



SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

FIRST QUARTER ENDED MARCH 31, 2018 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2018

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the first quarter ended March 31, 2018.

1. CONSOLIDATED INCOME STATEMENT

	Note	GROUP		+ / (-) %
		1Q18 \$'000	1Q17 Restated \$'000	
Turnover	2a	2,757,651	2,121,598	30.0
Cost of sales	2a	(2,496,400)	(1,887,607)	32.3
Gross profit	2a	261,251	233,991	11.7
General & administrative expenses	2b	(87,826)	(87,841)	0.0
Other operating (expenses) income, net	2c	(3,290)	16,299	NM
Non-operating income	2d	1,047	48,633	(97.8)
Finance income	2e	17,104	5,894	190.2
Finance costs	2e	(114,178)	(129,226)	(11.6)
Share of results of associates and joint venture net of tax	2f	41,908	57,555	(27.2)
Profit before tax		116,016	145,305	(20.2)
Tax expense	2g	(37,514)	(14,386)	160.8
Profit for the period		78,502	130,919	(40.0)
Attributable to:				
Owners of the Company		76,649	116,294	(34.1)
Non-controlling interests		1,853	14,625	(87.3)
		78,502	130,919	(40.0)
Earnings per ordinary share (cents)				
	2h			
- basic		3.64	5.98	(39.1)
- diluted		3.62	5.93	(38.9)

NM – Not meaningful

The Group has adopted the Singapore Financial Reporting Standards (International) (“SFRS (I)”) framework and the new accounting standards that are effective on January 1, 2018. Please refer to Note 10 for the details on the financial impact from the adoption with respect to the restated first quarter ended March 31, 2017 financial statements.

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

For the Marine business, the adoption of SFRS(I) 15 leads to differences in timing of revenue and related cost of sales recognition for certain contracts. There was a reversal of revenue and related cost of sales for these contracts pre-2018, now to be recognized upon the transfer of legal title to customers. In FY 2017, when some of these contracts were terminated and new contracts entered into, revenue and related cost of sales were recognized.

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

	Note	GROUP		
		1Q18	1Q17	+ / (-)
		\$'000	Restated \$'000	%
Turnover		2,757,651	2,121,598	30.0
Cost of sales		(2,496,400)	(1,887,607)	32.3
Gross profit		261,251	233,991	11.7
Included in Gross profit :-				
Depreciation and amortisation	(i)	(132,713)	(128,145)	3.6
Fixed assets written off		(343)	(463)	(25.9)
Intangible assets written off		(74)	(4)	NM
Write-back of / (allowances for) impairment losses on fixed assets		87	(282)	NM

In 1Q18, the Group recorded a turnover of \$2.8 billion, an increase of 30.0% or \$636.1 million. Utilities' turnover grew 14% or \$187 million and Marine's turnover increased by \$435 million compared to 1Q17. Utilities increased turnover came mainly from its 3 key markets, Singapore, China and India. Marine's higher turnover was the result of higher revenue recognition for rigs & floaters upon the delivery of 3 jack-up rigs. Excluding the effects on the adoption of SFRS(I) 15, Marine's revenue would have been an increase of 15% compared with 1Q17.

Gross profit was higher in 1Q18 compared to 1Q17. This was attributable mainly to higher contribution from Marine. Marine's higher gross profit was mainly due to margin recognition upon delivery of rigs; offset by lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs.

- (i) Depreciation and amortisation in 1Q18 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.

2b. General & administrative expenses

	Note	GROUP		
		1Q18	1Q17	+ / (-)
		\$'000	Restated \$'000	%
General & administrative expenses		(87,826)	(87,841)	0.0
Included in general & administrative expenses: -				
Depreciation and amortisation		(6,668)	(5,643)	18.2
Write-back of doubtful debts and bad debts, net	(i)	4,411	6,243	(29.3)
Fixed assets written off		(892)	(8)	NM

General & administrative expenses of \$87.8 million in 1Q18 were comparable to 1Q17.

- (i) Write-back of doubtful debts and bad debts in 1Q18 was mainly due to recovery of long outstanding receivables from Urban Development and Utilities UK operations. 1Q17 write-back was from Utilities China Operations.

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

2c. Other operating (expenses) income, net

	Note	GROUP		+/(-)
		1Q18 \$'000	1Q17 Restated \$'000	%
Other operating (expenses) income, net		(3,290)	16,299	NM
Included in other operating (expenses) income, net: -				
Changes in fair value of financial instruments	(i)	4,924	(1,411)	NM
Foreign exchange loss	(ii)	(27,816)	(2,137)	NM

1Q18 other operating expenses (net) included a higher net foreign exchange loss and lower sales of scrap.

- (i) Changes in fair value on hedging instruments due to mark-to-market adjustments of foreign currency forward contracts and cross currency swap.
- (ii) Foreign exchange loss in 1Q18 mainly arose from Marine's revaluation of assets and liabilities denominated in United States dollar to Singapore dollar; Utilities India's borrowing in United States dollar to Indian Rupee and Sembcorp Financial Services' borrowing in Japanese Yen to Singapore dollar for interest cost management.

2d. Non-operating income

	Note	GROUP		+/(-)
		1Q18 \$'000	1Q17 Restated \$'000	%
Non-operating income		1,047	48,633	(97.8)
Included in non-operating income :				
Gain on disposal of assets held for sale	(i)	-	46,816	NM
Gain on disposal of other financial assets		967	1,785	(45.8)

Non-operating income was lower in 1Q18 mainly as a result of lower gain from disposal of investments.

- (i) Gain on disposal of assets held for sale in 1Q17 relates to Marine's divestment of its 30% equity interest in Cosco Shipyard Group Co., Ltd. (CSG), which was completed in January 2017.

2e. Finance income and finance costs

	Note	GROUP		+/(-)
		1Q18 \$'000	1Q17 Restated \$'000	%
Finance income	(i)	17,104	5,894	190.2
Finance costs	(ii)	(114,178)	(129,226)	(11.6)

- (i) Higher finance income in 1Q18 was mainly due to higher bank balances and Marine's interest income from a customer with deferred payment term.
- (ii) 1Q18 finance cost was lower primarily because of Marine's repayment of bank borrowings that resulted in lower average bank borrowings and lower interest rate with the refinancing of Utilities second thermal plant in 2017. In 1Q17, interest cost before commercial operation in February 2017 of Utilities India's second thermal plant (unit 2) was capitalized.

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

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

The share of results from associates and joint ventures in 1Q18 and 1Q17 were mainly contributions from Urban Development business with industrial land sales from Vietnam in 1Q18 was lower than 1Q17 commercial & residential land sales recognized from Nanjing, China.

2g. Tax expense

	Note	GROUP		
		1Q18	1Q17	+ / (-)
		\$'000	Restated \$'000	%
Tax expenses	(i)	(37,514)	(14,386)	160.8
Included in tax expense: -				
Tax expense				
- Net write-back of tax in respect of prior years		211	119	77.3

- (i) The higher tax expense in 1Q18 was mainly from Utilities and Marine businesses.

The Group's effective tax rate was higher mainly because there was no group tax relief in India and the tax benefit from losses of a subsidiary in India was not recognised. In addition, for Marine business, deferred tax assets are recognized only to the extent that it is probable that the related tax benefit will be realized.

2h. Earnings per ordinary share

	GROUP		
	1Q18	1Q17	+ / (-)
	\$'000	Restated \$'000	%
(i) Based on the weighted average number of shares (in cents)	3.64	5.98	(39.1)
- Weighted average number of shares (in million)	1,787.9	1,785.6	0.0
(ii) On a fully diluted basis (in cents)	3.62	5.93	(38.9)
- Adjusted weighted average number of shares (in million)	1,798.6	1,798.2	0.0

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP	
		1Q18 \$'000	1Q17 Restated \$'000
Profit for the period		78,502	130,919
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(i)	(85,313)	(64,730)
Exchange differences on monetary items forming part of net investment in foreign operation		3,452	(3,746)
Net change in fair value of cash flow hedges	(ii)	27,637	4,142
Net change in fair value of cash flow hedges reclassified to profit or loss		(15,170)	(8,330)
Net change in fair value of available-for-sale financial assets	(iii)	-	41,321
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	(355)
Share of other comprehensive income of associates and joint ventures	(iv)	18,114	10,837
		<u>(51,280)</u>	<u>(20,861)</u>
Items that may not be reclassified subsequently to profit or loss:			
Net change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	(iii)	(12,973)	-
Defined benefit plan actuarial gain		81	-
Other comprehensive income for the period, net of tax		<u>(64,172)</u>	<u>(20,861)</u>
Total comprehensive income for the period		<u>14,330</u>	<u>110,058</u>
Attributable to:			
Owners of the Company		27,385	87,055
Non-controlling interests		<u>(13,055)</u>	<u>23,003</u>
Total comprehensive income for the period		<u>14,330</u>	<u>110,058</u>

3a. Notes to Consolidated Statement of Comprehensive Income

- (i) The foreign currency translation loss in 1Q18 was primarily due to depreciation of the United States dollar and India Rupee offset by appreciation of China Renminbi.
- (ii) The fair value changes in cash flow hedges in 1Q18 were primarily due to changes in fair value on fuel oil swaps, foreign currency forward contracts, cross currency swaps and interest rate swaps.
- (iii) This was mainly due to changes in market prices of financial assets.
- (iv) 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
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
		Restated	Restated	
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	10,968,431	11,157,683	350,042	347,095
Investment properties	93,135	90,918	-	-
Investments in subsidiaries	-	-	2,649,294	2,648,929
Interests in associates and joint ventures	1,778,966	1,765,420	-	-
Other financial assets	192,450	175,380	-	-
Trade and other receivables	1,451,669	1,184,276	226,295	226,386
Tax recoverable	12,861	7,148	-	-
Assets held for sale	99,730	99,730	99,730	99,730
Intangible assets	570,147	580,787	24,433	24,566
Deferred tax assets	66,557	64,002	-	-
	15,233,946	15,125,344	3,349,794	3,346,706
Current assets				
Inventories	530,201	525,402	9,738	8,616
Trade and other receivables	1,737,701	2,044,504	139,561	141,432
Contract costs	1,880,719	2,552,049	-	-
Contract assets	729,545	655,480	-	-
Tax recoverable	21,460	21,305	-	-
Other financial assets	126,000	142,050	93	141
Cash and cash equivalents	2,237,864	2,686,658	744,231	720,138
	7,263,490	8,627,448	893,623	870,327
Total assets	22,497,436	23,752,792	4,243,417	4,217,033
Current liabilities				
Trade and other payables	2,807,184	3,361,537	126,012	136,886
Contract liabilities	866,145	1,217,666	-	-
Provisions	95,311	92,217	16,616	16,695
Other financial liabilities	18,046	13,105	-	-
Current tax payable	173,328	159,020	56,920	49,728
Interest-bearing borrowings	1,805,677	1,572,451	-	-
	5,765,691	6,415,996	199,548	203,309
Net current assets	1,497,799	2,211,452	694,075	667,018
Non-current liabilities				
Deferred tax liabilities	425,936	428,031	52,488	52,506
Provisions	104,165	105,071	15,420	16,018
Other financial liabilities	25,638	54,060	-	-
Retirement benefit obligations	3,858	3,810	-	-
Interest-bearing borrowings	7,722,225	8,275,153	-	-
Other long-term payables	295,038	296,763	290,869	287,361
	8,576,860	9,162,888	358,777	355,885
Total liabilities	14,342,551	15,578,884	558,325	559,194
Net assets	8,154,885	8,173,908	3,685,092	3,657,839
Equity attributable to owners of the Company:-				
Share capital	565,572	565,572	565,572	565,572
Other reserves	(114,478)	(85,700)	(6,908)	2,117
Revenue reserve	5,512,512	5,460,208	2,116,781	2,086,911
	5,963,606	5,940,080	2,675,445	2,654,600
Perpetual securities	1,009,647	1,003,239	1,009,647	1,003,239
	6,973,253	6,943,319	3,685,092	3,657,839
Non-controlling interests	1,181,632	1,230,589	-	-
Total equity	8,154,885	8,173,908	3,685,092	3,657,839

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

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

	As at 31/03/2018 \$'000	As at 31/12/2017 \$'000
Amount repayable:		
<u>In one year or less, or on demand</u>		
(i) Interest-bearing borrowings		
Secured	731,519	695,409
Unsecured	1,074,158	877,042
	<u>1,805,677</u>	<u>1,572,451</u>
<u>Between one to five years</u>		
(ii) Interest-bearing borrowings		
Secured	951,923	928,283
Unsecured	3,766,057	4,275,026
	<u>4,717,980</u>	<u>5,203,309</u>
<u>After five years</u>		
(iii) Interest-bearing borrowings		
Secured	2,021,829	2,092,634
Unsecured	982,416	979,210
	<u>3,004,245</u>	<u>3,071,844</u>
Total	<u>9,527,902</u>	<u>9,847,604</u>
 (iv) The secured loans are collateralised by the following assets' net book value:-		
	As at 31/03/2018 \$'000	As at 31/12/2017 \$'000
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>6,510,211</u>	<u>7,200,862</u>

4b. **Net asset value**

	Group		Company	
	31/03/2018	31/12/2017 Restated	31/03/2018	31/12/2017 Restated
Net asset value per ordinary share based on issued share capital at the end of the financial period (in \$)	3.90	3.88	2.06	2.05

Net asset value (excluding perpetual securities) for the Group per ordinary share based on issued share capital at March 31, 2018 was \$3.34 (December 31, 2017 restated: \$3.32).

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” increased mainly due to the fair value adjustments on Utilities’ GBP and INR cross currency swap contracts reduced by Marine’s fair value adjustments on quoted equity shares.

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

“Intangible assets” decreased as a result of amortization for the period.

“Tax recoverable” increased mainly from Utilities’ India, mainly for advance and withholding tax paid.

“Deferred tax assets” increased mainly due to Marine’s tax credit recognised on unutilized tax losses.

Net current assets

“Trade and other receivables” decreased mainly due to receipts from rig building and floater projects.

“Contract costs” decreased mainly due to recognition of costs of sales upon the delivery of rig building projects.

“Contract assets” increased mainly due to timing of billing to customers for Marine and design & construction businesses.

“Trade and other payables” decreased mainly due to payments made during the period.

“Contract liabilities” decreased mainly due to recognition of revenue upon the delivery of rig building projects.

“Provisions” increased mainly due to allowance made for warranty provision.

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

“Interest-bearing borrowings” increased mainly due to Marine’s reclassification from long term borrowings, offset by repayment of short term borrowings.

Non-current liabilities

“Other financial liabilities” decreased mainly due to changes in fair value adjustments of cross currency swap contracts and interest rate swaps.

“Interest-bearing borrowings” decreased mainly due to Marine’s reclassification to short 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 and Indian Rupee, offset by appreciation of China Renminbi.

“Non-controlling interests” decreased as a result of Utilities’ India re-organisation as announced on February 19, 2018.

(ii) **Company**

Net current assets

“Trade and other payables” decreased mainly due to lower accrued operating expenditure.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q18 \$'000	1Q17 \$'000 Restated
Cash flows from Operating Activities		
Profit for the period	78,502	130,919
Adjustments for :		
Dividend	(7)	(32)
Finance income	(17,104)	(5,894)
Finance costs	114,178	129,226
Depreciation and amortisation	139,381	133,788
Share of results of associates and joint ventures, net of tax	(41,908)	(57,555)
Gain on disposal of property, plant and equipment and other financial assets	(1,023)	(1,789)
Gain on disposal of assets held for sale	-	(46,816)
Changes in fair value of financial instruments	(4,924)	1,411
Equity settled share-based compensation expenses	954	5,330
Allowance made for impairment loss in value of assets and assets written off (net)	1,222	757
Write-back of doubtful debts and bad debts (net)	(4,411)	(6,243)
Tax expense	37,514	14,386
Operating profit before working capital changes	302,374	297,488
Changes in working capital:		
Inventories	2,165	38,621
Receivables	(8,143)	(83,403)
Payables	(331,195)	22,472
Contract costs	671,330	(1,506)
Contract assets	(74,065)	(62,031)
Contract liabilities	(351,521)	(84,344)
	210,945	127,297
Tax paid	(19,963)	(8,970)
Net cash from operating activities	190,982	118,327
Cash flows from Investing Activities		
Dividend received	36,268	11,651
Interest received	15,322	6,028
Proceeds from prior year's disposal of joint venture	-	30,805
Proceeds from sale of other financial assets	62,340	15,964
Proceeds from sale of property, plant and equipment	132	8,096
Loan repayments from related parties	10,044	4,086
Non-trade balances with related corporations, net of repayment	(5,285)	(9,109)
Acquisition of / additional investments in joint ventures and associates	(1,208)	(6,670)
Acquisition of other financial assets	(62,476)	(30,984)
Purchase of property, plant and equipment and investment properties	(50,490)	(351,852)
Purchase of intangible assets	(4,817)	(1,221)
Net cash used in investing activities	(170)	(323,206)
Cash flows from Financing Activities		
Proceeds from share issued to non-controlling interests of subsidiaries	-	(18)
Purchase of treasury shares	(8,750)	(4,057)
Purchase of treasury shares by subsidiary	-	(1,889)
Proceeds from borrowings	1,224,571	614,039
Repayment of borrowings	(1,448,084)	(348,572)
Payment on finance leases	-	(129)
Payment of non-controlling interests acquired in 2017	(291,550)	-
(Unclaimed dividends reissued) / Unclaimed dividends	(2)	6
Dividends paid to non-controlling interests of subsidiaries	(6,729)	(5,880)
(Payment) / Receipts in restricted cash held as collateral	(2,512)	3,122
Perpetual securities distribution paid	(5,041)	(5,041)
Interest paid	(93,335)	(108,443)
Net cash (used in) / from financing activities	(631,432)	143,138
Net decrease in cash and cash equivalents	(440,620)	(61,741)
Cash and cash equivalents at beginning of the period	2,681,471	1,854,713
Effect of exchange rate changes on balances held in foreign currency	(10,489)	(24,165)
Cash and cash equivalents at end of the period	2,230,362	1,768,807

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:

	Group	
	31/03/2018	31/12/2017
	\$'000	\$'000
<u>Fixed deposits with banks</u>		
Fixed deposits with banks	590,144	672,172
Cash and bank balances	1,647,720	2,014,486
Cash and cash equivalents in the balance sheets	2,237,864	2,686,658
Bank overdrafts	-	(197)
Restricted bank balances held as collateral by banks	(7,502)	(4,990)
Cash and cash equivalents in the consolidated statement of cash flows	<u>2,230,362</u>	<u>2,681,471</u>

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

(i) **First Quarter**

Net cash from operating activities before changes in working capital stood at \$302.4 million; while the net cash from operating activities was \$191.0 million. The change in working capital was mainly attributable to Marine's working capital for ongoing projects, partially offset by receipts from ongoing and completed projects. In 1Q18, the change in working capital also included \$24.0 million increase in service concession receivables.

Net cash used in investing activities was \$0.2 million. The dividend and interest income received funded the acquisition of property, plant & equipment for the quarter. The net inflow was mainly from related parties' loan repayment.

Net cash used in financing activities was \$631.4 million, mainly for net repayment of borrowings, interest paid and payment upon transfer of legal title of the remaining Sembcorp Green Infra Limited's (SGI) shares to Sembcorp Energy India Ltd (SEIL).

(ii) **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						Perpetual securities	Total	Non-controlling interests	Total equity
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000				
1Q18										
At December 31, 2017 as previously reported	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
Adoption of SFRS(I) 15	-	-	(3,024)	-	(22,982)	(26,006)	-	(26,006)	(15,840)	(41,846)
Restated balance at December 31, 2017	565,572	(125)	(265,102)	179,527	5,460,208	5,940,080	1,003,239	6,943,319	1,230,589	8,173,908
Adoption of SFRS(I) 9	-	-	-	118	(12,969)	(12,851)	-	(12,851)	(934)	(13,785)
Restated balance at January 1, 2018	565,572	(125)	(265,102)	179,645	5,447,239	5,927,229	1,003,239	6,930,468	1,229,655	8,160,123
Total comprehensive income										
Profit for the period	-	-	-	-	76,649	76,649	-	76,649	1,853	78,502
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	(72,182)	-	-	(72,182)	-	(72,182)	(13,131)	(85,313)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	3,452	-	-	3,452	-	3,452	-	3,452
Net change in fair value of cash flow hedges	-	-	-	25,648	-	25,648	-	25,648	1,989	27,637
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(14,876)	-	(14,876)	-	(14,876)	(294)	(15,170)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	(9,813)	-	(9,813)	-	(9,813)	(3,160)	(12,973)
Defined benefit plan actuarial gains and losses	-	-	-	-	75	75	-	75	6	81
Realisation of reserve upon liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	18,432	-	18,432	-	18,432	(318)	18,114
Total other comprehensive income	-	-	(68,730)	19,391	75	(49,264)	-	(49,264)	(14,908)	(64,172)
Total comprehensive income	-	-	(68,730)	19,391	76,724	27,385	-	27,385	(13,055)	14,330
Transactions with owners of the Company, recognised directly in equity										
Share-based payments	-	-	-	492	-	492	-	492	462	954
Purchase of treasury shares	-	(8,750)	-	-	-	(8,750)	-	(8,750)	-	(8,750)
Treasury shares transferred to employees	-	7,860	-	(7,860)	-	-	-	-	-	-
Treasury shares of a subsidiary	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	996	27,705	-	28,701	-	28,701	(28,701)	-
Perpetual securities distribution paid	-	-	-	-	-	-	(5,041)	(5,041)	-	(5,041)
Accrued perpetual securities distribution	-	-	-	-	(11,449)	(11,449)	11,449	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(6,729)	(6,729)
Unclaimed dividends reissued	-	-	-	-	(2)	(2)	-	(2)	-	(2)
Total transactions with owners	-	(890)	996	20,337	(11,451)	8,992	6,408	15,400	(34,968)	(19,568)
At March 31, 2018	565,572	(1,015)	(332,836)	219,373	5,512,512	5,963,606	1,009,647	6,973,253	1,181,632	8,154,885

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						Perpetual securities	Total	Non-controlling interests	Total equity
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve	Total				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
1Q17										
At January 1, 2017 as previously reported	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
Adoption of the SFRS(I) 15	-	-	(9,863)	-	(176,560)	(186,423)	-	(186,423)	(116,418)	(302,841)
Restated balance at 1 January, 2017	565,572	(5,490)	(123,397)	66,877	5,208,337	5,711,899	803,096	6,514,995	1,344,878	7,859,873
Total comprehensive income										
Profit for the period as restated	-	-	-	-	116,294	116,294	-	116,294	14,625	130,919
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	(58,245)	-	-	(58,245)	-	(58,245)	(6,485)	(64,730)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(3,746)	-	-	(3,746)	-	(3,746)	-	(3,746)
Net change in fair value of cash flow hedges	-	-	-	(7,367)	-	(7,367)	-	(7,367)	11,509	4,142
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(8,598)	-	(8,598)	-	(8,598)	268	(8,330)
Net change in fair value of available-for-sale financial assets	-	-	-	38,129	-	38,129	-	38,129	3,192	41,321
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	(250)	-	(250)	-	(250)	(105)	(355)
Defined benefit plan actuarial gains and losses	-	-	-	-	1	1	-	1	(1)	-
Share of other comprehensive income of associates and joint ventures	-	-	-	10,837	-	10,837	-	10,837	-	10,837
Total other comprehensive income	-	-	(61,991)	32,751	1	(29,239)	-	(33,012)	8,378	(20,861)
Total comprehensive income	-	-	(61,991)	32,751	116,295	87,055	-	87,055	23,003	110,058
Transactions with owners of the Company, recognised directly in equity										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	(18)	(18)
Share-based payments	-	-	-	4,928	-	4,928	-	4,928	402	5,330
Purchase of treasury shares	-	(4,057)	-	-	-	(4,057)	-	(4,057)	-	(4,057)
Treasury shares transferred to employees	-	8,797	-	(8,797)	-	-	-	-	-	-
Treasury shares of a subsidiary	-	-	-	(1,152)	-	(1,152)	-	(1,152)	(737)	(1,889)
Acquisition of non-controlling interests	-	-	-	(637)	-	(637)	-	(637)	611	(26)
Put liability to acquire non-controlling interests	-	-	-	(5,129)	-	(5,129)	-	(5,129)	-	(5,129)
Transfer of reserve	-	-	-	(14,958)	14,958	-	-	-	-	-
Realisation of reserve upon disposal of assets held for sale	-	-	(12,493)	-	-	(12,493)	-	(12,493)	(7,991)	(20,484)
Perpetual securities distribution paid	-	-	-	-	-	-	(5,041)	(5,041)	-	(5,041)
Accrued perpetual securities distribution	-	-	-	-	(9,596)	(9,596)	9,596	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(5,880)	(5,880)
Unclaimed dividends	-	-	-	-	6	6	-	6	-	6
Total transactions with owners	-	4,740	(12,493)	(25,745)	5,368	(28,130)	4,555	(23,575)	(13,613)	(37,188)
At March 31, 2017	565,572	(750)	(197,881)	73,883	5,330,000	5,770,824	807,651	6,578,475	1,354,268	7,932,743

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

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

	Attributable to owners of the Company				Perpetual securities \$'000	Total \$'000	
	Share capital \$'000	Reserve for own shares \$'000	Others \$'000	Revenue reserve \$'000			Total \$'000
1Q18							
At December 31, 2017 as previously reported	565,572	(125)	2,242	2,087,875	2,655,564	1,003,239	3,658,803
Adoption of SFRS(I) 15	-	-	-	(964)	(964)	-	(964)
Restated balance at 31 December 2017	565,572	(125)	2,242	2,086,911	2,654,600	1,003,239	3,657,839
Adoption of SFRS(I) 9	-	-	-	-	-	-	-
Restated balance at January 1, 2018	565,572	(125)	2,242	2,086,911	2,654,600	1,003,239	3,657,839
Total comprehensive income							
Profit for the period	-	-	-	41,321	41,321	-	41,321
Total comprehensive income	-	-	-	41,321	41,321	-	41,321
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	-	-	(275)	-	(275)	-	(275)
Purchase of treasury shares	-	(8,750)	-	-	(8,750)	-	(8,750)
Treasury shares transferred to employees	-	7,860	(7,860)	-	-	-	-
Perpetual securities distribution paid	-	-	-	-	-	(5,041)	(5,041)
Accrued perpetual securities distribution	-	-	-	(11,449)	(11,449)	11,449	-
Unclaimed dividends reissued	-	-	-	(2)	(2)	-	(2)
Total transactions with owners	-	(890)	(8,135)	(11,451)	(20,476)	6,408	(14,068)
At March 31, 2018	565,572	(1,015)	(5,893)	2,116,781	2,675,445	1,009,647	3,685,092

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

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

	Attributable to owners of the Company				Total \$'000	Perpetual securities \$'000	Total \$'000
	Share capital \$'000	Reserve for own shares \$'000	Others \$'000	Revenue reserve \$'000			
1Q17							
At January 1, 2017 as previously reported	565,572	(5,490)	(1,231)	1,826,675	2,385,526	803,096	3,188,622
Adoption of the SFRS(I) 15	-	-	-	(877)	(877)	-	(877)
Restated balance at January 1, 2017	565,572	(5,490)	(1,231)	1,825,798	2,384,649	803,096	3,187,745
Total comprehensive income							
Profit for the period as stated	-	-	-	19,045	19,045	-	19,045
Other comprehensive income							
Net change in fair value of cash flow hedges	-	-	385	-	385	-	385
Total other comprehensive income	-	-	385	-	385	-	385
Total comprehensive income	-	-	385	19,045	19,430	-	19,430
Transactions with owners of the Company, recognised directly in equity							
Share-based payments	-	-	4,126	-	4,126	-	4,126
Purchase of treasury shares	-	(4,057)	-	-	(4,057)	-	(4,057)
Treasury shares transferred to employees	-	8,797	(8,797)	-	-	-	-
Perpetual securities distribution paid	-	-	-	-	-	(5,041)	(5,041)
Accrued perpetual securities distribution	-	-	-	(9,596)	(9,596)	9,596	-
Total transactions with owners	-	4,740	(4,671)	(9,596)	(9,527)	4,555	(4,972)
At March 31, 2017	565,572	(750)	(5,517)	1,835,247	2,394,552	807,651	3,202,203

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, 2018	1,787,547,732	42,827
Treasury shares purchased	-	2,800,000
Treasury shares transferred pursuant to restricted share plan	-	(2,517,612)
At March 31, 2018	<u>1,787,547,732</u>	<u>325,215</u>

Issued and paid up capital

As at March 31, 2018, the Company's issued and paid up capital excluding treasury shares comprised 1,787,222,517 (December 31, 2017: 1,787,504,905) ordinary shares.

Treasury shares

During 1Q18, the Company acquired 2,800,000 (1Q17: 1,280,000) ordinary shares in the Company by way of on-market purchases. 2,517,612 (1Q17: 3,012,861) treasury shares were re-issued pursuant to the Restricted Share Plan ("RSP").

As at March 31, 2018, 325,215 (December 31, 2017: 42,827) treasury shares were held that may be re-issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

Performance Shares

	Number of shares
At January 1, 2018	2,403,303
Conditional performance shares released	-
Conditional performance shares lapsed	-
Performance shares lapsed arising from targets not met	<u>(743,750)</u>
At March 31, 2018	<u>1,659,553</u>

During 1Q18, nil (1Q17: nil) performance shares were awarded under the Company's PSP, nil (1Q17: nil) performance shares were released and 743,750 (1Q17: 600,000) performance shares lapsed. Of the performance shares lapsed in 1Q18, 743,750 (1Q17: 600,000) were for the under-achievement of the performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at March 31, 2018, was 1,659,553 (March 31, 2017: 1,818,250). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,489,329 (March 31, 2017: 2,727,375) 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, 2018	9,727,916
Conditional restricted shares awarded	-
Conditional restricted shares released	(2,436,848)
Conditional restricted shares lapsed	(361,075)
Restricted shares lapsed arising from targets not met	(1,441,095)
At March 31, 2018	<u>5,488,898</u>

During 1Q18, 2,436,848 (1Q17: 3,049,374) restricted shares were released and 361,075 (1Q17: 62,575) restricted shares lapsed. Of the restricted shares released, 2,394,612 (1Q17: 3,012,861) were settled by way of issuance of treasury shares and 42,236 (1Q17: 36,513) restricted shares were cash-settled.

In 1Q18, 1,441,095 restricted shares were lapsed from targets not met. In 1Q17, 589,655 restricted shares were awarded for the over-achievement of the performance targets.

The total number of restricted shares outstanding, including awards achieved but not released, as at end March 31, 2018 was 5,488,898 (March 31, 2017: 6,573,434). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 3,238,734 (March 31, 2017: 3,710,232). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 4,858,101 (March 31, 2017: 5,565,348) restricted shares.

7. AUDIT

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

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at December 31, 2017.

10. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the new SFRS (I) framework in 2018 and concurrently applied the following SFRS (I)s, interpretations of SFRS(I) and requirements of SFRS (I) which are mandatorily effective from 1 January, 2018.

SFRS (I) and IFRS:

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

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

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

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

10. CHANGES IN ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

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

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

A Consolidated Income Statement for quarter ended 31 March 2017

	Quarter ended March 31, 2017		
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000
Turnover	2,139,557	(17,959)¹	2,121,598
Cost of sales	(1,899,066)	11,459 ¹	(1,887,607)
Gross profit	240,491	(6,500)	233,991
Finance income	4,170	1,724	5,894
Finance costs	(129,056)	(170)	(129,226)
Others	34,646	-	34,646
Profit before tax	150,251	(4,946)	145,305
Tax expense	(14,903)	517	(14,386)
Profit for the period	135,348	(4,429)	130,919
Profit attributable to:			
Owners of the Company	119,107	(2,813)	116,294
Non-controlling interests	16,241	(1,616)	14,625
Profit for the period	135,348	(4,429)	130,919
Earnings per ordinary share (cents)			
Basic	6.13	(0.15)	5.98
Diluted	6.09	(0.16)	5.93

¹ Amount relates mainly to the reversal of revenue and related costs of sales of contracts that are recognised only on delivery to customers under SFRS(I) 15.

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

B. **Consolidated Statement of Comprehensive income for quarter ended March 31, 2017**

	Quarter ended March 31, 2017		
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000
Profit for the period	135,348	(4,429)	130,919
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	(70,915)	6,185	(64,730)
Others	43,869	-	43,869
Other comprehensive income for the period, net of tax	(27,046)	6,185	(20,861)
Total comprehensive income for the period	108,302	1,756	110,058
Total comprehensive income attributable to:			
Owners of the Company	86,095	960	87,055
Non-controlling interests	22,207	796	23,003
Total comprehensive income for the period	108,302	1,756	110,058

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

	December 31, 2017			January 1, 2018	
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000	Effects of SFRS(I) 9 \$'000	As restated \$'000
Assets					
Deferred tax assets	55,972	8,030	64,002	316	64,318
Inventories and work-in-progress	3,214,296	(3,214,296)	-	-	-
Inventories	-	525,402	525,402	-	525,402
Trade and other receivables (current)	2,031,555	12,949	2,044,504	(4,234)	2,040,270
Trade and other receivables (non-current)	1,184,276	-	1,184,276	(8,245)	1,176,031
Contract costs	-	2,552,049	2,552,049	-	2,552,049
Contract assets	-	655,480	655,480	(3)	655,477
Interest in associates and joint ventures	1,765,420	-	1,765,420	(2,131)	1,763,289
Others	14,961,659	-	14,961,659	-	14,961,659
Total assets	23,213,178	539,614	23,752,792	(14,297)	23,738,495
Liabilities					
Trade and other payables	3,818,766	(457,229)	3,361,537	-	3,361,537
Excess of progress billings over work-in-progress	180,894	(180,894)	-	-	-
Contract liabilities	-	1,217,666	1,217,666	-	1,217,666
Current tax payable	159,046	(26)	159,020	-	159,020
Other long-term payables	294,511	2,252	296,763	-	296,763
Deferred tax liability	428,340	(309)	428,031	(512)	427,519
Others	10,115,867	-	10,115,867	-	10,115,867
Total liabilities	14,997,424	581,460	15,578,884	(512)	15,578,372
Equity					
Other reserves	(82,676)	(3,024)	(85,700)	118	(85,582)
Revenue reserve	5,483,190	(22,982) ¹	5,460,208	(12,969) ²	5,447,239
Non-controlling interest	1,246,429	(15,840)	1,230,589	(934) ²	1,229,655
Others	1,568,811	-	1,568,811	-	1,568,811
Total equity	8,215,754	(41,846)	8,173,908	(13,785)	8,160,123

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

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

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

D. **Consolidated Statement of Cash Flows for quarter ended March 31, 2017**

	Quarter ended March 31, 2017		
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000
Cash flows from operating activities:			
Profit for the period	135,348	(4,429)	130,919
Finance income	(4,170)	(1,724)	(5,894)
Finance costs	129,056	170	129,226
Tax expense	14,903	(517)	14,386
Others	28,851	-	28,851
Operating profit before working capital changes	303,988	(6,500)	297,488
Inventories and work-in-progress	(24,916)	24,916	-
Inventories	-	38,621	38,621
Receivables	(85,127)	1,724	(83,403)
Payables	(66,648)	89,120	22,472
Contract cost	-	(1,506)	(1,506)
Contract assets	-	(62,031)	(62,031)
Contract liabilities	-	(84,344)	(84,344)
Tax paid	(8,970)	-	(8,970)
Net cash from operating activities	118,327	-	118,327

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

	December 31, 2017		
	As previously reported \$'000	Effects of SFRS(I) 15 \$'000	As restated \$'000
Non-current assets	3,346,706	-	3,346,706
Current assets	870,327	-	870,327
Total assets	4,217,033	-	4,217,033
Liabilities			
Current tax payable	49,746	(18)	49,728
Deferred tax liabilities	52,686	(180)	52,506
Other payables	286,199	1,162	287,361
Others	169,599	-	169,599
Total liabilities	558,230	964	559,194
Equity			
Revenue reserve	2,087,875	(964)	2,086,911
Others	1,570,928	-	1,570,928
Total equity	3,658,803	(964)	3,657,839

11. REVIEW OF GROUP PERFORMANCE

Group Overview

1Q18

The Group reported a turnover of \$2.8 billion, 30% higher than 1Q17's turnover of \$2.1 billion. The increase was mainly due to Utilities and Marine.

Utilities' turnover of \$1.5 billion was an increase of \$187 million, mainly due to higher HSFO prices, higher contribution from India and Changzhi water treatment plant which commenced operation in September 2017. Marine's turnover of \$1.2 billion was \$435 million higher than last year, as a result of higher revenue recognition for rigs & floaters upon the delivery of 3 jack-up rigs. Excluding the effects on the adoption of SFRS (I) 15, Marine's revenue would have been \$858 million, an increase of 15% compared with 1Q17.

1Q18 profit before tax and before net finance costs (PFO) of \$213.1 million was a decrease of 21% over 1Q17 of \$268.6 million. Utilities PFO increased of \$15.0 million from \$175.3 million to \$190.3 million. However, contributions from Marine was lower due to lower overall business volume, especially in rigs & floaters and offshore platforms, which impacted the absorption of overhead costs and lower land sales from Urban Development.

Profit attributable to owners of the company (Net profit) for 1Q18 was \$76.6 million, as compared to \$116.3 million in 1Q17. The net decline in net profit was mainly from Marine and Urban Development. Utilities net profit for 1Q18 was \$70.3 million, 27% increased from 1Q17.

Utilities continues to be the key net profit contributor to the Group's net profit.

12. SEGMENTAL REPORTING

1Q18

(i) <u>Operating segments</u>	Utilities	Marine	Urban Development	Others/ Corporate	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover						
External sales	1,509,651	1,180,348	699	66,953	-	2,757,651
Inter-segment sales	6,299	-	87	14,954	(21,340)	-
Total	1,515,950	1,180,348	786	81,907	(21,340)	2,757,651
Results						
Segment results	160,383	18,101	(2,627)	(4,675)	-	171,182
Share of results of associates and joint ventures, net of tax	29,921	185	14,071	(2,269)	-	41,908
Profit from operations	190,304	18,286	11,444	(6,944)	-	213,090
Finance income	8,625	8,518	168	20,316	(20,523)	17,104
Finance costs	(95,299)	(22,134)	(1,090)	(16,178)	20,523	(114,178)
	103,630	4,670	10,522	(2,806)	-	116,016
Tax (expense) / credit	(33,231)	(1,845)	(213)	(2,225)	-	(37,514)
Non-controlling interests	(107)	(1,035)	(742)	(6)	-	(1,890)
Net profit for the year	70,292	1,790	9,567	(5,037)	-	76,612
Assets						
Segment assets	11,633,611	8,660,848	377,655	3,035,515	(3,090,037)	20,617,592
Investment in associates and joint ventures	876,384	66,634	743,474	92,474	-	1,778,966
Tax assets	67,829	27,177	2,367	3,505	-	100,878
Total assets	12,577,824	8,754,659	1,123,496	3,131,494	(3,090,037)	22,497,436
Liabilities						
Segment liabilities	7,919,839	6,202,720	275,248	2,435,517	(3,090,037)	13,743,287
Tax liabilities	500,142	81,841	440	16,841	-	599,264
Total liabilities	8,419,981	6,284,561	275,688	2,452,358	(3,090,037)	14,342,551
Capital expenditure	124,886	42,060	6	1,199	-	168,151
Significant non-cash items						
Depreciation and amortisation	88,448	47,481	284	3,168	-	139,381
Allowance for impairment in value of assets and assets written off (net)	1,218	4	-	-	-	1,222
(Write-back of) / Allowance for doubtful debts and bad debts (net)	(3,269)	833	(1,969)	(6)	-	(4,411)

(ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	984,769	36	4,708,086	31	9,910,638	44	60,493	36
China	51,051	2	1,561,583	11	1,921,879	8	2,833	2
India	441,057	16	5,140,922	34	6,214,164	27	76,049	45
Rest of Asia	389,876	14	1,398,446	9	1,677,274	7	1,590	1
Middle East & Africa	34,298	1	362,406	2	422,626	2	750	-
UK	157,048	6	127,625	1	244,384	1	5,865	3
Rest of Europe	555,180	20	343,294	2	393,742	2	8	-
Brazil	62,432	2	1,402,527	9	1,539,741	7	16,249	10
U.S.A.	46,390	2	4,825	-	6,318	-	11	-
Other Countries	35,550	1	184,231	1	166,670	1	4,303	3
Total	2,757,651	100	15,233,946	100	22,497,436	100	168,151	100

12. SEGMENTAL REPORTING (Cont'd)

1Q17 (Restated)

(i) Operating segments	Utilities	Marine	Urban Development	Others/ Corporate	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover						
External sales	1,322,225	745,582	1,947	51,844	-	2,121,598
Inter-segment sales	7,030	-	1,043	16,892	(24,965)	-
Total	1,329,255	745,582	2,990	68,736	(24,965)	2,121,598
Results						
Segment results	160,436	55,504	(3,184)	(1,674)	-	211,082
Share of results of associates and joint ventures, net of tax	14,820	(709)	42,342	1,102	-	57,555
Profit from operations	175,256	54,795	39,158	(572)	-	268,637
Finance income	3,342	2,744	40	14,420	(14,652)	5,894
Finance costs	(107,952)	(23,910)	(984)	(11,032)	14,652	(129,226)
	70,646	33,629	38,214	2,816	-	145,305
Tax (expense) / credit	(15,809)	3,307	(318)	(1,566)	-	(14,386)
Non-controlling interests	435	(14,345)	(707)	(8)	-	(14,625)
Net profit for the year	55,272	22,591	37,189	1,242	-	116,294

Assets						
Segment assets	11,496,094	9,557,915	360,789	2,044,119	(2,401,649)	21,057,268
Investment in associates and joint ventures	895,687	72,837	704,228	97,711	-	1,770,463
Tax assets	55,307	76,031	1,003	627	-	132,968
Total assets	12,447,088	9,706,783	1,066,020	2,142,457	(2,401,649)	22,960,699

Liabilities						
Segment liabilities	7,592,430	7,219,216	234,996	1,788,469	(2,401,649)	14,433,462
Tax liabilities	455,382	122,466	1,858	14,171	-	593,877
Total liabilities	8,047,812	7,341,682	236,854	1,802,640	(2,401,649)	15,027,339

Capital expenditure	281,934	50,181	43	2,892	-	335,050
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Significant non-cash items						
Depreciation and amortisation	83,232	47,133	839	2,584	-	133,788
Allowance for impairment in value of assets and assets written off (net)	750	7	-	-	-	757
(Write-back of) / Allowance for doubtful debts and bad debts (net)	(6,194)	(78)	-	29	-	(6,243)
Gain on disposal of assets held for sale	-	(46,816)	-	-	-	(46,816)

(ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	897,477	42	4,563,443	30	10,386,066	45	39,469	12
China	30,763	1	1,449,980	9	1,887,102	8	11,332	3
India	365,051	17	5,420,545	36	6,566,987	28	253,120	76
Rest of Asia	73,079	4	1,098,321	7	1,292,716	6	1,317	-
Middle East & Africa	52,089	2	431,940	3	485,743	2	839	-
UK	364,355	17	128,796	1	242,432	1	1,341	-
Rest of Europe	272,228	13	387,153	3	418,657	2	23	-
Brazil	18,694	1	1,452,364	10	1,502,719	7	22,768	7
U.S.A.	32,024	2	5,199	-	7,124	-	-	-
Other Countries	15,838	1	172,564	1	171,153	1	4,841	2
Total	2,121,598	100	15,110,305	100	22,960,699	100	335,050	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.

12c. Review of segment performance

Utilities

	1Q18	1Q17	Growth	
	\$'000	Restated \$'000	\$'000	%
Turnover	1,509,651	1,322,225	187,426	14
Profit from operations ^{before EI}	190,304	175,256	15,048	9
Net Profit ^{before EI}	70,292	60,431	9,861	16
Exceptional Items (EI)	-	(5,159)	5,159	NM
Net Profit	70,292	55,272	15,020	27

EI in 1Q17 was for refinancing costs of India's second thermal plant.

Turnover for 1Q18 increased due to higher HSFO prices from its Singapore operations, contribution from India's second thermal power plant (SGPL) and Changzhi, China, water treatment plant that commenced operation in 4Q17.

1Q18 PFO before EI was \$190.3 million compared to \$175.3 million in 1Q17. The better performance in 1Q18 came mainly from China's Songzao plant which has higher service hours during winter season.

1Q18 net profit was \$70.3 million compared to \$55.3 million in 1Q17. Besides the better PFO, improvement also came from interest cost savings following the refinancing of India thermal plants in 2017 and higher finance income from higher cash balances.

Singapore and China are the key contributors to Utilities net profit.

12. SEGMENTAL REPORTING (Cont'd)

12c. Review of segment performance

Marine

	1Q18	1Q17	Growth	
		Restated		
	\$'000	\$'000	\$'000	%
Turnover	1,180,348	745,582	434,766	58
Profit from operations	18,286	54,795	(36,509)	(67)
Net Profit, excluding SFRS (I) 15 effect	(21,580)	24,117	(45,697)	(189)
- Effect of SFRS (I) 15	23,370	(1,526)	24,896	NM
Net Profit	1,790	22,591	(20,801)	(92)

1Q18 turnover of \$1.2 billion was \$435 million higher than last year, as a result of higher revenue recognition for rigs & floaters upon the delivery of 3 jack-up rigs. Excluding the effects on the adoption of SFRS (I) 15, revenue would have been \$858 million, an increase of 15% compared with 1Q17.

The margin from the delivery of rigs was reduced by the unabsorbed overhead costs. The lower overall business volume, especially in rigs & floaters and offshore platforms has impacted the absorption of overhead costs.

Net profit for 1Q18 decreased mainly due to the absence of one-off gain on disposal of Cosco Shipyard Group Co., Ltd recorded in 1Q17; and lower contributions from offshore platforms. This was offset by higher profit recognition on rigs delivery in 1Q18 on adoption of SFRS (I) 15.

Urban Development

	1Q18	1Q17	Growth	
		Restated		
	\$'000	\$'000	\$'000	%
Turnover*	699	1,947	(1,248)	(64)
Profit from operations	11,444	39,158	(27,714)	(71)
Net Profit	9,567	37,189	(27,622)	(74)

*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.

Net profit in 1Q18 was mainly from industrial land sales from Vietnam; this amount was however lower than last year's commercial and residential land sales recognized from Nanjing, China.

13. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

14. PROSPECTS

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

Utilities

The 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 (E&P) spending trend continues to improve due to firmer oil prices in the first quarter of 2018. However, the overall industry outlook remains challenging. Despite improvement in E&P CAPEX spending outlook, it will take some time for this to translate into new orders. Margins remain compressed with intensifying competition. Based on existing orders, overall business volume and activity is expected to remain low, and the trend of negative operating profit may continue. Sembcorp Marine continues to manage its costs to align with business volume and its cash flows.

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

No interim dividend for the period ended March 31, 2018 is recommended.

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)**

1Q18

\$'000

Sale of Goods and Services

Temasek Holdings (Private) Limited and its Associates	
- PSA International Pte Ltd and its Associates	1,287
- Singapore Power Limited and its Associates	566
- Temasek Capital (Private) Limited and its Associates	415
	<hr/> 2,268 <hr/>

Purchase of Goods and Services

Temasek Holdings (Private) Limited and its Associates	
- Singapore Power Limited and its Associates	1,370
- Temasek Capital (Private) Limited and its Associates ¹	117,163
	<hr/> 118,533 <hr/>
Singapore Technologies Engineering Ltd and its Associates	772
	<hr/> 119,305 <hr/>

Provision of Management and Support Services

Temasek Holdings (Private) Limited and its Associates	
- Temasek Capital (Private) Limited and its Associates	1,963
	<hr/> 123,536 <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 THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

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

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

We, Ang Kong Hua, and Neil McGregor, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the first quarter ended March 31, 2018 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for the first quarter ended March 31, 2018.

On behalf of the board of directors

Ang Kong Hua
Chairman

Neil McGregor
Director

BY ORDER OF THE BOARD

Kwong Sook May (Ms)
Company Secretary
May 3, 2018