SEMBCORP MARINE LTD
Registration Number: 196300098Z

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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sembcorp marine

Company Registration Number: 196300098Z

SEMBCORP MARINE LTD

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the second quarter and half year ended 30 June 2016.

1. CONSOLIDATED INCOME STATEMENT

		Group			Group		
		2Q 2016	2Q 2015	+ / (-)	1H 2016	1H 2015	+ / (-)
	Note	$'000	$'000	%	$'000	$'000	%
Turnover	2a	**908,485**	**1,207,566**	**(24.8)**	**1,826,917**	**2,511,253**	**(27.3)**
Cost of sales	2a	(802,013)	(1,008,595)	(20.5)	(1,639,839)	(2,143,173)	(23.5)
Gross profit	**2a**	**106,472**	**198,971**	**(46.5)**	**187,078**	**368,080**	**(49.2)**
Other operating income	2b	8,304	7,773	6.8	42,572	20,995	n.m.
Other operating expenses	2b	(35,382)	(23,099)	53.2	(52,722)	(36,552)	44.2
General and administrative expenses	2c	(25,834)	(36,607)	(29.4)	(51,634)	(67,253)	(23.2)
Operating profit		**53,560**	**147,038**	**(63.6)**	**125,294**	**285,270**	**(56.1)**
Finance income	2d	1,267	2,315	(45.3)	3,576	4,747	(24.7)
Finance costs	2e	(22,510)	(11,195)	n.m.	(40,373)	(20,728)	94.8
Investment income	2f	-	557	n.m.	-	557	n.m.
Non-operating income	2g	-	(122)	n.m.	9,502	65	n.m.
Non-operating expenses	2g	(8,355)	-	n.m.	(8,355)	(1)	n.m.
Share of results of associates and joint ventures, net of tax	2h	(4,718)	(2,616)	80.4	(2,106)	1,252	n.m.
Profit before tax		**19,244**	**135,977**	**(85.8)**	**87,538**	**271,162**	**(67.7)**
Tax expense	2i	(8,507)	(22,810)	(62.7)	(21,196)	(49,098)	(56.8)
Profit for the period		**10,737**	**113,167**	**(90.5)**	**66,342**	**222,064**	**(70.1)**
Profit attributable to:							
Owners of the Company		**11,452**	**109,234**	**(89.5)**	**66,278**	**215,105**	**(69.2)**
Non-controlling interests		(715)	3,933	n.m.	64	6,959	(99.1)
Profit for the period		**10,737**	**113,167**	**(90.5)**	**66,342**	**222,064**	**(70.1)**
Earnings per share (cents)	2j						
Basic		0.55	5.23	(89.5)	3.17	10.30	(69.2)
Diluted		0.55	5.23	(89.5)	3.17	10.30	(69.2)

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

		Group			Group		
		2Q 2016	2Q 2015	+ / (-)	1H 2016	1H 2015	+ / (-)
		$'000	$'000	%	$'000	$'000	%
Turnover	(i)	908,485	1,207,566	(24.8)	1,826,917	2,511,253	(27.3)
Cost of sales		(802,013)	(1,008,595)	(20.5)	(1,639,839)	(2,143,173)	(23.5)
Gross profit	(ii)	106,472	198,971	(46.5)	187,078	368,080	(49.2)
Included in cost of sales:							
Depreciation and amortisation	(iii)	(33,528)	(30,480)	10.0	(66,270)	(60,261)	10.0
Inventories written back/(written down), net		818	(34)	n.m.	783	(69)	n.m.

(i) Turnover for 2Q 2016 and 1H 2016 decreased mainly due to the lower revenue recognition for rig building projects resulting from customers' delivery deferment requests. For the offshore platforms projects, turnover was higher in 2Q 2016 and 1H 2016.

(ii) Gross profit for 2Q 2016 and 1H 2016 decreased mainly due to lower contribution from rig building projects.

(iii) Depreciation and amortisation for 2Q 2016 and 1H 2016 increased mainly due to depreciation charge for Tuas Boulevard yard and Brazil new yard.

2b. Other operating income/(expenses)

		Group			Group		
		2Q 2016	2Q 2015	+ / (-)	1H 2016	1H 2015	+ / (-)
		$'000	$'000	%	$'000	$'000	%
Other operating income		8,304	7,773	6.8	42,572	20,995	n.m.
Other operating expenses		(35,382)	(23,099)	53.2	(52,722)	(36,552)	44.2
		(27,078)	(15,326)	76.7	(10,150)	(15,557)	(34.8)
Included in other operating income/(expenses):							
Foreign exchange loss, net	(i)	(35,042)	(5,400)	n.m.	(52,245)	(16,269)	n.m.
Fair value adjustment on hedging instruments	(ii)	2,756	(16,897)	n.m.	26,825	(19,055)	n.m.
Gain on disposal of property, plant and equipment, net		9	112	(92.0)	41	235	(82.6)
Rental income		2,790	3,840	(27.3)	6,504	7,663	(15.1)
Other income		2,749	3,821	(28.1)	9,202	13,097	(29.7)
Other expenses		(340)	(802)	(57.6)	(477)	(1,228)	(61.2)
		(27,078)	(15,326)	76.7	(10,150)	(15,557)	(34.8)

(i) Foreign exchange loss in 2Q 2016 and 1H 2016 mainly arose from the revaluation of assets and liabilities denominated in Pounds sterling and United States dollar to Singapore dollar against the foreign exchange rate as at the previous year end.

(ii) Fair value adjustment on hedging instruments was due to mark-to-market adjustments of foreign currency forward contracts.

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

2c. General and administrative expenses

		Group			Group		
		2Q 2016 $'000	2Q 2015 $'000	+ / (-) %	1H 2016 $'000	1H 2015 $'000	+ / (-) %
General and administrative expenses	(i)	(25,834)	(36,607)	(29.4)	(51,634)	(67,253)	(23.2)
Included in general and administrative expenses:							
Personnel and related costs		(15,002)	(18,241)	(17.8)	(27,025)	(35,186)	(23.2)
Depreciation and amortisation		(2,101)	(902)	n.m.	(4,070)	(1,938)	n.m.
Allowance for doubtful debts and bad debts, net		(204)	(1,884)	(89.2)	(268)	(2,243)	(88.1)

(i) Lower general and administrative expenses in 2Q 2016 were mainly due to lower personnel related costs and lower professional fees.

Lower general and administrative expenses in 1H 2016 were mainly due to lower personnel related costs arising from the write-back of prior year bonus provision.

2d. Finance income

Lower finance income in 2Q 2016 and 1H 2016 was mainly due to lower interest income as compared to the corresponding period in 2015.

2e. Finance costs

		Group			Group		
		2Q 2016 $'000	2Q 2015 $'000	+ / (-) %	1H 2016 $'000	1H 2015 $'000	+ / (-) %
Finance costs		(22,510)	(11,195)	n.m.	(40,373)	(20,728)	94.8
Included in finance costs:							
Interest expense	(i)	(22,068)	(10,917)	n.m.	(39,359)	(19,837)	98.4
Commitment and facility fees		(442)	(278)	59.0	(1,014)	(891)	13.8
		(22,510)	(11,195)	n.m.	(40,373)	(20,728)	94.8

(i) Higher interest expense in 2Q 2016 and 1H 2016 was mainly due to higher bank borrowings as compared to the corresponding period in 2015.

2f. Investment income

Investment income in 2Q 2015 and 1H 2015 was mainly due to dividend received from investments.

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

2g. Non-operating income/(expenses)

		Group			Group		
		2Q 2016 $'000	2Q 2015 $'000	+ / (-) %	1H 2016 $'000	1H 2015 $'000	+ / (-) %
Non-operating income		-	(122)	n.m.	9,502	65	n.m.
Non-operating expenses		(8,355)	-	n.m.	(8,355)	(1)	n.m.
		(8,355)	(122)	n.m.	1,147	64	n.m.
Included in non-operating income/(expenses):							
Gain on disposal of a joint venture		-	-	n.m.	186	-	n.m.
Gain on deemed disposal of available-for-sale financial asset	(i)	-	-	n.m.	9,316	-	n.m.
Net change in fair value of financial assets measured through profit or loss		-	(122)	n.m.	-	64	n.m.
Impairment of available-for-sale financial assets		(8,355)	-	n.m.	(8,355)	-	n.m.
		(8,355)	(122)	n.m.	1,147	64	n.m.

(i) The gain on deemed disposal of available-for-sale financial asset arose from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016.

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

The share of results of associates and joint ventures decreased in 2Q 2016 and 1H 2016 mainly due to share of losses from associates.

2i. Tax expense

		Group			Group		
		2Q 2016 $'000	2Q 2015 $'000	+ / (-) %	1H 2016 $'000	1H 2015 $'000	+ / (-) %
Tax expense	(i)	(8,507)	(22,810)	(62.7)	(21,196)	(49,098)	(56.8)
Included in tax expense:							
(Under provision)/write-back of tax in respect of prior years, net		(297)	-	n.m.	(367)	1,609	n.m.

(i) Lower tax expense in 2Q 2016 and 1H 2016 was mainly due to lower taxable profits. The higher effective tax rates in 2Q 2016 and 1H 2016 was mainly due to deferred tax assets recognised only to the extent that it is probable that the related tax benefit will be realised.

2j. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group 2Q 2016	2Q 2015	+ / (-) %	Group 1H 2016	1H 2015	+ / (-) %
(i) Based on the weighted average number of shares (cents)	0.55	5.23	(89.5)	3.17	10.30	(69.2)
- Weighted average number of shares ('000)	2,089,740	2,088,731	-	2,088,862	2,088,601	-
(ii) On a fully diluted basis (cents)	0.55	5.23	(89.5)	3.17	10.30	(69.2)
- Adjusted weighted average number of shares ('000)	2,089,740	2,089,060	-	2,088,862	2,088,930	-

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group 2Q 2016 $'000	Group 2Q 2015 $'000	+ / (-) %	Group 1H 2016 $'000	Group 1H 2015 $'000	+ / (-) %
Profit for the period		**10,737**	**113,167**	**(90.5)**	**66,342**	**222,064**	**(70.1)**
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations	3a(i)	(30,641)	(56,282)	(45.6)	(52,904)	32,812	n.m.
Net change in fair value of cash flow hedges	3a(ii)	14,122	53,318	(73.5)	41,563	16,459	n.m.
Net change in fair value of available-for-sale financial assets	3a(iii)	(7,742)	(2,970)	n.m.	(27,321)	(1,723)	n.m.
Change in fair value of available-for-sale financial assets transferred to profit or loss	3a(iv)	8,355	-	n.m.	8,355	-	n.m.
Other comprehensive income for the period, net of tax		(15,906)	(5,934)	n.m	(30,307)	47,548	n.m.
Total comprehensive income for the period		**(5,169)**	**107,233**	**n.m.**	**36,035**	**269,612**	**(86.6)**
Total comprehensive income attributable to:							
Owners of the Company		(1,342)	109,375	n.m.	40,951	258,369	(84.2)
Non-controlling interests		(3,827)	(2,142)	78.7	(4,916)	11,243	n.m.
Total comprehensive income for the period		**(5,169)**	**107,233**	**n.m.**	**36,035**	**269,612**	**(86.6)**

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

(i) The translation differences mainly arose from the consolidation of entities whose functional currencies are United States dollars and Renminbi.

(ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.

(iii) Fair value changes were mainly attributable to the mark-to-market adjustments of quoted prices of available-for-sale assets.

(iv) Reclassification to profit or loss on impairment of available-for-sale financial assets.

4. BALANCE SHEETS

	Group		Company	
	30-Jun-2016	31-Dec-2015	30-Jun-2016	31-Dec-2015
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	3,704,802	3,540,555	92,586	94,490
Investment properties	-	-	19,904	20,733
Investments in subsidiaries	-	-	564,148	503,022
Interests in associates and joint ventures	296,077	312,056	107,369	107,369
Other financial assets	69,944	107,263	44,728	70,429
Trade and other receivables	53,412	54,106	39,598	54,515
Intangible assets	162,939	46,607	184	184
Deferred tax assets	21,816	23,499	-	-
	4,308,990	4,084,086	868,517	850,742
Current assets				
Inventories and work-in-progress	3,767,897	3,833,066	-	-
Trade and other receivables	846,869	589,711	57,597	48,329
Tax recoverable	4,156	3,893	1,611	1,611
Other financial assets	20,373	61,061	-	-
Cash and cash equivalents	967,992	629,305	8,153	10,908
	5,607,287	5,117,036	67,361	60,848
Total assets	9,916,277	9,201,122	935,878	911,590
Current liabilities				
Trade and other payables	2,315,092	2,518,677	21,378	22,502
Excess of progress billings over work-in-progress	567,618	288,067	-	-
Provisions	16,558	24,136	6,771	6,771
Other financial liabilities	83,795	104,614	-	-
Current tax payable	52,552	46,601	-	-
Interest-bearing borrowings	654,820	914,951	-	-
	3,690,435	3,897,046	28,149	29,273
Net current assets	1,916,852	1,219,990	39,212	31,575
Non-current liabilities				
Deferred tax liabilities	52,383	42,722	9,875	10,541
Provisions	51,602	51,391	18,036	18,036
Other financial liabilities	1,559	2,635	-	-
Interest-bearing borrowings	3,326,580	2,465,224	-	-
Other long-term payables	79,280	77,825	4,738	5,580
	3,511,404	2,639,797	32,649	34,157
Total liabilities	7,201,839	6,536,843	60,798	63,430
Net assets	**2,714,438**	**2,664,279**	**875,080**	**848,160**
Equity attributable to owners of the Company				
Share capital	484,288	484,288	484,288	484,288
Other reserves	(12,146)	9,770	(25,359)	(7,988)
Revenue reserve	2,041,630	2,017,147	416,151	371,860
	2,513,772	2,511,205	875,080	848,160
Non-controlling interests	200,666	153,074	-	-
Total equity	**2,714,438**	**2,664,279**	**875,080**	**848,160**

4. BALANCE SHEETS (Cont'd)

4a. Group's borrowings and debt securities

Interest-bearing borrowings:	As at 30-Jun-2016 $'000	As at 31-Dec-2015 $'000
(i) **Amount repayable in one year or less, or on demand**		
Unsecured	654,820	914,951
(ii) **Amount repayable after one year**		
Unsecured	3,326,580	2,465,224

4b. Net asset value

	Group		Company	
	30-Jun-2016	31-Dec-2015	30-Jun-2016	31-Dec-2015
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	120.29	120.24	41.88	40.61

4c. Explanatory notes to Balance Sheets

(i) Group

Non-current assets

'Other financial assets' decreased mainly due to fair value adjustments of quoted equity shares and foreign currency forward contracts.

'Intangible assets' increased mainly due to acquisition of Gravifloat AS in March 2016.

Current assets

'Inventories and work-in-progress' comprised mainly work-in-progress, and the recoverability of work-in-progress from the rig building segment is dependent on the customers taking delivery of the rigs in the future. With the successful delivery of a jack-up rig in July 2016, the work-in-progress will be further reduced. An amount of $550.8 million was received from the customer following the delivery of the jack-up rig.

'Trade and other receivables' increased mainly due to billings for ongoing projects and timing of receipts. An amount of $357.9 million was subsequently received for certain floater and offshore platform projects in July 2016.

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

'Cash and cash equivalents' increased mainly due to proceeds from borrowings.

Current liabilities

'Excess of progress billings over work-in-progress' increased mainly due to billing to a customer for offshore platforms project.

'Provisions' decreased mainly due to write back of allowance made for warranty provision.

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

'Current tax payable' increased mainly due to current year tax provision, offset by payments made during the period.

'Interest-bearing borrowings' decreased mainly due to refinancing of short term borrowings to long term borrowings. The Group has secured adequate committed long term banking facilities to refinance the short term borrowings as they fall due.

4. BALANCE SHEETS (Cont'd)

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

(i) Group (Cont'd)

Non-current liabilities

'Deferred tax liabilities' increased mainly due to tax effects of fair value adjustments on foreign currency forward contracts and movement in temporary differences.

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

'Interest-bearing borrowings' increased mainly due to borrowings for working capital and capital expenditures, and refinancing of short term borrowings to long term borrowings.

Equity

'Other reserves' deficit mainly due to fair value adjustments on quoted prices of available-for-sale financial assets, lower foreign currency translation gain for foreign operations, offset by fair value adjustments on foreign currency forward contracts.

'Non-controlling interests' increased mainly due to acquisition of subsidiary (Gravifloat AS) with non-controlling interests.

(ii) Company

Non-current assets

'Investments in subsidiaries' increased mainly due to the acquisition of Gravifloat AS.

'Other financial assets' decreased mainly due to fair value adjustments of quoted equity shares, and deemed disposal of other financial asset arising from the Group's step-up acquisition of Gravifloat AS from 12% to 56% in March 2016.

'Trade and other receivables' decreased mainly due to receipts from subsidiaries.

Current assets

'Trade and other receivables' increased mainly due to billings to subsidiaries.

'Cash and cash equivalents' decreased mainly due to dividends paid.

Non-current liabilities

'Other long-term payables' decreased mainly due to lower long-term employee benefits.

Equity

'Other reserves' deficit increased mainly due to fair value adjustments on quoted prices of available-for-sale financial assets.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group 2Q 2016 $'000	2Q 2015 $'000	1H 2016 $'000	1H 2015 $'000
Cash flows from operating activities:					
Profit for the period		10,737	113,167	66,342	222,064
Adjustments for:					
Finance income		(1,267)	(2,315)	(3,576)	(4,747)
Finance costs		22,510	11,195	40,373	20,728
Investment income		-	(557)	-	(557)
Depreciation of property, plant and equipment		34,127	29,880	67,336	59,195
Amortisation of intangible assets		1,502	1,502	3,004	3,004
Share of results of associates and joint ventures, net of tax		4,718	2,616	2,106	(1,252)
Gain on disposal of property, plant and equipment		(9)	(112)	(41)	(235)
Gain on disposal of a joint venture		-	-	(186)	-
Gain on deemed disposal of available-for-sale financial asset		-	-	(9,316)	-
Fair value adjustment on hedging instruments		(2,756)	16,897	(26,825)	19,055
Net change in fair value of financial assets measured through profit or loss		-	122	-	(64)
Impairment losses on available-for-sale financial assets		8,355	-	8,355	-
Share-based payment expenses		4,911	1,276	6,510	3,621
Property, plant and equipment written off		11	1	11	7
Inventories (written back)/written down, net		(818)	34	(783)	69
Allowance for doubtful debts and bad debts, net		199	1,884	263	2,243
Tax expense		8,507	22,810	21,196	49,098
Operating profit before working capital changes		90,727	198,400	174,769	372,229
Changes in working capital:					
Inventories and work-in-progress		127,001	(249,033)	345,503	(162,834)
Trade and other receivables		(154,868)	(339,065)	(256,695)	(433,807)
Trade and other payables		2,394	72,348	(256,858)	(109,394)
Cash used in operations		65,254	(317,350)	6,719	(333,806)
Investment and interest income received		1,264	2,879	3,544	5,366
Interest paid		(25,659)	(9,595)	(39,912)	(29,819)
Tax paid		(10,831)	(34,489)	(13,238)	(49,981)
Net cash generated from/(used in) operating activities		30,028	(358,555)	(42,887)	(408,240)
Cash flows from investing activities:					
Purchase of property, plant and equipment		(87,522)	(216,304)	(189,572)	(437,927)
Proceeds from sale of property, plant and equipment		19	118	91	394
Acquisition of subsidiary, net of cash acquired	5b	-	-	(47,258)	-
Acquisition of a joint venture		(3,258)	-	(3,258)	-
Acquisition of other financial assets		-	-	-	(16)
Proceeds from disposal of a joint venture		-	-	450	-
Net cash used in investing activities		(90,761)	(216,186)	(239,547)	(437,549)
Cash flows from financing activities:					
Proceeds from borrowings		371,430	443,637	1,140,233	763,825
Repayment of borrowings		(252,895)	(4,042)	(447,789)	(8,220)
Proceeds from share options exercised		-	983	-	1,380
Purchase of treasury shares		(828)	(473)	(2,349)	(10,978)
Dividends paid to owners of the Company		(41,795)	(167,102)	(41,795)	(167,102)
Dividends paid to non-controlling interests of subsidiaries		-	(9,277)	-	(9,277)
Capital contribution by non-controlling interests		-	-	-	157
Net cash generated from financing activities		75,912	263,726	648,300	569,785
Net increase/(decrease) in cash and cash equivalents		15,179	(311,015)	365,866	(276,004)
Cash and cash equivalents at beginning of the period		955,283	1,124,589	627,282	1,076,783
Effect of exchange rate changes on balances held in foreign currencies		(4,145)	(10,015)	(26,831)	2,780
Cash and cash equivalents at end of the period		**966,317**	**803,559**	**966,317**	**803,559**

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:

	30-Jun-2016 $'000	30-Jun-2015 $'000
Fixed deposits	38,724	6,023
Cash and bank balances	929,268	799,609
Cash and cash equivalents in balance sheets	967,992	805,632
Bank overdrafts	(1,675)	(2,073)
Cash and cash equivalents in consolidated statement of cash flows	966,317	803,559

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

	1H 2016[1] $'000	1H 2015 $'000
(i) Effect on cash flows of the Group		
Cash paid	47,258	-
Cash outflow on acquisition	47,258	-
(ii) Identifiable assets acquired and liabilities assumed		
Intangible assets*	119,336	-
Total assets	119,336	-
Net identifiable assets	119,336	-
Less: Non-controlling interests	(52,508)	-
Less: Amount previously accounted for as *available-for-sale financial asset*	(5,004)	-
Less: Gain on step up acquisition of *available-for-sale financial asset*	(9,316)	-
Consideration transferred for the business	52,508	-

[1] Step-up acquisition of Gravifloat AS, previously available-for-sale financial asset

** Fair value is measured on a provisional basis*

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

5c. Explanatory notes to Consolidated Statement of Cash Flows

Second quarter

Cash flows from operating activities before changes in working capital were $90.7 million in 2Q 2016. Net cash generated from operating activities for 2Q 2016 at $30.0 million was mainly due to receipts from completed rig building projects.

Net cash used in investing activities for 2Q 2016 was $90.8 million. The Group spent $87.5 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas.

Net cash generated from financing activities for 2Q 2016 was $75.9 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

Half year

Cash flows from operating activities before changes in working capital were $174.8 million in 1H 2016. Net cash used in operating activities for 1H 2016 at $42.9 million was mainly due to working capital for the ongoing rig building projects.

Net cash used in investing activities for 1H 2016 was $239.5 million. The Group spent $189.6 million on expansion and operational capital expenditures, mainly for the Brazil new yard and Phase II of Sembmarine Integrated Yard @ Tuas.

Net cash generated from financing activities for 1H 2016 was $648.3 million. It relates mainly to net proceeds from borrowings, offset by dividends paid.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to owners of the Company								
	Share capital $'000	Reserve for own shares $'000	Capital reserves $'000	Currency translation reserve $'000	Other reserves $'000	Revenue reserve $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
1Q 2016									
At 1 January 2016	**484,288**	**(3,149)**	**25,574**	**50,903**	**(63,558)**	**2,017,147**	**2,511,205**	**153,074**	**2,664,279**
Total comprehensive income									
Profit for the period	-	-	-	-	-	54,826	54,826	779	55,605
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(20,395)	-	-	(20,395)	(1,868)	(22,263)
Net change in fair value of cash flow hedges	-	-	-	-	27,441	-	27,441	-	27,441
Net change in fair value of available-for-sale financial assets	-	-	-	-	(19,579)	-	(19,579)	-	(19,579)
Total other comprehensive income	-	-	-	(20,395)	7,862	-	(12,533)	(1,868)	(14,401)
Total comprehensive income	**-**	**-**	**-**	**(20,395)**	**7,862**	**54,826**	**42,293**	**(1,089)**	**41,204**
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(1,521)	-	-	-	-	(1,521)	-	(1,521)
Issue of treasury shares	-	4,626	-	-	(4,626)	-	-	-	-
Share-based payments	-	-	-	-	1,369	-	1,369	-	1,369
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	52,508	52,508
Total transactions with owners	**-**	**3,105**	**-**	**-**	**(3,257)**	**-**	**(152)**	**52,508**	**52,356**
At 31 March 2016	**484,288**	**(44)**	**25,574**	**30,508**	**(58,953)**	**2,071,973**	**2,553,346**	**204,493**	**2,757,839**
2Q 2016									
Total comprehensive income									
Profit for the period	-	-	-	-	-	11,452	11,452	(715)	10,737
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(27,529)	-	-	(27,529)	(3,112)	(30,641)
Net change in fair value of cash flow hedges	-	-	-	-	14,122	-	14,122	-	14,122
Net change in fair value of available-for-sale financial assets	-	-	-	-	(7,742)	-	(7,742)	-	(7,742)
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	-	8,355	-	8,355	-	8,355
Total other comprehensive income	-	-	-	(27,529)	14,735	-	(12,794)	(3,112)	(15,906)
Total comprehensive income	**-**	**-**	**-**	**(27,529)**	**14,735**	**11,452**	**(1,342)**	**(3,827)**	**(5,169)**
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(828)	-	-	-	-	(828)	-	(828)
Issue of treasury shares	-	840	-	-	(4)	-	836	-	836
Dividends paid	-	-	-	-	-	(41,795)	(41,795)	-	(41,795)
Share-based payments	-	-	-	-	3,555	-	3,555	-	3,555
Total transactions with owners	**-**	**12**	**-**	**-**	**3,551**	**(41,795)**	**(38,232)**	**-**	**(38,232)**
At 30 June 2016	**484,288**	**(32)**	**25,574**	**2,979**	**(40,667)**	**2,041,630**	**2,513,772**	**200,666**	**2,714,438**

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

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

	Attributable to owners of the Company								
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Other reserves	Revenue reserve	Total	Non-controlling interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
1Q 2015									
At 1 January 2015	**484,288**	**(1,715)**	**25,574**	**(17,044)**	**(83,440)**	**2,557,455**	**2,965,118**	**166,909**	**3,132,027**
Total comprehensive income									
Profit for the period	-	-	-	-	-	105,871	105,871	3,026	108,897
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	78,735	-	-	78,735	10,359	89,094
Net change in fair value of cash flow hedges	-	-	-	-	(36,859)	-	(36,859)	-	(36,859)
Net change in fair value of available-for-sale financial assets	-	-	-	-	1,247	-	1,247	-	1,247
Total other comprehensive income	-	-	-	78,735	(35,612)	-	43,123	10,359	53,482
Total comprehensive income	**-**	**-**	**-**	**78,735**	**(35,612)**	**105,871**	**148,994**	**13,385**	**162,379**
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(10,505)	-	-	-	-	(10,505)	-	(10,505)
Issue of treasury shares	-	8,823	-	-	(8,426)	-	397	-	397
Share-based payments	-	-	-	-	1,827	-	1,827	-	1,827
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	157	157
Total transactions with owners	**-**	**(1,682)**	**-**	**-**	**(6,599)**	**-**	**(8,281)**	**157**	**(8,124)**
At 31 March 2015	**484,288**	**(3,397)**	**25,574**	**61,691**	**(125,651)**	**2,663,326**	**3,105,831**	**180,451**	**3,286,282**
2Q 2015									
Total comprehensive income									
Profit for the period	-	-	-	-	-	109,234	109,234	3,933	113,167
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(50,207)	-	-	(50,207)	(6,075)	(56,282)
Net change in fair value of cash flow hedges	-	-	-	-	53,318	-	53,318	-	53,318
Net change in fair value of available-for-sale financial assets	-	-	-	-	(2,970)	-	(2,970)	-	(2,970)
Total other comprehensive income	-	-	-	(50,207)	50,348	-	141	(6,075)	(5,934)
Total comprehensive income	**-**	**-**	**-**	**(50,207)**	**50,348**	**109,234**	**109,375**	**(2,142)**	**107,233**
Transactions with owners of the Company, recognised directly in equity									
Purchase of treasury shares	-	(473)	-	-	-	-	(473)	-	(473)
Issue of treasury shares	-	1,238	-	-	(259)	-	979	-	979
Dividends paid	-	-	-	-	-	(167,102)	(167,102)	(9,277)	(176,379)
Share-based payments	-	-	-	-	1,951	-	1,951	-	1,951
Total transactions with owners	**-**	**765**	**-**	**-**	**1,692**	**(167,102)**	**(164,645)**	**(9,277)**	**(173,922)**
At 30 June 2015	**484,288**	**(2,632)**	**25,574**	**11,484**	**(73,611)**	**2,605,458**	**3,050,561**	**169,032**	**3,219,593**

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

6b. Statements of Changes in Equity of the Company

	Share capital $'000	Reserve for own shares $'000	Capital reserves $'000	Other reserves $'000	Revenue reserve $'000	Total Equity $'000
1Q 2016						
At 1 January 2016	**484,288**	**(3,149)**	**960**	**(5,799)**	**371,860**	**848,160**
Total comprehensive income						
Profit for the period	-	-	-	-	80,089	80,089
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(15,439)	-	(15,439)
Total other comprehensive income	-	-	-	(15,439)	-	(15,439)
Total comprehensive income	**-**	**-**	**-**	**(15,439)**	**80,089**	**64,650**
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(1,521)	-	-	-	(1,521)
Issue of treasury shares	-	4,626	-	(4,626)	-	-
Share-based payments	-	-	-	308	-	308
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,061	-	1,061
Total transactions with owners	**-**	**3,105**	**-**	**(3,257)**	**-**	**(152)**
At 31 March 2016	**484,288**	**(44)**	**960**	**(24,495)**	**451,949**	**912,658**
2Q 2016						
Total comprehensive income						
Profit for the period	-	-	-	-	5,997	5,997
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(5,258)	-	(5,258)
Total other comprehensive income	-	-	-	(5,258)	-	(5,258)
Total comprehensive income	**-**	**-**	**-**	**(5,258)**	**5,997**	**739**
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(828)	-	-	-	(828)
Issue of treasury shares	-	840	-	-	-	840
Dividends paid	-	-	-	-	(41,795)	(41,795)
Share-based payments	-	-	-	913	-	913
Cost of share-based payment issued to employees of subsidiaries	-	-	-	2,553	-	2,553
Total transactions with owners	**-**	**12**	**-**	**3,466**	**(41,795)**	**(38,317)**
At 30 June 2016	**484,288**	**(32)**	**960**	**(26,287)**	**416,151**	**875,080**

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

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

	Share capital $'000	Reserve for own shares $'000	Capital reserves $'000	Other reserves $'000	Revenue reserve $'000	Total Equity $'000
1Q 2015						
At 1 January 2015	**484,288**	**(1,715)**	**960**	**(15,978)**	**374,737**	**842,292**
Total comprehensive income						
Profit for the period	-	-	-	-	426	426
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	3,524	-	3,524
Total other comprehensive income	-	-	-	3,524	-	3,524
Total comprehensive income	**-**	**-**	**-**	**3,524**	**426**	**3,950**
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(10,505)	-	-	-	(10,505)
Issue of treasury shares	-	8,823	-	(8,426)	-	397
Share-based payments	-	-	-	357	-	357
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,531	-	1,531
Total transactions with owners	**-**	**(1,682)**	**-**	**(6,538)**	**-**	**(8,220)**
At 31 March 2015	**484,288**	**(3,397)**	**960**	**(18,992)**	**375,163**	**838,022**
2Q 2015						
Total comprehensive income						
Profit for the period	-	-	-	-	162,648	162,648
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	-	-	(1,935)	-	(1,935)
Total other comprehensive income	-	-	-	(1,935)	-	(1,935)
Total comprehensive income	**-**	**-**	**-**	**(1,935)**	**162,648**	**160,713**
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(473)	-	-	-	(473)
Issue of treasury shares	-	1,238	-	(255)	-	983
Dividends paid	-	-	-	-	(167,102)	(167,102)
Share-based payments	-	-	-	359	-	359
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,531	-	1,531
Total transactions with owners	**-**	**765**	**-**	**1,635**	**(167,102)**	**(164,702)**
At 30 June 2015	**484,288**	**(2,632)**	**960**	**(19,292)**	**370,709**	**834,033**

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

As at 30 June 2016, the Company's issued and paid up capital, excluding treasury shares, comprises 2,089,740,293 (31 December 2015: 2,088,567,580) ordinary shares.

(ii) Share Options

During 2Q 2016, there were no (2Q 2015: 231,500) share options exercised under the Company's Share Option Plan ("SOP") and settled by way of issuance of treasury shares.

In 2Q 2016, there were no (2Q 2015: 44,600) share options that lapsed.

As at 30 June 2016, there were 973,312 (30 June 2015: 1,400,402) unissued ordinary shares under options granted to eligible employees and directors under the SOP.

(iii) Performance Shares

During 2Q 2016, there were 1,918,000 (2Q 2015: 1,215,000) performance shares awarded under the Company's Performance Share Plan ("PSP").

In 2Q 2016, there were no (2Q 2015: 75,000) performance shares that lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2016 was 4,513,000 (30 June 2015: 3,275,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 6,769,500 (30 June 2015: 4,912,500) performance shares.

(iv) Restricted Shares

In 2Q 2016, there were 8,232,700 (2Q 2015: 5,130,501) restricted shares awarded under the Company's Restricted Share Plan ("RSP").

During 2Q 2016, 516,300 (2Q 2015: 168,914) restricted shares were released under the RSP and no (2Q 2015: 134,781) restricted shares lapsed. The restricted shares released were settled by way of issuance of treasury shares.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2016 was 14,127,414 (30 June 2015: 10,364,359). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2016 was 12,550,201 (30 June 2015: 7,774,691). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 18,825,302 (30 June 2015: 11,662,037) restricted shares.

(v) Treasury Shares

During 2Q 2016, the Company acquired 516,300 (2Q 2015: 159,200) ordinary shares in the Company by way of on-market purchases.

In 2Q 2016, 516,300 treasury shares were issued pursuant to the RSP (2Q 2015: 400,414 treasury shares were issued pursuant to the SOP and RSP).

As at 30 June 2016, 19,814 (30 June 2015: 853,273) treasury shares were held that may be issued upon the exercise of the 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. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 – Engagements to Perform Agreed-upon Procedures Regarding Financial Information. These procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements.

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 31 December 2015.

10. CHANGES IN ACCOUNTING POLICIES

The following new/amended FRSs have become effective from 1 January 2016:

Amendments to FRSs	
- FRS 1	Presentation of Financial Statements
- FRS 16	Property, Plant and Equipment
- FRS 27	Separate Financial Statements
- FRS 28	Investments in Associates and Joint Ventures
- FRS 38	Intangible Assets
- FRS 110	Consolidated Financial Statements
- FRS 111	Joint Arrangements
- FRS 112	Disclosure of interests in other entities
Improvements to FRSs (November 2014)	
- FRS 19	Employee Benefit Plans: Employee Contributions
- FRS 105	Non-current Assets Held for Sale and Discontinued Operations

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

11. REVIEW OF GROUP PERFORMANCE

(i) Turnover

	2Q 2016 $'m	2Q 2015 $'m	+ / (-) $'m	+ / (-) %	1H 2016 $'m	1H 2015 $'m	+ / (-) $'m	+ / (-) %
Rigs & Floaters	415.7	773.9	(358.2)	(46.3)	955.6	1,720.6	(765.0)	(44.5)
Repairs & Upgrades	145.7	165.7	(20.0)	(12.1)	244.9	265.8	(20.9)	(7.9)
Offshore Platforms	328.3	250.5	77.8	31.1	589.4	487.8	101.6	20.8
Other Activities	18.8	17.5	1.3	7.4	37.0	37.1	(0.1)	(0.3)
	908.5	**1,207.6**	**(299.1)**	**(24.8)**	**1,826.9**	**2,511.3**	**(684.4)**	**(27.3)**

Turnover for 2Q 2016 and 1H 2016 decreased mainly due to the lower revenue recognition for rig building projects resulting from customers' delivery deferment requests. For the offshore platforms projects, turnover was higher in 2Q 2016 and 1H 2016.

(ii) Profit attributable to Owners of the Company ("Net profit")

Operating profit for 2Q 2016 before the effects of foreign exchange was higher than 1Q 2016. Net profit for 2Q 2016 decreased mainly due to lower contribution from rig building projects resulting from customers' delivery deferment requests, foreign exchange translation, higher finance costs, impairment of available-for-sale financial assets and share of losses from associates.

Net profit for 1H 2016 decreased mainly due to lower contribution from rig building projects resulting from customers' delivery deferment requests, higher finance costs, impairment of available-for-sale financial assets and share of losses from associates. These are offset by gain on deemed disposal of available-for-sale financial asset arising from the step-up acquisition of Gravifloat AS.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

Global economic growth remains subdued and uncertain. More offshore exploration and production projects have been curtailed. Capital investments in oil & gas are significantly down and this will continue to have a negative impact on the recovery process.

There has been no significant development since Sete Brasil's filing for judicial restructuring on 29 April 2016. We will continue to engage Sete Brasil.

The Group remains focussed on delivering from its order backlog with net orders totalling $9.2 billion as at end June 2016. The Group's recent significant and successful project deliveries have improved cash flow.

During these challenging times, the Group will continue to focus on costs, liquidity and balance sheet management. The Group continues to rigorously optimise its manpower requirements. We will remain prudent and will actively manage our balance sheet to maintain a healthy financial position.

Sembcorp Marine's strategic investments in infrastructure and technology over the years have enhanced our resilience to navigate through these tough times. We have gone through several down-cycles in the past and have built up a strong core that will enable us to weather the elements during this difficult period.

This release may contain 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, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

14. DIVIDEND

(i) Current Financial Period Reported On

Name of Dividend	**Interim Ordinary One-tier tax exempt**
Dividend Type	Cash
Dividend Amount (cents per share)	1.5

(ii) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	**Interim Ordinary One-tier tax exempt**
Dividend Type	Cash
Dividend Amount (cents per share)	4.0

(iii) Date payable

The interim dividend will be paid on 29 August 2016.

(iv) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 18 August 2016 for the preparation of dividend warrants. Duly completed transfers received by the Registrar, KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00 KH Kea building, Singapore 188721, up to 5 p.m. on 17 August 2016 will be registered before entitlements to dividend are determined.

15. SEGMENTAL REPORTING

1H 2016

(i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding $'000	Ship chartering $'000	Others $'000	Eliminations $'000	Total $'000
Turnover					
Sales to external parties	1,792,176	28,739	6,002	-	1,826,917
Inter-segment sales	-	-	90,941	(90,941)	-
Total	**1,792,176**	**28,739**	**96,943**	**(90,941)**	**1,826,917**
Results					
Segment results	118,341	4,828	2,125	-	125,294
Finance income	3,491	-	85	-	3,576
Finance costs	(39,139)	(1,234)	-	-	(40,373)
Non-operating income	9,316	-	186	-	9,502
Non-operating expenses	-	-	(8,355)	-	(8,355)
Share of results of associates and joint ventures, net of tax	(2,984)	278	600	-	(2,106)
Profit before tax	89,025	3,872	(5,359)	-	87,538
Tax expense	(20,813)	-	(383)	-	(21,196)
Profit for the period	**68,212**	**3,872**	**(5,742)**	**-**	**66,342**
Assets					
Segment assets	9,247,360	252,932	93,936	-	9,594,228
Investments in associates and joint ventures	227,667	60,252	8,158	-	296,077
Deferred tax assets	21,816	-	-	-	21,816
Tax recoverable	4,156	-	-	-	4,156
Total assets	**9,500,999**	**313,184**	**102,094**	**-**	**9,916,277**
Liabilities					
Segment liabilities	6,935,129	103,928	57,847	-	7,096,904
Deferred tax liabilities	52,033	-	350	-	52,383
Current tax payable	50,438	-	2,114	-	52,552
Total liabilities	**7,037,600**	**103,928**	**60,311**	**-**	**7,201,839**
Capital expenditure	185,796	-	344	-	**186,140**
Significant non-cash items					
Depreciation and amortisation	65,167	4,574	599	-	**70,340**
Fair value adjustment on hedging instruments	(26,825)	-	-	-	**(26,825)**
Property, plant and equipment written off	11	-	-	-	**11**
Inventories written back, net	(783)	-	-	-	**(783)**
Allowance for doubtful debts and bad debts, net	263	-	-	-	**263**

(ii) Geographical Segments:

	Turnover from external customers $'000	Non-current assets [(1)] $'000	Total assets $'000	Capital expenditure $'000
Singapore	142,443	2,315,610	7,834,304	80,567
China	-	219,730	219,765	-
Rest of ASEAN, Australia & India	158,682	166,379	286,381	8,390
Middle East & Africa	3,727	-	-	-
United Kingdom	220,043	5,836	10,251	278
Norway	218,069	122,594	122,594	-
The Netherlands	242,293	220,876	254,578	-
Austria	231,958	-	-	-
Rest of Europe	155,159	-	-	-
Brazil	41,738	1,162,103	1,182,591	96,898
U.S.A.	412,805	4,076	5,813	7
Total	**1,826,917**	**4,217,204**	**9,916,277**	**186,140**

[(1)] *Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.*

15. SEGMENTAL REPORTING (Cont'd)

1H 2015

(i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding $'000	Ship chartering $'000	Others $'000	Eliminations $'000	Total $'000
Turnover					
Sales to external parties	2,475,797	25,578	9,878	-	2,511,253
Inter-segment sales	-	-	110,701	(110,701)	-
Total	**2,475,797**	**25,578**	**120,579**	**(110,701)**	**2,511,253**
Results					
Segment results	273,281	6,584	5,405	-	285,270
Finance income	4,648	-	99	-	4,747
Finance costs	(19,305)	(1,423)	-	-	(20,728)
Investment income	-	-	557	-	557
Non-operating income	65	-	-	-	65
Non-operating expenses	(1)	-	-	-	(1)
Share of results of associates and joint ventures, net of tax	(2,308)	2,812	748	-	1,252
Profit before tax	256,380	7,973	6,809	-	271,162
Tax expense	(48,166)	-	(932)	-	(49,098)
Profit for the period	**208,214**	**7,973**	**5,877**	**-**	**222,064**
Assets					
Segment assets	7,670,688	244,727	120,312	-	8,035,727
Investments in associates and joint ventures	414,365	60,453	6,812	-	481,630
Deferred tax assets	8,030	-	-	-	8,030
Tax recoverable	305	-	-	-	305
Total assets	**8,093,388**	**305,180**	**127,124**	**-**	**8,525,692**
Liabilities					
Segment liabilities	4,909,766	122,641	19,012	-	5,051,419
Deferred tax liabilities	139,648	-	412	-	140,060
Current tax payable	112,030	-	2,590	-	114,620
Total liabilities	**5,161,444**	**122,641**	**22,014**	**-**	**5,306,099**
Capital expenditure	419,466	-	236	-	**419,702**
Significant non-cash items					
Depreciation and amortisation	57,287	4,461	451	-	**62,199**
Fair value adjustment on hedging instruments	19,055	-	-	-	**19,055**
Property, plant and equipment written off	7	-	-	-	**7**
Inventories written down, net	69	-	-	-	**69**
Allowance for doubtful debts and bad debts, net	2,243	-	-	-	**2,243**

(ii) Geographical Segments:

	Turnover from external customers $'000	Non-current assets [(1)] $'000	Total assets $'000	Capital expenditure $'000
Singapore	372,269	2,074,069	6,673,556	171,280
China	-	409,264	409,293	-
Rest of ASEAN, Australia & India	182,479	149,987	174,736	8,371
Middle East & Africa	5,623	-	-	-
Norway	539,977	-	-	-
The Netherlands	447,572	230,209	244,680	-
Rest of Europe	308,921	6,685	29,268	363
Brazil	40,741	946,308	988,182	239,587
U.S.A.	532,553	4,110	5,977	101
Other countries	81,118	-	-	-
Total	**2,511,253**	**3,820,632**	**8,525,692**	**419,702**

(1) *Non-current assets presented consist of property, plant and equipment, investments in associates and joint ventures, trade and other receivables (other than financial instruments) and intangible assets.*

15. SEGMENTAL REPORTING (Cont'd)

15a. Explanatory notes to Segmental Reporting

(i) Business segments

The Group has two reportable segments, which are the Group's strategic business units. The strategic business units are managed separately because of their different business activities. The two reportable segments are (i) rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding (ii) ship chartering.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets and exclude inter-segment balances. Segment liabilities comprise mainly operating liabilities and exclude inter-segment balances. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Other operations include bulk trading in marine engineering related products; provision of harbour tug services to port users; collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

(ii) Geographical segments

The Group operates principally in the Republic of Singapore. 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.

(iii) Review of segment performance

Please refer to paragraph 11.

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)	
	1H 2016 $'000	**1H 2015 $'000**
Transaction for the Sales of Goods and Services		
PSA International Pte Ltd and its associates	1,299	2,188
Transaction for the Purchase of Goods and Services		
Sembcorp Industries Limited and its associates	111	-
Management and Support Services		
Sembcorp Industries Limited	125	125
Total Interested Person Transactions	**1,535**	**2,313**

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

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the second quarter and half year ended 30 June 2016 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

TAN YAH SZE
COMPANY SECRETARY

28 July 2016