

SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2017 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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SEMBCORP INDUSTRIES LTD

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2017

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, 2017.

1. CONSOLIDATED INCOME STATEMENT

	Note	GROUP			GROUP		
		4Q17 \$'000	4Q16 \$'000	+ / (-) %	FY17 \$'000	FY16 \$'000	+ / (-) %
Turnover	2a	2,123,136	2,025,788	4.8	8,345,605	7,907,048	5.5
Cost of sales	2a	(1,975,277)	(1,775,527)	11.3	(7,399,538)	(6,801,916)	8.8
Gross profit	2a	147,859	250,261	(40.9)	946,067	1,105,132	(14.4)
General & administrative expenses	2b	(134,864)	(90,947)	48.3	(420,089)	(359,841)	16.7
Other operating income, net	2c	40,122	64,862	(38.1)	75,550	66,300	14.0
Non-operating income	2d	18,349	38,491	(52.3)	73,640	44,507	65.5
Non-operating expenses	2d	(6,658)	(18,703)	(64.4)	(43,937)	(72,190)	(39.1)
Finance income	2e	16,029	7,073	126.6	42,596	30,418	40.0
Finance costs	2e	(125,660)	(133,762)	(6.1)	(525,782)	(402,009)	30.8
Share of results of associates and joint ventures, net of tax	2f	44,943	47,933	(6.2)	164,058	125,121	31.1
Profit before tax		120	165,208	(99.9)	312,103	537,438	(41.9)
Tax credit/(expense)	2g	7,497	(12,241)	NM	(67,391)	(100,284)	(32.8)
Profit for the period / year		7,617	152,967	(95.0)	244,712	437,154	(44.0)
Attributable to:							
Owners of the Company		22,777	147,464	(84.6)	230,772	394,889	(41.6)
Non-controlling interests		(15,160)	5,503	NM	13,940	42,265	(67.0)
		7,617	152,967	(95.0)	244,712	437,154	(44.0)
Earnings per ordinary share (cents)							
	2h						
- basic		0.62	7.71	(92.0)	10.51	19.92	(47.2)
- diluted		0.61	7.64	(92.0)	10.42	19.75	(47.2)

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

	GROUP			GROUP		
	4Q17	4Q16	+ / (-)	FY17	FY16	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	2,123,136	2,025,788	4.8	8,345,605	7,907,048	5.5
Cost of sales	<u>(1,975,277)</u>	<u>(1,775,527)</u>	11.3	<u>(7,399,538)</u>	<u>(6,801,916)</u>	8.8
Gross profit	147,859	250,261	(40.9)	946,067	1,105,132	(14.4)
Included in Gross profit:-						
Depreciation and amortisation	(i) (139,789)	(125,452)	11.4	(546,292)	(433,409)	26.0
(Allowance for) / write-back of impairment losses, net						
- property, plant and equipment	(ii) -	-	-	(25,778)	-	NM
- inventories and work-in-progress	(iii) 22,955	(2,468)	NM	9,677	(3,080)	NM
Property, plant and equipment written off	(983)	(881)	11.6	(2,766)	(1,481)	86.8

In 4Q17, the Group recorded a turnover of \$2.1 billion, an increase of 4.8% or \$97.3 million. Utilities' turnover grew 24% or \$268 million, while Marine's turnover declined by \$175 million compared to 4Q16. Marine's lower turnover was the result of lower revenue recognition for rig & floaters and offshore platform projects, including the effects of sale of nine jack-up rigs and termination of three jack-up rigs with a customer.

Gross profit was lower in 4Q17 compared to 4Q16. This was attributable to lower contribution from Marine and Utilities. Marine's gross loss was mainly due to lower overall business volume, especially in rig & floaters and offshore platform projects, which impacted the absorption of overhead costs, and additional cost accruals for floater projects which are pending finalisation with the customers.

- (i) Depreciation and amortisation in 4Q17 was higher mainly due to Utilities India's second thermal power plant, Sembcorp Gayatri Power Limited (SGPL), which commenced full commercial operation in February 2017.
- (ii) Allowance made for impairment of property, plant and equipment in FY17 mainly arose from Utilities' Singapore assets as a result of optimising its steam production assets.
- (iii) Net write-back in 4Q17 was mainly from Marine, partially reduced by write down of inventory cost by Utilities. Marine's net write back in 4Q17 and FY17 included the effects of contracts termination that arose from its sales of nine rigs in October 2017.

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

2b. General & administrative expenses

	GROUP			GROUP		
	4Q17	4Q16	+ / (-)	FY17	FY16	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
General & administrative expenses	(134,864)	(90,947)	48.3	(420,089)	(359,841)	16.7
Included in general & administrative expenses: -						
Depreciation and amortisation	(5,995)	(5,962)	0.6	(25,036)	(20,304)	23.3
(Allowance for) / write-back of doubtful debts and bad debts, net	(i) (1,602)	(8,476)	(81.1)	15,579	(4,671)	NM
Write-back of impairment losses						
- fixed assets and intangible assets	(ii) -	6,707	NM	-	6,707	NM
Intangible assets written off	(iii) -	(63)	NM	-	(8,306)	NM
Property, plant and equipment written off	-	(1,379)	NM	(285)	(2,008)	(85.8)
Provision for fines and claims	(iv) (25,390)	-	NM	(25,390)	-	NM

General & administrative expenses of \$134.9 million in 4Q17 was higher than 4Q16, mainly because of provision for potential fines and claims. 4Q16 amount included a \$6.7 million write-back of impairment losses on fixed assets.

- (i) The net write-back of doubtful debts in FY17 was mainly from Utilities' Singapore operations.
- (ii) 4Q16 and FY16 amounts pertained to a write-back of impairment of Utilities UK's fixed assets consequent to the extension of customers' contracts.
- (iii) The FY16 amount mainly pertained to write-off of development rights relating to certain wind sites.
- (iv) The provision was for potential fines and claims at an overseas water business arising from an alleged environmental offence for discharge of off-specification wastewater. The amount was estimated based on available information at the date of release of the Group's FY17 results.

2c. Other operating income, net

	GROUP			GROUP		
	4Q17	4Q16	+ / (-)	FY17	FY16	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Other operating income, net	40,122	64,862	(38.1)	75,550	66,300	14.0
Included in other operating income/(expenses), net: -						
Changes in fair value of financial instruments	(i) (5,915)	(33,224)	(82.2)	(5,407)	(31,070)	(82.6)
Foreign exchange gain	(ii) 25,363	74,133	(65.8)	8,434	9,228	(8.6)
(Loss) / Gain on disposal of property, plant and equipment	(918)	(11)	NM	(1,752)	73	NM

Other operating income, net, was lower compared to 4Q16, mainly attributable to lower foreign exchange gain.

- (i) Changes in fair value of financial instruments was due to mark-to-market adjustments of foreign currency forward contracts and cross currency swap.
- (ii) Foreign exchange gain in 4Q17 arose mainly from Marine's revaluation of liabilities denominated in Brazilian Real to United States dollar. For FY17, foreign exchange gain mainly arose from Marine's revaluation of liabilities denominated in United States dollar to Brazilian Real, the revaluation of liabilities denominated in Brazilian Real to United States dollar and the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.

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

2d. Non-operating income / (expenses)

	GROUP			GROUP		
	4Q17	4Q16	+ / (-)	FY17	FY16	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Non-operating income	18,349	38,491	(52.3)	73,640	44,507	65.5
Non-operating expenses	(6,658)	(18,703)	(64.4)	(43,937)	(72,190)	(39.1)
	<u>11,691</u>	<u>19,788</u>		<u>29,703</u>	<u>(27,683)</u>	
Included in non-operating income / (expenses):						
Dividend income	270	275	(1.8)	417	275	100.0
Fair value (loss) / gain on re-measurement of pre-existing equity interest in joint venture and available-for-sale financial asset (AFS), which became subsidiaries, see Note 5(b)	-	(2,968)	NM	-	7,734	NM
(Loss)/gain on disposal of subsidiaries, net	(113)	-	NM	753	-	NM
Gain on disposal of assets held for sale (i)	-	-	-	46,816	-	NM
Gain on disposal of joint ventures / associate	-	34,572	NM	-	34,758	NM
Gain on disposal of other financial assets (ii)	18,192	849	NM	21,669	2,796	675.0
Gain on disposal of investment held for sale	-	-	-	-	3,820	NM
Assumption of liabilities on behalf of a joint venture (iii)	(5,500)	-	NM	(11,000)	-	NM
Impairment of goodwill (iv)	-	-	-	(26,378)	-	NM
Impairment of investment in an associate (v)	-	(2,120)	NM	(4,163)	(2,120)	96.4
Changes in fair value of available-for-sale assets (vi)	(1,225)	(14,749)	(91.7)	(2,275)	(78,938)	(97.1)
Negative goodwill	-	2,795	NM	169	2,858	(94.1)

Non-operating income was lower in 4Q17 mainly as a result of lower gain from disposal of investments. The lower non-operating expenses in 4Q17 was mainly due to lower fair value losses of AFS assets.

- (i) Gain on disposal of assets held for sale in FY17 relates to Marine's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd. (CSG), in January 2017.
- (ii) 4Q17 gain was mainly from Marine's disposal of its available-for-sale financial asset.
- (iii) The amount related to Marine's assumption of liabilities on behalf of a joint venture.
- (iv) The impairment of goodwill was for Utilities' Singapore power investment.
- (v) The impairment was for Utilities' investment in an associated company.
- (vi) Changes in fair value of available-for-sale assets in 4Q16 was primarily for the impairment of available-for-sale financial assets, Gallant Venture. The FY16 amount also included Marine's available-for-sale financial assets.

2e. Finance income and finance costs

	GROUP			GROUP		
	4Q17	4Q16	+ / (-)	FY17	FY16	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Finance income (i)	16,029	7,073	126.6	42,596	30,418	40.0
Finance costs (ii)	(125,660)	(133,762)	(6.1)	(525,782)	(402,009)	30.8

- (i) Higher finance income in 4Q17 was mainly due to higher bank balances.
- (ii) Lower finance costs in 4Q17 was primarily because of Marine's lower bank borrowings. 4Q16 included charges relating to Thermal Powertech Corporation India Limited's (TPCIL) refinancing.

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

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

The lower share of results from associates and joint ventures in 4Q17 was mainly due to share of losses from an offshore engineering business in China.

2g. Tax credit / (expense)

		GROUP			GROUP		
		4Q17	4Q16	+ / (-)	FY17	FY16	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
Tax credit / (expense)	(i)	7,497	(12,241)	NM	(67,391)	(100,284)	(32.8)
<i>Included in tax expense: -</i>							
Tax expense							
- Net write-back of tax in respect of prior years	(ii)	15,477	20,205	(23.4)	21,763	21,940	(0.8)

- (i) The net tax credit in 4Q17 was mainly from Marine's write back of prior year's tax. Without this tax credit, the Group's effective tax rate would have been higher because there was no group tax relief in India and the tax benefit for losses from a subsidiary in India was not recognised.

Besides the impact from 4Q17, the higher effective tax rate in FY17 was also because impairment losses are generally not deductible for tax purposes and disposal gain from CSG was not subject to Singapore tax.

- (ii) 4Q17 and net write-back of tax in respect of prior years was mainly from Marine as a result of tax incentives recognised.

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			GROUP		
	4Q17	4Q16	+ / (-)	FY17	FY16	+ / (-)
			%			%
(i) Based on the weighted average number of shares (in cents)	0.62	7.71	(92.0)	10.51	19.92	(47.2)
- Weighted average number of shares (in million)	1,787.5	1,786.1	0.1	1,787.0	1,786.6	0.0
(ii) On a fully diluted basis (in cents)	0.61	7.64	(92.0)	10.42	19.75	(47.2)
- Adjusted weighted average number of shares (in million)	1,805.7	1,803.4	0.1	1,802.4	1,802.2	0.0

2i. Breakdown of sales

	GROUP		
	FY17	FY16	+ / (-)
	\$'000	\$'000	%
First Half Year			
(i) Sales reported	4,414,818	3,741,728	18.0
(ii) Profit after tax before deducting non-controlling interests	194,882	225,803	(13.7)
Second Half Year			
(i) Sales reported	3,930,787	4,165,320	(5.6)
(ii) Profit after tax before deducting non-controlling interests	49,830	211,351	(76.4)

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		GROUP	
		4Q17 \$'000	4Q16 \$'000	FY17 \$'000	FY16 \$'000
Profit for the period / year		7,617	152,967	244,712	437,154
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations	(i)	4,721	168,380	(151,000)	(41,597)
Exchange differences on monetary items forming part of net investment in foreign operation		(124)	7,182	(6,336)	9,893
Net change in fair value of cash flow hedges	(ii)	27,286	7,495	44,712	85,901
Net change in fair value of cash flow hedges reclassified to profit or loss		(5,042)	405	(17,598)	42,091
Net change in fair value of available-for-sale financial assets	(iii)	31,257	2,847	37,484	(19,328)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(iv)	(32,184)	9,544	(32,658)	8,337
Realisation of reserve upon disposal / liquidation of subsidiaries		314	77	(15,646)	(6,259)
Realisation of reserve when a joint venture became a subsidiary		-	(20)	-	2,390
Realisation of reserve upon disposal of a joint venture		-	(3,530)	-	(3,530)
Realisation of reserve upon disposal of assets held for sale		-	-	(20,484)	-
Share of other comprehensive income of associates and joint ventures	(v)	29,411	34,332	55,444	18,376
		55,639	226,712	(106,082)	96,274
Items that may not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial gain/(losses)		2,841	79	2,742	(199)
Other comprehensive income for the period / year, net of tax		58,480	226,791	(103,340)	96,075
Total comprehensive income for the period / year		66,097	379,758	141,372	533,229
Attributable to:					
Owners of the Company		79,328	343,497	160,025	482,959
Non-controlling interests		(13,231)	36,261	(18,653)	50,270
Total comprehensive income for the period / year		66,097	379,758	141,372	533,229

3a. Notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves in 4Q17 was primarily due to appreciation of the United States dollar, partially offset by depreciation of the Renminbi.
- (ii) The fair value changes in cash flow hedges in 4Q17 were primarily due to changes in fair value on fuel oil swaps, foreign currency forward contracts and interest rate swaps.
- (iii) This was mainly due to changes in market prices of available-for-sale financial assets.
- (iv) The 4Q17 and FY17 amount arose mainly from Marine's disposal of its available-for-sale financial assets in 4Q17.
- (v) This was mainly due to hedging gain from associates and joint ventures in the UK and the Middle East.

4. BALANCE SHEETS

	GROUP		COMPANY	
	As at	As at	As at	As at
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	11,157,683	11,225,917	347,095	498,385
Investment properties	90,918	61,264	-	-
Investments in subsidiaries	-	-	2,648,929	2,444,010
Interests in associates and joint ventures	1,765,420	1,745,749	-	-
Other financial assets	175,380	200,905	-	-
Trade and other receivables	1,184,276	734,123	226,386	205,843
Tax recoverable	7,148	9,529	-	-
Assets held for sale	99,730	-	99,730	-
Intangible assets	580,787	636,997	24,566	23,103
Deferred tax assets	55,972	51,520	-	-
	<u>15,117,314</u>	<u>14,666,004</u>	<u>3,346,706</u>	<u>3,171,341</u>
Current assets				
Inventories and work-in-progress	3,214,296	3,466,280	8,616	10,615
Trade and other receivables	2,031,555	1,958,030	141,432	171,028
Tax recoverable	21,305	15,703	-	-
Assets held for sale	-	182,215	-	-
Other financial assets	142,050	119,456	141	-
Cash and cash equivalents	2,686,658	1,882,547	720,138	389,905
	<u>8,095,864</u>	<u>7,624,231</u>	<u>870,327</u>	<u>571,548</u>
Total assets	<u>23,213,178</u>	<u>22,290,235</u>	<u>4,217,033</u>	<u>3,742,889</u>
Current liabilities				
Trade and other payables	3,818,766	3,398,015	136,886	138,057
Excess of progress billings over work-in-progress	180,894	223,073	-	-
Provisions	92,217	42,419	16,695	14,874
Other financial liabilities	13,105	36,976	-	326
Current tax payable	159,046	189,471	49,746	47,938
Interest-bearing borrowings	1,572,451	2,125,587	-	-
	<u>5,836,479</u>	<u>6,015,541</u>	<u>203,327</u>	<u>201,195</u>
Net current assets	<u>2,259,385</u>	<u>1,608,690</u>	<u>667,000</u>	<u>370,353</u>
Non-current liabilities				
Deferred tax liabilities	428,340	402,431	52,686	60,501
Provisions	105,071	92,547	16,018	10,661
Other financial liabilities	54,060	256,654	-	-
Retirement benefit obligations	3,810	6,565	-	-
Interest-bearing borrowings	8,275,153	7,095,717	-	-
Other long-term payables	294,511	258,066	286,199	281,910
	<u>9,160,945</u>	<u>8,111,980</u>	<u>354,903</u>	<u>353,072</u>
Total liabilities	<u>14,997,424</u>	<u>14,127,521</u>	<u>558,230</u>	<u>554,267</u>
Net assets	<u>8,215,754</u>	<u>8,162,714</u>	<u>3,658,803</u>	<u>3,188,622</u>
Equity attributable to owners of the Company:-				
Share capital	565,572	565,572	565,572	565,572
Other reserves	(82,676)	(52,147)	2,117	(6,721)
Revenue reserve	5,483,190	5,384,897	2,087,875	1,826,675
	<u>5,966,086</u>	<u>5,898,322</u>	<u>2,655,564</u>	<u>2,385,526</u>
Perpetual securities	1,003,239	803,096	1,003,239	803,096
	<u>6,969,325</u>	<u>6,701,418</u>	<u>3,658,803</u>	<u>3,188,622</u>
Non-controlling interests	1,246,429	1,461,296	-	-
Total equity	<u>8,215,754</u>	<u>8,162,714</u>	<u>3,658,803</u>	<u>3,188,622</u>

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

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

	As at 31/12/2017 \$'000	As at 31/12/2016 \$'000
Amount repayable:		
(i) <u>In one year or less, or on demand</u>		
Interest-bearing borrowings		
Secured	695,409	548,509
Unsecured	877,042	1,577,078
	<u>1,572,451</u>	<u>2,125,587</u>
(ii) <u>Between one to five years</u>		
Interest-bearing borrowings		
Secured	928,283	948,288
Unsecured	4,275,026	3,094,717
	<u>5,203,309</u>	<u>4,043,005</u>
(iii) <u>After five years</u>		
Interest-bearing borrowings		
Secured	2,092,634	2,272,275
Unsecured	979,210	780,437
	<u>3,071,844</u>	<u>3,052,712</u>
Total	<u>9,847,604</u>	<u>9,221,304</u>

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

	As at 31/12/2017 \$'000	As at 31/12/2016 \$'000
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>7,200,862</u>	<u>6,863,426</u>

4b. **Net asset value**

	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of the financial period (in \$)	3.90	3.75	2.05	1.79

Net asset value per ordinary share has increased with the \$200 million perpetual securities issued in June 2017.

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at December 31, 2017 was \$3.34 (December 31, 2016: \$3.30).

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

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

(i) **Group** **Non-current assets**

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

“Other financial assets” decreased mainly due to the disposal of available-for-sale financial assets and fair value adjustments on foreign currency forward contracts from Marine.

“Trade and other receivables” increased mainly due to service concession receivables from Myingyan and Sirajganj Unit 4 power projects and Marine’s billing to a customer upon completion of a rig building project.

“Assets held for sale” arose when the Company entered into an agreement to sell certain utilities assets to a customer. The transaction is planned to be completed between 2H19 and 1H20.

“Intangible assets” decreased as a result of the impairment in 3Q17 and the amortization for the year.

“Deferred tax assets” increased mainly due to Utilities India renewable business (Sembcorp Green Infra), partially offset by Marine’s utilisation of tax credit.

Net current assets

“Inventories and work-in-progress” decreased mainly due to Marine’s successful deliveries of rig building and floater projects.

“Trade and other receivables” increased mainly due to Marine’s billings to customers upon project milestone achieved and project completion; and dividend receivable from Urban Development’s Vietnam operation.

“Assets held for sale” decreased upon completion of Marine’s divestment of its 30% equity interest in CSG in January 2017.

“Trade and other payables” increased mainly due to payable for the acquisition of the non-controlling interests in Sembcorp Green Infra and accrued capital expenditure in Sirajgani Unit 4 power project.

“Provisions” increased mainly due to Marine’s reclassification of allowance made for warranty provisions from non-current to current and Utilities’ provision for fines and claims.

“Other financial liabilities” decreased mainly due to fair value adjustments on foreign currency forward contracts.

“Interest-bearing borrowings” decreased mainly due to Marine’s repayment and refinancing of short term borrowings to long term borrowings.

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

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

Non-current liabilities

"Other financial liabilities" decreased mainly due to put liability being extinguished when Utilities acquired the non-controlling interests in Sembcorp Green Infra.

"Interest-bearing borrowings" increased mainly due to additional borrowing taken for Utilities' projects in Myanmar, Bangladesh and India as well as Marine's refinancing of short term borrowings to long term borrowings.

Equity

The deficit in "Other reserves" increased primarily due to foreign currency translation loss mainly arising from the depreciation of United States dollar, Indian Rupee and Renminbi.

"Perpetual securities" amounting to \$200 million were issued by the Company on June 22, 2017.

"Non-controlling interests" decreased with Utilities' acquisition of non-controlling interests in Sembcorp Green Infra.

(ii) Company

Non-current assets

"Property, plant and equipment" decreased mainly due to the transfer of certain plants to assets held for sale and impairment in 3Q17.

"Investment in subsidiaries" increased due to group's restructuring whereby the Company now hold Sembcorp Investment Pte Ltd (who owns the 30 Hill Street building) directly.

"Assets held for sale" increased due to the Company entered into an agreement to sell certain utilities assets to a customer. The transaction is planned to be completed between 2H19 and 1H20.

Net current assets

"Trade and other receivables" decreased as a result of settlement with a customer upon the completion of its financial restructuring.

"Provisions" increased mainly due to provision for claims.

"Cash and cash equivalents" increased mainly due to proceeds from the issuance of perpetual securities.

Non-current liabilities

"Provisions" increased mainly due to provision for restoration costs.

Equity

"Perpetual securities" amounting to \$200 million were issued by the Company on June 22, 2017. The perpetual securities are subordinated; coupon payments are at the option of the Company and are cumulative, subject to terms and conditions of the securities issue. These perpetual securities are classified as equity instruments and recorded in equity.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP		GROUP	
		4Q17 \$'000	4Q16 \$'000	FY17 \$'000	FY16 \$'000
Cash flows from Operating Activities					
Profit for the period / year		7,617	152,967	244,712	437,154
Adjustments for :					
Dividend		(270)	(275)	(417)	(275)
Finance income		(16,029)	(7,073)	(42,596)	(30,418)
Finance costs		125,660	133,762	525,782	402,009
Depreciation and amortisation		145,784	131,414	571,328	453,713
Share of results of associates and joint ventures, net of tax		(44,943)	(47,933)	(164,058)	(125,121)
Gain on disposal of property, plant and equipment and other financial assets		(17,274)	(838)	(19,917)	(2,869)
(Gain) / Loss on disposal of intangible assets		(117)	-	22	(1)
Gain on disposal of investment in joint venture and associate		-	(34,572)	-	(34,758)
Gain on disposal of assets / investment held for sale		-	-	(46,816)	(3,820)
Loss / (Gain) on disposal/liquidation of investments in subsidiaries		113	-	(4,613)	-
Fair value gain on re-measurement of pre-existing equity investments in joint venture and available-for-sale financial asset, which became subsidiaries		-	2,968	-	(7,734)
Changes in fair value of financial instruments		5,915	33,224	5,407	31,070
Impairment of investment in an associate		-	2,120	4,163	2,120
Equity settled share-based compensation expenses		3,135	532	17,785	18,807
Impairment of goodwill		-	-	26,378	-
Allowance made for impairment loss in value of assets and assets written off (net)		2,072	9,260	31,250	82,921
Negative goodwill		-	(2,796)	(169)	(2,858)
(Write-back of) / allowance made for inventories and work-in-progress		(22,955)	4,229	(9,677)	3,080
Assumption of liabilities on behalf of a joint venture		5,500	-	11,000	-
Allowance / (Write-back) of doubtful debts and bad debts (net)		1,602	8,476	(15,579)	4,671
Provision for fines and claims		25,390	-	25,390	-
Tax (credit) / expense		(7,497)	12,241	67,391	100,284
Operating profit before working capital changes		213,703	397,706	1,226,766	1,327,975
Changes in working capital:					
Inventories and work-in-progress		622,476	(289,556)	235,009	659,104
Receivables		(375,454)	(29,070)	(821,443)	(618,624)
Payables		400,050	(276,769)	79,937	(410,568)
		860,775	(197,689)	720,269	957,887
Tax paid		(9,869)	(23,342)	(69,933)	(85,813)
Net cash from / (used in) operating activities		850,906	(221,031)	650,336	872,074
Cash flows from Investing Activities					
Dividend received		96,966	47,604	265,615	94,239
Interest received		16,686	10,051	41,235	27,912
Proceeds from divestment of investment/assets held for sale		-	-	205,690	22,894
Proceeds from disposal of interests in joint venture and associate		-	134	-	584
Proceeds from prior year disposal of joint venture		-	-	53,081	-
Proceeds from sale of other financial assets		100,711	194,005	194,683	223,117
Proceeds from sale of property, plant and equipment		9,618	310	17,885	11,567
Proceeds from disposal of interests in subsidiaries, net of cash disposed		50	-	50	-
Proceeds from sale of intangible assets		169	53	337	54
Proceeds from call option premium		-	4,330	-	4,330
Loan repayments from related parties		71,042	1,591	75,744	15,784
Loan to related parties		-	(4,464)	(213)	(4,464)
Non-trade balances with related corporations, net of repayment		(785)	4,642	(15,223)	(1,622)
Acquisition of subsidiaries, net of cash acquired	5b	-	-	(3,287)	(71,520)
Acquisition of / additional investments in joint ventures and associates		(1,153)	(48,071)	(15,280)	(60,886)
Acquisition of other financial assets		(52,282)	(196,565)	(165,951)	(226,644)
Purchase of property, plant and equipment and investment properties		(246,668)	(127,573)	(736,048)	(821,880)
Purchase of intangible assets		(2,996)	(10,172)	(10,564)	(14,095)
Net cash used in investing activities		(8,642)	(124,125)	(92,246)	(800,630)

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

	Note	GROUP		GROUP	
		4Q17 \$'000	4Q16 \$'000	FY17 \$'000	FY16 \$'000
Cash flows from Financing Activities					
Proceeds from share issued to non-controlling interests of subsidiaries	17	96	271	4,397	
Proceeds from share options exercised with issue of treasury shares	-	-	-	426	
(Payments) / Proceeds from share options exercised with issue of treasury shares of a subsidiary	-	(835)	687	-	
Purchase of treasury shares	-	(3,237)	(4,057)	(7,065)	
Purchase of treasury shares by subsidiary	(3,365)	-	(5,942)	(2,990)	
Proceeds from issue of perpetual securities, net of transaction costs	-	-	199,467	-	
Proceeds from borrowings	461,492	1,643,443	3,206,073	3,689,220	
Repayment of borrowings	(590,075)	(1,375,656)	(2,426,971)	(2,581,974)	
Payment on finance leases	(131)	(154)	(1,034)	(449)	
Acquisition of non-controlling interests	(9,659)	(61,678)	(9,659)	(218,460)	
Unclaimed dividends	-	103	6	116	
Dividends paid to owners of the Company	-	-	(125,117)	(178,724)	
Dividends paid to non-controlling interests of subsidiaries	(4,972)	(2,503)	(37,110)	(46,109)	
(Payment) / Receipts in restricted cash held as collateral	(1,081)	-	6,059	-	
Perpetual securities distribution paid	(18,077)	(14,367)	(42,210)	(38,605)	
Interest paid	(110,698)	(118,159)	(484,220)	(406,013)	
Net cash (used in) / from financing activities		(276,549)	67,053	276,243	213,770
Net increase / (decrease) in cash and cash equivalents		565,715	(278,103)	834,333	285,214
Cash and cash equivalents at beginning of the period / year		2,099,680	2,092,993	1,854,713	1,604,465
Effect of exchange rate changes on balances held in foreign currency		16,076	39,823	(7,575)	(34,966)
Cash and cash equivalents at end of the period / year		<u>2,681,471</u>	<u>1,854,713</u>	<u>2,681,471</u>	<u>1,854,713</u>

5a. Cash and cash equivalents

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

	Group	
	31/12/2017 \$'000	31/12/2016 \$'000
Fixed deposits with banks	672,172	487,377
Cash and bank balances	2,014,486	1,395,170
Cash and cash equivalents in the balance sheets	2,686,658	1,882,547
Bank overdrafts	(197)	(16,785)
Restricted bank balances held as collateral by banks	(4,990)	(11,049)
Cash and cash equivalents in the consolidated statement of cash flows	<u>2,681,471</u>	<u>1,854,713</u>

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

5b. **Cash flow on acquisition of subsidiaries, net of cash acquired**

In 3Q17, the Group acquired 100% equity interest in Sembcorp Solar Singapore Pte. Ltd. No further disclosure as amount is insignificant.

	FY16 ¹ \$'000
Effect on cash flows of the Group	
Cash paid	144,397
Less: Cash and cash equivalents in subsidiaries acquired	<u>(72,877)</u>
Cash outflow on acquisition	<u>71,520</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,736,933
Long-term receivables and prepayments	-
Intangible assets	169,405
Inventories	95
Trade and other receivables	106,253
Cash and cash equivalents	<u>83,926</u>
Total assets	<u>2,096,612</u>
Trade and other payables	185,047
Current tax payable	7,168
Borrowings	1,175,099
Deferred tax liabilities	42,219
Retirement benefit obligations	<u>187</u>
Total liabilities	<u>1,409,720</u>
Net identifiable assets	686,892
Less: Non-controlling interests	(147,637)
Add: Goodwill	49,292
Less: Negative goodwill	(2,858)
Less: Amount previously accounted for as available-for-sale financial asset and joint venture	(423,191)
Less: Foreign currency translation reserve realised when the joint venture became a subsidiary	(2,390)
Less: Gain on step up acquisition of available-for-sale financial asset and joint venture	(7,734)
Consideration transferred for the business	<u>152,374</u>
Amount reflected as other payables	<u>(7,977)</u>
Cash paid	<u>144,397</u>

¹ Step-up of Gravifloat, previously an available-for-sale financial asset and SGPL, previously a joint venture in 1Q2016 and acquisition of LMG in 3Q2016

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

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

5c. Explanatory Notes to Consolidated Statement of Cash Flows

(i) Fourth Quarter

Net cash from operating activities before changes in working capital stood at \$213.7 million; while the cash from changes in working capital was \$647.1 million. The net inflow from working capital was mainly attributable to Marine's receipts from ongoing and completed projects and advance payment of \$377.5 million received from a customer.

Net cash used in investing activities was \$8.6 million, mainly for purchase of property, plant and machinery, offset by proceeds from disposal of available-for-sale financial assets, dividend income and loan repayment from related parties.

Net cash used in financing activities was \$276.5 million was mainly for net repayment of borrowings, interest paid and perpetual securities distribution paid.

(ii) Full Year

Net cash from operating activities before changes in working capital remain strong at \$1,226.8 million. The net cash outflow from changes in working capital of \$506.5 million was mainly for Utilities' increased in service concession receivables of \$430.8 million from Myingyan and Sirajganj Unit 4 power project. The service concession receivables will be collected over the period of the concession contracts from the time the power plants commence commercial operations.

Net cash used in investing activities was \$92.2 million, mainly from Utilities' and Marine's purchase of property, plant and equipment, reduced by dividend received, proceeds received from the divestments of investments and other financial assets, and loan repayment from related parties.

Net cash from financing activities of \$276.2 million was mainly from the increase in net borrowings and issuance of perpetual securities mainly for Group's working capital and capital expenditure requirements reduced by dividends and interest paid.

(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

	Attributable to owners of the Company									
	Share capital	Other reserves				Revenue reserve	Perpetual securities	Non-controlling interests	Total equity	
		Reserve for own shares	Currency translation		Others					Total
			reserve							
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
9M17										
At January 1, 2017	565,572	(5,490)	(113,534)	66,877	5,384,897	5,898,322	803,096	6,701,418	1,461,296	8,162,714
Total comprehensive income										
Profit for the period	-	-	-	-	207,995	207,995	-	207,995	29,100	237,095
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	(128,051)	-	-	(128,051)	-	(128,051)	(27,670)	(155,721)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(6,212)	-	-	(6,212)	-	(6,212)	-	(6,212)
Net change in fair value of cash flow hedges	-	-	-	4,114	-	4,114	-	4,114	13,312	17,426
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(13,344)	-	(13,344)	-	(13,344)	788	(12,556)
Net change in fair value of available-for-sale financial assets	-	-	-	5,958	-	5,958	-	5,958	269	6,227
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	(474)	-	(474)	-	(474)	-	(474)
Defined benefit plan actuarial gains and losses	-	-	-	-	(81)	(81)	-	(81)	(18)	(99)
Realisation of reserve upon liquidation of subsidiary	-	-	(3,898)	-	-	(3,898)	-	(3,898)	(12,062)	(15,960)
Realisation of reserve upon disposal of assets held for sale	-	-	(12,493)	-	-	(12,493)	-	(12,493)	(7,991)	(20,484)
Share of other comprehensive income of associates and joint ventures	-	-	-	27,183	-	27,183	-	27,183	(1,150)	26,033
Total other comprehensive income	-	-	(150,654)	23,437	(81)	(127,298)	-	(127,298)	(34,522)	(161,820)
Total comprehensive income	-	-	(150,654)	23,437	207,914	80,697	-	80,697	(5,422)	75,275
Transactions with owners of the Company, recognised directly in equity										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	254	254
Issue of perpetual securities	-	-	-	-	-	-	199,467	199,467	-	199,467
Share-based payments	-	-	-	12,488	-	12,488	-	12,488	2,162	14,650
Purchase of treasury shares	-	(4,057)	-	-	-	(4,057)	-	(4,057)	-	(4,057)
Treasury shares transferred to employees	-	9,422	-	(9,422)	-	-	-	-	-	-
Treasury shares of a subsidiary	-	-	-	(1,152)	-	(1,152)	-	(1,152)	(738)	(1,890)
Acquisition of non-controlling interests	-	-	-	(149,683)	-	(149,683)	-	(149,683)	(149,468)	(299,151)
Extinguishment of put liability to acquire non-controlling interests	-	-	-	215,885	-	215,885	-	215,885	-	215,885
Transfer of reserve	-	-	-	(14,958)	14,958	-	-	-	-	-
Perpetual securities distribution paid	-	-	-	-	-	-	(24,133)	(24,133)	-	(24,133)
Accrued perpetual securities distribution	-	-	-	-	(31,184)	(31,184)	31,184	-	-	-
Dividend paid	-	-	-	-	(125,117)	(125,117)	-	(125,117)	(32,138)	(157,255)
Unclaimed dividends	-	-	-	-	6	6	-	6	-	6
Total transactions with owners	-	5,365	-	53,158	(141,337)	(82,814)	206,518	123,704	(179,928)	(56,224)
At September 30, 2017	565,572	(125)	(264,188)	143,472	5,451,474	5,896,205	1,009,614	6,905,819	1,275,946	8,181,765

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

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

	Attributable to owners of the Company										
	Share capital	Other reserves				Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
		Reserve for own shares	Currency translation reserve		Others						
			\$'000	\$'000							
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
4Q17											
Total comprehensive income											
Profit for the period	-	-	-	-	22,777	22,777	-	22,777	(15,160)	7,617	
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	2,243	-	-	2,243	-	2,243	2,478	4,721	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(124)	-	-	(124)	-	(124)	-	(124)	
Net change in fair value of cash flow hedges	-	-	-	28,177	-	28,177	-	28,177	(891)	27,286	
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(5,163)	-	(5,163)	-	(5,163)	121	(5,042)	
Net change in fair value of available-for-sale financial assets	-	-	-	19,527	-	19,527	-	19,527	11,730	31,257	
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	(19,597)	-	(19,597)	-	(19,597)	(12,587)	(32,184)	
Defined benefit plan actuarial gains and losses	-	-	-	-	2,871	2,871	-	2,871	(30)	2,841	
Realisation of reserve upon liquidation of subsidiaries	-	-	-	-	1	1	-	1	313	314	
Realisation of reserve upon disposal of assets held for sale	-	-	(9)	(10)	10	(9)	-	(9)	9	-	
Share of other comprehensive income of associates and joint ventures	-	-	-	10,866	17,759	28,625	-	28,625	786	29,411	
Total other comprehensive income	-	-	2,110	33,800	20,641	56,551	-	56,551	1,929	58,480	
Total comprehensive income	-	-	2,110	33,800	43,418	79,328	-	79,328	(13,231)	66,097	
Transactions with owners of the Company, recognised directly in equity											
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	17	17	
Share-based payments	-	-	-	3,497	-	3,497	-	3,497	(362)	3,135	
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	
Treasury shares of a subsidiary	-	-	-	(2,054)	-	(2,054)	-	(2,054)	(1,311)	(3,365)	
Acquisition of non-controlling interests	-	-	-	812	-	812	-	812	(9,658)	(8,846)	
Perpetual securities distribution paid	-	-	-	-	-	-	(18,077)	(18,077)	-	(18,077)	
Accrued perpetual securities distribution	-	-	-	-	(11,702)	(11,702)	11,702	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	(4,972)	(4,972)	
Total transactions with owners	-	-	-	2,255	(11,702)	(9,447)	(6,375)	(15,822)	(16,286)	(32,108)	
At December 31, 2017	565,572	(125)	(262,078)	179,527	5,483,190	5,966,086	1,003,239	6,969,325	1,246,429	8,215,754	

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

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

	Attributable to owners of the Company										
	Share capital	Other reserves				Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
		own shares	Currency translation reserve		Others						
			\$'000	\$'000							
9M16											
At January 1, 2016	565,572	(8,645)	(84,321)	(49,972)	5,207,742	5,630,376	802,688	6,433,064	1,610,430	8,043,494	
Total comprehensive income											
Profit for the period	-	-	-	-	247,425	247,425	-	247,425	36,762	284,187	
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	(173,322)	-	-	(173,322)	-	(173,322)	(36,655)	(209,977)	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	2,711	-	-	2,711	-	2,711	-	2,711	
Net change in fair value of cash flow hedges	-	-	-	50,398	-	50,398	-	50,398	28,008	78,406	
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	40,841	-	40,841	-	40,841	845	41,686	
Net change in fair value of available-for-sale financial assets	-	-	-	(13,764)	-	(13,764)	-	(13,764)	(8,411)	(22,175)	
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	(1,015)	-	(1,015)	-	(1,015)	(192)	(1,207)	
Defined benefit plan actuarial gains and losses	-	-	-	-	(241)	(241)	-	(241)	(37)	(278)	
Realisation of reserve upon disposal of subsidiary	-	-	-	(25)	-	(25)	-	(25)	(6,311)	(6,336)	
Realisation of reserve when a joint venture became a subsidiary	-	-	2,410	-	-	2,410	-	2,410	-	2,410	
Share of other comprehensive of associates and joint ventures	-	-	-	(15,956)	-	(15,956)	-	(15,956)	-	(15,956)	
Total other comprehensive income	-	-	(168,201)	60,479	(241)	(107,963)	-	(107,963)	(22,753)	(130,716)	
Total comprehensive income	-	-	(168,201)	60,479	247,184	139,462	-	139,462	14,009	153,471	
Transactions with owners of the Company, recognised directly in equity											
Redemption of preference shares for non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(7,380)	(7,380)	
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	4,301	4,301	
Share-based payments	-	-	-	15,354	-	15,354	-	15,354	2,922	18,276	
Purchase of treasury shares	-	(3,828)	-	-	-	(3,828)	-	(3,828)	-	(3,828)	
Treasury shares transferred to employees	-	10,220	-	(9,794)	-	426	-	426	-	426	
Treasury shares of a subsidiary	-	-	-	(1,317)	-	(1,317)	-	(1,317)	(842)	(2,159)	
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	164,058	164,058	
Acquisition of non-controlling interests	-	-	-	20,158	-	20,158	-	20,158	(309,456)	(289,298)	
Put liability to acquire non-controlling interests	-	-	-	744	-	744	-	744	-	744	
Perpetual securities distribution paid	-	-	-	-	-	-	(24,238)	(24,238)	-	(24,238)	
Accrued perpetual securities distribution	-	-	-	-	(29,205)	(29,205)	29,205	-	-	-	
Dividend paid	-	-	-	-	(178,724)	(178,724)	-	(178,724)	(43,606)	(222,330)	
Unclaimed dividends	-	-	-	-	13	13	-	13	-	13	
Total transactions with owners	-	6,392	-	25,145	(207,916)	(176,379)	4,967	(171,412)	(190,003)	(361,415)	
At September 30, 2016	565,572	(2,253)	(252,522)	35,652	5,247,010	5,593,459	807,655	6,401,114	1,434,436	7,835,550	

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

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

	Attributable to owners of the Company										
	Share capital	Other reserves			Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity	
		Reserve for own shares	Currency translation								Others
			reserve	reserve							
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
4Q16											
Total comprehensive income											
Profit for the period	-	-	-	-	147,464	147,464	-	147,464	5,503	152,967	
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	134,590	-	-	134,590	-	134,590	33,790	168,380	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	7,182	-	-	7,182	-	7,182	-	7,182	
Net change in fair value of cash flow hedges	-	-	-	16,115	-	16,115	-	16,115	(8,620)	7,495	
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(930)	-	(930)	-	(930)	1,335	405	
Net change in fair value of available-for-sale financial assets	-	-	-	2,104	-	2,104	-	2,104	743	2,847	
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	6,050	-	6,050	-	6,050	3,494	9,544	
Defined benefit plan actuarial gains and losses	-	-	-	-	128	128	-	128	(49)	79	
Realisation of reserve upon disposal of subsidiary	-	-	-	12	-	12	-	12	65	77	
Realisation of reserve when a joint venture became a subsidiary	-	-	(20)	-	-	(20)	-	(20)	-	(20)	
Realisation of reserve upon disposal of a joint venture	-	-	(3,229)	(301)	-	(3,530)	-	(3,530)	-	(3,530)	
Share of other comprehensive of associates and joint ventures	-	-	-	34,332	-	34,332	-	34,332	-	34,332	
Total other comprehensive income	-	-	138,523	57,382	128	196,033	-	196,033	30,758	226,791	
Total comprehensive income	-	-	138,523	57,382	147,592	343,497	-	343,497	36,261	379,758	
Transactions with owners of the Company, recognised directly in equity											
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	96	96	
Share-based payments	-	-	-	1,695	-	1,695	-	1,695	(1,164)	531	
Purchase of treasury shares	-	(3,237)	-	-	-	(3,237)	-	(3,237)	-	(3,237)	
Treasury shares of a subsidiary	-	-	-	1	-	1	-	1	1	2	
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	(16,421)	(16,421)	
Acquisition of non-controlling interests	-	-	465	(12,989)	-	(12,524)	-	(12,524)	10,590	(1,934)	
Put liability to acquire non-controlling interests	-	-	-	(23,516)	-	(23,516)	-	(23,516)	-	(23,516)	
Call option issued to non-controlling interests of subsidiaries	-	-	-	8,652	-	8,652	-	8,652	-	8,652	
Perpetual securities distribution paid	-	-	-	-	-	-	(14,367)	(14,367)	-	(14,367)	
Accrued perpetual securities distribution	-	-	-	-	(9,808)	(9,808)	9,808	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	(2,503)	(2,503)	
Unclaimed dividends	-	-	-	-	103	103	-	103	-	103	
Total transactions with owners	-	(3,237)	465	(26,157)	(9,705)	(38,634)	(4,559)	(43,193)	(9,401)	(52,594)	
At December 31, 2016	565,572	(5,490)	(113,534)	66,877	5,384,897	5,898,322	803,096	6,701,418	1,461,296	8,162,714	

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

6b. Statements of Changes in Equity of the Company

	Attributable to owners of the Company							
	Share capital	Other reserves			Revenue reserve	Total	Perpetual securities	Total
		Reserve for own shares	Others					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
9M17								
At January 1, 2017	565,572	(5,490)	(1,231)	1,826,675	2,385,526	803,096	3,188,622	
Total comprehensive income								
Profit for the period	-	-	-	115,827	115,827	-	115,827	
Other comprehensive income								
Net change in fair value of cash flow hedges	-	-	207	-	207	-	207	
Total other comprehensive income	-	-	207	-	207	-	207	
Total comprehensive income	-	-	207	115,827	116,034	-	116,034	
Transactions with owners of the Company, recognised directly in equity								
Issue of perpetual securities	-	-	-	-	-	199,467	199,467	
Share-based payments	-	-	8,922	-	8,922	-	8,922	
Purchase of treasury shares	-	(4,057)	-	-	(4,057)	-	(4,057)	
Treasury shares transferred to employees	-	9,422	(9,422)	-	-	-	-	
Perpetual securities distribution paid	-	-	-	-	-	(24,133)	(24,133)	
Accrued perpetual securities distribution	-	-	-	(31,184)	(31,184)	31,184	-	
Dividends paid	-	-	-	(125,117)	(125,117)	-	(125,117)	
Total transactions with owners	-	5,365	(500)	(156,301)	(151,436)	206,518	55,082	
At September 30, 2017	565,572	(125)	(1,524)	1,786,201	2,350,124	1,009,614	3,359,738	
4Q17								
Total comprehensive income								
Profit for the period	-	-	-	313,376	313,376	-	313,376	
Other comprehensive income								
Net change in fair value of cash flow hedges	-	-	-	-	-	-	-	
Total other comprehensive income, net of tax	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	313,376	313,376	-	313,376	
Transactions with owners of the Company, recognised directly in equity								
Share-based payments	-	-	3,766	-	3,766	-	3,766	
Perpetual securities distribution paid	-	-	-	-	-	(18,077)	(18,077)	
Accrued perpetual securities distribution	-	-	-	(11,702)	(11,702)	11,702	-	
Total transactions with owners	-	-	3,766	(11,702)	(7,936)	(6,375)	(14,311)	
At December 31, 2017	565,572	(125)	2,242	2,087,875	2,655,564	1,003,239	3,658,803	

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						
	Share capital	Other reserves		Revenue reserve	Total	Perpetual securities	Total
		Reserve for own shares	Others				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9M16							
At January 1, 2016	565,572	(8,645)	(5,015)	1,756,013	2,307,925	802,688	3,110,613
Total comprehensive income							
Profit for the period	-	-	-	148,541	148,541	-	148,541
Other comprehensive income							
Net change in fair value of cash flow hedges	-	-	19	-	19	-	19
Total other comprehensive income	-	-	19	-	19	-	19
Total comprehensive income	-	-	19	148,541	148,560	-	148,560
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	-	-	10,227	-	10,227	-	10,227
Purchase of treasury shares	-	(3,829)	-	-	(3,829)	-	(3,829)
Treasury shares transferred to employees	-	10,221	(9,794)	-	427	-	427
Perpetual securities distribution paid	-	-	-	-	-	(24,238)	(24,238)
Accrued perpetual securities distribution	-	-	-	(29,205)	(29,205)	29,205	-
Dividends paid	-	-	-	(178,724)	(178,724)	-	(178,724)
Unclaimed dividends	-	-	-	1	1	-	1
Total transactions with owners	-	6,392	433	(207,928)	(201,103)	4,967	(196,136)
At September 30, 2016	565,572	(2,253)	(4,563)	1,696,626	2,255,382	807,655	3,063,037
4Q16							
Total comprehensive income							
Profit for the period	-	-	-	139,754	139,754	-	139,754
Other comprehensive income							
Net change in fair value of cash flow hedges	-	-	(226)	-	(226)	-	(226)
Total other comprehensive income, net of tax	-	-	(226)	-	(226)	-	(226)
Total comprehensive income	-	-	(226)	139,754	139,528	-	139,528
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	-	-	3,558	-	3,558	-	3,558
Purchase of treasury shares	-	(3,237)	-	-	(3,237)	-	(3,237)
Perpetual securities distribution paid	-	-	-	-	-	(14,367)	(14,367)
Accrued perpetual securities distribution	-	-	-	(9,808)	(9,808)	9,808	-
Unclaimed dividends	-	-	-	103	103	-	103
Total transactions with owners	-	(3,237)	3,558	(9,705)	(9,384)	(4,559)	(13,943)
At December 31, 2016	565,572	(5,490)	(1,231)	1,826,675	2,385,526	803,096	3,188,622

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 Shares
At January 1, 2017	1,787,547,732	1,990,038
Treasury shares transferred pursuant to restricted share plan	-	(3,227,211)
Treasury shares purchased	-	1,280,000
At September 30, 2017/ December 31, 2017	<u>1,787,547,732</u>	<u>42,827</u>

Issued and paid up capital

As at December 31, 2017, the Company's issued and paid up capital excluding treasury shares comprised 1,787,504,905 (December 31, 2016: 1,785,557,694) ordinary shares.

Treasury shares

During 4Q17, the Company acquired nil (4Q16: 1,180,000) ordinary shares in the Company by way of on-market purchases. Nil (4Q16: nil) treasury shares were re-issued pursuant to the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP").

As at December 31, 2017, 42,827 (December 31, 2016: 1,990,038) treasury shares were held that may be re-issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

Share Options

All options have expired in June 2016.

Performance Shares

	Number of shares
At January 1, 2017	2,418,250
Performance shares lapsed arising from targets not met	(600,000)
Conditional performance shares awarded	889,553
Conditional performance shares lapsed	(304,500)
At September 30, 2017/ December 31, 2017	<u>2,403,303</u>

During 4Q17, nil (4Q16: nil) performance shares were awarded under the Company's PSP, nil (4Q16: nil) performance shares were released and nil (4Q16: 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, 2017, was 2,403,303 (December 31, 2016: 2,418,250). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,604,954 (December 31, 2016: 3,627,375) performance shares.

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

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

Restricted Shares

	Number of shares
At January 1, 2017	9,095,728
Conditional restricted shares awarded	3,554,234
Conditional restricted shares released	(3,263,724)
Conditional restricted shares lapsed	(232,236)
Additional restricted shares awarded arising from targets met	589,655
At September 30, 2017	<u>9,743,657</u>
Conditional restricted shares lapsed	(15,741)
At December 31, 2017	<u>9,727,916</u>

During 4Q17, nil (4Q16: nil) restricted shares were awarded under the RSP, nil (4Q16: nil) restricted shares were released and 15,741 (4Q16: 40,250) restricted shares lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at end December 31, 2017 was 9,727,916 (December 31, 2016: 9,095,728). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 6,947,566 (December 31, 2016: 6,686,507). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,421,349 (December 31, 2016: 10,029,760) 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, 2016.

10. CHANGES IN ACCOUNTING POLICIES

The following amended FRSs have become effective from January 1, 2017.

Amendments to FRSs

- FRS 7 Statement of Cash Flows – Disclosure initiative
- FRS 12 Income Tax – Recognition of deferred tax assets for unrealised losses
- FRS 112 Disclosure of interests in Other Entities

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

4Q17

The Group reported a turnover of \$2.1 billion, 4.8% higher than 4Q16's turnover of \$2.0 billion. The increase was mainly due to higher turnover from Utilities, partially reduced by lower turnover from Marine.

Utilities' turnover of \$1.4 billion was an increase of \$268 million, mainly due to higher HSFO prices and higher contribution from India. Marine's turnover of \$655 million was \$175 million lower than last year, mainly due to lower revenue recognition for its rigs and offshore platform projects, including the effects of the sale of nine rigs and termination of three rig contracts with a customer.

4Q17 profit before tax and before net finance costs (PFO) of \$109.8 million was a decrease of 62% over last year of \$291.9 million, due to losses from Marine and lower contribution from Utilities.

Profit attributable to owners of the company (Net profit) for 4Q17 was \$22.8 million, as compared to \$147.5 million in 4Q16. The decline was mainly due to losses reported by Marine and lower contribution from Utilities. Besides the exceptional losses in 4Q17, 4Q16 had the benefit of \$31.7 million recovery of development costs from its projects in Myanmar and Bangladesh.

Utilities and Urban Development were the key net profit contributors to the Group's net profit.

FY17

The Group achieved \$8.3 billion turnover in FY17, 5.5% higher than FY16's turnover of \$7.9 billion. The increase was mainly due to higher turnover from Utilities, reduced by lower turnover from Marine.

Utilities' turnover for FY17 was \$5.7 billion, an increase of \$1.6 billion, from \$4.1 billion in FY16, mainly due to higher HSFO prices, higher contribution from India and construction revenue for Myingyan and Sirajganj Unit 4 power projects. Marine's turnover of \$2.4 billion was \$1.2 billion lower than FY16, mainly due to lower revenue recognition for its rig building and offshore platform projects, including the effects of the sale of nine rigs and termination of five rig contracts with customers has further resulted in lower revenue from the rigs and floaters segment.

FY17 PFO of \$795.3 million recorded a 12.5% decrease over last year's PFO of \$909.0 million, due to lower contribution from Marine and Utilities. This was partially mitigated by Urban Development, which delivered a strong performance and posted record profits in 2017. Utilities reported exceptional losses totalling \$117.7 million (refer to 12c). Excluding these exceptional items, FY17 PFO would have been \$913.0 million, reflecting overall stable underlying performance.

Net profit for the Group stood at \$230.8 million in FY17, \$164.1 million lower than FY16's net profit of \$394.9 million. Excluding Utilities' exceptional items, net profit would have been \$351.6 million, \$40.8 million lower than last year, reflecting the effect of new investments have not achieved breakeven at net profit level.

Utilities was the largest net profit contributor, accounting for 60.7% of the Group's net profit. This was followed by Urban Development contributing 36.1%.

12. SEGMENTAL REPORTING

FY17

(i) Operating segments

	Utilities	Marine	Urban Development	Others/ Corporate	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover						
External sales	5,670,149	2,387,354	7,758	280,344	-	8,345,605
Inter-segment sales	29,446	-	3,993	64,609	(98,048)	-
Total	5,699,595	2,387,354	11,751	344,953	(98,048)	8,345,605
Results						
Segment results	580,561	68,287	(13,220)	(4,397)	-	631,231
Share of results of associates and joint ventures, net of tax	69,298	(3,617)	102,608	(4,231)	-	164,058
Profit from operations	649,859	64,670	89,388	(8,628)	-	795,289
Finance income	31,208	11,548	213	69,636	(70,009)	42,596
Finance costs	(440,626)	(95,522)	(4,075)	(55,568)	70,009	(525,782)
	240,441	(19,304)	85,526	5,440	-	312,103
Tax (expense) / credit	(89,308)	25,795	808	(4,686)	-	(67,391)
Non-controlling interests	(11,096)	336	(3,106)	(74)	-	(13,940)
Net profit for the year	140,037	6,827	83,228	680	-	230,772
Assets						
Segment assets	11,734,243	9,078,716	383,400	2,940,990	(2,774,016)	21,363,333
Investment in associates and joint ventures	869,110	67,965	735,142	93,203	-	1,765,420
Tax assets	61,903	17,081	2,605	2,836	-	84,425
Total assets	12,665,256	9,163,762	1,121,147	3,037,029	(2,774,016)	23,213,178
Liabilities						
Segment liabilities	8,028,045	6,541,028	273,730	2,341,251	(2,774,016)	14,410,038
Tax liabilities	483,861	88,242	440	14,843	-	587,386
Total liabilities	8,511,906	6,629,270	274,170	2,356,094	(2,774,016)	14,997,424
Capital expenditure	479,084	193,455	167	16,380	-	689,086
Significant non-cash items						
Depreciation and amortisation	360,729	196,576	2,684	11,339	-	571,328
Allowance for impairment in value of assets and assets written off (net)	28,426	2,775	-	49	-	31,250
Impairment of goodwill	26,378	-	-	-	-	26,378
Impairment of investment in an associate	4,163	-	-	-	-	4,163
(Write-back of) / Allowance for doubtful debts and bad debts (net)	(15,687)	175	(61)	(6)	-	(15,579)
Gain on disposal of assets held for sale	-	(46,816)	-	-	-	(46,816)
Provision in relation to a joint venture	-	11,000	-	-	-	11,000
Inventories written down / (write-back)	9,639	(19,622)	-	306	-	(9,677)
Provision for fines and claims	25,390	-	-	-	-	25,390

(ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	3,519,296	42	4,442,553	29	10,247,836	44	160,903	23
China	155,280	2	1,522,049	10	1,847,751	8	29,113	4
India	1,595,727	19	5,282,436	35	6,464,172	28	367,597	53
Rest of Asia	307,710	4	1,388,611	9	1,683,153	7	2,972	1
Middle East & Africa	162,533	2	388,518	3	445,506	2	3,772	1
UK	1,056,637	13	122,985	1	340,783	1	9,626	1
Rest of Europe	1,629,516	19	355,524	2	401,559	2	38	-
Brazil	213,192	3	1,431,890	10	1,612,524	7	96,213	14
U.S.A.	185,447	2	4,941	-	6,490	-	4	-
Other Countries	(479,733)	(6)	177,807	1	163,404	1	18,848	3
Total	8,345,605	100	15,117,314	100	23,213,178	100	689,086	100

12. SEGMENTAL REPORTING (Cont'd)

FY16

(i) Operating segments

(i) Operating segments	Utilities	Marine	Urban Development	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover						
External sales	4,111,054	3,544,155	7,051	244,788	-	7,907,048
Inter-segment sales	21,829	661	4,173	31,248	(57,911)	-
Total	4,132,883	3,544,816	11,224	276,036	(57,911)	7,907,048
Results						
Segment results	632,980	205,871	(11,923)	(43,020)	-	783,908
Share of results of associates and joint ventures, net of tax	104,241	(35,134)	50,315	5,699	-	125,121
Profit from operations (PFO)	737,221	170,737	38,392	(37,321)	-	909,029
Finance income	23,495	7,922	214	52,591	(53,804)	30,418
Finance costs	(318,332)	(88,651)	(2,933)	(45,897)	53,804	(402,009)
	442,384	90,008	35,673	(30,627)	-	537,438
Tax expense	(80,746)	(15,121)	(552)	(3,865)	-	(100,284)
Non-controlling interests	(13,610)	(26,626)	(1,823)	(206)	-	(42,265)
Net profit for the year	348,028	48,261	33,298	(34,698)	-	394,889

Assets

Segment assets	11,080,613	9,335,419	371,503	1,795,808	(2,115,609)	20,467,734
Investment in associates and joint ventures	903,769	74,816	668,392	98,772	-	1,745,749
Tax assets	54,722	20,572	927	531	-	76,752
Total assets	12,039,104	9,430,807	1,040,822	1,895,111	(2,115,609)	22,290,235

Liabilities

Segment liabilities	7,167,664	6,680,087	273,475	1,530,002	(2,115,609)	13,535,619
Tax liabilities	453,127	124,522	1,530	12,723	-	591,902
Total liabilities	7,620,791	6,804,609	275,005	1,542,725	(2,115,609)	14,127,521

Capital expenditure

	582,807	419,879	5,117	15,946	-	1,023,749
Significant non-cash items						
Depreciation and amortisation	282,439	159,457	2,325	9,492	-	453,713
Allowance for / (Write-back of) impairment in value of assets and assets written off (net)	4,904	23,397	(1,029)	57,769	-	85,041
(Write-back of) / Allowance for doubtful debts and bad debts (net)	(371)	5,255	35	(248)	-	4,671
Gain on disposal of investments in subsidiary, joint venture and associate	(34,572)	(186)	-	-	-	(34,758)
Inventories written down	4,648	(1,166)	-	(402)	-	3,080

(ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	2,963,985	37	4,508,611	31	10,014,848	45	269,123	26
Rest of Asia	558,067	7	1,022,156	7	1,211,123	6	23,128	2
China	193,212	2	1,428,532	10	2,069,257	9	118,965	12
India	848,705	11	5,195,087	35	6,249,517	28	369,211	36
Middle East & Africa	111,813	1	440,916	3	448,804	2	9,515	1
UK	915,726	12	144,637	1	261,289	1	10,580	1
Rest of Europe	1,482,631	19	398,681	3	451,270	2	61	-
Brazil	83,942	1	1,346,186	9	1,392,270	6	193,331	19
U.S.A.	697,744	9	5,282	-	7,292	-	8	-
Other Countries	51,223	1	175,916	1	184,565	1	29,827	3
Total	7,907,048	100	14,666,004	100	22,290,235	100	1,023,749	100

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

	4Q17	4Q16	Growth		FY17	FY16	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Turnover	1,391,005	1,122,785	268,220	24	5,670,149	4,111,054	1,559,095	38
Profit from operations ^{before EI}	145,326	194,822	(49,496)	(25)	767,531	723,686	43,845	6
Net Profit ^{before EI}	39,485	86,742	(47,257)	(55)	260,802	345,536	(84,734)	(25)
Exceptional items (EI)	(25,390)	2,492	(27,882)	NM	(120,765)	2,492	(123,257)	NM
Net Profit	14,095	89,234	(75,139)	(84)	140,037	348,028	(207,991)	(60)

Turnover for 4Q17 and FY17 increased due to higher HSFO prices from its Singapore operations, contribution from India's second thermal power plant (SGPL) and construction revenue from its Myingyan and Sirajganj Unit 4 power projects.

4Q17 net profit before exceptional items was \$39.5 million compared to \$86.7 million in 4Q16. 4Q16 had the benefit of recovery of development costs of \$31.7 million from its projects in Myanmar and Bangladesh.

In FY17, underpinned by good performance from its Singapore centralised utilities and gas businesses, Utilities delivered \$767.5 million PFO (before exceptional items of \$117.7 million), 6% higher than last year's PFO of \$723.7 million.

FY17's net profit was \$140.0 million compared to \$348.0 million in FY16. The business delivered a net profit of \$260.8 million before exceptional items. Singapore operations continued to perform well mitigating the weak performance of SGPL in India and China, with the expiry of Yangcheng cooperative joint venture agreement.

Singapore operations was the largest net profit contributor to the Utilities' net profit before exceptional items at FY17.

Exceptional items (EI):

4Q17 exceptional items comprise provision for potential fines and claims at an overseas water business. 4Q16 exceptional items comprised of divestment gain on Yancheng (\$33.5 million) reduced by the refinancing cost of its first thermal power project (\$31.0 million, of which \$9.8 million was charged as finance cost).

FY17 exceptional items also included non-cash impairment charges mainly relating to Singapore's assets (\$25.8 million), investments (\$30.5 million) and the refinancing cost incurred for the India's second thermal power project (\$39.1 million, of which \$3.1 million was charged as finance cost). The impairments were mainly made in light of the challenging operating environment for its power business and optimisation of its steam production assets.

12. SEGMENTAL REPORTING (Cont'd)

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

Marine

	4Q17	4Q16	Growth		FY17	FY16	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Turnover	654,953	829,839	(174,886)	(21)	2,387,354	3,544,155	(1,156,801)	(33)
Profit from operations	(36,424)	45,419	(81,843)	NM	64,670	170,737	(106,067)	(62)
Net (Loss)/Profit	(21,187)	20,940	(42,127)	NM	6,827	48,261	(41,434)	(86)

Turnover for 4Q17 and FY17 decreased mainly due to lower revenue recognition for rig & floaters and offshore platforms projects. The turnover also has the effects of sale of nine rigs and terminations of rig contracts.

4Q17 reported loss of \$21.2 million compared to profit of \$20.9 million in 4Q16. The loss was mainly due to lower overall business volume, especially in rigs & floaters and offshore platform projects, which impacted the absorption of overhead costs, and additional cost accruals for floater projects which are pending finalisation with the customers. These are partially offset by foreign exchange translation gain on the United States dollar and Brazilian Real borrowings for the Brazil yard and gain on disposal of available-for-sale financial assets.

Net profit for FY17 was lower than FY16 mainly due to lower overall business volume, especially in rigs and floaters and offshore platforms, which impacted the absorption of overhead costs and additional costs accruals for floater projects which are pending finalisation with the customers, partially offset by divestment gains and lower share of losses from associates and joint ventures.

Urban Development

	4Q17	4Q16	Growth		FY17	FY16	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Turnover *	2,529	2,942	(413)	(14)	7,758	7,051	707	10
Profit from operations	29,643	29,162	481	2	89,388	38,392	50,996	133
Net Profit	29,311	27,293	2,018	7	83,228	33,298	49,930	150

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

Higher net profit in 4Q17 was mainly due to higher land sales from its China operations. In FY17, the Urban Development business delivered record profits on better performance and higher project contribution from all its operating markets, namely Vietnam, China and Indonesia.

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 global energy transition continues as the industry adjusts to the impact of a changing global fuel mix, increasing demand for renewables, the proliferation of distributed energy resources and declining power prices. The share of electricity as a proportion of total energy demand is also increasing in part due to the electrification of the heating and transport sectors.

To benefit from the global energy transition, the Utilities business will focus on long-term growth along its three business lines of Gas & Power, Renewables & Environment and Merchant & Retail.

The Utilities business is expected to deliver a better performance in 2018 underpinned by an expected turnaround to profitability for its India energy operations.

Marine

Global exploration and production capex spending continues to show signs of improvement. However, recovery may take some time as the oversupply in most drilling segments has yet to re-balance.

The production segment remains encouraging. Sembcorp Marine continues to make progress in its efforts to develop and commercialise its GraviFloat technology.

Demand for repairs and upgrades, especially for LNG carriers and cruise ships remains strong.

The immediate outlook remains challenging. It will take some time for capex spending to translate into new orders. Industry activities remain low and competition for orders remains intense. Sembcorp Marine will continue to strengthen its balance sheet and pursue new orders.

Urban Development

The Urban Development business has a healthy orderbook. It expects income contribution from the sale of its property developments in China and Vietnam. The business is expected to continue to perform well in 2018.

Group

The market environment is expected to remain challenging in 2018. A broader-based global recovery is underway, aided by a rebound in investment and trade. As the Group repositions its businesses for the future, it is confident that it is well-placed to benefit from the market's recovery.

15. DIVIDEND

(a) Current Financial Year reported On

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

(b) Corresponding year of the Immediately Preceding Financial Year

Name of Dividend	2016	2016 Final	2016
	Interim Ordinary Exempt-1-Tier	Ordinary Exempt-1-Tier	
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	4.0	4.0	8.0

(c) Date payable

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 10, 2018, will be paid on May 15, 2018

(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 30, 2018 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 27, 2018 (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 5.00 p.m. on the Book Closure Date will be entitled to the proposed dividend.

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

	FY17	FY16
	\$'000	\$'000
Interim ordinary dividend	53,625	71,478
Final ordinary dividend *	35,750	71,422
Total	89,375	142,900

*FY17 dividend is estimated based on the share capital of 1,787,504,905 ordinary share at the end of the financial year

16. **SUBSEQUENT EVENTS**

1. Reorganisation of India energy businesses and proposed initial public offering

On February 19, 2018, the Group announced the reorganisation of its India energy business as follows:

- a) Its entire 88.0% stake in SGPL to TPCIL, which has been renamed Sembcorp Energy India Limited (SEIL)
- b) Transfer of NCI's 12% stake in SGPL to SEIL
- c) Its entire stake in SGI (including its rights and obligations to complete the transfer of the legal title of SGI shares in early 2018)

The consideration for the above transfers was settled by SEIL through the issuance of new shares.

Following the transfers and transactions above, the Group's Indian thermal and renewable energy businesses will be consolidated under a single entity, with SGPL and SGI as wholly owned subsidiaries of SEIL. The Group will hold 93.7% stake in SEIL.

On February 23, 2018, the Group announced that it has initiated the process for an initial public offering of Sembcorp Energy India Limited on BSE Limited (BSE) and the National Stock Exchange of India (NSE).

2. Divestment of municipal water operations in South Africa

On February 23, 2018, the Group announced that it has entered into a conditional sale agreement to divest its 100% stake in Sembcorp Utilities South Africa, its 100% effective stake in Sembcorp Silulumanzi and its 73.4% stake in Sembcorp Siza Water to South African Water Works Pty Ltd for gross proceeds of ZAR 790 million (approximately S\$89 million).

Upon completion, Sembcorp Utilities South Africa, Sembcorp Silulumanzi and Sembcorp Siza Water will cease to be part of the Group.

This divestment is not expected to have a material impact to the Group in 2018.

17. INTERESTED PERSON TRANSACTIONS

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)		
	4Q17	FY17
	\$'000	\$'000
<u>Sale of Goods and Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Accuron Technologies Limited and its Associates	1,351	1,351
- PSA International Pte Ltd and its Associates	85,904	90,767
- Singapore Power Limited and its Associates	566	2,621
- Temasek Capital (Private) Limited and its Associates	415	1,633
- Wildlife Reserves Singapore Pte Ltd and its Associates	3,391	3,391
	<u>91,627</u>	<u>99,763</u>
Olam International Ltd and its Associates	-	3,503
Starhub Ltd and its Associates	-	21,610
SATS Ltd and its Associates	-	4,507
Singapore Telecommunications Ltd and its Associates	-	5,083
Singapore Technologies Engineering Ltd and its Associates	33,013	33,013
	<u>124,640</u>	<u>167,479</u>
<u>Purchase of Goods and Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Singapore Power Limited and its Associates	1,355	5,342
- Temasek Capital (Private) Limited and its Associates ¹	109,858	486,762
- Certis CISCO Security Pte Ltd and its Associates	203	203
	<u>111,416</u>	<u>492,307</u>
Singapore Telecommunications Ltd and its Associates	255	6,055
Singapore Technologies Engineering Ltd and its Associates	-	3,002
	<u>111,671</u>	<u>501,364</u>
<u>Provision of Management and Support Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	-	2,729
<u>Obtaining of Management and Support Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek International (Private) Limited and its Associates	50	275
<u>Treasury transactions</u>		
Temasek Holdings (Private) Limited and its Associates		
- Clifford Capital Pte Ltd	-	33,473
	<u>236,361</u>	<u>705,320</u>

Aggregate value of all 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)		
	4Q17	FY17
	\$'000	\$'000
<u>Establishment of Joint Venture</u>		
Temasek Holdings (Private) Limited and its Associates		
- Ascendas-Singbridge Pte. Ltd. and its Associates	-	33,488
	<u>-</u>	<u>33,488</u>

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.

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

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

19. **REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL 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 23, 2018