

SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2015 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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SEMBCORP INDUSTRIES LTD

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2015

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended December 31, 2015.

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

1. GROUP INCOME STATEMENT

	Note	GROUP			GROUP		
		4Q15 \$'000	4Q14 \$'000	+ / (-) %	FY15 \$'000	FY14 \$'000	+ / (-) %
Turnover	2a	2,419,135	2,664,389	(9.2)	9,544,621	10,894,660	(12.4)
Cost of sales	2a	(2,618,773)	(2,240,878)	16.9	(8,812,960)	(9,479,983)	(7.0)
Gross (loss) / profit	2a	(199,638)	423,511	NM	731,661	1,414,677	(48.3)
General & administrative expenses	2b	(229,156)	(92,067)	148.9	(524,373)	(352,486)	48.8
Other income	2c	406,801	17,967	NM	531,950	103,611	413.4
Other expense (net)	2d	(58,256)	(9,052)	543.6	(113,959)	(26,924)	323.3
Finance income	2e	12,723	5,591	127.6	32,856	19,431	69.1
Finance costs	2e	(85,273)	(23,160)	268.2	(237,984)	(70,132)	239.3
Share of results of associates and joint ventures, net of tax	2f	(113,526)	35,442	NM	6,199	158,261	(96.1)
(Loss) / Profit before tax		(266,325)	358,232	NM	426,350	1,246,438	(65.8)
Tax credit / (expense)	2g	120,580	(25,549)	NM	28,052	(162,156)	NM
(Loss) / Profit for the period		(145,745)	332,683	NM	454,402	1,084,282	(58.1)
Attributable to:							
Owners of the Company		60,778	240,618	(74.7)	548,855	801,096	(31.5)
Non-controlling interests		(206,523)	92,065	NM	(94,453)	283,186	NM
		(145,745)	332,683	NM	454,402	1,084,282	(58.1)
Earnings per ordinary share (cents)							
	2h						
- basic		2.86	13.33	(78.5)	29.17	44.31	(34.2)
- diluted		2.83	13.22	(78.6)	28.95	43.98	(34.2)
Economic value added							
	2i	(391,467)	174,623	NM	(394,634)	524,720	NM

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

	GROUP			GROUP		
	4Q15 \$'000	4Q14 \$'000	+ / (-) %	FY15 \$'000	FY14 \$'000	+ / (-) %
Turnover	2,419,135	2,664,389	(9.2)	9,544,621	10,894,660	(12.4)
Cost of sales	(2,618,773)	(2,240,878)	16.9	(8,812,960)	(9,479,983)	(7.0)
Gross (loss) / profit	(199,638)	423,511	NM	731,661	1,414,677	(48.3)
Included in Cost of sales:-						
Depreciation and amortisation (i)	(108,595)	(79,590)	36.4	(383,964)	(297,088)	29.2
Allowance made for impairment losses						
- property, plant and equipment (ii)	(70,450)	-	NM	(70,450)	-	NM
- inventory obsolescence	(514)	(3,093)	(83.4)	(2,492)	(3,152)	(20.9)
Property, plant and equipment written off	(682)	(659)	3.5	(1,206)	(1,584)	(23.9)
Inventories written down	(85,474)	-	NM	(85,518)	-	NM
Provision made for foreseeable losses	(277,961)	-	NM	(277,961)	-	NM

Group turnover – refer to Page 20, note 11.

In 4Q15, Group reported a gross loss of \$199.6 million, which included loss from Marine of \$327.3 million. The rest of the businesses reported gross profit of \$127.7 million in 4Q15, mainly from Utilities' operations.

The loss in 4Q15 is mainly from Marine's rig building projects as a result of Marine's write-downs of inventories and work-in-progress, provision for foreseeable losses and customer deferment requests for rig building projects.

- (i) Depreciation and amortisation in 4Q15 was higher mainly due to Utilities' acquisition of SGI in 1Q15 and full commercial operations of Thermal Powertech Corporation India Limited's (TPCIL) power plant in September 2015.
- (ii) Allowance made for impairment losses of property, plant and equipment primarily arose from Utilities' impairment of assets in Singapore mainly due to the closure of customers' facilities and the exit from the chemical feedstock business. (See also note 2c. Other income and note 11. Review of Group Performance)

2b. General & administrative expenses

	GROUP			GROUP		
	4Q15 \$'000	4Q14 \$'000	+ / (-) %	FY15 \$'000	FY14 \$'000	+ / (-) %
General & administrative expenses	(229,156)	(92,067)	148.9	(524,373)	(352,486)	48.8
Included in general & administrative expenses:-						
Depreciation and amortisation	(7,360)	(4,551)	61.7	(20,997)	(17,746)	18.3
(Allowance for) / Write-back of doubtful debts and bad debts (i)	(174,640)	(1,250)	NM	(201,470)	766	NM
(Allowance for) / Write-back of impairment losses						
- interests in investments	-	16	(100.0)	-	(3,333)	(100.0)
- investment properties and intangible assets	(21)	3,815	NM	(21)	3,815	NM
Property, plant and equipment and intangible assets written off	(71)	(5,590)	(98.7)	(111)	(5,921)	(98.1)

General & administrative expenses for 4Q15 were higher primarily due to higher allowance for doubtful debts.

- (i) Allowance for doubtful debts was made mainly from Marine's allowance made for rig building contracts and from Utilities' exiting of chemical feedstock business in Singapore and divestment of business in China.

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

2c. Other income

	GROUP			GROUP		
	4Q15 \$'000	4Q14 \$'000	+ / (-) %	FY15 \$'000	FY14 \$'000	+ / (-) %
Other income	406,801	17,967	NM	531,950	103,611	413.4
Included in other income: -						
Dividend income	279	-	-	1,026	1,194	(14.1)
Gain on disposal of subsidiary	-	-	-	72,409	-	NM
Gain on disposal of associate (i)	353,157	-	NM	353,157	-	NM
Gain on disposal of other financial assets	1,286	-	NM	2,453	-	NM
Fair value gain on re-measurement of pre-existing equity interest in joint venture, which became a subsidiary	-	-	-	-	3,792	(100.0)
Gain on sale of property, plant and equipment and investment property (ii)	3,137	2,139	46.7	3,644	7,247	(49.7)
Gain on disposal of business	-	-	-	713	-	NM
Gain on acquisition	-	-	-	-	13,505	(100.0)
Settlement amounts from customers (iii)	24,150	-	NM	24,150	-	NM

- (i) Gain on disposal of associate in 4Q15 pertained to the gain on sale of SembSita Pacific Pte Ltd (SembSita) in November 2015.
- (ii) Gain on sale of property, plant and equipment and investment property mainly arose from Urban Development's gain on investment property in China.
- (iii) Settlement amounts from customers for closure of their facilities in Singapore. (See also note 2a. Turnover and Cost of Sales and note 11. Review of Group Performance)

2d. Other expense (net)

	GROUP			GROUP		
	4Q15 \$'000	4Q14 \$'000	+ / (-) %	FY15 \$'000	FY14 \$'000	+ / (-) %
Other expense (net)	(58,256)	(9,052)	543.6	(113,959)	(26,924)	323.3
Included in other expense (net): -						
Changes in fair value of financial instruments	(353)	(21,159)	(98.3)	(42,126)	(11,514)	265.9
Changes in fair value of available-for-sale assets (i)	(36,159)	142	NM	(53,222)	289	NM
Foreign exchange (loss) / gain (ii)	(20,962)	13,855	NM	(14,728)	(9,499)	55.0

- (i) Changes in fair value of available-for-sale assets in 4Q15 included predominantly impairment of the available-for-sale financial assets, Gallant Venture.
- (ii) Foreign exchange loss in 4Q15 arose mainly from Marine's revaluation of assets and liabilities denominated in Euro and United States dollar to Singapore dollar against the foreign exchange rate as at the previous quarter.

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

2e. Finance income and finance costs

		GROUP			GROUP		
		4Q15 \$'000	4Q14 \$'000	+ / (-) %	FY15 \$'000	FY14 \$'000	+ / (-) %
Finance income	(i)	12,723	5,591	127.6	32,856	19,431	69.1
Finance costs	(ii)	(85,273)	(23,160)	268.2	(237,984)	(70,132)	239.3

- (i) Higher finance income in 4Q15 was mainly due to Utilities' India operations and higher finance income from Marine.
- (ii) Higher finance costs in 4Q15 was mainly due to consolidation of the interest expense from the renewable business acquired in 1Q15, full commercial operation of the first thermal power project in India in September 2015 and Marine's higher bank borrowings.

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

The Group recorded a net share of losses from associates and joint ventures in 4Q15 compared to 4Q14 mainly due to share of losses from Marine's associates. Marine's share of losses from associates resulted from the write-downs of certain inventory and provisions for impairment of trade receivables for certain contracts.

2g. Tax expense

		GROUP			GROUP		
		4Q15 \$'000	4Q14 \$'000	+ / (-) %	FY15 \$'000	FY14 \$'000	+ / (-) %
Tax credit / (expense)	(i)	120,580	(25,549)	NM	28,052	(162,156)	NM
<i>Included in tax credit / (expense):</i>							
- Net write-back of tax in respect of prior years	(ii)	22,355	18,514	20.7	34,440	19,792	74.0

- (i) Tax credit in 4Q15 was mainly due to Marine's recognition of unutilized tax losses.
- (ii) Net write-back of tax in 4Q15 was primarily due to Marine's recognition of tax incentives.

2h. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the owners of the Company, less distribution to holders of perpetual securities:	Group			Group		
	4Q15	4Q14	+ / (-) %	FY15	FY14	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	2.86	13.33	(78.5)	29.17	44.31	(34.2)
- Weighted average number of shares (in million)	1,785.5	1,785.6	(0.0)	1,785.8	1,786.1	(0.0)
(ii) On a fully diluted basis (in cents)	2.83	13.22	(78.6)	28.95	43.98	(34.2)
- Adjusted weighted average number of shares (in million)	1,800.4	1,799.9	0.0	1,799.4	1,799.5	(0.0)

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

2i. Economic Value Added

Economic Value Added ("EVA") was negative in 4Q15 mainly due to the loss for the period from Marine. 4Q15 EVA also included the effect of new investments which are either not operating yet or in its early operating stage.

2j. Breakdown of sales

	GROUP		
	FY15 \$'000	FY14 \$'000	+ / (-) %
First Half Year			
(i) Sales reported	4,726,025	5,160,803	(8.4)
(ii) Profit after tax before deducting non-controlling interests	460,821	489,175	(5.8)
Second Half Year			
(iii) Sales reported	4,818,596	5,733,857	(16.0)
(iv) (Loss) / Profit after tax before deducting non-controlling interests	(6,419)	595,107	NM

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		GROUP		
	4Q15	4Q14	FY15	FY14	
Note	\$'000	\$'000	\$'000	\$'000	
(Loss) / Profit for the period	(145,745)	332,683	454,402	1,084,282	
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations	(i)	(15,284)	123,990	116,765	129,982
Exchange differences on monetary items forming part of net investment in foreign operation		(366)	3,505	765	(2,280)
Net change in fair value of cash flow hedges	(ii)	(24,327)	(132,170)	(77,122)	(147,973)
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	37,007	19,406	113,230	18,873
Net change in fair value of available-for-sale financial assets	(iv)	19,397	(14,771)	(2,940)	(33,572)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(v)	34,514	-	51,569	-
Share of other comprehensive income of associates and joint ventures	(vi)	30,178	(8,136)	(23,835)	(8,654)
		<u>81,119</u>	<u>(8,176)</u>	<u>178,432</u>	<u>(43,624)</u>
Items that may not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial (losses) and gains		<u>(2,311)</u>	<u>17,679</u>	<u>(6,229)</u>	<u>16,776</u>
Other comprehensive income for the period, net of tax		<u>78,808</u>	<u>9,503</u>	<u>172,203</u>	<u>(26,848)</u>
Total comprehensive income for the period		<u>(66,937)</u>	<u>342,186</u>	<u>626,605</u>	<u>1,057,434</u>
Attributable to:					
Owners of the Company		120,420	102,826	684,792	290,771
Non-controlling interests		<u>(187,357)</u>	<u>239,360</u>	<u>(58,187)</u>	<u>766,663</u>
Total comprehensive income for the period		<u>(66,937)</u>	<u>342,186</u>	<u>626,605</u>	<u>1,057,434</u>

3a. Notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves in 4Q15 arose primarily due to depreciation of Renminbi, Indian Rupee and South African Rand against Singapore dollar relative to the rate as at end of previous quarter.
- (ii) The fair value loss of cash flow hedges in 4Q15 was primarily due to changes in fair value on foreign currency forward contract, fuel oil swaps and interest rate swaps.
- (iii) Mainly due to maturity of fuel oil swaps.
- (iv) Mainly due to changes in mark-to-market of quoted prices of available-for-sale assets.
- (v) Reclassification to profit or loss on impairment of the Group's available-for-sale financial assets.
- (vi) Mainly due to share of associate's and joint venture's hedging gain in UK and Middle East.

4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 31/12/2015 \$'000	As at 31/12/2014 \$'000	As at 31/12/2015 \$'000	As at 31/12/2014 \$'000
Non-current assets				
Property, plant and equipment	8,685,182	7,725,423	529,691	606,245
Investment properties	21,081	23,579	-	-
Investments in subsidiaries	-	-	2,472,184	1,999,357
Interests in associates and joint ventures	2,349,257	2,074,394	-	-
Other financial assets	283,558	314,933	-	-
Trade and other receivables	450,548	467,340	143,757	14,440
Tax recoverable	6,938	-	-	-
Intangible assets	442,956	390,566	22,224	21,857
Deferred tax assets	68,283	49,706	-	-
	<u>12,307,803</u>	<u>11,045,941</u>	<u>3,167,856</u>	<u>2,641,899</u>
Current assets				
Inventories and work-in-progress	4,232,509	3,204,912	12,341	11,200
Trade and other receivables	1,567,557	1,200,336	137,077	157,075
Tax recoverable	9,726	8,514	-	-
Assets held for sale	41,803	24,437	5,893	-
Other financial assets	149,606	30,825	-	-
Cash and cash equivalents	1,606,488	1,661,427	325,831	198,395
	<u>7,607,689</u>	<u>6,130,451</u>	<u>481,142</u>	<u>366,670</u>
Total assets	<u>19,915,492</u>	<u>17,176,392</u>	<u>3,648,998</u>	<u>3,008,569</u>
Current liabilities				
Trade and other payables	3,387,921	2,745,363	131,073	286,636
Excess of progress billings over work-in-progress	320,151	1,028,587	-	5
Provisions	58,664	73,714	22,486	13,416
Liabilities held for sale	5,430	-	-	-
Other financial liabilities	181,471	165,930	-	1,558
Current tax payable	191,785	257,826	46,671	41,009
Interest-bearing borrowings	1,800,607	1,086,003	3	8
	<u>5,946,029</u>	<u>5,357,423</u>	<u>200,233</u>	<u>342,632</u>
Net current assets	<u>1,661,660</u>	<u>773,028</u>	<u>280,909</u>	<u>24,038</u>
Non-current liabilities				
Deferred tax liabilities	319,605	413,680	53,987	53,298
Provisions	58,742	105,423	593	593
Other financial liabilities	258,880	106,472	-	-
Retirement benefit obligations	8,891	15,658	-	-
Interest-bearing borrowings	5,032,342	3,648,578	-	3
Other long-term payables	247,509	296,884	283,572	482,846
	<u>5,925,969</u>	<u>4,586,695</u>	<u>338,152</u>	<u>536,740</u>
Total liabilities	<u>11,871,998</u>	<u>9,944,118</u>	<u>538,385</u>	<u>879,372</u>
Net assets	<u>8,043,494</u>	<u>7,232,274</u>	<u>3,110,613</u>	<u>2,129,197</u>
Equity attributable to owners of the Company:-				
Share capital	565,572	565,572	565,572	565,572
Other reserves	(142,938)	(130,297)	(13,660)	(22,386)
Revenue reserve	5,207,742	4,978,291	1,756,013	1,383,446
	<u>5,630,376</u>	<u>5,413,566</u>	<u>2,307,925</u>	<u>1,926,632</u>
Perpetual securities	802,688	202,565	802,688	202,565
	<u>6,433,064</u>	<u>5,616,131</u>	<u>3,110,613</u>	<u>2,129,197</u>
Non-controlling interests	1,610,430	1,616,143	-	-
Total equity	<u>8,043,494</u>	<u>7,232,274</u>	<u>3,110,613</u>	<u>2,129,197</u>

Footnote:

The Group Balance Sheet as at December 31, 2015, included the consolidation of SGI, which was acquired in February 2015 (Note 5b).

4. BALANCE SHEETS (Cont'd)

4a. Group's borrowings and debt securities

	As at 31/12/2015 \$'000	As at 31/12/2014 \$'000
Amount repayable:		
(i) <u>In one year or less, or on demand</u>		
Interest-bearing borrowings		
Secured	794,434	545,630
Unsecured	<u>1,006,173</u>	<u>540,373</u>
	<u>1,800,607</u>	<u>1,086,003</u>
(ii) <u>Between one to five years</u>		
Interest-bearing borrowings		
Secured	541,061	330,041
Unsecured	<u>2,415,966</u>	<u>1,039,394</u>
	<u>2,957,027</u>	<u>1,369,435</u>
(iii) <u>After five years</u>		
Interest-bearing borrowings		
Secured	921,322	799,841
Unsecured	<u>1,153,993</u>	<u>1,479,302</u>
	<u>2,075,315</u>	<u>2,279,143</u>
Total	<u>6,832,949</u>	<u>4,734,581</u>
(iv) The secured loans are collateralised by the following assets' net book value:-		
	As at 31/12/2015 \$'000	As at 31/12/2014 \$'000
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>3,493,415</u>	<u>2,323,180</u>

4b. Net asset value

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value per ordinary share based on issued share capital at the end of the financial period (in \$)	3.60	3.15	1.74	1.19

4c. Explanatory Notes to Balance Sheets

The Group Balance Sheet as at December 31, 2015, included the consolidation of its renewable company SGI, which was acquired in February 2015 (Note 5b). Sembcorp Bournemouth Water Investment (SBWI) and Zhumadian China (ZMD) were de-consolidated after the sale in April 2015 and August 2015 respectively.

In addition, Sembcorp Air Products (SembAP) was classified as held for sale as at December 31, 2015, consequently, the assets and liabilities were classified as assets held for sale and liabilities held for sale respectively. (See note 14 Subsequent Events)

Besides the above, significant variances for balance sheets items are explained as follows:

(i) Group

Non-current assets

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

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

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

(i) **Group (cont'd)**

Non-current assets (cont'd)

“Interests in associates and joint ventures” increased mainly due to Utilities’ additional investment in India, partially offset by the divestment of SembSita in November 2015.

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

Net current assets

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

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

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

“Trade and other payables” increased mainly due to timing of payments during the year.

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

“Provisions” decreased was net of increase from Marine and reduction from Utilities’ settlement reached with its customers.

“Current tax payable” decreased mainly due to payments made during the year, offset by current year tax provision.

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

Non-current liabilities

“Deferred tax liabilities” decreased mainly due to Marine’s recognition of tax incentives.

“Provisions” decreased mainly due to Marine’s reclassification of provision for site restoration to current liabilities.

“Other financial liabilities” increased mainly due to a put liability to acquire non-controlling interests, reduced partially by Marine’s fair value adjustment on foreign currency forward contracts.

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

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

4. BALANCE SHEETS (Cont'd)

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

(i) Group (cont'd)

Equity

The deficit in "Other reserves" increased primarily due to a charge of the present value of a put liability to acquire non-controlling interests, partially offset by gain on foreign currency translation mainly arising from the appreciation of United States dollar and Renminbi against Singapore dollar, and maturity of fuel oil swaps.

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

(ii) Company

Non-current assets

"Property, plant and equipment" decreased mainly arose from impairment made due to reduction in demand and optimization of its steam assets.

"Investments in subsidiaries" increased mainly due to additional investments in Sembcorp Utilities Pte Ltd, to achieve optimal capital structure for its expansion growth plan.

"Trade and other receivables" increased mainly due to long-term funding extended to a wholly owned subsidiary.

Net current assets

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

"Assets held for sale" increased mainly due to the reclassification of the propylene purification plant assets. *(See note 14 Subsequent Events)*

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

Non-current liabilities

"Other long-term payables" decreased mainly due to repayment of amount owing to a wholly owned subsidiary.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP		GROUP	
		4Q15 \$'000	4Q14 \$'000	FY15 \$'000	FY14 \$'000
Cash flows from Operating Activities					
Profit for the period / year		(145,745)	332,683	454,402	1,084,282
Adjustments for :					
Dividend		(279)	-	(1,026)	(1,194)
Finance income		(12,723)	(5,591)	(32,856)	(19,431)
Finance costs		85,273	23,160	237,984	70,132
Depreciation and amortisation		115,955	84,141	404,961	314,834
Share of results of associates and joint ventures, net of tax		113,526	(35,442)	(6,199)	(158,261)
Gain on disposal of property, plant and equipment and other financial assets		(1,440)	(3,293)	(3,114)	(4,150)
Loss on disposal of intangible assets		-	3	9	3
Gain on disposal of investment properties		(2,983)	-	(2,983)	(3,097)
Gain on disposal of investments in subsidiaries and an associate		(353,157)	-	(425,566)	-
Fair value gain on re-measurement of pre-existing equity interest in joint venture, which became a subsidiary		-	-	-	(3,792)
Changes in fair value of financial instruments		353	21,017	42,126	11,225
Equity settled share-based compensation expenses		3,242	6,980	22,894	29,698
Allowance made for impairment loss in value of assets and assets written off (net)		107,737	2,348	125,364	7,024
Gain on acquisition		-	-	-	(13,505)
Allowance for / (Write-back of) doubtful debts		171,393	500	198,223	(1,516)
Bad debts written off		3,165	331	3,247	750
Allowance made for inventory obsolescences (net)		(514)	(3,093)	(2,492)	(3,152)
Inventory and work-in-progress written-down		85,474	-	85,518	-
Provision made for foreseeable losses		277,961	-	277,961	-
Tax (refund) / expense		(120,580)	25,549	(28,052)	162,156
Operating profit before working capital changes		326,658	449,293	1,350,401	1,472,006
Changes in working capital:					
Inventories and work-in-progress		(1,166,127)	(937,115)	(2,098,626)	(1,380,846)
Receivables		(296,542)	18,252	(455,306)	44,414
Payables		566,520	191,324	592,518	2,652
		(569,491)	(278,246)	(611,013)	138,226
Tax paid		(29,355)	(11,339)	(149,760)	(118,979)
Net cash (used in) / from operating activities		(598,846)	(289,585)	(760,773)	19,247
Cash flows from Investing Activities					
Dividend received		20,058	43,290	59,547	101,958
Interest received		51,282	6,412	69,068	19,840
Proceeds from sale of investments held for sale		-	-	-	7,250
Proceeds from capital reduction in a joint venture		-	-	-	4,135
Proceeds from sale of other financial assets		159,947	-	169,767	-
Proceeds from sale of property, plant and equipment		1,181	3,523	2,639	7,983
Proceeds from sale of investment properties		9,983	-	9,983	4,031
Proceeds from sale of intangible assets		46	8	48	14
Proceeds from disposal of interests in a subsidiary, net of cash disposed of	5c	-	1	204,173	1
Proceeds from disposal of interests in an associate		487,929	-	487,929	-
Loan repayment from related parties		842	1,269	14,687	6,283
Loan to related parties		(10,162)	(18,492)	(26,351)	(32,631)
Non-trade balances with related corporations and external parties, net of repayment		(9,834)	(5,214)	15,512	(50,315)
Acquisition of subsidiary, net of cash acquired	5b	-	-	(213,636)	61,741
Acquisition of / additional investments in associates and joint ventures		(267,238)	(77,350)	(426,961)	(303,203)
Acquisition of other financial assets		(151,154)	(284)	(165,979)	(7,341)
Purchase of property, plant and equipment		(249,358)	(343,488)	(1,383,879)	(1,306,419)
Payment for intangible assets		(7,575)	(3,166)	(8,872)	(31,423)
Cash outflow on transfer to asset held for sale		(6,249)	-	(6,249)	-
Net cash from / (used in) investing activities		29,698	(393,491)	(1,198,574)	(1,518,096)
Cash flows from Financing Activities					
Proceeds from share issued to non-controlling interest of a subsidiary		3,101	966	4,549	1,723
Proceeds from share options exercised with issue of treasury shares		208	37	538	1,223
Proceeds from share options exercised with issue of treasury shares of a subsidiary		(902)	68	861	736
Purchase of treasury shares		(1,418)	(12,378)	(6,809)	(20,886)
Purchase of treasury shares by subsidiary		(1,308)	-	(12,293)	(11,579)
Proceeds from issue of perpetual securities, net of transaction costs		(224)	-	596,551	-
Proceeds from borrowings		1,256,570	536,135	3,028,648	2,292,133
Repayment of borrowings		(546,924)	(342,455)	(978,242)	(720,900)
Payment on finance leases		(202)	(2,595)	(4,073)	(4,131)
Acquisition of non-controlling interests		(164)	(26,177)	(4)	(26,177)
Unclaimed dividends		498	2	526	2
Dividends paid to owners of the Company		-	1	(285,866)	(393,124)
Dividends paid to non-controlling interests of subsidiaries		(5,050)	(6,932)	(129,323)	(145,954)
Perpetual securities distribution paid		(14,367)	-	(24,367)	(10,000)
Interest paid		(143,248)	(16,935)	(300,989)	(62,426)
Net cash from financing activities		546,570	129,737	1,889,707	900,640
Net decrease in cash and cash equivalents		(22,578)	(553,339)	(69,640)	(598,209)
Cash and cash equivalents at beginning of the period / year		1,633,942	2,199,284	1,659,434	2,255,865
Effect of exchange rate changes on balances held in foreign currency		(6,899)	13,489	14,671	1,778
Cash and cash equivalents at end of the period / year		1,604,465	1,659,434	1,604,465	1,659,434

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	
	31/12/2015	31/12/2014
	\$'000	\$'000
Fixed deposits with banks	419,074	306,151
Cash and bank balances	1,187,414	1,355,276
Cash and cash equivalents in the balance sheets	1,606,488	1,661,427
Bank overdrafts	(2,023)	(1,993)
Cash and cash equivalents in the consolidated statement of cash flows	1,604,465	1,659,434

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

	FY15 ¹	FY14 ²
	\$'000	\$'000
Effect on cash flows of the Group		
Cash paid	232,483	-
Less: Cash and cash equivalents in subsidiary acquired	(18,847)	(61,741)
Cash outflow / (inflow) on acquisition	<u>213,636</u>	<u>(61,741)</u>
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	712,005	1,628,635
Other financial assets	38,799	-
Long-term receivables and prepayments	9,950	-
Intangible assets	66,835	39,154
Trade and other receivables	47,905	106,226
Tax Recoverable	3,548	1,674
Deferred tax assets	4,344	-
Cash and cash equivalents	18,847	61,741
Total assets	<u>902,233</u>	<u>1,837,430</u>
Trade and other payables	91,641	177,457
Other financial liabilities	109	-
Current tax payable	1,012	-
Interest-bearing borrowings	437,795	1,221,621
Deferred tax liabilities	38,750	39,338
Retirement benefit obligations	135	32
Provision	3,268	-
Total liabilities	<u>572,710</u>	<u>1,438,448</u>
Net identifiable assets	329,523	398,982
Less: Non-controlling interests	(140,147)	(186,942)
Add: Goodwill	43,107	26,131
Less: Amount previously accounted for as joint venture	-	(197,201)
Less: Foreign currency translation reserve realised when joint venture became a subsidiary	-	(37,178)
Less: Fair value gain on step up acquisition of a joint venture	-	(3,792)
Consideration transferred for the business	<u>232,483</u>	<u>-</u>

¹ Acquisition of SGI

² Step-up of TPCIL, previously a joint venture

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

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

	GROUP FY15 \$'000
Property, plant and equipment	401,171
Long-term receivables	10,026
Intangible assets	38,113
Deferred tax assets	19
Inventories and work-in-progress	1,191
Trade & other receivables	32,919
Cash & Cash equivalent	28,841
Trade & other payables	(44,383)
Current tax payable	(472)
Interest bearing borrowings	(209,986)
Deferred tax liabilities	(44,613)
Provisions	3,345
Retirement benefit obligations	(2,837)
Other long-term liabilities	(71,595)
Net assets/(Liabilities) derecognised	141,739
Non-controlling interests	8,460
Realisation of currency translation reserve upon disposal	10,406
	<u>160,605</u>
Gain on disposal	72,409
Consideration received, satisfied in cash	233,014
Less: Cash and cash equivalents disposed of	(28,841)
Net cash inflow	<u>204,173</u>

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

(i) **Fourth Quarter**

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

Net cash inflow from investing activities for 4Q15 was \$29.7 million, mainly from proceeds from sale of interest in SembSita and other financial assets. This was partially offset by acquisition and additional investments in joint ventures, purchase of financial assets and purchase of property, plant and equipment mainly for the expansion and operation of Marine's yards.

(ii) **Full Year**

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

Net cash outflow from investing activities for FY15 was \$1,198.6 million, mainly for acquisition of the renewable company, purchase of Marine's and Utilities' property, plant and equipment; and Utilities' acquisition and additional investment in joint ventures, partially offset by the proceeds from disposal of SBWI, ZMD and SembSita.

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

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

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

	Attributable to owners of the Company										
	Share capital	Other reserves			Revenue reserve	Total	Perpetual securities	Non-controlling		Total equity	
		own shares	translation reserve	Others				Total	interests		Total
9M15											
At January 1, 2015	565,572	(15,041)	(200,461)	85,205	4,978,291	5,413,566	202,565	5,616,131	1,616,143	7,232,274	
Total comprehensive income											
Profit for the period	-	-	-	-	488,077	488,077	-	488,077	112,070	600,147	
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	101,724	-	-	101,724	-	101,724	30,325	132,049	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	1,131	-	-	1,131	-	1,131	-	1,131	
Net change in fair value of cash flow hedges	-	-	-	(36,875)	-	(36,875)	-	(36,875)	(15,920)	(52,795)	
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	74,809	-	74,809	-	74,809	1,414	76,223	
Net change in fair value of available-for-sale financial assets	-	-	-	(16,965)	-	(16,965)	-	(16,965)	(5,372)	(22,337)	
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	10,402	-	10,402	-	10,402	6,653	17,055	
Defined benefit plan actuarial gains and losses	-	-	-	-	(3,918)	(3,918)	-	(3,918)	-	(3,918)	
Share of other comprehensive of associates and joint ventures	-	-	-	(54,005)	(8)	(54,013)	-	(54,013)	-	(54,013)	
Total other comprehensive income	-	-	102,855	(22,634)	(3,926)	76,295	-	76,295	17,100	93,395	
Total comprehensive income	-	-	102,855	(22,634)	484,151	564,372	-	564,372	129,170	693,542	
Transactions with owners of the Company, recognised directly in equity											
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	43,656	43,656	
Issue of perpetual securities	-	-	-	-	-	-	596,775	596,775	-	596,775	
Share-based payments	-	-	-	15,871	-	15,871	-	15,871	3,781	19,652	
Purchase of treasury shares	-	(5,391)	-	-	-	(5,391)	-	(5,391)	-	(5,391)	
Treasury shares transferred to employees	-	12,870	-	(12,540)	-	330	-	330	-	330	
Treasury shares of a subsidiary	-	-	-	(5,625)	-	(5,625)	-	(5,625)	(3,597)	(9,222)	
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	151,832	151,832	
Acquisition of non-controlling interests	-	-	-	4,745	-	4,745	-	4,745	(12,719)	(7,974)	
Realisation of reserve upon disposal of subsidiaries	-	-	10,406	-	14	10,420	-	10,420	8,457	18,877	
Realisation of reserve upon liquidation of subsidiary	-	-	111	-	-	111	-	111	-	111	
Perpetual securities distribution paid	-	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)	
Accrued perpetual securities distribution	-	-	-	-	(18,135)	(18,135)	18,135	-	-	-	
Dividend paid	-	-	-	-	(285,866)	(285,866)	-	(285,866)	(124,273)	(410,139)	
Unclaimed dividends	-	-	-	-	28	28	-	28	-	28	
Total transactions with owners	-	7,479	10,517	2,451	(303,959)	(283,512)	604,910	321,398	67,137	388,535	
At September 30, 2015	565,572	(7,562)	(87,089)	65,022	5,158,483	5,694,426	807,475	6,501,901	1,812,450	8,314,351	
4Q15											
Total comprehensive income											
Profit / (loss) for the period	-	-	-	-	60,778	60,778	-	60,778	(206,523)	(145,745)	
Other comprehensive income											
Foreign currency translation differences for foreign operations	-	-	(13,982)	-	-	(13,982)	-	(13,982)	(1,302)	(15,284)	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(366)	-	-	(366)	-	(366)	-	(366)	
Net change in fair value of cash flow hedges	-	-	-	(31,572)	-	(31,572)	-	(31,572)	7,245	(24,327)	
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	31,672	-	31,672	-	31,672	5,335	37,007	
Net change in fair value of available-for-sale financial assets	-	-	-	11,401	-	11,401	-	11,401	7,996	19,397	
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	34,518	-	34,518	-	34,518	(4)	34,514	
Defined benefit plan actuarial gains and losses	-	-	-	-	(2,207)	(2,207)	-	(2,207)	(104)	(2,311)	
Share of other comprehensive of associates and joint ventures	-	-	-	30,170	8	30,178	-	30,178	-	30,178	
Total other comprehensive income	-	-	(14,348)	76,189	(2,199)	59,642	-	59,642	19,166	78,808	
Total comprehensive income	-	-	(14,348)	76,189	58,579	120,420	-	120,420	(187,357)	(66,937)	
Transactions with owners of the Company, recognised directly in equity											
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	3,101	3,101	
Issue of perpetual securities	-	-	-	-	-	-	(224)	(224)	-	(224)	
Share-based payments	-	-	-	3,407	-	3,407	-	3,407	(165)	3,242	
Purchase of treasury shares	-	(1,418)	-	-	-	(1,418)	-	(1,418)	-	(1,418)	
Treasury shares transferred to employees	-	335	-	(127)	-	208	-	208	-	208	
Treasury shares of a subsidiary	-	-	-	(1,350)	-	(1,350)	-	(1,350)	(860)	(2,210)	
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	(11,685)	(11,685)	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(4)	(4)	
Put liability to acquire non-controlling interests	-	-	-	(193,113)	-	(193,113)	-	(193,113)	-	(193,113)	
Realisation of reserve upon disposal of associate	-	-	17,116	-	-	17,116	-	17,116	-	17,116	
Realisation of reserve upon disposal of subsidiaries	-	-	-	-	(14)	(14)	-	(14)	-	(14)	
Perpetual securities distribution paid	-	-	-	-	-	-	(14,367)	(14,367)	-	(14,367)	
Accrued perpetual securities distribution	-	-	-	-	(9,804)	(9,804)	9,804	-	-	-	
Dividend paid	-	-	-	-	-	-	-	-	(5,050)	(5,050)	
Unclaimed dividends	-	-	-	-	498	498	-	498	-	498	
Total transactions with owners	-	(1,083)	17,116	(191,183)	(9,320)	(184,470)	(4,787)	(189,257)	(14,663)	(203,920)	
At December 31, 2015	565,572	(8,645)	(84,321)	(49,972)	5,207,742	5,630,376	802,688	6,433,064	1,610,430	8,043,494	

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

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

	Attributable to owners of the Company									
	Other reserves					Revenue reserve	Perpetual securities	Non-controlling		
	Share capital	Reserve for own shares	Currency translation reserve		Others			Total	Total	interests
			\$'000	\$'000		\$'000	\$'000			
9M14										
At January 1, 2014	565,572	(13,877)	(333,798)	246,445	4,563,136	5,027,478	202,970	5,230,448	1,299,546	6,529,994
Total comprehensive income										
Profit for the period	-	-	-	-	560,478	560,478	-	560,478	191,121	751,599
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	3,856	-	-	3,856	-	3,856	2,136	5,992
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(5,785)	-	-	(5,785)	-	(5,785)	-	(5,785)
Net change in fair value of cash flow hedges	-	-	-	(14,669)	-	(14,669)	-	(14,669)	(1,134)	(15,803)
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	(337)	-	(337)	-	(337)	(196)	(533)
Net change in fair value of available-for-sale financial assets	-	-	-	(14,819)	-	(14,819)	-	(14,819)	(3,982)	(18,801)
Defined benefit plan actuarial gains and losses	-	-	-	-	(903)	(903)	-	(903)	-	(903)
Share of other comprehensive of associates and joint ventures	-	-	-	(518)	-	(518)	-	(518)	-	(518)
Total other comprehensive income	-	-	(1,929)	(30,343)	(903)	(33,175)	-	(33,175)	(3,176)	(36,351)
Total comprehensive income	-	-	(1,929)	(30,343)	559,575	527,303	-	527,303	187,945	715,248
Transactions with owners of the Company, recognised directly in equity										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	757	757
Share-based payments	-	-	-	19,083	-	19,083	-	19,083	3,635	22,718
Purchase of treasury shares	-	(8,508)	-	-	-	(8,508)	-	(8,508)	-	(8,508)
Treasury shares transferred to employees	-	19,641	-	(18,455)	-	1,186	-	1,186	-	1,186
Treasury shares of a subsidiary	-	-	-	(6,615)	-	(6,615)	-	(6,615)	(4,296)	(10,911)
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	193,680	193,680
Reduction of non-controlling interests upon sale of investment for sale	-	-	37,178	-	-	37,178	-	37,178	-	37,178
Realisation of reserve upon sale of investment held for sale	-	-	-	-	-	-	-	-	(4,830)	(4,830)
Perpetual securities distribution paid	-	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Accrued perpetual securities distribution	-	-	-	-	(7,044)	(7,044)	7,044	-	-	-
Dividend paid	-	-	-	-	(393,125)	(393,125)	-	(393,125)	(139,022)	(532,147)
Unclaimed dividends	-	-	-	-	4	4	-	4	-	4
Total transactions with owners	-	11,133	37,178	(5,987)	(400,165)	(357,841)	(2,956)	(360,797)	49,924	(310,873)
At September 30, 2014	565,572	(2,744)	(298,549)	210,115	4,722,546	5,196,940	200,014	5,396,954	1,537,415	6,934,369
4Q14										
Total comprehensive income										
Profit for the period	-	-	-	-	240,618	240,618	-	240,618	92,065	332,683
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	94,689	-	-	94,689	-	94,689	29,301	123,990
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	3,505	-	-	3,505	-	3,505	-	3,505
Net change in fair value of cash flow hedges	-	-	-	(118,033)	-	(118,033)	-	(118,033)	(14,137)	(132,170)
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	19,205	-	19,205	-	19,205	201	19,406
Net change in fair value of available-for-sale financial assets	-	-	-	(10,167)	-	(10,167)	-	(10,167)	(4,604)	(14,771)
Defined benefit plan actuarial gains and losses	-	-	-	-	17,679	17,679	-	17,679	-	17,679
Share of other comprehensive of associates and joint ventures	-	-	-	(8,136)	-	(8,136)	-	(8,136)	-	(8,136)
Total other comprehensive income	-	-	98,194	(117,131)	17,679	(1,258)	-	(1,258)	10,761	9,503
Total comprehensive income	-	-	98,194	(117,131)	258,297	239,360	-	239,360	102,826	342,186
Transactions with owners of the Company, recognised directly in equity										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	966	966
Share-based payments	-	-	-	5,816	-	5,816	-	5,816	1,164	6,980
Purchase of treasury shares	-	(12,378)	-	-	-	(12,378)	-	(12,378)	-	(12,378)
Treasury shares transferred to employees	-	81	-	(44)	-	37	-	37	-	37
Treasury shares of a subsidiary	-	-	-	1	-	1	-	1	67	68
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	(6,738)	(6,738)
Acquisition of non-controlling interests	-	-	-	(13,552)	-	(13,552)	-	(13,552)	(12,625)	(26,177)
Realisation of reserve upon liquidation of subsidiaries	-	-	(106)	-	-	(106)	-	(106)	-	(106)
Accrued perpetual securities distribution	-	-	-	-	(2,551)	(2,551)	2,551	-	-	-
Dividend paid	-	-	-	-	1	1	-	1	(6,932)	(6,931)
Unclaimed dividends	-	-	-	-	(2)	(2)	-	(2)	-	(2)
Total transactions with owners	-	(12,297)	(106)	(7,779)	(2,552)	(22,734)	2,551	(20,183)	(24,098)	(44,281)
At December 31, 2014	565,572	(15,041)	(200,461)	85,205	4,978,291	5,413,566	202,565	5,616,131	1,616,143	7,232,274

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

6c. Changes in the Company's share capital

Issued and paid up capital

As at December 31, 2015, the Company's issued and paid up capital excluding treasury shares comprises 1,785,176,479 (December 31, 2014: 1,784,228,491) ordinary shares.

Share Options

During 4Q15, 87,500 (4Q14: 16,000) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at December 31, 2015, there were 319,549 (December 31, 2014: 671,299) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 4Q15, 31,250 (4Q14: nil) performance shares were awarded under the Company's Performance Share Plan ("PSP"), nil (4Q14: nil) performance shares were released and nil (4Q14: nil) were lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2015, was 2,081,250 (December 31, 2014: 2,004,861). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,121,875 (December 31, 2014: 3,007,292) performance shares.

Restricted Shares

During 4Q15, 24,375 (4Q14: 6,000) restricted shares were awarded under the Restricted Share Plan ("RSP"), 1,140 (4Q14: nil) restricted shares were released and 28,890 (4Q14: 2,252) restricted shares were lapsed.

In 4Q15, 420 (4Q14: nil) 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 December 31, 2015 was 7,829,129 (December 31, 2014: 7,332,929). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 5,267,075 (December 31, 2014: 4,383,100). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 7,900,613 (December 31, 2014: 6,574,650) restricted shares.

Treasury shares

During 4Q15, the Company acquired 458,100 (4Q14: 2,800,000) ordinary shares in the Company by way of on-market purchases. 88,640 (4Q14: 16,000) treasury shares were re-issued pursuant to the SOP and RSP.

As at December 31, 2015, 2,371,253 (December 31, 2014: 3,319,241) treasury shares were held that may be re-issued upon the exercise of options under the SOP and upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

7. AUDIT

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

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

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

10. CHANGES IN ACCOUNTING POLICIES

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

Amendments to FRS 19 Employee Benefit Plans: Employee Contributions

Improvements to FRSs (January 2014)

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

Improvements to FRSs (February 2014)

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

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

11. REVIEW OF GROUP PERFORMANCE

Group Overview

The Group reported a net profit of \$548.9 million in FY15 compared to FY14's net profit of \$801.1 million, while turnover decreased 12% to \$9.5 billion from \$10.9 billion the previous year. In 4Q15, the Group's net profit was \$60.8 million compared to \$240.6 million in 4Q14, while turnover decreased 9% to \$2.4 billion.

Turnover

	4Q15	4Q14	Growth		FY15	FY14	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities	986,288	1,172,995	(186,707)	(16)	4,227,353	4,849,816	(622,463)	(13)
Marine	1,326,887	1,444,983	(118,096)	(8)	4,967,438	5,830,739	(863,301)	(15)
Urban Development	3,021	1,734	1,287	74	7,949	6,539	1,410	22
Others/Corporate	102,939	44,677	58,262	130	341,881	207,566	134,315	65
	2,419,135	2,664,389	(245,254)	(9)	9,544,621	10,894,660	(1,350,039)	(12)

The Utilities' turnover in 4Q15 and FY15 were lower primarily due to Singapore operations' lower HSFO prices recorded during the period, partially mitigated by higher contribution from India operations from the commencement of TPCIL's operations and acquisition of SGI.

Marine's turnover for 4Q15 decreased mainly due to lower revenue recognition for rig building projects. Marine's reversal of revenue due to termination of contract with a customer, customer deferment requests and customer's restructuring has resulted in the lower revenue recognition for rigs & floaters segment. However, turnover from offshore platforms projects was higher.

Marine's turnover for FY15 decreased mainly due to the lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired. Marine's reversal of revenue due to termination of contract with a customer, customer deferment requests and customer's restructuring has resulted in the lower revenue recognition for rigs & floaters segment. For the offshore platforms projects, turnover was higher in FY15.

Turnover of Others/Corporate was mainly contributed by a subsidiary dealing in specialized construction activities. Increase in turnover in 4Q15 and FY15 was mainly due to timing difference in recognition of projects and recognition of projects with higher contract values compared to the previous year.

11. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

	4Q15	4Q14	Growth		FY15	FY14	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities	395,236	109,404	285,832	261	701,470	407,954	293,516	72
Marine	(327,470)	105,913	(433,383)	NM	(176,439)	340,018	(516,457)	NM
Urban Development	15,942	15,081	861	6	33,490	44,342	(10,852)	(25)
Others/Corporate	(22,930)	10,220	(33,150)	NM	(9,666)	8,782	(18,448)	NM
	60,778	240,618	(179,840)	(75)	548,855	801,096	(252,241)	(32)

Utilities' net profit for 4Q15 was higher than 4Q14. 4Q15 net profit included the gain of divestment of SembSita of \$353.2 million, less \$52.0 million, made up of \$31.4 million from the exiting of the chemical feedstock business and impairment of assets in Singapore, net of settlement amounts from customers, and \$20.6 million for allowance for doubtful debts in relation to China's divestment of business. Comparing FY15 and FY14 results, the profit from its overseas operations and gain on divestments have more than negated the impact of the lower spark spread from its Singapore operations for FY15.

Marine's net loss for 4Q15 and FY15 was mainly due to lower contribution from rig building projects resulting from write-downs of inventories and work-in-progress, provision for foreseeable losses, customer deferment requests and restructuring, higher finance costs, impairment loss on available-for-sale financial assets and share of losses from associates. However, contribution from offshore platforms projects was higher.

Urban Development's net profit in 4Q15 was comparable to 4Q14. In 4Q15, higher land sales was reported but its China associates reported a lower profit. Lower net profit in FY15 was mainly due to stronger industrial land sales with lower margin and higher costs. The higher contribution in FY14 was from its Nanjing Eco Hi-tech Island project.

Net loss for Others/Corporate in 4Q15 and FY15 was mainly due to the impairment made for Gallant Venture. Net loss for FY15 was partially mitigated by higher net profit contribution from a subsidiary dealing in specialized construction activities and lower personnel related costs.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. PROSPECTS

Utilities

The Utilities business' overseas growth strategy remains on track. 2016 will see a full year's contribution from its recently completed TPCIL power plant in India. However, in Singapore, its energy business is expected to face continued intense competition in the power market.

Backed by strong operational, management and technical capabilities, the business remains focused on the execution of its pipeline of projects and the pursuit of new growth opportunities to deliver long-term growth.

Marine

In FY2015, Sembcorp Marine secured S\$3.2 billion in new orders notwithstanding the challenging macro environment. With these new contracts, net orderbook as at December 31, 2015 stood at S\$10.4 billion.

Sembcorp Marine has made prudent impairment and provisions of S\$609 million in FY2015 for rig contracts, of which S\$329 million relate to Sete Brasil. Looking ahead, this down-cycle is expected to be more protracted than previous cycles. Sembcorp Marine believes that it is sufficiently prepared, not just to ride through the storm, but to lay stronger foundations for the future when the market recovers. It will continue to actively manage its balance sheet to maintain a healthy financial position.

Sembcorp Marine remains optimistic on the longer term prospects of its business as its facilities have been built to cater to the industry's demand for the long-term. As an integrated Sembcorp Marine, the business will optimise its capabilities and capacities, as well as increase its efficiency and productivity to better serve its partners and customers.

Urban Development

The Urban Development business is expected to deliver a steady operating performance in 2016.

Group

The global downturn in the oil and gas sector and competition in the Singapore power market is expected to continue in 2016. With sound strategies and strong capabilities, the Group is committed to creating and delivering long-term value and growth.

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

14. SUBSEQUENT EVENTS

- (i) On January 28, 2016, the Group's wholly-owned entity Sembcorp Utilities has completed the divestment of its entire 60% stake in Sembcorp Air Products (SembAP) to Eastman Chemical Singapore (Eastman) for approximately \$4 million. This mutually-agreed cash amount is subject to final adjustment within 60 days; however such adjustments are not expected to be material to the Group. In addition, the Group has transferred its propylene purification plant on Jurong Island to Eastman for \$5.7 million.
- (ii) On February 5, 2016, the Group's wholly-owned subsidiary China Water Company (Yancheng) Ltd has signed a conditional sale and purchase agreement to divest its entire 49% stake in Yancheng China Water Co. Ltd to Yancheng City Municipal Utilities Investment Company Ltd for RMB 260 million (approximately \$57 million). Completion of the divestment is expected in mid-2016, subject to the satisfaction of certain conditions precedent, including approval by China's relevant authorities. A net gain of approximately \$35 million is expected to be recognized upon completion of the transaction.

15. **DIVIDEND**

(a) Current Financial Year reported On

Name of Dividend	2015 Interim Ordinary Exempt-1-Tier	Proposed 2015 Final Ordinary Exempt-1-Tier	2015 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	5.0	6.0	11.0

(b) Corresponding Year of the Immediately Preceding Financial Year

Name of Dividend	2014 Interim Ordinary Exempt-1-Tier	2014 Final Ordinary Exempt-1-Tier	2014 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	5.0	11.0	16.0

(c) Date payable

The proposed final tax exempt 1-Tier dividend of 6.0 cents per ordinary share, if approved at the AGM to be held on April 19, 2016, will be paid on May 17, 2016.

(d) Books closure date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on April 27, 2016 to determine the shareholders' entitlements to the proposed dividend. Duly completed transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01 Singapore 068902, up to 5.00 p.m. on April 26, 2016 (the "Book Closure Date") will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Book Closure Date will be entitled to the proposed dividend.

(e) Total Annual Dividend and Capital Distribution (in dollar value)

	FY15 \$'000	FY14 \$'000
Interim ordinary dividend	89,338	89,351
Final ordinary dividend*	107,111	196,528
Total	196,449	285,879

*FY15 dividend is estimated based on the share capital of 1,785,176,479 ordinary shares at the end of the financial year.

16. SEGMENTAL REPORTING

FY15

(i) Operating segments

	Utilities	Marine	Urban Development	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover						
External sales	4,227,353	4,967,438	7,949	341,881	-	9,544,621
Inter-segment sales	31,098	694	4,224	2,057	(38,073)	-
Total	4,258,451	4,968,132	12,173	343,938	(38,073)	9,544,621
Results						
Segment results	825,849	(168,569)	(6,999)	(25,002)	-	625,279
Finance income	21,953	10,813	236	51,942	(52,088)	32,856
Finance costs	(194,555)	(46,775)	(2,631)	(46,111)	52,088	(237,984)
	653,247	(204,531)	(9,394)	(19,171)	-	420,151
Share of results of associates and joint ventures, net of tax	121,657	(173,499)	45,517	12,524	-	6,199
	774,904	(378,030)	36,123	(6,647)	-	426,350
Tax expense	(43,596)	77,860	(1,381)	(4,831)	-	28,052
Non-controlling interests	(29,838)	123,731	(1,252)	1,812	-	94,453
Net profit / (loss) for the period	701,470	(176,439)	33,490	(9,666)	-	548,855

Assets

Segment assets	8,386,532	8,862,186	409,377	1,687,124	(1,863,931)	17,481,288
Investment in associates and joint ventures	1,287,580	328,030	632,810	100,837	-	2,349,257
Tax assets	57,271	27,392	-	284	-	84,947
Total assets	9,731,383	9,217,608	1,042,187	1,788,245	(1,863,931)	19,915,492

Liabilities

Segment liabilities	5,074,185	6,442,885	226,872	1,480,597	(1,863,931)	11,360,608
Tax liabilities	403,109	91,594	1,951	14,736	-	511,390
Total liabilities	5,477,294	6,534,479	228,823	1,495,333	(1,863,931)	11,871,998

Capital expenditure

	535,693	904,891	682	7,011	-	1,448,277
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Significant non-cash items

Depreciation and amortisation	261,731	132,165	1,711	9,354	-	404,961
Allowance for impairment in value of assets and assets written off (net)	70,685	20,122	19	34,538	-	125,364
Allowance made / (Written back) for doubtful debts and bad debts	47,589	153,894	37	(50)	-	201,470
Inventories written down	-	85,518	-	-	-	85,518
Provision for foreseeable losses	-	277,961	-	-	-	277,961

(ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	3,727,411	39	4,533,966	37	10,515,550	53	559,864	39
Rest of ASEAN & Australia	394,983	4	762,070	6	1,022,301	5	15,442	1
China	165,952	1	1,534,751	13	1,935,721	10	79,954	6
India	456,871	5	3,487,111	28	4,140,771	21	308,814	21
Middle East & Africa	105,884	1	392,469	3	451,242	2	5,229	-
UK	465,764	5	201,197	2	334,314	2	18,122	1
Rest of Europe	2,658,376	28	238,003	2	261,054	1	-	-
Brazil	89,466	1	1,011,258	8	1,083,112	5	449,692	31
U.S.A.	1,403,199	15	5,089	-	7,182	-	112	-
Other Countries	76,715	1	141,889	1	164,245	1	11,048	1
Total	9,544,621	100	12,307,803	100	19,915,492	100	1,448,277	100

16. SEGMENTAL REPORTING (Cont'd)

FY14

(i) Operating segments

	Utilities	Marine	Urban Development	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover						
External sales	4,849,816	5,830,739	6,539	207,566	-	10,894,660
Inter-segment sales	41,078	1,856	4,198	10,871	(58,003)	-
Total	4,890,894	5,832,595	10,737	218,437	(58,003)	10,894,660
Results						
Segment results	432,846	707,966	(295)	(1,639)	-	1,138,878
Finance income	13,492	9,711	69	46,612	(50,453)	19,431
Finance costs	(52,634)	(20,960)	(1,746)	(45,245)	50,453	(70,132)
	393,704	696,717	(1,972)	(272)	-	1,088,177
Share of results of associates and joint ventures, net of tax	89,026	9,859	47,800	11,576	-	158,261
	482,730	706,576	45,828	11,304	-	1,246,438
Tax expense	(53,326)	(105,506)	319	(3,643)	-	(162,156)
Non-controlling interests	(21,450)	(261,052)	(1,805)	1,121	-	(283,186)
Net profit for the period	407,954	340,018	44,342	8,782	-	801,096

Assets

Segment assets	7,153,442	7,760,835	347,755	1,754,605	(1,972,859)	15,043,778
Investment in associates and joint ventures	933,693	486,251	565,438	89,012	-	2,074,394
Tax assets	49,669	8,247	214	90	-	58,220
Total assets	8,136,804	8,255,333	913,407	1,843,707	(1,972,859)	17,176,392

Liabilities

Segment liabilities	4,356,366	4,850,190	169,530	1,869,385	(1,972,859)	9,272,612
Tax liabilities	401,793	254,062	1,375	14,276	-	671,506
Total liabilities	4,758,159	5,104,252	170,905	1,883,661	(1,972,859)	9,944,118

Capital expenditure

	503,595	798,499	3,336	2,411	-	1,307,841
Significant non-cash items						
Depreciation and amortisation	189,608	115,561	1,441	8,224	-	314,834
Allowance for / (Write-back of) impairment in value of assets and assets written off (net) (Written back) / Allowance made for doubtful debts and bad debts	10,541	232	(3,749)	-	-	7,024
	(1,524)	489	(120)	389	-	(766)

(ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	5,074,017	47	4,197,697	38	9,628,618	56	402,810	31
Rest of ASEAN & Australia	698,344	7	844,871	8	875,032	5	20,303	2
China	162,123	1	1,503,947	14	1,746,961	10	70,617	5
India	22,510	-	2,267,496	20	2,389,553	14	256,060	20
Middle East & Africa	123,201	1	348,903	3	446,370	3	4,733	-
UK	550,908	5	665,287	6	792,988	5	29,165	2
Rest of Europe	2,084,138	19	233,144	2	248,466	1	-	-
Brazil	127,511	1	841,018	8	883,696	5	514,785	39
U.S.A.	1,327,512	12	4,675	-	6,924	-	29	-
Other Countries	724,396	7	138,903	1	157,784	1	9,339	1
Total	10,894,660	100	11,045,941	100	17,176,392	100	1,307,841	100

16. SEGMENTAL REPORTING (Cont'd)

Notes to Segmental Analysis

16a. Operating Segments

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

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

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

16b. Geographical Segments

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

16c. Review of segment performance

Please refer to Paragraph 11 for analysis by operating segments.

17. INTERESTED PERSON TRANSACTIONS

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

	4Q15	FY15
	\$'000	\$'000
<u>Sale of Goods and Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Accuron Technologies Limited and its Associates	344	1,424
- Mapletree Investments Pte Ltd and its Associates	169	3,041
- PSA International Pte Ltd and its Associates	1,579	6,328
- Singapore Power Limited and its Associates	5,542	11,671
- Singapore Technologies Telemedia Pte Ltd and its Associates	41	260
- Temasek Capital (Private) Limited and its Associates	6,684	9,306
- Wildlife Reserves Singapore Pte Ltd and its Associates	851	3,091
	15,210	35,121
Olam International Ltd and its Associates	910	910
Starhub Ltd and its Associates	2,257	8,769
SATS Ltd and its Associates	29	132
Singapore Airlines Limited and its Associates	1,230	4,944
Singapore Technologies Engineering Ltd and its Associates	5,054	18,562
STATS ChipPAC Ltd and its Associates	-	379
	24,690	68,817
<u>Purchase of Goods and Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Mapletree Investments Pte Ltd and its Associates	-	3,124
- Singapore Power Limited and its Associates	1,243	4,930
- Temasek Capital (Private) Limited and its Associates ¹	107,703	579,887
	108,946	587,941
Singapore Technologies Engineering Ltd and its Associates	-	441
	108,946	588,382
<u>Management and Support Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	1,280	3,039
	1,280	3,039
	134,916	660,238

Note:

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

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

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

BY ORDER OF THE BOARD

Kwong Sook May (Ms)
Company Secretary
February 17, 2016