



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

**THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2015 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

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## SEMBCORP INDUSTRIES LTD

### UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2015

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the third quarter and nine months ended September 30, 2015.

On February 13, 2015, Sembcorp acquired a 60% stake in Green Infra Limited (SGI), a renewable energy company in India with a wind and solar portfolio. Consequently, SGI's financials were consolidated into the Group's financial statements.

#### 1. GROUP INCOME STATEMENT

	Note	GROUP			GROUP		
		3Q15 \$'000	3Q14 \$'000	+ / (-) %	9M15 \$'000	9M14 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>2,399,461</b>	<b>3,069,468</b>	<b>(21.8)</b>	<b>7,125,486</b>	<b>8,230,271</b>	<b>(13.4)</b>
Cost of sales	2a	<u>(2,109,712)</u>	<u>(2,724,933)</u>	(22.6)	<u>(6,194,187)</u>	<u>(7,239,105)</u>	(14.4)
<b>Gross profit</b>	2a	<b>289,749</b>	<b>344,535</b>	<b>(15.9)</b>	<b>931,299</b>	<b>991,166</b>	<b>(6.0)</b>
General & administrative expenses	2b	(120,040)	(90,104)	33.2	(295,217)	(260,419)	13.4
Other income	2c	34,627	51,577	(32.9)	125,149	85,644	46.1
Other expense (net)	2d	(18,319)	(8,893)	106.0	(55,703)	(17,872)	211.7
Finance income	2e	7,963	4,675	70.3	20,133	13,840	45.5
Finance costs	2e	(64,914)	(12,244)	430.2	(152,711)	(46,972)	225.1
Share of results of associates and joint ventures, net of tax	2f	21,175	25,312	(16.3)	119,725	122,819	(2.5)
<b>Profit before tax</b>		<b>150,241</b>	<b>314,858</b>	<b>(52.3)</b>	<b>692,675</b>	<b>888,206</b>	<b>(22.0)</b>
Tax expense	2g	<u>(10,915)</u>	<u>(52,434)</u>	(79.2)	<u>(92,528)</u>	<u>(136,607)</u>	(32.3)
<b>Profit for the period</b>		<b><u>139,326</u></b>	<b><u>262,424</u></b>	<b>(46.9)</b>	<b><u>600,147</u></b>	<b><u>751,599</u></b>	<b>(20.2)</b>
<b>Attributable to:</b>							
Owners of the Company		<b>122,303</b>	<b>196,583</b>	<b>(37.8)</b>	<b>488,077</b>	<b>560,478</b>	<b>(12.9)</b>
Non-controlling interests		<u>17,023</u>	<u>65,841</u>	(74.1)	<u>112,070</u>	<u>191,121</u>	(41.4)
		<b><u>139,326</u></b>	<b><u>262,424</u></b>	<b>(46.9)</b>	<b><u>600,147</u></b>	<b><u>751,599</u></b>	<b>(20.2)</b>
<b>Earnings per ordinary share (cents)</b>							
	2h						
- basic		6.29	10.86	(42.1)	26.31	30.98	(15.1)
- diluted		<u>6.24</u>	<u>10.78</u>	(42.1)	<u>26.12</u>	<u>30.76</u>	(15.1)
<b>Economic value added</b>							
	2i	<u>(64,263)</u>	<u>115,193</u>	NM	<u>(3,167)</u>	<u>350,097</u>	NM

## 2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

	GROUP			GROUP		
	3Q15 \$'000	3Q14 \$'000	+ / (-) %	9M15 \$'000	9M14 \$'000	+ / (-) %
Turnover	2,399,461	3,069,468	(21.8)	7,125,486	8,230,271	(13.4)
Cost of sales	(2,109,712)	(2,724,933)	(22.6)	(6,194,187)	(7,239,105)	(14.4)
Gross profit	289,749	344,535	(15.9)	931,299	991,166	(6.0)
Included in Cost of sales:-						
Depreciation and amortisation (i)	(92,524)	(73,708)	25.5	(275,369)	(217,498)	26.6

Group turnover – refer to Page 19, note 11.

Group gross profit decreased by 16% in 3Q15 against 3Q14 mainly due to lower contribution from Marine's rig building projects and repair business. Marine's customer deferment requests for jackup rigs had resulted in lower margin recognition for rig building projects. However, contribution from offshore platforms projects was higher.

The impact from Marine is cushioned by the higher gross profit from Utilities. The higher gross profit from Utilities came mainly from its overseas operations, namely India.

(i) Depreciation and amortisation in 3Q15 was higher mainly due to Utilities' Singapore new cogen facilities that commenced operations in 4Q14, acquisition of SGI in 1Q15 and full commercial operations of Thermal Powertech Corporation India Limited's (TPCIL) power plant with completion of its second unit in September 2015.

### 2b. General & administrative expenses

	GROUP			GROUP		
	3Q15 \$'000	3Q14 \$'000	+ / (-) %	9M15 \$'000	9M14 \$'000	+ / (-) %
General & administrative expenses	(120,040)	(90,104)	33.2	(295,217)	(260,419)	13.4
Included in general & administrative expenses:-						
Depreciation and amortisation	(4,448)	(4,589)	(3.1)	(13,637)	(13,195)	3.3
(Allowance for) / Write-back of doubtful debts and bad debts	(23,219)	1,820	NM	(26,830)	2,016	NM
Allowance for impairment losses						
- interests in investments	-	(3,349)	(100.0)	-	(3,349)	(100.0)

General & administrative expenses for 3Q15 were higher primarily due to higher allowance for doubtful debts and Marine's higher professional fees. The allowance for doubtful debts was made mainly for Utilities' business based on group policy on provision for outstanding receivables. 3Q14 reported a net write-back.

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

### 2c. Other income

	GROUP			GROUP		
	3Q15 \$'000	3Q14 \$'000	+ / (-) %	9M15 \$'000	9M14 \$'000	+ / (-) %
Other income	34,627	51,577	(32.9)	125,149	85,644	46.1
Included in other income: -						
Dividend income	-	-	-	747	1,194	(37.4)
Gain on disposal of subsidiary (i)	17,703	-	NM	72,409	-	NM
Fair value gain on re-measurement of pre-existing equity interest in joint venture, which became a subsidiary	-	3,792	(100.0)	-	3,792	(100.0)
Gain on sale of property, plant and equipment and investment property	373	4,596	(91.9)	507	5,108	(90.1)
Gain on disposal of business	713	-	NM	713	-	NM
Gain on acquisition	-	13,505	(100.0)	-	13,505	(100.0)

- (i) Gain on disposal of subsidiary in 3Q15 pertained to the gain on sale of Zhumadian China Water Water Co (ZMD) in August 2015. 9M15 included the gain on sale of Sembcorp Bournemouth Water Investment (SBWI) in April 2015.

### 2d. Other expense (net)

	GROUP			GROUP		
	3Q15 \$'000	3Q14 \$'000	+ / (-) %	9M15 \$'000	9M14 \$'000	+ / (-) %
Other expense (net)	(18,319)	(8,893)	106.0	(55,703)	(17,872)	211.7
Included in other expense (net): -						
Changes in fair value of financial instruments (i)	(23,514)	7,233	NM	(41,773)	9,645	NM
Changes in fair value of available-for-sale assets (ii)	(17,127)	263	NM	(17,063)	147	NM
Foreign exchange gain / (loss) (iii)	23,107	(12,260)	NM	6,234	(23,354)	NM

- (i) Changes in fair value of financial instruments in 3Q15 was mainly due to Utilities' and Marine's losses on foreign currency forward contracts.
- (ii) Changes in fair value of available-for-sale assets included predominantly Marine's impairment of its available-for-sale financial assets.
- (iii) Foreign exchange gain in 3Q15 arose mainly from Marine's revaluation of assets and liabilities denominated in Euro, United States dollar and Brazilian Real to Singapore dollar against the foreign exchange rate as at the previous quarter, partially offset by Utilities' thermal company's foreign exchange revaluation loss on USD loan for its capital expenditure. With the thermal plants commenced commercial operations, the foreign exchange loss was charged to profit or loss.

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

### 2e. Finance income and finance costs

	GROUP			GROUP		
	3Q15 \$'000	3Q14 \$'000	+ / (-) %	9M15 \$'000	9M14 \$'000	+ / (-) %
Finance income	7,963	4,675	70.3	20,133	13,840	45.5
Finance costs (i)	(64,914)	(12,244)	430.2	(152,711)	(46,972)	225.1

(i) Higher finance costs in 3Q15 was mainly due to consolidation of the interest expense from the renewable business acquired in 1Q15, full commercial operation of the first thermal power project in India, with completion of its second unit in September 2015 and Marine's higher bank borrowings.

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

The Group recorded lower share of results from associates and joint ventures in 3Q15 compared to 3Q14 mainly due to share of losses from Marine's associates. However, higher contributions from Utilities' and Urban Development's China and Vietnam operations have turnaround the share of losses to a net profit of \$21.2 million.

### 2g. Tax expense

Included in tax expense are the following:	GROUP			GROUP		
	3Q15 \$'000	3Q14 \$'000	+ / (-) %	9M15 \$'000	9M14 \$'000	+ / (-) %
Tax expense						
- Net write-back / (under-provision) of tax in respect of prior years (i)	10,402	(628)	NM	12,085	1,278	845.6

(i) Net write-back of tax in 3Q15 was primarily due to Marine's recognition of tax incentives.

### 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		
	3Q15	3Q14	+ / (-) %	9M15	9M14	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	6.29	10.86	(42.1)	26.31	30.98	(15.1)
- Weighted average number of shares (in million)	1,786.0	1,787.0	(0.1)	1,785.9	1,786.3	(0.0)
(ii) On a fully diluted basis (in cents)	6.24	10.78	(42.1)	26.12	30.76	(15.1)
- Adjusted weighted average number of shares (in million)	1,801.0	1,801.4	(0.0)	1,799.1	1,799.4	(0.0)

### 2i. Economic Value Added

Economic Value Added ("EVA") was negative in 3Q15 mainly because of new investments which are either not operating yet or in its early operating stage and lower net operating profit after tax ("NOPAT") for 3Q15 of \$178.7 million (3Q14: \$279.3 million).

The capital charge for 3Q15 was \$242.9 million (3Q14: \$164.1 million), significantly higher as a result of capital employed for building up of our capacities through capital expenditure. The consolidation of both thermal and renewable companies have increased the capital in 2015.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		GROUP	
		3Q15 \$'000	3Q14 \$'000	9M15 \$'000	9M14 \$'000
<b>Profit for the period</b>		<b>139,326</b>	<b>262,424</b>	<b>600,147</b>	<b>751,599</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operations	(i)	89,583	21,835	132,049	5,992
Exchange differences on monetary items forming part of net investment in foreign operation		(198)	(3,755)	1,131	(5,785)
Net change in fair value of cash flow hedges	(ii)	(79,933)	(25,028)	(52,795)	(15,803)
Net change in fair value of cash flow hedges transferred to profit or loss	(iii)	26,617	1,838	76,223	(533)
Net change in fair value of available-for-sale financial assets	(iv)	(17,815)	(52,978)	(22,337)	(18,801)
Net change in fair value of available-for-sale financial assets transferred to profit or loss	(v)	17,055	-	17,055	-
Share of other comprehensive income of associates and joint ventures		(14,656)	2,705	(54,013)	(518)
		<u>20,653</u>	<u>(55,383)</u>	<u>97,313</u>	<u>(35,448)</u>
<b>Items that may not be reclassified subsequently to profit or loss:</b>					
Defined benefit plan actuarial (losses) and gains		<u>1,212</u>	<u>(2,533)</u>	<u>(3,918)</u>	<u>(903)</u>
Other comprehensive income for the period, net of tax		<u>21,865</u>	<u>(57,916)</u>	<u>93,395</u>	<u>(36,351)</u>
<b>Total comprehensive income for the period</b>		<b><u>161,191</u></b>	<b><u>204,508</u></b>	<b><u>693,542</u></b>	<b><u>715,248</u></b>
<b>Attributable to:</b>					
Owners of the Company		141,486	143,065	564,372	527,303
Non-controlling interests		19,705	61,443	129,170	187,945
<b>Total comprehensive income for the period</b>		<b><u>161,191</u></b>	<b><u>204,508</u></b>	<b><u>693,542</u></b>	<b><u>715,248</u></b>

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

- (i) The movement in foreign currency translation reserves in 3Q15 arose primarily due to appreciation of United States dollar, Renminbi and Indian Rupee against Singapore dollar relative to the rate as at end of previous quarter.
- (ii) The fair value loss of cash flow hedges in 3Q15 was primarily due to changes in fair value on foreign currency forward contract and fuel oil swaps.
- (iii) Mainly due to maturity of fuel oil swaps.
- (iv) Mainly due to changes in mark-to-market of quoted prices of available-for-sale assets of Marine and Urban Development.
- (v) Reclassification to profit or loss on impairment of Marine's available-for-sale financial assets.

#### 4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 30/9/2015 \$'000	As at 31/12/2014 \$'000	As at 30/9/2015 \$'000	As at 31/12/2014 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	8,606,995	7,725,423	582,950	606,245
Investment properties	23,206	23,579	-	-
Investments in subsidiaries	-	-	2,170,930	1,999,357
Interests in associates and joint ventures	2,332,211	2,074,394	-	-
Other financial assets	303,606	314,933	-	-
Long-term receivables and prepayments	461,880	467,340	145,340	14,440
Intangible assets	442,722	390,566	21,339	21,857
Deferred tax assets	49,176	49,706	-	-
	<u>12,219,796</u>	<u>11,045,941</u>	<u>2,920,559</u>	<u>2,641,899</u>
<b>Current assets</b>				
Inventories and work-in-progress	3,791,580	3,204,912	12,635	11,200
Trade and other receivables	1,440,710	1,200,336	119,488	157,075
Tax recoverable	12,145	8,514	-	-
Assets held for sale	24,437	24,437	-	-
Other financial assets	137,874	30,825	-	-
Cash and cash equivalents	1,635,990	1,661,427	218,770	198,395
	<u>7,042,736</u>	<u>6,130,451</u>	<u>350,893</u>	<u>366,670</u>
<b>Total assets</b>	<u>19,262,532</u>	<u>17,176,392</u>	<u>3,271,452</u>	<u>3,008,569</u>
<b>Current liabilities</b>				
Trade and other payables	2,706,308	2,745,363	135,563	286,636
Excess of progress billings over work-in-progress	679,953	1,028,587	-	5
Provisions	79,940	73,714	20,673	13,416
Other financial liabilities	209,564	165,930	-	1,558
Current tax payable	234,350	257,826	54,810	41,009
Interest-bearing borrowings	1,739,917	1,086,003	5	8
	<u>5,650,032</u>	<u>5,357,423</u>	<u>211,051</u>	<u>342,632</u>
<b>Net current assets</b>	<u>1,392,704</u>	<u>773,028</u>	<u>139,842</u>	<u>24,038</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	397,593	413,680	53,563	53,298
Provisions	69,818	105,423	593	593
Other financial liabilities	97,528	106,472	-	-
Retirement benefit obligations	8,679	15,658	-	-
Interest-bearing borrowings	4,485,212	3,648,578	-	3
Other long-term liabilities	239,319	296,884	283,976	482,846
	<u>5,298,149</u>	<u>4,586,695</u>	<u>338,132</u>	<u>536,740</u>
<b>Total liabilities</b>	<u>10,948,181</u>	<u>9,944,118</u>	<u>549,183</u>	<u>879,372</u>
<b>Net assets</b>	<u>8,314,351</u>	<u>7,232,274</u>	<u>2,722,269</u>	<u>2,129,197</u>
<b>Equity attributable to owners of the Company:-</b>				
Share capital	565,572	565,572	565,572	565,572
Other reserves	(29,629)	(130,297)	(15,664)	(22,386)
Revenue reserve	5,158,483	4,978,291	1,364,886	1,383,446
	<u>5,694,426</u>	<u>5,413,566</u>	<u>1,914,794</u>	<u>1,926,632</u>
Perpetual securities	807,475	202,565	807,475	202,565
	<u>6,501,901</u>	<u>5,616,131</u>	<u>2,722,269</u>	<u>2,129,197</u>
<b>Non-controlling interests</b>	1,812,450	1,616,143	-	-
<b>Total equity</b>	<u>8,314,351</u>	<u>7,232,274</u>	<u>2,722,269</u>	<u>2,129,197</u>

**Footnote:**

The Group Balance Sheet as at September 30, 2015, included the consolidation of SGI, which was acquired in February 2015 (Note 5b).

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

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

	As at 30/9/2015 \$'000	As at 31/12/2014 \$'000
<b>Amount repayable:</b>		
<b>(i) <u>In one year or less, or on demand</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	645,766	545,630
Unsecured	1,094,151	540,373
	<u>1,739,917</u>	<u>1,086,003</u>
<b>(ii) <u>Between one to five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	547,099	330,041
Unsecured	1,796,872	1,039,394
	<u>2,343,971</u>	<u>1,369,435</u>
<b>(iii) <u>After five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	986,248	799,841
Unsecured	1,154,993	1,479,302
	<u>2,141,241</u>	<u>2,279,143</u>
Total	<u>6,225,129</u>	<u>4,734,581</u>
<b>(iv) <u>The secured loans are collateralised by the following assets' net book value:-</u></b>		
	As at 30/9/2015 \$'000	As at 31/12/2014 \$'000
Net assets and equity shares of subsidiaries, and property, plant and equipment	<u>3,145,354</u>	<u>2,323,180</u>

##### 4b. Net asset value

	Group		Company	
	30/9/2015	31/12/2014	30/9/2015	31/12/2014
Net asset value per ordinary share based on issued share capital at the end of the financial period (in \$)	3.64	3.15	1.52	1.19

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

The Group Balance Sheet as at September 30, 2015, included the consolidation of its renewable company, which was acquired in February 2015 (Note 5b). As at September 30, 2015, the assets and liabilities of SBWI and ZMD were de-consolidated after the sale in April 2015 and August 2015 respectively. Besides the above, significant variances for balance sheets items are explained as follows:

###### (i) Group

###### Non-current assets

"Property, plant and equipment" increased also due to increase in capital work-in-progress mainly for Utilities' and Marine's projects.

"Interests in associates and joint ventures" increased mainly due to Utilities' additional investment in India as well as share of profits contributed by the associates and joint ventures during the year.



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

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

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

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

“Inventories and work-in-progress” increased mainly due to payment terms of rig building projects. The recoverability of work-in-progress from the jack-up segment is dependent on the customers taking delivery of the rigs in the future.

“Trade and other receivables” increased mainly due to billings for ongoing projects and timing of receipts.

“Other financial assets” increased mainly due to Marine’s fair value adjustment on foreign currency forward contracts.

“Excess of progress billings over work-in-progress” decreased mainly due to timing of billing for rig building projects.

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

“Interest-bearing borrowings” increased also due to Marine’s borrowings for working capital and capital expenditures for the new yard in Brazil. Marine has secured adequate committed long term banking facilities to refinance its short-term borrowings as they fall due; while TPCIL has facility approved to refinance its short-term borrowings for its power plant with local currency financing.

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

“Provisions” decreased mainly due to Marine’s net write back of allowance for warranty.

“Retirement benefit obligations” decreased mainly due to write-back of provision for employee benefits from UK operations.

“Interest bearing borrowings” increased mainly due to Marine’s borrowings for working capital and capital expenditures.

###### **Equity**

The deficit in “Other reserves” was reduced primarily due to gain on foreign currency translation mainly due to appreciation of United States dollar and Renminbi against Singapore dollar.

“Perpetual securities” amounting to \$600 million were issued by the Company on May 20, 2015. The perpetual securities are subordinated, cumulative and coupon payments are at the option of the Company, subject to terms and conditions of the securities issue. These perpetual securities are classified as equity instruments and recorded in equity.

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

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

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

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

“Long-term receivables and prepayments” increased mainly due to an amount owing from a wholly owned subsidiary.

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

“Trade and other receivables” decreased is in line with lower sales.

“Trade and other payables” decreased mainly due to repayment of amount owing to a wholly owned subsidiary.

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

“Other long-term liabilities” decreased mainly due to repayment of amount owing to a wholly owned subsidiary.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

Note	GROUP		GROUP	
	3Q15 \$'000	3Q14 \$'000	9M15 \$'000	9M14 \$'000
<b>Cash flows from Operating Activities</b>				
Profit for the period	139,326	262,424	600,147	751,599
Adjustments for :				
Dividend	-	-	(747)	(1,194)
Finance income	(7,963)	(4,675)	(20,133)	(13,840)
Finance costs	64,914	12,244	152,711	46,972
Depreciation and amortisation	96,972	78,297	289,006	230,693
Share of results of associates and joint ventures, net of tax	(21,175)	(25,312)	(119,725)	(122,819)
Gain on disposal of property, plant and equipment and other financial assets	(950)	(345)	(1,674)	(857)
Loss on disposal of intangible assets	-	-	9	-
Gain on disposal of investment properties	-	(4,251)	-	(4,251)
Gain on disposal of investments in subsidiary	(17,703)	-	(72,409)	-
Fair value gain on re-measurement of pre-existing equity interest in joint venture, which became a subsidiary	-	(3,792)	-	(3,792)
Changes in fair value of financial instruments	23,578	(7,496)	41,773	(9,792)
Equity settled share-based compensation expenses	9,690	9,005	19,652	22,718
Allowance made for impairment in value of assets and assets written off (net)	17,373	3,783	17,627	4,676
Gain on acquisition	-	(13,505)	-	(13,505)
Allowance made/(written back) for doubtful debts and bad debts	23,219	(1,820)	26,830	(2,016)
Tax expense	10,915	52,434	92,528	136,607
Operating profit before working capital changes	338,196	356,991	1,025,595	1,021,199
Changes in working capital:				
Inventories and work-in-progress	(770,286)	(878,565)	(934,433)	(443,790)
Receivables	348,475	41,226	(158,682)	26,581
Payables	238,588	111,744	25,998	(188,678)
Tax paid	154,973	(368,604)	(41,522)	415,312
Net cash inflow / (outflow) from operating activities	106,273	(412,006)	(161,927)	307,672
<b>Cash flows from Investing Activities</b>				
Dividend received	15,909	29,320	39,489	58,668
Interest received	10,182	4,441	17,786	13,428
Proceeds from sale of investments held for sale	-	-	-	7,250
Proceeds from capital reduction in a joint venture	-	4,135	-	4,135
Proceeds from sale of other financial assets	754	-	9,820	-
Proceeds from sale of property, plant and equipment	806	2,922	1,458	4,460
Proceeds from sale of investment properties	-	5,191	-	5,191
Proceeds from sale of intangible assets	1	6	2	6
Proceeds from disposal of interests in a subsidiary, net of cash disposed of	14,129	-	204,173	-
Loan repayment from a joint venture	11,844	994	13,845	5,014
Loan to a joint venture	(65)	(13,978)	(16,189)	(14,139)
Non-trade balances with related corporations and external parties, net of repayment	20,220	(41,423)	25,346	(45,101)
Acquisition of subsidiary, net of cash acquired	-	61,741	(213,636)	61,741
Acquisition of / additional investments in associates and joint ventures	(36,083)	-	(159,723)	(225,853)
Acquisition of other financial assets	(7,692)	(794)	(14,825)	(7,057)
Purchase of property, plant and equipment	(443,776)	(486,566)	(1,134,521)	(962,931)
Payment for intangible assets	(535)	(26,890)	(1,297)	(28,257)
Net cash outflow from investing activities	(414,306)	(460,901)	(1,228,272)	(1,123,445)
<b>Cash flows from Financing Activities</b>				
Proceeds from share issued to non-controlling interest of a subsidiary	22	-	1,448	757
Proceeds from share options exercised with issue of treasury shares	76	-	330	1,186
Proceeds from share options exercised with issue of treasury shares of a subsidiary	385	267	1,763	668
Purchase of treasury shares	(4,127)	-	(5,391)	(8,508)
Purchase of treasury shares by subsidiary	(5)	-	(10,985)	(11,579)
Proceeds from issue of perpetual securities, net of transaction costs	-	-	596,775	-
Proceeds from borrowings	567,196	1,192,921	1,772,078	1,755,998
Repayment of borrowings	(147,991)	(174,399)	(431,318)	(378,445)
Payment on finance leases	(148)	(302)	(3,871)	(1,536)
Acquisition of non-controlling interests	-	-	160	-
Unclaimed dividends	29	-	28	-
Dividends paid to owners of the Company	(89,338)	(89,351)	(285,866)	(393,125)
Dividends paid to non-controlling interests of subsidiaries	(43,494)	(49,961)	(124,273)	(139,022)
Perpetual securities distribution paid	(4,959)	(4,959)	(10,000)	(10,000)
Interest paid	(64,539)	(14,693)	(157,741)	(45,491)
Net cash inflow from financing activities	213,107	859,523	1,343,137	770,903
Net decrease in cash and cash equivalents	(94,926)	(13,384)	(47,062)	(44,870)
<b>Cash and cash equivalents at beginning of the period</b>	1,715,220	2,215,720	1,659,434	2,255,865
Effect of exchange rate changes on balances held in foreign currency	13,648	(3,052)	21,570	(11,711)
<b>Cash and cash equivalents at end of the period</b>	1,633,942	2,199,284	1,633,942	2,199,284

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

### 5a. Cash and cash equivalents

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

	<b>Group</b>	
	<b>30/9/2015</b>	<b>31/12/2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits with banks	356,910	306,151
Cash and bank balances	1,279,080	1,355,276
Cash and cash equivalents in the balance sheets	1,635,990	1,661,427
Bank overdrafts	(2,048)	(1,993)
Cash and cash equivalents in the consolidated statement of cash flows	<u>1,633,942</u>	<u>1,659,434</u>

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

	<b>9M15 <sup>1</sup></b>	<b>3Q14 / 9M14 <sup>2</sup></b>
	<b>\$'000</b>	<b>\$'000</b>
<b>a. Effect on cash flows of the Group</b>		
Cash paid	232,483	-
Less: Cash and cash equivalents in subsidiary acquired	(18,847)	(61,741)
Cash outflow / (inflow) on acquisition	<u>213,636</u>	<u>(61,741)</u>
<b>b. Identifiable assets acquired and liabilities assumed</b>		
Property, plant and equipment	732,077	1,616,283 *
Other financial assets	38,683	-
Long-term receivables and prepayments	12,572	-
Intangible assets	72,413	244 *
Trade and other receivables	28,508	106,439
Tax Recoverable	3,548	1,674
Cash and cash equivalents	18,847	61,741
Total assets	<u>906,648</u>	<u>1,786,381</u>
Trade and other payables	88,281	177,461
Other financial liabilities	-	-
Current tax payable	1,861	-
Interest-bearing borrowings	437,820	1,221,621
Deferred tax liabilities	26,472	17,514 *
Retirement benefit obligations	181	32
Total liabilities	<u>554,615</u>	<u>1,416,628</u>
Net identifiable assets	352,033	369,753
Less: Non-controlling interests	(151,672)	(193,680)
Add: Goodwill	32,122	-
Add: Intangible assets	-	62,098 *
Less: Amount previously accounted for as joint venture	-	(197,201)
Less: Foreign currency translation reserve realised when joint venture became a subsidiary	-	(37,178)
Less: Fair value gain on step up acquisition of a joint venture	-	(3,792)
Consideration transferred for the business	<u>232,483</u>	<u>-</u>

<sup>1</sup> Acquisition of SGI

<sup>2</sup> Step-up of TPCIL, previously a joint venture

\* Inclusive of fair value measured on provisional basis as reported in 3Q14 / 9M14

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

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

	<b>GROUP</b>	
	<b>3Q15 <sup>1</sup></b>	<b>9M15 <sup>2</sup></b>
	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment	42,160	401,171
Long-term receivables	-	10,026
Intangible assets	396	38,113
Deferred tax assets	-	19
Inventories and work-in-progress	851	1,191
Trade & other receivables	11,130	32,919
Cash & Cash equivalent	5,419	28,841
Trade & other payables	(22,014)	(44,383)
Current tax payable	(4)	(472)
Interest bearing borrowings	(31,446)	(209,986)
Deferred tax liabilities	-	(44,613)
Provisions	-	3,345
Retirement benefit obligations	(1,173)	(2,837)
Other long-term liabilities	(10,100)	(71,595)
Net (liabilities) / assets derecognised	<u>(4,781)</u>	<u>141,739</u>
Non-controlling interests	8,460	8,460
Realisation of currency translation reserve upon disposal	<u>(1,834)</u>	<u>10,406</u>
	1,845	160,605
Gain on disposal	<u>17,703</u>	<u>72,409</u>
Consideration received, satisfied in cash	19,548	233,014
Less: Cash and cash equivalents disposed of	<u>(5,419)</u>	<u>(28,841)</u>
Net cash inflow	<u>14,129</u>	<u>204,173</u>

<sup>1</sup> Sale of ZMD

<sup>2</sup> Sale of SBWI and ZMD

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

(i) **Third Quarter**

The cash outflow from changes in working capital was mainly due to Marine's working capital for ongoing rig building projects.

Net cash outflow from investing activities for 3Q15 was \$414.3 million, mainly for purchase of Marine's and Utilities' property, plant and equipment and Utilities' additional investment in a joint venture in India, partially offset by the proceeds from disposal of ZMD.

(ii) **Nine Months**

The cash outflow from changes in working capital was mainly due to Marine's working capital for ongoing rig building projects.

Net cash outflow from investing activities for 9M15 was \$1,228.3 million, mainly for acquisition of the renewable company, purchase of Marine's and Utilities' property, plant and equipment; and Utilities' additional investment in a joint venture in India, partially offset by the proceeds from disposal of SBWI and ZMD.

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

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

## 6. STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to owners of the Company									
	Other reserves						Perpetual securities	Non-controlling		
	Share capital	Currency translation			Revenue reserve	Total		Total	interests	Total equity
		Reserve for own shares	reserve	Others						
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>1H15</b>										
<b>At January 1, 2015</b>	565,572	(15,041)	(200,461)	85,205	4,978,291	5,413,566	202,565	5,616,131	1,616,143	7,232,274
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	365,774	365,774	-	365,774	95,047	460,821
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	34,544	-	-	34,544	-	34,544	7,922	42,466
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	1,329	-	-	1,329	-	1,329	-	1,329
Net change in fair value of cash flow hedges	-	-	-	20,776	-	20,776	-	20,776	6,362	27,138
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	48,799	-	48,799	-	48,799	807	49,606
Net change in fair value of available-for-sale financial assets	-	-	-	(3,849)	-	(3,849)	-	(3,849)	(673)	(4,522)
Defined benefit plan actuarial gains and losses	-	-	-	-	(5,130)	(5,130)	-	(5,130)	-	(5,130)
Share of other comprehensive of associates and joint ventures	-	-	-	(39,357)	-	(39,357)	-	(39,357)	-	(39,357)
Total other comprehensive income	-	-	35,873	26,369	(5,130)	57,112	-	57,112	14,418	71,530
<b>Total comprehensive income</b>	-	-	<b>35,873</b>	<b>26,369</b>	<b>360,644</b>	<b>422,886</b>	-	<b>422,886</b>	<b>109,465</b>	<b>532,351</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	28,199	28,199
Issue of perpetual securities	-	-	-	-	-	-	596,775	596,775	-	596,775
Share-based payments	-	-	-	8,489	-	8,489	-	8,489	1,473	9,962
Purchase of treasury shares	-	(1,264)	-	-	-	(1,264)	-	(1,264)	-	(1,264)
Treasury shares transferred to employees	-	12,747	-	(12,493)	-	254	-	254	-	254
Treasury shares of a subsidiary	-	-	-	(5,855)	-	(5,855)	-	(5,855)	(3,746)	(9,601)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	134,655	134,655
Acquisition of non-controlling interests	-	-	-	6,702	-	6,702	-	6,702	(14,676)	(7,974)
Realisation of reserve upon disposal of subsidiaries	-	-	12,240	-	-	12,240	-	12,240	-	12,240
Realisation of reserve upon liquidation of subsidiary	-	-	(4)	-	-	(4)	-	(4)	-	(4)
Perpetual securities distribution paid	-	-	-	-	-	-	(5,041)	(5,041)	-	(5,041)
Accrued perpetual securities distribution	-	-	-	-	(8,331)	(8,331)	8,331	-	-	-
Dividend paid	-	-	-	-	(196,528)	(196,528)	-	(196,528)	(80,779)	(277,307)
Unclaimed dividends	-	-	-	-	(1)	(1)	-	(1)	-	(1)
<b>Total transactions with owners</b>	-	<b>11,483</b>	<b>12,236</b>	<b>(3,157)</b>	<b>(204,860)</b>	<b>(184,298)</b>	<b>600,065</b>	<b>415,767</b>	<b>65,126</b>	<b>480,893</b>
<b>At June 30, 2015</b>	<b>565,572</b>	<b>(3,558)</b>	<b>(152,352)</b>	<b>108,417</b>	<b>5,134,075</b>	<b>5,652,154</b>	<b>802,630</b>	<b>6,454,784</b>	<b>1,790,734</b>	<b>8,245,518</b>
<b>3Q15</b>										
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	122,303	122,303	-	122,303	17,023	139,326
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	67,180	-	-	67,180	-	67,180	22,403	89,583
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(198)	-	-	(198)	-	(198)	-	(198)
Net change in fair value of cash flow hedges	-	-	-	(57,651)	-	(57,651)	-	(57,651)	(22,282)	(79,933)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	26,010	-	26,010	-	26,010	607	26,617
Net change in fair value of available-for-sale financial assets	-	-	-	(13,116)	-	(13,116)	-	(13,116)	(4,699)	(17,815)
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	10,402	-	10,402	-	10,402	6,653	17,055
Defined benefit plan actuarial gains and losses	-	-	-	-	1,212	1,212	-	1,212	-	1,212
Share of other comprehensive of associates and joint ventures	-	-	-	(14,648)	(8)	(14,656)	-	(14,656)	-	(14,656)
Total other comprehensive income	-	-	66,982	(49,003)	1,204	19,183	-	19,183	2,682	21,865
<b>Total comprehensive income</b>	-	-	<b>66,982</b>	<b>(49,003)</b>	<b>123,507</b>	<b>141,486</b>	-	<b>141,486</b>	<b>19,705</b>	<b>161,191</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	15,457	15,457
Share-based payments	-	-	-	7,382	-	7,382	-	7,382	2,308	9,690
Purchase of treasury shares	-	(4,127)	-	-	-	(4,127)	-	(4,127)	-	(4,127)
Treasury shares transferred to employees	-	123	-	(47)	-	76	-	76	-	76
Treasury shares of a subsidiary	-	-	-	230	-	230	-	230	149	379
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	17,177	17,177
Acquisition of non-controlling interests	-	-	-	(1,957)	-	(1,957)	-	(1,957)	1,957	-
Realisation of reserve upon disposal of subsidiaries	-	-	(1,834)	-	14	(1,820)	-	(1,820)	8,457	6,637
Realisation of reserve upon liquidation of subsidiary	-	-	115	-	-	115	-	115	-	115
Perpetual securities distribution paid	-	-	-	-	-	-	(4,959)	(4,959)	-	(4,959)
Accrued perpetual securities distribution	-	-	-	-	(9,804)	(9,804)	9,804	-	-	-
Dividend paid	-	-	-	-	(89,338)	(89,338)	-	(89,338)	(43,494)	(132,832)
Unclaimed dividends	-	-	-	-	29	29	-	29	-	29
<b>Total transactions with owners</b>	-	<b>(4,004)</b>	<b>(1,719)</b>	<b>5,608</b>	<b>(99,099)</b>	<b>(99,214)</b>	<b>4,845</b>	<b>(94,369)</b>	<b>2,011</b>	<b>(92,358)</b>
<b>At September 30, 2015</b>	<b>565,572</b>	<b>(7,562)</b>	<b>(87,089)</b>	<b>65,022</b>	<b>5,158,483</b>	<b>5,694,426</b>	<b>807,475</b>	<b>6,501,901</b>	<b>1,812,450</b>	<b>8,314,351</b>

## 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										
	Other reserves					Total	Perpetual securities	Non-controlling			
	Share capital	Currency translation		Others	Revenue reserve			Total	Total	interests	Total equity
		Reserve for own shares	reserve								
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>1H14</b>											
<b>At January 1, 2014</b>	565,572	(13,877)	(333,798)	246,445	4,563,136	5,027,478	202,970	5,230,448	1,299,546	6,529,994	
<b>Total comprehensive income</b>											
Profit for the period	-	-	-	-	363,895	363,895	-	363,895	125,280	489,175	
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	(10,431)	-	-	(10,431)	-	(10,431)	(5,412)	(15,843)	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(2,030)	-	-	(2,030)	-	(2,030)	-	(2,030)	
Net change in fair value of cash flow hedges	-	-	-	4,581	-	4,581	-	4,581	4,644	9,225	
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(2,246)	-	(2,246)	-	(2,246)	(125)	(2,371)	
Net change in fair value of available-for-sale financial assets	-	-	-	32,062	-	32,062	-	32,062	2,115	34,177	
Defined benefit plan actuarial gains and losses	-	-	-	-	1,630	1,630	-	1,630	-	1,630	
Share of other comprehensive of associates and joint ventures	-	-	-	(3,223)	-	(3,223)	-	(3,223)	-	(3,223)	
Total other comprehensive income, net of tax	-	-	(12,461)	31,174	1,630	20,343	-	20,343	1,222	21,565	
<b>Total comprehensive income</b>	-	-	(12,461)	31,174	365,525	384,238	-	384,238	126,502	510,740	
<b>Transactions with owners of the Company, recognised directly in equity</b>											
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	757	757	
Share-based payments	-	-	-	12,166	-	12,166	-	12,166	1,547	13,713	
Purchase of treasury shares	-	(8,508)	-	-	-	(8,508)	-	(8,508)	-	(8,508)	
Treasury shares transferred to employees	-	19,603	-	(18,417)	-	1,186	-	1,186	-	1,186	
Treasury shares of a subsidiary	-	-	-	(6,777)	-	(6,777)	-	(6,777)	(4,401)	(11,178)	
Realisation of reserve upon sale of investment held for sale	-	-	-	-	-	-	-	-	(4,830)	(4,830)	
Perpetual securities distribution paid	-	-	-	-	-	-	(5,041)	(5,041)	-	(5,041)	
Accrued perpetual securities distribution	-	-	-	-	(4,491)	(4,491)	4,491	-	-	-	
Dividend paid	-	-	-	-	(303,774)	(303,774)	-	(303,774)	(89,061)	(392,835)	
Unclaimed dividends	-	-	-	-	4	4	-	4	-	4	
<b>Total transactions with owners</b>	-	11,095	-	(13,028)	(308,261)	(310,194)	(550)	(310,744)	(95,988)	(406,732)	
<b>At June 30, 2014</b>	565,572	(2,782)	(346,259)	264,591	4,620,400	5,101,522	202,420	5,303,942	1,330,060	6,634,002	
<b>3Q14</b>											
<b>Total comprehensive income</b>											
Profit for the period	-	-	-	-	196,583	196,583	-	196,583	65,841	262,424	
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	14,287	-	-	14,287	-	14,287	7,548	21,835	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(3,755)	-	-	(3,755)	-	(3,755)	-	(3,755)	
Net change in fair value of cash flow hedges	-	-	-	(19,250)	-	(19,250)	-	(19,250)	(5,778)	(25,028)	
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	1,909	-	1,909	-	1,909	(71)	1,838	
Net change in fair value of available-for-sale financial assets	-	-	-	(46,881)	-	(46,881)	-	(46,881)	(6,097)	(52,978)	
Defined benefit plan actuarial gains and losses	-	-	-	-	(2,533)	(2,533)	-	(2,533)	-	(2,533)	
Share of other comprehensive of associates and joint ventures	-	-	-	2,705	-	2,705	-	2,705	-	2,705	
Total other comprehensive income, net of tax	-	-	10,532	(61,517)	(2,533)	(53,518)	-	(53,518)	(4,398)	(57,916)	
<b>Total comprehensive income</b>	-	-	10,532	(61,517)	194,050	143,065	-	143,065	61,443	204,508	
<b>Transactions with owners of the Company, recognised directly in equity</b>											
Share-based payments	-	-	-	6,917	-	6,917	-	6,917	2,088	9,005	
Treasury shares transferred to employees	-	38	-	(38)	-	-	-	-	-	-	
Treasury shares of a subsidiary	-	-	-	162	-	162	-	162	105	267	
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	193,680	193,680	
Realisation of reserve when a joint venture became a subsidiary	-	-	37,178	-	-	37,178	-	37,178	-	37,178	
Perpetual securities distribution paid	-	-	-	-	-	-	(4,959)	(4,959)	-	(4,959)	
Accrued perpetual securities distribution	-	-	-	-	(2,553)	(2,553)	2,553	-	-	-	
Dividend paid	-	-	-	-	(89,351)	(89,351)	-	(89,351)	(49,961)	(139,312)	
<b>Total transactions with owners</b>	-	38	37,178	7,041	(91,904)	(47,647)	(2,406)	(50,053)	145,912	95,859	
<b>At September 30, 2014</b>	565,572	(2,744)	(298,549)	210,115	4,722,546	5,196,940	200,014	5,396,954	1,537,415	6,934,369	





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

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

#### Issued and paid up capital

As at September 30, 2015, the Company's issued and paid up capital excluding treasury shares comprises 1,785,545,939 (December 31, 2014: 1,784,228,491) ordinary shares.

#### Share Options

During 3Q15, 29,750 (3Q14: nil) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at September 30, 2015, there were 489,799 (September 30, 2014: 707,674) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

#### Performance Shares

During 3Q15, nil (3Q14: nil) performance shares were awarded under the Company's Performance Share Plan ("PSP"), nil (3Q14: nil) performance shares were released and nil (3Q14: nil) were lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at September 30, 2015, was 2,050,000 (September 30, 2014: 2,004,862). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,075,000 (September 30, 2014: 3,007,293) performance shares.

#### Restricted Shares

During 3Q15, nil (3Q14: nil) restricted shares were awarded under the Restricted Share Plan ("RSP"), nil (3Q14: 7,266) restricted shares were released and 66,032 (3Q14: 84,614) restricted shares were lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at end September 30, 2015 was 7,834,364 (September 30, 2014: 7,329,181). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 5,262,200 (September 30, 2014: 4,378,100). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 7,893,300 (September 30, 2014: 6,567,150) restricted shares.

#### Treasury shares

During 3Q15, the Company acquired 1,241,900 (3Q14: nil) ordinary shares in the Company by way of on-market purchases. 29,750 (3Q14: 7,266) treasury shares were re-issued pursuant to the SOP.

As at September 30, 2015, 2,001,793 (September 30, 2014: 535,241) treasury shares were held that may be re-issued upon the exercise of options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

**7. AUDIT**

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

**8. AUDITORS' REPORT**

Not applicable.

**9. ACCOUNTING POLICIES**

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at December 31, 2014.

**10. CHANGES IN ACCOUNTING POLICIES**

The following new/amended FRSs have become effective from January 1, 2015.

Amendments to FRS 19                      Employee Benefit Plans: Employee Contributions

Improvements to FRSs (January 2014)

- FRS 16                                      Property, Plant and Equipment
- FRS 38                                      Intangible Assets
- FRS 24                                      Related Party Disclosures
- FRS 102                                     Share-based Payment
- FRS 103                                     Business Combinations
- FRS 108                                     Operating Segments

Improvements to FRSs (February 2014)

- FRS 103                                     Business Combinations
- FRS 113                                     Fair Value Measurements
- FRS 40                                       Investment Property

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

## 11. REVIEW OF GROUP PERFORMANCE

### Group Overview

The Group reported a net profit of \$488.1 million in 9M15 compared to 9M14's net profit of \$560.5 million, while turnover decreased 13% to \$7.1 billion from \$8.2 billion the previous year. In 3Q15, the Group's net profit was \$122.3 million compared to \$196.6 million in 3Q14, while turnover decreased 22% to \$2.4 billion.

### Turnover

	<u>3Q15</u>	<u>3Q14</u>	<u>Growth</u>		<u>9M15</u>	<u>9M14</u>	<u>Growth</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Utilities	1,159,108	1,305,733	(146,625)	(11)	3,241,065	3,676,821	(435,756)	(12)
Marine	1,129,775	1,711,138	(581,363)	(34)	3,640,551	4,385,756	(745,205)	(17)
Urban Development	1,584	1,410	174	12	4,928	4,805	123	3
Others/Corporate	108,994	51,187	57,807	113	238,942	162,889	76,053	47
	<u>2,399,461</u>	<u>3,069,468</u>	<u>(670,007)</u>	<u>(22)</u>	<u>7,125,486</u>	<u>8,230,271</u>	<u>(1,104,785)</u>	<u>(13)</u>

The Utilities' turnover in 3Q15 and 9M15 were lower primarily due to Singapore operations' lower HSFO prices recorded during the period, partially mitigated by higher contribution from India operations from the commencement of TPCIL's operations and acquisition of SGI.

Marine's turnover for 3Q15 decreased mainly due to lower revenue recognition for rig building projects and repair business. Marine's customer deferment requests for jackup rigs had resulted in the revenue recognition suspended for several rig building contracts. Customer's restructuring had also contributed to the lower revenue recognition. Turnover for 9M15 decreased mainly due to the lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired.

Turnover of Others/Corporate was mainly contributed by a subsidiary dealing in specialized construction activities. Increase in turnover in 3Q15 and 9M15 was mainly due to timing difference in recognition of projects and recognition of projects with higher contract values compared to the previous year.

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

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

	<b>3Q15</b>	<b>3Q14</b>	<b>Growth</b>		<b>9M15</b>	<b>9M14</b>	<b>Growth</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Utilities	90,248	114,153	(23,905)	(21)	306,234	298,550	7,684	3
Marine	19,651	80,040	(60,389)	(75)	151,031	234,105	(83,074)	(36)
Urban Development	4,569	4,930	(361)	(7)	17,548	29,261	(11,713)	(40)
Others/Corporate	7,835	(2,540)	10,375	NM	13,264	(1,438)	14,702	NM
	<b>122,303</b>	<b>196,583</b>	<b>(74,280)</b>	<b>(38)</b>	<b>488,077</b>	<b>560,478</b>	<b>(72,401)</b>	<b>(13)</b>

Utilities' net profit for 3Q15 was lower than 3Q14 while 9M15 delivered a 3% growth compared to 9M14. In 3Q15, \$23.2 million allowance for doubtful debts was made based on group policy. The impact of the lower spark spread from its Singapore operations for 3Q15 and 9M15 was mitigated by the steady profit from its overseas operations and gain on divestments.

Marine's net profit for 3Q15 and 9M15 decreased mainly due to lower contribution from rig building projects resulting from customer deferment requests and restructuring, higher finance costs, impairment loss on available-for-sale financial assets and share of losses from associates. However, contribution from offshore platforms projects was higher.

Urban Development's net profit in 3Q15 was comparable to 3Q14. Lower net profit in 9M15 was mainly due to higher contribution from its Nanjing Eco Hi-tech Island project in 9M14.

Net profit for Others/Corporate increased in 3Q15 was mainly due to higher contribution from a subsidiary dealing in specialized construction activities. Higher net profit in 9M15 was also due to lower personnel related costs.

## 12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

## 13. PROSPECTS

### **Utilities**

2015 is challenging for the Singapore energy business with continued intense competition in the power market as well as low oil prices. The overseas business is expected to continue to deliver a steady performance. In India, the TPCIL power plant commenced full commercial operation in September 2015.

With the expected completion of the divestment of its Australian waste management joint venture in the fourth quarter of 2015, the Utilities business should deliver a better performance than 2014.

### **Marine**

Low oil prices and the oversupply situation in the global offshore exploration segment continue to weigh on offshore rig utilisation and charter rates. Some customers are deferring or are seeking to defer the delivery of their ordered rigs. This has resulted in a delay in earnings recognition. Brazil's oil and gas industry continues to remain fraught with uncertainty.

Despite the depressed market, the Marine business has secured S\$2.9 billion in new contracts year-to-date, bringing its net orderbook to S\$11.6 billion.

In July, the business reached a key milestone in its transformation efforts with the integration of its business units under one brand. As an integrated Sembcorp Marine, the business will optimise its capabilities and capacities as well as increase its efficiency and productivity to better service its partners and customers.

While the immediate operating environment in the offshore rig building industry remains very challenging, the business remains focused on the timely and effective execution of its current orderbook and efficient working capital management. The business is confident of the long-term fundamentals of the offshore and marine industry and believes its investments in new capabilities and facilities will help ensure sustainable returns for the business, both in Singapore and at its overseas yards.

### **Urban Development**

The performance of the Urban Development business is expected to be weaker in 2015 compared to 2014.

### **Group**

Despite the challenges of a low oil price environment and a mixed global economic outlook for 2015, the Group, underpinned by sound business fundamentals and a healthy pipeline of projects, remains committed to delivering long-term value and growth.

The Group remains focused on project execution, as well as on enhancing operational excellence and efficiency, to manage costs and maximise earnings.

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

## 14. DIVIDEND

No interim dividend for the period ended September 30, 2015 is recommended.

## 15. SEGMENTAL REPORTING

### 9M15

#### (i) Operating segments

	Utilities	Marine	Urban Development	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	3,241,065	3,640,551	4,928	238,942	-	7,125,486
Inter-segment sales	25,483	579	3,173	2,005	(31,240)	-
<b>Total</b>	<b>3,266,548</b>	<b>3,641,130</b>	<b>8,101</b>	<b>240,947</b>	<b>(31,240)</b>	<b>7,125,486</b>
<b>Results</b>						
Segment results	368,646	343,193	(8,689)	2,378	-	705,528
Finance income	13,493	6,239	133	43,327	(43,059)	20,133
Finance costs	(121,934)	(32,843)	(2,001)	(38,992)	43,059	(152,711)
	<b>260,205</b>	<b>316,589</b>	<b>(10,557)</b>	<b>6,713</b>	<b>-</b>	<b>572,950</b>
Share of results of associates and joint ventures, net of tax	103,674	(23,184)	29,361	9,874	-	119,725
	<b>363,879</b>	<b>293,405</b>	<b>18,804</b>	<b>16,587</b>	<b>-</b>	<b>692,675</b>
Tax expense	(46,775)	(39,984)	(588)	(5,181)	-	(92,528)
Non-controlling interests	(10,870)	(102,390)	(668)	1,858	-	(112,070)
<b>Net profit for the period</b>	<b>306,234</b>	<b>151,031</b>	<b>17,548</b>	<b>13,264</b>	<b>-</b>	<b>488,077</b>

#### Assets

Segment assets	8,363,432	8,444,322	408,569	1,754,743	(2,102,066)	16,869,000
Investment in associates and joint ventures	1,131,663	481,650	616,635	102,263	-	2,332,211
Tax assets	52,475	8,083	673	90	-	61,321
<b>Total assets</b>	<b>9,547,570</b>	<b>8,934,055</b>	<b>1,025,877</b>	<b>1,857,096</b>	<b>(2,102,066)</b>	<b>19,262,532</b>

#### Liabilities

Segment liabilities	5,042,242	5,547,209	185,731	1,643,122	(2,102,066)	10,316,238
Tax liabilities	413,079	202,818	1,148	14,898	-	631,943
<b>Total liabilities</b>	<b>5,455,321</b>	<b>5,750,027</b>	<b>186,879</b>	<b>1,658,020</b>	<b>(2,102,066)</b>	<b>10,948,181</b>

#### Capital expenditure

	448,503	702,826	4,161	3,819	-	<b>1,159,309</b>
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#### Significant non-cash items

Depreciation and amortisation	186,545	94,418	1,242	6,801	-	<b>289,006</b>
Allowance for impairment in value of assets and assets written off (net)	533	17,076	-	18	-	<b>17,627</b>
Allowance made / (Written back) for doubtful debts and bad debts	24,819	2,057	(53)	7	-	<b>26,830</b>

#### (ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	3,166,567	44	4,426,540	36	9,981,741	52	370,704	32
Rest of ASEAN & Australia	304,760	4	877,477	7	1,009,833	5	15,366	2
China	114,545	2	1,520,971	13	1,963,089	10	48,870	4
India	279,276	4	3,473,271	28	4,001,668	21	290,948	25
Middle East & Africa	79,888	1	385,325	3	443,886	2	4,315	-
UK	318,643	5	200,296	2	362,874	2	14,003	1
Rest of Europe	1,846,570	26	241,277	2	261,684	1	-	-
Brazil	71,981	1	950,125	8	1,064,678	6	408,959	35
U.S.A.	813,088	11	5,098	-	6,820	-	111	-
Other Countries	130,168	2	139,416	1	166,259	1	6,033	1
<b>Total</b>	<b>7,125,486</b>	<b>100</b>	<b>12,219,796</b>	<b>100</b>	<b>19,262,532</b>	<b>100</b>	<b>1,159,309</b>	<b>100</b>

## 15. SEGMENTAL REPORTING (Cont'd)

### 9M14

<u>(i) Operating segments</u>	Utilities	Marine	Urban Development	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	3,676,821	4,385,756	4,805	162,889	-	8,230,271
Inter-segment sales	30,602	1,907	3,133	8,982	(44,624)	-
<b>Total</b>	<b>3,707,423</b>	<b>4,387,663</b>	<b>7,938</b>	<b>171,871</b>	<b>(44,624)</b>	<b>8,230,271</b>
<b>Results</b>						
Segment results	332,190	475,666	(3,303)	(6,034)	-	798,519
Finance income	9,243	7,574	65	34,647	(37,689)	13,840
Finance costs	(37,408)	(11,475)	(1,165)	(34,613)	37,689	(46,972)
	<b>304,025</b>	<b>471,765</b>	<b>(4,403)</b>	<b>(6,000)</b>	<b>-</b>	<b>765,387</b>
Share of results of associates and joint ventures, net of tax	61,963	17,251	35,312	8,293	-	122,819
	<b>365,988</b>	<b>489,016</b>	<b>30,909</b>	<b>2,293</b>	<b>-</b>	<b>888,206</b>
Tax expense	(50,953)	(81,366)	(557)	(3,731)	-	(136,607)
Non-controlling interests	(16,485)	(173,545)	(1,091)	-	-	(191,121)
<b>Net profit for the period</b>	<b>298,550</b>	<b>234,105</b>	<b>29,261</b>	<b>(1,438)</b>	<b>-</b>	<b>560,478</b>

### Assets

Segment assets	7,018,530	7,392,589	280,936	1,669,392	(1,877,097)	14,484,350
Investment in associates and joint ventures	867,157	477,378	531,658	83,027	-	1,959,220
Tax assets	53,392	9,478	207	131	-	63,208
<b>Total assets</b>	<b>7,939,079</b>	<b>7,879,445</b>	<b>812,801</b>	<b>1,752,550</b>	<b>(1,877,097)</b>	<b>16,506,778</b>

### Liabilities

Segment liabilities	4,353,864	4,689,660	167,912	1,580,459	(1,877,097)	8,914,798
Tax liabilities	394,475	246,834	2,250	14,052	-	657,611
<b>Total liabilities</b>	<b>4,748,339</b>	<b>4,936,494</b>	<b>170,162</b>	<b>1,594,511</b>	<b>(1,877,097)</b>	<b>9,572,409</b>

### Capital expenditure

	344,957	614,047	2,217	3,033	-	<b>964,254</b>
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### Significant non-cash items

Depreciation and amortisation	138,993	84,150	1,129	6,421	-	<b>230,693</b>
Allowance for impairment in value of assets and assets written off (net)	4,529	76	71	-	-	<b>4,676</b>
(Written back) / Allowance made for doubtful debts and bad debts	(1,944)	120	(170)	(22)	-	<b>(2,016)</b>

### (ii) Geographical segments

	<u>Revenue</u>		<u>Non-current Assets</u>		<u>Total Assets</u>		<u>Capital Expenditure</u>	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	3,853,938	47	4,265,743	41	9,401,003	57	328,566	34
Rest of ASEAN & Australia	570,870	7	769,741	7	807,585	5	16,423	1
China	109,804	1	1,353,380	13	1,585,520	10	29,324	3
India	19,188	-	1,961,282	19	2,196,901	13	123,474	13
Middle East & Africa	84,636	1	333,694	3	450,928	3	3,655	-
UK	395,146	5	667,946	6	806,700	5	18,307	2
Rest of Europe	1,651,192	20	227,263	2	243,483	1	-	-
Brazil	-	-	822,356	8	851,568	5	439,294	46
U.S.A.	997,981	12	4,514	-	6,867	-	25	-
Other Countries	547,516	7	131,972	1	156,223	1	5,186	1
<b>Total</b>	<b>8,230,271</b>	<b>100</b>	<b>10,537,891</b>	<b>100</b>	<b>16,506,778</b>	<b>100</b>	<b>964,254</b>	<b>100</b>

## 15. SEGMENTAL REPORTING (Cont'd)

### Notes to Segmental Analysis

#### 15a. Operating Segments

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

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

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

#### 15b. Geographical Segments

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

#### 15c. Review of segment performance

Please refer to Paragraph 11 for analysis by operating segments.



## 16. INTERESTED PERSON TRANSACTIONS

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)

	3Q15	9M15
	\$'000	\$'000
<b><u>Sale of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Accuron Technologies Limited and its Associates	404	1,080
- Mapletree Investments Pte Ltd and its Associates	-	2,872
- PSA International Pte Ltd and its Associates	1,756	4,749
- Singapore Power Limited and its Associates	5,007	6,129
- Singapore Technologies Telemedia Pte Ltd and its Associates	83	219
- Temasek Capital (Private) Limited and its Associates	287	2,622
- Wildlife Reserves Singapore Pte Ltd and its Associates	858	2,240
	<hr/>	<hr/>
	8,395	19,911
Starhub Ltd and its Associates	2,253	6,512
SATS Ltd and its Associates	103	103
Singapore Airlines Limited and its Associates	1,229	3,714
Singapore Technologies Engineering Ltd and its Associates	5,273	13,508
STATS ChipPAC Ltd and its Associates	177	379
	<hr/>	<hr/>
	17,430	44,127
	<hr/>	<hr/>
<b><u>Purchase of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Mapletree Investments Pte Ltd and its Associates	-	3,124
- Singapore Power Limited and its Associates	1,242	3,687
- Temasek Capital (Private) Limited and its Associates <sup>1</sup>	159,585	472,184
	<hr/>	<hr/>
	160,827	478,995
Singapore Technologies Engineering Ltd and its Associates	-	441
	<hr/>	<hr/>
	160,827	479,436
	<hr/>	<hr/>
<b><u>Management and Support Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	-	1,759
	<hr/>	<hr/>
	178,257	525,322
	<hr/>	<hr/>

Note:

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

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

We, Ang Kong Hua, and Tang Kin Fei, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the third quarter and nine months ended September 30, 2015 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for third quarter and nine months ended September 30, 2015.

On behalf of the board of directors

**Ang Kong Hua**  
Chairman

**Tang Kin Fei**  
Director

**BY ORDER OF THE BOARD**

**Kwong Sook May (Ms)**  
Company Secretary  
October 29, 2015