and other payables	2,968	3,340	130	136
Contract liabilities	445	1,157	1	1
Provisions	86	92	19	16
Other financial liabilities	62	13	-	-
Current tax payable	153	159	58	50
Interest-bearing borrowings	1,862	1,572	-	-
	<b>5,576</b>	<b>6,333</b>	<b>208</b>	<b>203</b>
<b>Net current assets</b>	<b>748</b>	<b>2,159</b>	<b>791</b>	<b>667</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	425	428	50	53
Contract liabilities	64	116	30	13
Provisions	163	105	16	16
Other financial liabilities	43	54	-	-
Retirement benefit obligations	5	4	-	-
Interest-bearing borrowings	8,870	8,275	-	-
Other long-term payables	237	256	268	275
	<b>9,807</b>	<b>9,238</b>	<b>364</b>	<b>357</b>
<b>Total liabilities</b>	<b>15,383</b>	<b>15,571</b>	<b>572</b>	<b>560</b>
<b>Net assets</b>	<b>7,938</b>	<b>8,174</b>	<b>3,699</b>	<b>3,657</b>
<b>Equity attributable to owners of the Company :-</b>				
Share capital	566	566	566	566
Other reserves	(248)	(85)	(7)	2
Revenue reserve	5,669	5,460	2,339	2,086
	5,987	5,941	2,898	2,654
Perpetual securities	801	1,003	801	1,003
	<b>6,788</b>	<b>6,944</b>	<b>3,699</b>	<b>3,657</b>
<b>Non-controlling interests</b>	<b>1,150</b>	<b>1,230</b>	-	-
<b>Total equity</b>	<b>7,938</b>	<b>8,174</b>	<b>3,699</b>	<b>3,657</b>

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

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

	As at 31/12/2018	As at 31/12/2017
<b>In S\$ million</b>		
<b>Amount repayable:</b>		
(i) <b><u>In one year or less, or on demand</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	686	695
Unsecured	1,176	877
	<u>1,862</u>	<u>1,572</u>
(ii) <b><u>Between one to five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	1,180	928
Unsecured	4,623	4,275
	<u>5,803</u>	<u>5,203</u>
(iii) <b><u>After five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	2,086	2,093
Unsecured	981	979
	<u>3,067</u>	<u>3,072</u>
Total	<u>10,732</u>	<u>9,847</u>
(iv) <b>The secured loans are collateralised by the following assets' net book value:-</b>		
	As at 31/12/2018	As at 31/12/2017
<b>In S\$ million</b>		
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>6,758</u>	<u>7,201</u>

##### 4b. **Net asset value**

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
		Restated		Restated
Net asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	3.80	3.88	2.07	2.05

The reduction was mainly due to the redemption of \$200 million perpetual securities in August 2018.

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at December 31, 2018 was \$3.35 (December 31, 2017 restated: \$3.32), an increase mainly due to net increase in reserves.

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

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

###### (i) **Group**

###### **Non-current assets**

"Property, plant and equipment" increase of \$514 million was mainly attributable to the acquisition of UK Power Reserve (UKPR) and additions from Marine, Utilities (India & UK) less translation losses of India and United Kingdom assets.

"Investment properties" increased mainly due to the on-going development of the Nanjing Riverside Quay project in China.

"Interests in associates and joint ventures" decreased mainly to disposal of an associate in Wuxi, China.

"Other financial assets" increased mainly due to the fair value adjustments on Utilities' cross currency swap contracts reduced by Marine's decrease in fair value adjustments on foreign currency forward contracts, disposal of equity investment at fair value through other comprehensive income (FVOCI) and disposal of investments at fair value through profit or loss.

"Trade and other receivables" increased mainly due to Marine's billing to customers upon completion and sale of rigs, which are expected to receive after 12 months and the service concession receivables from Sirajganj Unit 4 power project.

"Contract costs" decreased mainly due to reclassification to current contract costs.

"Tax recoverable" increased mainly from Utilities' India, relating largely to advance and withholding tax paid.

"Assets held for sale" decreased mainly due to reclassification to current assets held for sale.

"Intangible assets" increased mainly as a result of acquisition and consolidation of UK Power Reserve (UKPR), a subsidiary in United Kingdom, and Marine's acquisition of intellectual property rights.

###### **Current assets**

"Trade and other receivables" increase was mainly from Marine, dividend receivable from joint ventures and Utilities Singapore from its higher turnover.

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

"Contract assets" increased mainly due to revenue recognised during the period and timing of billings to customers.

"Assets held for sale" increased mainly due to the Company's agreement, to sell certain utilities assets to a customer, which is expected to complete in year 2019; and Marine's interest in associates and joint ventures held for sale.

"Other financial assets" decreased mainly due to fair value adjustments on Marine's foreign currency forward contracts.

"Cash and cash equivalents" decreased mainly due to redemption of perpetual securities, repayment of borrowings, acquisitions of investments, capital expenditures and working capital for ongoing projects.

###### **Current liabilities**

"Trade and other payables" decreased mainly due to payments made during the period which included the payment for non-controlling interests acquired in 2017.

"Contract liabilities" decreased mainly due to recognition of revenue upon the delivery and sale of rigs net of \$271 million cash received at the launch of Nanjing Riverside Quay (NJRQ) residential units.

"Provisions" decreased mainly due to payment, warranty provision written back net of additional provision made for potential fines and claims and reclassification of restoration costs from current to non-current provisions.

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

"Interest-bearing borrowings" increased mainly due to reclassification from long-term borrowings, offset by repayment of short-term borrowings.

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

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

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

"Contract liabilities" decreased mainly due to Marine's reclassification to current contract liabilities.

"Provisions" increased mainly due to allowance made for warranty provision and reclassification of restoration costs from current provisions as a result of the reassessment of utilisation period.

"Other financial liabilities" decreased mainly due to lower fuel oil swap and cross currency swaps net of increased from Marine's fair value adjustments on foreign currency forward contracts and interest rate swaps.

"Interest-bearing borrowings" increased mainly due to acquisition and consolidations of UKPR, acquired during 2018.

###### **Equity**

"Other reserves" deficit increased mainly due to foreign currency translation loss for foreign operations (mainly India and UK), net of investment hedge.

"Perpetual securities" On August 21, 2018, the Company has redeemed and cancelled \$200 million, 5% subordinated perpetual securities.

"Non-controlling interests" decreased mainly due to Utilities' India re-organisation as announced on February 19, 2018 and share of total loss of comprehensive income for the year.

##### **(i) Company**

###### **Non-current assets**

"Property, plant and equipment" decreased mainly from the transfer of certain assets to assets held for sale with the agreement entered in 2018 to sell additional utilities assets to the same customer offset by additions for the year.

"Assets held for sale" decreased due to the reclassification to current.

###### **Current assets**

"Trade and other receivables" decreased mainly due to collection.

"Contract assets" arises from differences in the timing of billing to customers and revenue recognition.

"Assets held for sale" arises mainly due to the Company's agreement, to sell certain utilities assets to a customer, which is expected to complete in year 2019.

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

"Contract liabilities" increased mainly due to advances received for new contracts.

###### **Equity**

"Other reserves" deficit as at December 31, 2018 was mainly due to the Company holding 3,100,138 of its own uncanceled shares as treasury shares.

"Perpetual securities" On August 21, 2018, the Company has redeemed and cancelled \$200 million, 5% subordinated perpetual securities.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

In S\$ million	Note	GROUP		GROUP	
		4Q18	4Q17 Restated	FY18	FY17 Restated
<b>Cash flows from Operating Activities</b>					
Profit for the period / year		109	162	332	493
Adjustments for :					
Dividend income		*	*	*	*
Finance income		(29)	(19)	(87)	(54)
Finance costs		152	126	508	527
Depreciation and amortisation		164	146	595	571
Share of results of associates and joint ventures, net of tax		(40)	(45)	(174)	(164)
Gain on disposal of property, plant and equipment and other financial assets		(1)	(17)	(8)	(20)
Loss on disposal of intangible assets		*	*	*	*
Gain on disposal of joint venture and associate		(16)	-	(18)	-
Gain on disposal of investment held for sale		-	-	-	(47)
Gain on disposal and liquidation of investments in subsidiaries		(11)	*	(11)	(5)
Gain on disposal of business		-	-	(15)	-
Changes in fair value of financial instruments		6	6	(15)	5
Impairment of investment in an associate		-	-	-	4
Equity settled share-based compensation expenses		5	3	11	17
Impairment of goodwill		-	-	1	26
Allowance made for impairment loss in value of assets and assets written off, net		12	2	16	31
Negative goodwill		-	-	*	*
Inventories written down and allowance for stock obsolescence, net		*	10	(1)	10
Contract costs written back, net		-	(32)	-	(20)
Assumption of liabilities on behalf of a joint venture (Write-back) / Allowance of doubtful debts and bad debts, net		(3)	2	3	(16)
Provision for fines		-	25	25	25
Tax (credit) / expense		(13)	24	88	118
Operating profit before working capital changes		335	399	1,250	1,512
Changes in working capital:					
Inventories		(3)	181	(9)	295
Receivables		(86)	(372)	(1,216)	(810)
Payables		(278)	(212)	(215)	(527)
Contract costs		194	245	2,160	139
Contract assets		101	185	(361)	(208)
Contract liabilities		144	435	(748)	320
		407	861	861	721
Tax paid		(44)	(10)	(122)	(70)
Net cash from operating activities		363	851	739	651
<b>Cash flows from Investing Activities</b>					
Dividend received		74	97	167	266
Interest received		19	17	74	41
Proceeds from divestment of investments / assets held for sale		-	-	-	206
Proceeds from disposal of joint venture / associate		62	-	66	53
Proceeds from sale of other financial assets and business		61	101	315	195
Proceeds from sale of property, plant and equipment		2	10	11	18
Proceeds from disposal of interests in subsidiaries, net of cash disposed		69	*	73	*
Proceeds from sale of intangible assets		*	*	*	*
Loan repayments from related parties		4	70	25	76
Loan to related parties		-	-	-	*
Non-trade balances with related corporations, net of repayment		28	(1)	-	(16)
Acquisition of subsidiaries and intangible assets, net of cash acquired		(1)	-	(426)	(3)
Acquisition of / additional investments in joint ventures and associates		(55)	(1)	(85)	(15)
Acquisition of other financial assets		(80)	(52)	(310)	(166)
Purchase of property, plant and equipment and investment properties		(329)	(247)	(1,107)	(736)
Purchase of software, carbon allowance and service concession agreement		(7)	(3)	(20)	(11)
Cash balances transferred to held for sale, net of advance received		6	-	-	-
Net cash used in investing activities		(147)	(9)	(1,217)	(92)

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

In S\$ million	Note	GROUP		GROUP	
		4Q18	4Q17 Restated	FY18	FY17 Restated
<b>Cash flows from Financing Activities</b>					
Proceeds from share issued to non-controlling interests of subsidiaries		2	*	25	*
Proceeds from share options exercised with issue of treasury shares		*	-	*	-
Proceeds from share options exercised with issue of treasury shares of a subsidiary		1	*	1	*
Purchase of treasury shares		(4)	-	(17)	(4)
Purchase of treasury shares by subsidiary		*	(3)	(1)	(6)
Proceeds from issue of perpetual securities, net of transaction costs		-	-	-	200
Proceeds from borrowings		1,361	461	3,011	3,206
Repayment of borrowings		(825)	(590)	(2,157)	(2,427)
Repayment of hire-purchase creditors		1	-	1	-
Payment on finance leases		1	*	-	(1)
Payment for non-controlling interests acquired in 2017		-	(10)	(292)	(10)
Unclaimed dividends		-	-	*	*
Dividends paid to owners of the Company		-	-	(71)	(125)
Dividends paid to non-controlling interests of subsidiaries		(5)	(5)	(29)	(37)
Receipts / (Payment) in restricted cash held as collateral		10	(1)	4	6
Redemption of perpetual securities and distribution paid		(17)	(18)	(245)	(42)
Interest paid		(143)	(110)	(486)	(484)
Net cash from / (used in) financing activities		382	(276)	(256)	276
Net increase / (decrease) in cash and cash equivalents		598	566	(734)	835
<b>Cash and cash equivalents at beginning of the period / year</b>		<b>1,332</b>	<b>2,100</b>	<b>2,682</b>	<b>1,855</b>
Effect of exchange rate changes on balances held in foreign currency		(7)	16	(25)	(8)
<b>Cash and cash equivalents at end of the period / year</b>	5a	<b>1,923</b>	<b>2,682</b>	<b>1,923</b>	<b>2,682</b>

### 5a. Cash and cash equivalents

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

In S\$ million	Group	
	31/12/2018	31/12/2017
Fixed deposits with banks	323	672
Cash and bank balances	1,602	2,015
Cash and cash equivalents in the balance sheets	1,925	2,687
Bank overdrafts	(1)	-
Restricted bank balances held as collateral by banks	(1)	(5)
Cash and cash equivalents in the consolidated statement of cash flows	1,923	2,682

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

### 5b. Cash flow on acquisition of subsidiaries and intangible assets, net of cash acquired

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

The Group also acquired 100% equity interest in UK Power Reserve, 100% of MSOA Pte Ltd, and 51% additional shares of Changi Mega Solar (previously a joint venture with 49% equity interest) in 1H18.

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

<sup>1</sup>Out of the \$467 million cash paid, \$209 million is in the form of shareholder's loan.

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

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

### 5c. Cash flow on sale of subsidiaries, net of cash disposed of

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

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

FY18 also included the divestment of Sembcorp Tay Paper Recycling.

<b>In S\$ million</b>	<b>4Q18</b>	<b>FY18</b>
<b>Effect on cash flows of the Group</b>		
Property, plant and equipment	14	17
Intangible assets	38	41
Inventories	1	1
Other assets	1	1
Trade and other receivables	16	20
Deferred tax assets	1	1
Cash and cash equivalents	15	17
Total assets	<u>86</u>	<u>98</u>
Trade and other payables	(20)	(22)
Other liabilities	(3)	(3)
Borrowings	(4)	(4)
Finance lease	(2)	(2)
Deferred tax liabilities	(9)	(9)
Total liabilities	<u>(38)</u>	<u>(40)</u>
Net assets derecognised	48	58
Less: Non-controlling interests	(5)	(7)
Realisation of currency translation & other reserve upon disposal	28	28
Realisation of net investment hedge	2	-
	<u>73</u>	<u>79</u>
Gain on disposal	11	11
Consideration received	84	90
Less: Cash and cash equivalents disposed of	<u>(15)</u>	<u>(17)</u>
Net cash inflow	<u>69</u>	<u>73</u>



## 5d. Explanatory Notes to Consolidated Statement of Cash Flows

### (i) Fourth Quarter

Net cash from operating activities before changes in working capital and net cash from operating activities stood at \$335 million and \$363 million respectively. The net increase in working capital included cash received at the launch of NJRQ residential units offset by Marine's working capital for ongoing projects and increase in service concession receivables.

Net cash used in investing activities was \$147 million, mostly for purchase of property, plant & equipment for the quarter, partially offset by proceeds from sale of other financial assets and divestment of business and investments.

Net cash from financing activities was \$382 million, it relates mainly to Marine's net proceeds from borrowings.

### (ii) Full year

Net cash from operating activities before changes in working capital stood at \$1,250 million, while the net cash from operating activities was \$739 million. The change in working capital was mainly attributable to Marine's working capital changes. In FY18, the change in working capital also included \$191 million increase in service concession receivables from Myingyan and Sirajganj Unit 4 power projects. The service concession receivables will be collected over the period of the concession contracts from the time the power plants commence operations.

Net cash used in investing activities was \$1,217 million mainly for acquisition of subsidiaries and property, plant and equipment, net of dividend and interest received.

Net cash used in financing activities was \$256 million mainly for payment for non-controlling interests acquired in 2017, redemption of subordinated perpetual securities and interest paid, reduced by net proceeds from borrowings.

### (iii) Significant non-cash transactions

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

## 6. STATEMENTS OF CHANGES IN EQUITY

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

In 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				
<b>9M18</b>										
<b>At December 31, 2017 as previously reported</b>	<b>566</b>	*	<b>(262)</b>	<b>180</b>	<b>5,483</b>	<b>5,967</b>	<b>1,003</b>	<b>6,970</b>	<b>1,246</b>	<b>8,216</b>
Adoption of SFRS(I) 15	-	-	(3)	-	(23)	(26)	-	(26)	(16)	(42)
<b>Restated balance at December 31, 2017</b>	<b>566</b>	*	<b>(265)</b>	<b>180</b>	<b>5,460</b>	<b>5,941</b>	<b>1,003</b>	<b>6,944</b>	<b>1,230</b>	<b>8,174</b>
Adoption of SFRS(I) 9	-	-	-	*	(13)	(13)	-	(13)	(1)	(14)
<b>Restated balance at January 1, 2018</b>	<b>566</b>	*	<b>(265)</b>	<b>180</b>	<b>5,447</b>	<b>5,928</b>	<b>1,003</b>	<b>6,931</b>	<b>1,229</b>	<b>8,160</b>
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	241	241	-	241	(18)	223
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	(153)	-	-	(153)	-	(153)	1	(152)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(1)	-	-	(1)	-	(1)	-	(1)
Net change in fair value of cash flow hedges	-	-	-	212	-	212	-	212	(5)	207
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(148)	-	(148)	-	(148)	(2)	(150)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(2)	-	(2)	-	(2)	(4)	(6)
Defined benefit plan actuarial gains and losses	-	-	-	-	*	*	-	*	*	*
Reclassification of reserve upon liquidation of other financial asset	-	-	-	7	(7)	-	-	-	-	-
Realisation of reserve upon disposal of subsidiary	-	-	-	2	*	2	-	2	(3)	(1)
Share of other comprehensive income of associates and joint ventures	-	-	-	38	*	38	-	38	1	39
Total other comprehensive income	-	-	(154)	109	(7)	(52)	-	(52)	(12)	(64)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(154)</b>	<b>109</b>	<b>234</b>	<b>189</b>	<b>-</b>	<b>189</b>	<b>(30)</b>	<b>159</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Contributions from non-controlling interests	-	-	*	(6)	*	(6)	-	(6)	24	18
Share-based payments	-	-	-	5	-	5	-	5	1	6
Purchase of treasury shares	-	(13)	-	-	-	(13)	-	(13)	-	(13)
Purchase of treasury shares by a subsidiary	-	-	-	(1)	-	(1)	-	(1)	*	(1)
Treasury shares transferred to employees	-	8	-	(8)	-	-	-	-	-	-
Treasury shares of a subsidiary	-	-	-	*	-	*	-	*	1	1
Acquisition of non-controlling interests	-	-	1	28	-	29	-	29	(29)	-
Acquisition of a subsidiary	-	-	-	*	*	*	-	*	1	1
Perpetual securities distribution paid	-	-	-	-	-	-	(228)	(228)	-	(228)
Accrued perpetual securities distribution	-	-	-	-	(34)	(34)	34	-	-	-
Dividend paid	-	-	-	-	(71)	(71)	-	(71)	(24)	(95)
Unclaimed dividends	-	-	-	-	*	*	-	*	-	*
<b>Total transactions with owners</b>	<b>-</b>	<b>(5)</b>	<b>1</b>	<b>18</b>	<b>(105)</b>	<b>(91)</b>	<b>(194)</b>	<b>(285)</b>	<b>(26)</b>	<b>(311)</b>
<b>At September 30, 2018</b>	<b>566</b>	<b>(5)</b>	<b>(418)</b>	<b>307</b>	<b>5,576</b>	<b>6,026</b>	<b>809</b>	<b>6,835</b>	<b>1,173</b>	<b>8,008</b>

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

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

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

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

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

In 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				
<b>9M17</b>										
<b>At January 1, 2017 as previously reported</b>	<b>566</b>	<b>(5)</b>	<b>(114)</b>	<b>67</b>	<b>5,385</b>	<b>5,899</b>	<b>803</b>	<b>6,702</b>	<b>1,461</b>	<b>8,163</b>
Adoption of the SFRS(I) 15	-	-	(10)	-	(176)	(186)	-	(186)	(116)	(302)
<b>Restated balance at January 1, 2017</b>	<b>566</b>	<b>(5)</b>	<b>(124)</b>	<b>67</b>	<b>5,209</b>	<b>5,713</b>	<b>803</b>	<b>6,516</b>	<b>1,345</b>	<b>7,861</b>
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	265	265	-	265	66	331
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	(119)	-	-	(119)	-	(119)	(21)	(140)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(6)	-	-	(6)	-	(6)	-	(6)
Net change in fair value of cash flow hedges	-	-	-	4	-	4	-	4	13	17
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(13)	-	(13)	-	(13)	1	(12)
Net change in fair value of available-for-sale financial assets	-	-	-	6	-	6	-	6	*	6
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	*	-	*	-	*	-	*
Defined benefit plan actuarial gains and losses	-	-	-	-	*	*	-	*	*	*
Realisation of reserve upon disposal of assets held for sale	-	-	(12)	(15)	15	(12)	-	(12)	(8)	(20)
Realisation of reserve upon disposal of subsidiary	-	-	*	-	-	*	-	*	*	*
Realisation of reserve upon liquidation of subsidiaries	-	-	(4)	-	*	(4)	-	(4)	(12)	(16)
Share of other comprehensive income of associates and joint ventures	-	-	-	26	-	26	-	26	(2)	24
Total other comprehensive income	-	-	(141)	8	15	(118)	-	(118)	(29)	(147)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(141)</b>	<b>8</b>	<b>280</b>	<b>147</b>	<b>-</b>	<b>147</b>	<b>37</b>	<b>184</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	*	*
Share-based payments	-	-	-	12	-	12	-	12	2	14
Purchase of treasury shares	-	(4)	-	-	-	(4)	-	(4)	-	(4)
Treasury shares transferred to employees	-	9	-	(9)	-	-	-	-	*	*
Treasury shares of a subsidiary	-	-	-	(1)	-	(1)	-	(1)	(1)	(2)
Acquisition of non-controlling interests	-	-	-	(149)	*	(149)	-	(149)	(149)	(298)
Put liability to acquire non-controlling interests	-	-	-	216	*	216	-	216	*	216
Perpetual securities distribution paid	-	-	-	-	-	-	(24)	(24)	-	(24)
Accrued perpetual securities distribution	-	-	-	-	(31)	(31)	31	-	-	-
Dividend paid	-	-	-	-	(125)	(125)	-	(125)	(32)	(157)
Issue of perpetual bond, net of transaction cost	-	-	-	-	-	-	199	199	-	199
Unclaimed dividends	-	-	-	-	*	*	-	*	-	*
<b>Total transactions with owners</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>69</b>	<b>(156)</b>	<b>(82)</b>	<b>206</b>	<b>124</b>	<b>(180)</b>	<b>(56)</b>
<b>Restated balance at September 30, 2017</b>	<b>566</b>	<b>*</b>	<b>(265)</b>	<b>144</b>	<b>5,333</b>	<b>5,778</b>	<b>1,009</b>	<b>6,787</b>	<b>1,202</b>	<b>7,989</b>

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

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

In 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				
<b>4Q17</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	118	-	118	44	162
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	*	-	-	-	*	1	1
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	*	-	-	-	*	-	*
Net change in fair value of cash flow hedges	-	-	-	28	-	-	28	(1)	27
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(5)	-	-	(5)	*	(5)
Net change in fair value of available-for-sale financial assets	-	-	-	20	-	-	20	12	32
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	(20)	-	-	(20)	(13)	(33)
Realisation of reserve upon disposal of assets held for sale	-	-	*	*	*	-	*	*	-
Realisation of reserve upon liquidation of subsidiaries	-	-	-	-	*	-	*	*	*
Defined benefit plan actuarial gains and losses	-	-	-	-	3	-	3	*	3
Share of other comprehensive income of associates and joint ventures	-	-	-	11	18	-	29	1	30
Total other comprehensive income	-	-	*	34	21	-	55	*	55
<b>Total comprehensive income</b>	-	-	*	34	139	-	173	44	217
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Contribution by non-controlling interests	-	-	-	-	-	-	-	*	*
Share-based payments	-	-	-	3	-	-	3	*	3
Treasury shares of a subsidiary	-	-	-	(2)	-	-	(2)	(1)	(3)
Acquisition of non-controlling interests	-	-	-	1	-	-	1	(10)	(9)
Perpetual securities distribution paid	-	-	-	-	-	(18)	(18)	-	(18)
Accrued perpetual securities distribution	-	-	-	-	(12)	12	-	-	-
Dividend paid	-	-	-	-	-	-	-	(5)	(5)
<b>Total transactions with owners</b>	-	-	-	2	(12)	(6)	(16)	(16)	(32)
<b>Restated balance at December 31, 2017</b>	<b>566</b>	<b>*</b>	<b>(265)</b>	<b>180</b>	<b>5,460</b>	<b>1,003</b>	<b>6,944</b>	<b>1,230</b>	<b>8,174</b>

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

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

In S\$ million	Attributable to owners of the Company				Perpetual securities	Total	
	Share capital	Reserve for own shares	Others	Revenue reserve			
<b>9M18</b>							
<b>At December 31, 2017 as previously reported</b>	<b>566</b>	<b>*</b>	<b>2</b>	<b>2,087</b>	<b>2,655</b>	<b>1,003</b>	<b>3,658</b>
Adoption of SFRS(I) 15	-	-	-	(1)	(1)	-	(1)
<b>Restated balance at December 31, 2017</b>	<b>566</b>	<b>*</b>	<b>2</b>	<b>2,086</b>	<b>2,654</b>	<b>1,003</b>	<b>3,657</b>
Adoption of SFRS(I) 9	-	-	-	-	-	-	-
<b>Restated balance at January 1, 2018</b>	<b>566</b>	<b>*</b>	<b>2</b>	<b>2,086</b>	<b>2,654</b>	<b>1,003</b>	<b>3,657</b>
<b>Total comprehensive income</b>							
Profit for the period	-	-	-	182	182	-	182
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182</b>	<b>182</b>	<b>-</b>	<b>182</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>							
Share-based payments	-	-	3	-	3	-	3
Changes to share-based reserve upon disposal of subsidiary	-	-	*	-	*	-	*
Purchase of treasury shares	-	(13)	-	-	(13)	-	(13)
Treasury shares transferred to employees	-	8	(8)	-	*	-	-
Perpetual securities distribution paid	-	-	-	-	-	(228)	(228)
Accrued perpetual securities distribution	-	-	-	(34)	(34)	34	-
Dividend paid	-	-	-	(71)	(71)	-	(71)
Unclaimed dividends reissued	-	-	-	*	*	-	*
<b>Total transactions with owners</b>	<b>-</b>	<b>(5)</b>	<b>(5)</b>	<b>(105)</b>	<b>(115)</b>	<b>(194)</b>	<b>(309)</b>
<b>At September 30, 2018</b>	<b>566</b>	<b>(5)</b>	<b>(3)</b>	<b>2,163</b>	<b>2,721</b>	<b>809</b>	<b>3,530</b>

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

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

	Attributable to owners of the Company				Perpetual securities	Total
	Share capital	Reserve for own shares	Others	Revenue reserve		
<b>In S\$ million</b>						
<b>4Q18</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	185	-	185
<b>Total comprehensive income</b>	-	-	-	<b>185</b>	-	<b>185</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Share-based payments	-	-	5	-	-	5
Changes to share-based reserve upon disposal of subsidiary	-	-	*	-	-	*
Purchase of treasury shares	-	(4)	-	-	-	(4)
Treasury shares transferred to employees	-	*	*	-	-	*
Perpetual securities distribution paid	-	-	-	-	(17)	(17)
Accrued perpetual securities distribution	-	-	-	(9)	9	-
<b>Total transactions with owners</b>	-	<b>(4)</b>	<b>5</b>	<b>(9)</b>	<b>(8)</b>	<b>(16)</b>
<b>At December 31, 2018</b>	<b>566</b>	<b>(9)</b>	<b>2</b>	<b>2,339</b>	<b>801</b>	<b>3,699</b>

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

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

In S\$ million	Attributable to owners of the Company				Total	Perpetual securities	Total
	Share capital	Reserve for own shares	Others	Revenue reserve			
<b>9M17</b>							
At January 1, 2017 as previously reported	566	(5)	(2)	1,827	2,386	803	3,189
Adoption of SFRS(I) 15	-	-	-	(1)	(1)	-	(1)
<b>Restated balance at January 1, 2017</b>	<b>566</b>	<b>(5)</b>	<b>(2)</b>	<b>1,826</b>	<b>2,385</b>	<b>803</b>	<b>3,188</b>
<b>Total comprehensive income</b>							
Profit for the period	-	-	-	115	115	-	115
<b>Other comprehensive income</b>							
Net changes in fair value of cash flow hedges	-	-	*	-	*	-	*
Total other comprehensive income	-	-	*	-	*	-	*
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>115</b>	<b>115</b>	<b>-</b>	<b>115</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>							
Issue of perpetual bond, net of transaction cost	-	-	-	-	-	199	199
Share-based payments	-	-	9	-	9	-	9
Purchase of treasury shares	-	(4)	-	-	(4)	-	(4)
Treasury shares transferred to employees	-	9	(9)	-	-	-	-
Perpetual securities distribution paid	-	-	-	-	-	(24)	(24)
Accrued perpetual securities distribution	-	-	-	(31)	(31)	31	-
Dividends paid	-	-	-	(125)	(125)	-	(125)
<b>Total transactions with owners</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>(156)</b>	<b>(151)</b>	<b>206</b>	<b>55</b>
<b>Restated balance at September 30, 2017</b>	<b>566</b>	<b>*</b>	<b>(2)</b>	<b>1,785</b>	<b>2,349</b>	<b>1,009</b>	<b>3,358</b>



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

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

In S\$ million	Attributable to owners of the Company				Perpetual securities	Total
	Share capital	Reserve for own shares	Others	Revenue reserve		
<b>4Q17</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	313	-	313
<b>Total comprehensive income</b>	-	-	-	<b>313</b>	-	<b>313</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Share-based payments	-	-	4	-	-	4
Treasury shares transferred to employees	-	-	*	-	-	*
Perpetual securities distribution paid	-	-	-	-	(18)	(18)
Accrued perpetual securities distribution	-	-	-	(12)	12	-
<b>Total transactions with owners</b>	-	-	<b>4</b>	<b>(12)</b>	<b>(6)</b>	<b>(14)</b>
<b>Restated balance at December 31, 2017</b>	<b>566</b>	<b>*</b>	<b>2</b>	<b>2,086</b>	<b>1,003</b>	<b>3,657</b>

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

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

#### Issued share capital and treasury shares

	Number of shares	
	Issued Share Capital	Treasury Share
At January 1, 2018	1,787,547,732	42,827
Treasury shares purchased	-	4,400,000
Treasury shares transferred pursuant to restricted share plan	-	(2,733,197)
At September 30, 2018	1,787,547,732	1,709,630
Treasury shares purchased	-	1,400,000
Treasury shares transferred pursuant to restricted share plan	-	(9,492)
At December 31, 2018	1,787,547,732	3,100,138

#### Issued and paid up capital

As at December 31, 2018, the Company's issued and paid up capital excluding treasury shares comprised 1,784,447,594 (December 31, 2017: 1,787,504,905) ordinary shares.

#### Treasury shares

During 4Q18, the Company acquired 1,400,000 (4Q17: nil) ordinary shares in the Company by way of on-market purchases. 9,492 (4Q17: nil) treasury shares were re-issued pursuant to the Restricted Share Plan ("RSP").

As at December 31, 2018, 3,100,138 (December 31, 2017: 42,827) 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, 2018	2,403,303
Performance shares lapsed arising from targets not met	(743,750)
Conditional performance share awarded	1,982,000
At September 30, 2018	3,641,553
Conditional performance shares lapsed	(40,000)
At December 31, 2018	3,601,553

During 4Q18, nil (4Q17: nil) performance shares were awarded under the Company's PSP, nil (4Q17: nil) performance shares were released and 40,000 (4Q17: nil) performance shares lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2018, was 3,601,553 (December 31, 2017: 2,403,303). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 5,402,329 (December 31, 2017: 3,604,954) performance shares.

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

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

#### Restricted shares

	<b>Number of Shares</b>
At January 1, 2018	9,727,916
Conditional restricted shares awarded	178,600
Conditional restricted shares released	(2,659,405)
Conditional restricted shares lapsed	(655,158)
Restricted shares lapsed arising from targets not met	<u>(1,441,095)</u>
At September 30, 2018	5,150,858
Conditional restricted shares released	(15,721)
Conditional restricted shares lapsed	<u>(52,540)</u>
At December 31, 2018	<u><u>5,082,597</u></u>

During 4Q18, nil (4Q17: nil) restricted shares were awarded under the RSP, 15,721 (4Q17: nil) restricted shares were released and 52,540 (4Q17: 15,741) restricted shares lapsed. Of the restricted shares released, 9,492 (4Q17: nil) restricted shares released were settled by way of issuance of treasury shares and 6,229 (4Q17: nil) restricted shares were cash-settled.

The total number of restricted shares outstanding, including awards achieved but not released, as at end December 31, 2018 was 5,082,597 (December 31, 2017: 9,727,916). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 2,992,934 (December 31, 2017: 6,947,566). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,489,401 (December 31, 2017: 10,421,349) restricted shares.

## 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, 2017.

## 10. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the new SFRS(I) and IFRS frameworks in 2018. SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to as SFRS(I) in these financial statements unless otherwise specified. The Group has concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I) which are mandatorily effective from January 1, 2018.

SFRS(I) and IFRS:

- SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*
- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016

Requirements in following SFRS(I)s arising from amendments to corresponding IFRSs issued by the IASB in 2016:

- SFRS(I) 2 *Share-based Payment*
- SFRS(I) 1-40 *Investment Property*
- SFRS(I) 1 *Amendments to IFRS 1*
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above standards do not have any significant impact on the financial statements except for SFRS(I) 15 and SFRS(I) 9.

## 10. CHANGES IN ACCOUNTING POLICIES (Cont'd)

Adopting SFRS(I) 15 impacted certain long-term contracts of the Group as follows:

- i) Timing of revenue and cost recognition: The revenue and related costs of sales of contracts with non-enforceability of right to payment for performance completed to date, are recognised only when the constructed assets are delivered to customers.
- ii) Contract costs:
  - a. The costs incurred to fulfill the satisfied performance obligation are recognised in profit or loss as control of goods or services to the customer is transferred over time. There is no longer direct linkage between the costs being expensed and the output being measured.
  - b. Certain payments made to customers for purchase of goods are recognised as expense instead of offset against revenue previously.

The revenue of contracts where the period between the transfer of promised goods or services to customer and payment by customer exceeds one year, is deemed to contain a financing component and accordingly, the transaction price is adjusted for the time value of money of the contracts.

The Group does not restate the comparative information for the effect of adopting SFRS(I) 9 due to the exemption in SFRS(I) 1 but has instead recognised the effect in revenue reserves and other reserves as at January 1, 2018.

Adoption of SFRS(I) 9 impacted the Group as follows:

- i) The Group elects to present in other comprehensive income (OCI) the changes in fair value of the previously classified as available-for-sale (AFS) equity securities that are held by the Group and the Company because these investments are not held for trading. The changes in fair value recognised in OCI will not be reclassified to profit or loss upon disposal of the AFS equity.
- ii) Fair value reserve relating to the fair value changes of unit trusts and funds will be reclassified to revenue reserves as these investments are classified as fair value through profit and loss.
- iii) Impairment of financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) (except for investments in equity instruments) is now based on the expected credit loss model instead of the "incurred loss" model used previously.

The following reconciliations summaries the impacts on initial application of SFRS(I) 15 on the Group's financial statements.

### A. Consolidated Income Statement for quarter and full year ended December 31, 2017

	Quarter ended December 31, 2017			Full year ended December 31, 2017		
	As previously reported	Effects of SRFS(I) 15	As restated	As previously reported	Effects of SRFS(I) 15	As restated
<b>In S\$ million</b>						
<b>Turnover</b>	<b>2,123</b>	<b>282</b>	<b>2,405</b>	<b>8,346</b>	<b>680</b>	<b>9,026</b>
Cost of sales	(1,975)	(99)	(2,074)	(7,400)	(391)	(7,791)
<b>Gross profit</b>	<b>148</b>	<b>183</b>	<b>331</b>	<b>946</b>	<b>289</b>	<b>1,235</b>
Finance income	16	3	19	43	11	54
Finance costs	(126)	*	(126)	(526)	(1)	(527)
Others	(38)	*	(38)	(151)	*	(151)
<b>Profit before tax</b>	<b>-</b>	<b>186</b>	<b>186</b>	<b>312</b>	<b>299</b>	<b>611</b>
Tax credit / (expense)	8	(32)	(24)	(67)	(51)	(118)
<b>Profit for the period / year</b>	<b>8</b>	<b>154</b>	<b>162</b>	<b>245</b>	<b>248</b>	<b>493</b>
<b>Attributable to:</b>						
Owners of the Company	23	95	118	231	152	383
Non-controlling interests	(15)	59	44	14	96	110
<b>Profit for the period / year</b>	<b>8</b>	<b>154</b>	<b>162</b>	<b>245</b>	<b>248</b>	<b>493</b>
<b>Earnings per ordinary share (cents)</b>						
Basic	0.62	5.34	5.96	10.51	8.55	19.06
Diluted	0.61	5.29	5.90	10.42	8.47	18.89

## 10. CHANGES IN ACCOUNTING POLICIES (Cont'd)

### B. Consolidated Statement of Comprehensive income for quarter and full year ended December 31, 2017

	Quarter ended December 31, 2017			Full year ended December 31, 2017		
	As previously reported	Effects of SFRS(I) 15	As restated	As previously reported	Effects of SFRS(I) 15	As restated
<b>In S\$ million</b>						
<b>Profit for the period / year</b>	8	154	162	245	248	493
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	4	(3)	1	(151)	12	(139)
Others	54	-	54	47	-	47
Other comprehensive income for the period, net of tax	58	(3)	55	(104)	12	(92)
<b>Total comprehensive income for the period / year</b>	<b>66</b>	<b>151</b>	<b>217</b>	<b>141</b>	<b>260</b>	<b>401</b>
<b>Total comprehensive income attribute to :-</b>						
Owners of the Company	79	94	173	160	160	320
Non-controlling interests	(13)	57	44	(19)	100	81
<b>Total comprehensive income for the period / year</b>	<b>66</b>	<b>151</b>	<b>217</b>	<b>141</b>	<b>260</b>	<b>401</b>

### C. Balance Sheet as at December 31, 2017 and January 1, 2018

	December 31, 2017			January 1, 2018	
	As previously reported	Effects of SFRS(I) 15	As restated	Effects of SFRS(I) 9	As restated
<b>In S\$ million</b>					
<b>Asset</b>					
Deferred tax assets	56	8	64	-	64
Inventories and work-in-progress	3,214	(3,214)	-	-	-
Inventories	-	524	524	-	524
Trade and other receivables (current)	2,032	62	2,094	(4)	2,090
Trade and other receivables (non-current)	1,184	-	1,184	(8)	1,176
Contract costs	-	2,491	2,491	-	2,491
Contract assets	-	661	661	*	661
Interest in associates and joint ventures	1,765	-	1,765	(2)	1,763
Others	14,962	-	14,962	-	14,962
<b>Total assets</b>	<b>23,213</b>	<b>532</b>	<b>23,745</b>	<b>(14)</b>	<b>23,731</b>
<b>Liabilities</b>					
Trade and other payables	3,819	(479)	3,340	-	3,340
Excess of progress billings over work-in-progress	181	(181)	-	-	-
Contract liabilities	-	1,273	1,273	-	1,273
Current tax payable	159	*	159	-	159
Other long-term payables	295	(39)	256	-	256
Deferred tax liabilities	428	*	428	*	428
Others	10,115	-	10,115	-	10,115
<b>Total liabilities</b>	<b>14,997</b>	<b>574</b>	<b>15,571</b>	<b>*</b>	<b>15,571</b>
<b>Equity</b>					
Other reserves	(82)	(3)	(85)	*	(85)
Revenue reserve	5,483	(23) <sup>1</sup>	5,460	(13) <sup>2</sup>	5,447
Non-controlling interest	1,246	(16)	1,230	(1) <sup>2</sup>	1,229
Others	1,569	-	1,569	-	1,569
<b>Total equity</b>	<b>8,216</b>	<b>(42)</b>	<b>8,174</b>	<b>(14)</b>	<b>8,160</b>

<sup>1</sup> Amount relates mainly to the reversal of cumulative profits of certain contracts, where such revenue and related costs of sales are recognised only on delivery to customers under SFRS(I) 15.

<sup>2</sup> Amount relates mainly to increases in impairment loss for trade and other receivables (including service concession receivables) using the expected credit loss model under SFRS(I) 9.

10. **CHANGES IN ACCOUNTING POLICIES** (Cont'd)

D. **Consolidated Statement of Cash Flows for quarter and full year ended December 31, 2017**

	Quarter ended December 31, 2017			Full year ended December 31, 2017		
	As previously reported	Effects of SRFS(I) 15	As restated	As previously reported	Effects of SRFS(I) 15	As restated
<b>In S\$ million</b>						
<b>Cash flows from operating activities:</b>						
Profit for the period / year	8	154	162	245	248	493
Finance income	(16)	(3)	(19)	(43)	(11)	(54)
Finance costs	126	*	126	526	1	527
Inventories written down and allowance for stock obsolescence, net	(23)	33	10	(10)	20	10
Contract costs written back, net	-	(32)	(32)	-	(20)	(20)
Tax expense	(7)	31	24	67	51	118
Others	128	-	128	438	-	438
<b>Operating profit before working capital changes</b>	<b>216</b>	<b>183</b>	<b>399</b>	<b>1,223</b>	<b>289</b>	<b>1,512</b>
Inventories and work-in-progress	622	(622)	-	235	(235)	-
Inventories	-	181	181	-	295	295
Receivables	(375)	3	(372)	(821)	11	(810)
Payables	398	(610)	(212)	84	(611)	(527)
Contract cost	-	245	245	-	139	139
Contract assets	-	185	185	-	(208)	(208)
Contract liabilities	-	435	435	-	320	320
Tax paid	(10)	-	(10)	(70)	-	(70)
<b>Net cash from operating activities</b>	<b>851</b>	<b>-</b>	<b>851</b>	<b>651</b>	<b>-</b>	<b>651</b>

E. **Company Balance Sheet as at December 31, 2017**

	December 31, 2017		
	As previously reported	Effects of SRFS(I) 15	As restated
<b>In S\$ million</b>			
<b>Non-current assets</b>	<b>3,347</b>	<b>-</b>	<b>3,347</b>
<b>Current assets</b>	<b>870</b>	<b>-</b>	<b>870</b>
<b>Total assets</b>	<b>4,217</b>	<b>-</b>	<b>4,217</b>
<b>Liabilities</b>			
Current tax payable	50	*	50
Deferred tax liabilities	53	*	53
Other payables	287	1	288
Others	169	-	169
<b>Total liabilities</b>	<b>559</b>	<b>1</b>	<b>560</b>
<b>Equity</b>			
Revenue reserve	2,087	(1)	2,086
Others	1,571	-	1,571
<b>Total equity</b>	<b>3,658</b>	<b>(1)</b>	<b>3,657</b>

## **11. REVIEW OF GROUP PERFORMANCE**

### **Group Overview**

#### **4Q18**

In 4Q18, the Group recorded a turnover of \$2,566 million, an increase of 7% or \$161 million. The turnover from the Utilities business was \$1,581 million, 13% or \$182 million higher than 4Q17. Turnover from Marine business was \$913 million, marginally higher than 4Q17. The net increase in Utilities turnover was due to higher revenue in Singapore, which benefitted from higher High Sulphur Fuel Oil (HSFO) price; higher volume and prices for India; higher generation from Teesside and contribution from UK Power Reserve (UKPR) which was acquired in 2Q18. Marine's turnover was marginally higher than last year, mainly due to revenue recognition for newly secured projects, offset by lower revenue recognition for offshore platforms projects. Excluding the effects of delivery of one jack-up rig in 4Q18 and 4Q17, and revenue adjustment in 4Q17 due to termination of three rig contracts with a customer, Marine's turnover would have been \$702 million, an increase of 30% compared to \$542 million in 4Q17.

Profit attributable to owners of the company of \$106 million in 4Q18, was \$12 million or 10% lower than 4Q17. 4Q17 net profit was restated to \$118 million from our previously reported net profit of \$23 million, following the adoption of the SFRS(I). For further details, please refer to note 10.

The Utilities and Urban Development business contributed a net profit of \$65 million and \$33 million respectively, while the Marine business turned in a profit of \$1 million.

Utilities net profit was \$65 million, \$51 million higher than 4Q17. The underlying net profit of \$64 million was \$25 million higher than the underlying net profit of \$39 million in 4Q17. The improved results in 4Q18 came mainly from India. In 4Q17, a \$25 million provision was made for potential fines and claims at an overseas water business.

#### **FY18**

The Group achieved a turnover of \$11,689 million in FY18. Compared to FY17, turnover was \$2,663 million or 30% higher. The increased turnover was mainly from the Marine and Utilities business.

Turnover of \$6,536 million from the Utilities business increased by \$839 million as contribution from all key markets Singapore, China, India and United Kingdom grew. Singapore operations benefitted from higher HSFO prices, India from higher volume and prices, United Kingdom from higher generation, and China from Changzhi, which commenced commercial operation in September 2017. This increase was partially offset by lower service concession revenues for Myingyan and Sirajganj Unit 4 (S4), as these plants commenced commercial operation in phases during the year. Marine's turnover of \$4,888 million increased by 61% over FY17, mainly due to higher revenue recognition for rigs & floaters upon the delivery of eight jack-up rigs, sale of a semi-submersible rig and revenue recognition for newly secured projects. Excluding the effects of delivery and sale of rigs (including the semi-submersible rig); and revenue adjustment in FY17 due to termination of five rig contracts with customers, turnover would have been \$2,530 million, comparable to \$2,550 million in FY17.

Profit attributable to owners of the Company (Net Profit) for FY18 was \$347 million, \$36 million or 9% lower than FY17. The lower profit was mainly due to losses in the Marine business, which was offset by better performance from the Utilities business. FY17 net profit was restated to \$383 million from our previously reported net profit of \$231 million (see Note 10 on restatement).

In 2018, the Utilities business contributed net profit of \$312 million to the Group, compared to \$140 million in FY17. The Utilities business underlying net profit, before exceptional items, increased by 23% to \$321 million from \$261 million in 2017, with India posting a net profit of \$47 million in 2018 compared to a loss of \$58 million in 2017. The Marine business reported a loss of \$48 million in 2018, compared to a net profit of \$157 million in 2017. 2017 net profit was restated from \$7 million due to the effects of SFRS(I) 15. Meanwhile, the Urban Development business continued to deliver good performance with steady contribution from Vietnam and China.

## 12. SEGMENTAL REPORTING

FY18

<u>(i) Operating segments</u>	Utilities	Marine	Urban Develop- ment	Others / Corporate	Elimination	Total
In S\$ million						
<u>Turnover</u>						
External sales	6,536	4,888	5	260	-	11,689
Inter-segment sales	33	-	*	54	(87)	-
<b>Total</b>	<b>6,569</b>	<b>4,888</b>	<b>5</b>	<b>314</b>	<b>(87)</b>	<b>11,689</b>
<b>Results</b>						
Segment results	728	(58)	*	(3)	-	667
Share of results of associates and joint ventures, net of tax	92	(2)	94	(10)	-	174
<b>Profit from operations</b>	<b>820</b>	<b>(60)</b>	<b>94</b>	<b>(13)</b>	<b>-</b>	<b>841</b>
Finance income	35	55	1	101	(105)	87
Finance costs	(425)	(101)	(5)	(82)	105	(508)
	<b>430</b>	<b>(106)</b>	<b>90</b>	<b>6</b>	<b>-</b>	<b>420</b>
Tax (expense) / credit	(98)	22	*	(12)	-	(88)
Non-controlling interests	(20)	36	(4)	3	-	15
<b>Net profit for the year</b>	<b>312</b>	<b>(48)</b>	<b>86</b>	<b>(3)</b>	<b>-</b>	<b>347</b>
<b>Assets</b>						
Segment assets	12,617	8,483	698	3,568	(3,892)	21,474
Interests in associates and joint ventures	946	67	666	62	-	1,741
Tax assets	65	34	4	3	-	106
<b>Total assets</b>	<b>13,628</b>	<b>8,584</b>	<b>1,368</b>	<b>3,633</b>	<b>(3,892)</b>	<b>23,321</b>
<b>Liabilities</b>						
Segment liabilities	9,230	6,164	494	2,809	(3,892)	14,805
Tax liabilities	493	62	1	22	-	578
<b>Total liabilities</b>	<b>9,723</b>	<b>6,226</b>	<b>495</b>	<b>2,831</b>	<b>(3,892)</b>	<b>15,383</b>
<b>Capital expenditure</b>	818	342	*	7	-	1,167
<b>Significant non-cash items</b>						
Depreciation and amortisation	380	201	1	13	-	595
Allowance for impairment in value of assets and assets written off, net	10	5	-	1	-	16
Inventories written back, net	(2)	1	-	*	-	(1)
Gain on disposal of property, plant and equipment	(1)	(3)	-	*	-	(4)
Impairment of goodwill	-	-	-	1	-	1
Allowance / (Write-back) of doubtful debts and bad debts, net	2	3	(2)	*	-	3
Provision for fines	25	-	-	-	-	25

<u>(ii) Geographical segments</u>	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
In S\$ million		%		%		%		%
Singapore	4,204	36	5,534	32	9,986	42	384	33
China	219	2	1,533	9	2,126	9	20	2
India	1,687	14	5,266	31	6,482	28	513	44
Rest of Asia	647	6	1,488	9	1,659	7	1	-
Middle East & Africa	116	1	324	2	359	2	3	-
UK	649	6	814	5	424	2	145	12
Rest of Europe	2,591	22	333	2	402	2	*	-
Brazil	243	2	1,520	9	1,721	7	89	8
U.S.A.	1,186	10	2	-	4	-	*	-
Other Countries	147	1	183	1	158	1	12	1
<b>Total</b>	<b>11,689</b>	<b>100</b>	<b>16,997</b>	<b>100</b>	<b>23,321</b>	<b>100</b>	<b>1,167</b>	<b>100</b>



## 12. SEGMENTAL REPORTING (Cont'd)

### FY17 (Restated)

<u>(i) Operating segments</u>	Utilities	Marine	Urban Develop- ment	Others / Corporate	Elimination	Total
<b>In S\$ million</b>						
<b>Turnover</b>						
External sales	5,697	3,035	8	286	-	9,026
Inter-segment sales	29	-	4	65	(98)	-
<b>Total</b>	<b>5,726</b>	<b>3,035</b>	<b>12</b>	<b>351</b>	<b>(98)</b>	<b>9,026</b>

### Results

Segment results	581	354	(13)	(2)	-	920
Share of results of associates and joint ventures, net of tax	69	(4)	103	(4)	-	164
<b>Profit from operations</b>	<b>650</b>	<b>350</b>	<b>90</b>	<b>(6)</b>	<b>-</b>	<b>1,084</b>
Finance income	31	23	*	70	(70)	54
Finance costs	(441)	(96)	(4)	(56)	70	(527)
	<b>240</b>	<b>277</b>	<b>86</b>	<b>8</b>	<b>-</b>	<b>611</b>
Tax expense	(89)	(24)	*	(5)	-	(118)
Non-controlling interests	(11)	(96)	(3)	*	-	(110)
<b>Net profit for the year</b>	<b>140</b>	<b>157</b>	<b>83</b>	<b>3</b>	<b>-</b>	<b>383</b>

### Assets

Segment assets	11,734	9,611	384	2,933	(2,774)	21,888
Interests in associates and joint ventures	869	68	735	93	-	1,765
Tax assets	62	25	2	3	-	92
<b>Total assets</b>	<b>12,665</b>	<b>9,704</b>	<b>1,121</b>	<b>3,029</b>	<b>(2,774)</b>	<b>23,745</b>

### Liabilities

Segment liabilities	8,029	7,121	274	2,334	(2,774)	14,984
Tax liabilities	484	88	*	15	-	587
<b>Total liabilities</b>	<b>8,513</b>	<b>7,209</b>	<b>274</b>	<b>2,349</b>	<b>(2,774)</b>	<b>15,571</b>

### Capital expenditure

	479	194	*	16	-	689
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### Significant non-cash items

Depreciation and amortisation	360	197	3	11	-	571
Gain on disposal of assets held for sale	-	(47)	-	-	-	(47)
Allowance for impairment in value of assets and assets written off, net	28	3	-	*	-	31
Impairment of goodwill and investment in associate	30	-	-	-	-	30
Write-back of doubtful debts and bad debts, net	(16)	*	*	*	-	(16)
Assumption of liabilities on behalf of a joint venture	-	11	-	-	-	11
Provision for fines	25	-	-	-	-	25
Contract costs written back, net	-	(20)	-	-	-	(20)

### (ii) Geographical segments

In S\$ million	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
		%		%		%		%
Singapore	3,581	40	4,579	30	10,905	45	161	24
China	155	2	1,522	10	1,848	8	29	4
India	1,595	18	5,282	35	6,464	27	367	53
Rest of Asia	668	7	1,389	9	1,676	7	3	-
Middle East & Africa	163	2	388	3	446	2	4	1
UK	1,057	12	123	1	265	1	10	1
Rest of Europe	1,118	12	355	2	402	2	*	-
Brazil	213	2	1,432	9	1,570	7	96	14
U.S.A.	177	2	5	-	6	-	*	-
Other Countries	299	3	178	1	163	1	19	3
<b>Total</b>	<b>9,026</b>	<b>100</b>	<b>15,253</b>	<b>100</b>	<b>23,745</b>	<b>100</b>	<b>689</b>	<b>100</b>

## 12. SEGMENTAL REPORTING (Cont'd)

### Notes to Segmental Analysis

#### 12a. 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 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 Development segment owns, develops markets and manages integrated urban developments 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.

#### 12b. Geographical Segments

The Group's geographical segments are presented in ten principal geographical areas: Singapore, China, India, Rest of Asia, Middle East & Africa, UK, Rest of Europe, Brazil, 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.

## 12. SEGMENTAL REPORTING (Cont'd)

### 12c. Review of segment performance

#### Utilities

In S\$ million	4Q18	4Q17	Growth		FY18	FY17	Growth	
		Restated		%		Restated		%
Turnover	1,581	1,399	182	13	6,536	5,697	839	15
Net Profit <i>before EI</i>	64	39	25	64	321	261	60	23
<i>Exceptional items (EI)</i>	1	(25)	26	NM	(9)	(121)	112	(93)
Net Profit	65	14	51	364	312	140	172	123

Turnover for 4Q18 and FY18 increased mainly due to higher HSFO prices for its Singapore operations, higher generation for UK, the newly acquired UKPR and contribution from new facilities in China. These increases were however, partially mitigated by lower service concession revenues for Myingyan and Sirajganj Unit 4 (S4). In 4Q18, India's turnover was lower than 4Q17 due to the shutdown of SEIL Unit 1 since October'18. However, total generation remained higher than FY17.

4Q18 net profit before EI was \$64 million, \$25 million higher than 4Q17. The improved results came mainly from India although it reported a small loss in 4Q18 due to unit 1 shutdown. In 4Q18, India's results included a settlement from its vendor and lower taxes. S4 reported a small profit for the quarter having achieved simple cycle commercial operation. These better results were offset by lower contribution from SongZao due to adjustment to deferred tax in 4Q18.

FY18 net profit before EI was \$321 million, a 23% increase over FY17. Singapore operations continues to be the largest net profit contributor for both 4Q18 and FY18. India operations turned around and registered a net profit of \$47 million compared to a loss of \$58 million in 2017. This improvement was however, reduced by provisions made for the delayed start-up of Myingyan and losses from UKPR's performance which was impacted by the suspension of the capacity market.

Exceptional losses recorded by the business in FY18 amounted to \$9 million, lower than the FY17 exceptional losses of \$121 million.

#### Exceptional items (EI):

4Q18 exceptional items comprise divestment gains from the sale of its subsidiaries in South Africa and a non-cash \$7 million expensing of UKPR's capitalised cost upon refinancing in December.

FY18 exceptional items included \$23 million divestment gains recognised from the sale of various businesses and investments; \$25 million provision for potential fines and a non-cash \$7 million expensing of UKPR's capitalised cost upon refinancing in December. FY17 EI included a provision of \$25 million for potential fines and claims at an overseas water business, impairment charges of \$57 million mainly relating to assets and investments in Singapore, as well as \$39 million in refinancing cost incurred for our second thermal power plant in India.

## 12. SEGMENTAL REPORTING (Cont'd)

### 12c. Review of segment performance (Cont'd)

#### Marine

In S\$ million	4Q18	4Q17	Growth		FY18	FY17	Growth	
		Restated		%		Restated		%
Turnover	913	912	1	-	4,888	3,035	1,853	61
Net Profit / (Loss)	1	71	(70)	(99)	(48)	157	(205)	NM

Turnover for 4Q18 was marginally higher than last year, mainly due to revenue recognition for newly secured projects, offset by lower revenue recognition for offshore platforms projects. Excluding the effects of delivery of one jack-up rig in 4Q18 and 4Q17 respectively and revenue adjustment in 4Q17 due to termination of three rig contracts with a customer, turnover would have been \$702 million, an increase of 30% compared to \$542 million in 4Q17.

Turnover for FY18 increased by 61% mainly due to higher revenue recognition for rigs & floaters upon the delivery of eight jack-up rigs, sale of a semi-submersible rig and revenue recognition for newly secured projects. Excluding the effects of delivery and sale of rigs (including the semi-submersible rig) in FY18; and revenue adjustment in FY17 due to termination of five rig contracts with customers, turnover would have been \$2,530 million, comparable to \$2,550 million in FY17.

4Q18 net profit was \$1 million. The FY18 net loss of \$48 million was mainly due to loss upon the sale of a semi-submersible rig, continued low overall business volume, offset by margin recognition from newly secured production floater projects and delivery of rigs. The net positive effects of contracts termination which arose from the entitlement to the down payments on termination of five rig contracts and a one-off gain on disposal of Cosco Shipyard Co., Ltd was recorded in FY17.

The majority of the contracts and new orders are secured on progressive payment terms, as the industry continues to adjust to changing business models. Future new orders may have increased working capital needs and constrained capital availability.

#### Urban Development

In S\$ million	4Q18	4Q17	Growth		FY18	FY17	Growth	
		Restated		%		Restated		%
Turnover*	2	3	(1)	(33)	5	8	(3)	(38)
Net Profit	33	29	4	14	86	83	3	4

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

FY18 net profit was slightly higher than the net profit of FY17, with steady contribution from Vietnam and China.

### **13. VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

### **14. PROSPECTS**

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

#### **Utilities**

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

In Singapore and China, underlying performance is expected to remain steady. The India energy business is expected to improve, underpinned by a positive long-term outlook for the India power market. 2019 will be the first full-year of operation and contribution from UK Power Reserve.

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

#### **Marine**

Overall business volume and activity for the Marine business, while stabilising, is expected to remain relatively low. While offshore drilling activities have increased, offshore rig orders will take some time to recover as the market remains over-supplied. However, offshore production units are expected to dominate potential orders and Sembcorp Marine is responding to increasing enquiries and tenders for innovative engineering solutions.

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

#### **Urban Development**

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

#### **Group**

The market environment is expected to be challenging in 2019, especially for the offshore and marine sector which remains in a prolonged down cycle. Global economic growth is projected to ease as markets face escalating risks including rising trade tensions and tightening financial conditions.

In this context, the Group remains focused on executing strategy, improving performance and strengthening its balance sheet.

## 15. DIVIDEND

### (a) Current Financial Year reported On

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

### (b) Corresponding year of the Immediately Preceding Financial Year

Name of Dividend	2017 Interim Ordinary Exempt-1-Tier	2017 Final Ordinary Exempt-1-Tier	2017 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	3.0	2.0	5.0

### (c) Current Financial Year reported On

The proposed final tax exempt 1-Tier dividend of 2.0 cents per ordinary share, if approved at the AGM to be held on April 18, 2019, will be paid on May 13, 2019.

### (d) Books closure date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on April 26, 2019 to determine the shareholders' entitlements to the proposed dividend. Duly completed transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01 Singapore 068902, up to 5.00 p.m. on April 25, 2019 (the "Book Closure Date") will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00p.m. on the Book Closure Date will be entitled to the proposed dividend.

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

In S\$ million	FY18	FY17
<b>Name of Dividend</b>		
Interim ordinary dividend	36	53
Final ordinary dividend *	36	36
Total	<u>72</u>	<u>89</u>

\*FY18 dividend is estimated based on the share capital of 1,784,447,594 ordinary share at the end of the financial year

## 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)**

**In S\$ million**

### **Sale of Goods and Services**

Temasek Holdings (Private) Limited and its Associates		
- Temasek Holdings (Private) Limited	0.3	0.3
- Accuron Technologies Limited and its Associates	1.3	1.3
- Mapletree Investments Pte Ltd and its Associates	-	0.4
- PSA International Pte Ltd and its Associates	1.6	5.5
- Singapore Power Limited and its Associates	1.1	4.2
- Singapore Technologies Telemedia Pte Ltd and its Associates	43.3	47.6
- SingEx Holdings Pte Ltd and its Associates	4.2	4.2
- SMRT Corporation Ltd and its Associates	2.4	2.4
- Temasek Capital (Private) Limited and its Associates	3.1	4.3
- Wildlife Reserves Singapore Pte Ltd and its Associates	3.7	3.7
	61.0	73.9
Olam International Ltd and its Associates	1.4	1.8
Starhub Ltd and its Associates	11.5	11.5
SATS Ltd and its Associates	-	0.2
Singapore Technologies Engineering Ltd and its Associates	21.9	21.9
	95.8	109.3

### **Purchase of Goods and Services**

Temasek Holdings (Private) Limited and its Associates		
- Lan Ting Holdings Pte Ltd and its Associates	0.4	0.4
- Singapore Power Limited and its Associates	1.4	5.6
- Temasek Capital (Private) Limited and its Associates <sup>1</sup>	165.6	563.1
	167.4	569.1
Singapore Technologies Engineering Ltd and its Associates	-	5.3
Starhub Ltd and its Associates	0.3	0.3
	167.7	574.7

### **Provision of Management and Support Services**

Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	-	2.9
	263.5	686.9

There are no interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920).

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.

**17. 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

**18. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

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

**BY ORDER OF THE BOARD**

**Kwong Sook May (Ms)  
Company Secretary  
February 21, 2019**