



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

**THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2016 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

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## SEMBCORP INDUSTRIES LTD

### UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2016

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the third quarter and nine months ended September 30, 2016.

In March 2016, Sembcorp Marine's (Marine) interest in Gravifloat AS (Gravifloat) was increased from 12% to 56%; and Sembcorp Utilities' (Utilities) interest in Sembcorp Gayatri Power Ltd (SGPL) was increased from 49% to 65%. Both Gravifloat and SGPL became subsidiaries of the Group. Consequently, Gravifloat and SGPL's financials were consolidated into the Group's financial statements. In August 2016, Marine acquired a 100% interest in LMG Marin AS (LMG). Consequently, LMG's financials were consolidated into the Group's financial statements.

#### 1. GROUP INCOME STATEMENT

		GROUP			GROUP		
	Note	3Q16 \$'000	3Q15 \$'000	+ / (-) %	9M16 \$'000	9M15 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>2,139,532</b>	<b>2,399,461</b>	<b>(10.8)</b>	<b>5,881,260</b>	<b>7,125,486</b>	<b>(17.5)</b>
Cost of sales	2a	(1,841,274)	(2,109,712)	(12.7)	(5,026,389)	(6,194,187)	(18.9)
<b>Gross profit</b>	2a	<b>298,258</b>	<b>289,749</b>	<b>2.9</b>	<b>854,871</b>	<b>931,299</b>	<b>(8.2)</b>
General & administrative expenses	2b	(84,778)	(120,040)	(29.4)	(268,894)	(295,217)	(8.9)
Other income	2c	26,123	34,627	(24.6)	82,590	125,149	(34.0)
Other expense (net)	2d	(71,468)	(18,319)	290.1	(128,623)	(55,703)	130.9
Finance income	2e	7,350	7,963	(7.7)	23,345	20,133	16.0
Finance costs	2e	(90,642)	(64,914)	39.6	(268,247)	(152,711)	75.7
Share of results of associates and joint ventures, net of tax	2f	3,489	21,175	(83.5)	77,188	119,725	(35.5)
<b>Profit before tax</b>		<b>88,332</b>	<b>150,241</b>	<b>(41.2)</b>	<b>372,230</b>	<b>692,675</b>	<b>(46.3)</b>
Tax expense	2g	(29,948)	(10,915)	174.4	(88,043)	(92,528)	(4.8)
<b>Profit for the period</b>		<b>58,384</b>	<b>139,326</b>	<b>(58.1)</b>	<b>284,187</b>	<b>600,147</b>	<b>(52.6)</b>
<b>Attributable to:</b>							
Owners of the Company		53,935	122,303	(55.9)	247,425	488,077	(49.3)
Non-controlling interests		4,449	17,023	(73.9)	36,762	112,070	(67.2)
		<b>58,384</b>	<b>139,326</b>	<b>(58.1)</b>	<b>284,187</b>	<b>600,147</b>	<b>(52.6)</b>
<b>Earnings per ordinary share (cents)</b>	2h						
- basic		2.47	6.29	(60.7)	12.21	26.31	(53.6)
- diluted		2.44	6.24	(60.9)	12.11	26.12	(53.6)

## 2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

	GROUP			GROUP		
	3Q16 \$'000	3Q15 \$'000	+ / (-) %	9M16 \$'000	9M15 \$'000	+ / (-) %
Turnover	2,139,532	2,399,461	(10.8)	5,881,260	7,125,486	(17.5)
Cost of sales	(1,841,274)	(2,109,712)	(12.7)	(5,026,389)	(6,194,187)	(18.9)
Gross profit	298,258	289,749	2.9	854,871	931,299	(8.2)
Included in Cost of sales:-						
Depreciation and amortisation (i)	(104,676)	(92,524)	13.1	(307,957)	(275,369)	11.8

Group turnover – refer to Page 18, note 11.

Group gross profit increased by 3% in 3Q16 against 3Q15 mainly due to higher contribution from Utilities' India operations in 3Q16, partially offset by Marine's lower contribution from its rig building projects.

- (i) Depreciation and amortisation in 3Q16 was higher mainly from Utilities' India operation, Thermal Powertech Corporation India Limited's (TPCIL), which became fully operational in September 2015 and higher contribution from Marine's new yards.

### 2b. General & administrative expenses

	GROUP			GROUP		
	3Q16 \$'000	3Q15 \$'000	+ / (-) %	9M16 \$'000	9M15 \$'000	+ / (-) %
General & administrative expenses	(84,778)	(120,040)	(29.4)	(268,894)	(295,217)	(8.9)
Included in general & administrative expenses: -						
Depreciation and amortisation	(2,487)	(4,448)	(44.1)	(14,342)	(13,637)	5.2
Write-back of / (Allowance for) doubtful debts and bad debts	6,586	(23,219)	NM	3,805	(26,830)	NM
Intangible assets write back / (written off)	54	-	NM	(8,243)	-	NM

General & administrative expenses for 3Q16 were lower mainly due to Utilities' write-back of doubtful debts for China operations in 3Q16. Lower general & administrative expenses for 3Q16 was also due to Marine's lower personnel related costs and lower professional fees.

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

### 2c. Other income

	GROUP			GROUP		
	3Q16 \$'000	3Q15 \$'000	+ / (-) %	9M16 \$'000	9M15 \$'000	+ / (-) %
Other income	26,123	34,627	(24.6)	82,590	125,149	(34.0)
Included in other income: -						
Dividend income	-	-	-	-	747	(100.0)
Fair value gain on re-measurement of pre-existing equity interest in joint venture and available-for-sale financial asset (AFS), which became subsidiaries, see Note 5(b)	-	-	-	10,702	-	NM
Gain on disposal of subsidiary (i)	-	17,703	(100.0)	-	72,409	(100.0)
Gain on disposal of joint venture	-	-	-	186	-	NM
Gain on disposal of other financial assets	358	577	(38.0)	1,947	1,167	66.8
Gain on disposal of investment held for sale	409	-	NM	3,820	-	NM

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

### 2d. Other expense (net)

	GROUP			GROUP		
	3Q16 \$'000	3Q15 \$'000	+ / (-) %	9M16 \$'000	9M15 \$'000	+ / (-) %
Other expense (net)	(71,468)	(18,319)	290.1	(128,623)	(55,703)	130.9
Included in other expense (net): -						
Changes in fair value of financial instruments (i)	(17,795)	(23,514)	(24.3)	2,154	(41,773)	NM
Changes in fair value of available-for-sale assets (ii)	(50,063)	(17,127)	192.3	(64,189)	(17,063)	276.2
Foreign exchange (loss) / gain (iii)	(2,656)	23,107	NM	(64,905)	6,234	NM

- (i) Changes in fair value of financial instruments in 3Q16 was mainly due to mark-to-market adjustments of foreign currency forward contracts.
- (ii) Changes in fair value of available-for-sale assets in 3Q16 included predominantly impairment of the available-for-sale financial assets, Gallant Venture of \$46.2 million and Marine's impairment of its available-for-sale financial assets.
- (iii) Foreign exchange loss arose mainly from Marine's revaluation of assets denominated in Pounds sterling to Singapore dollar against the foreign exchange rate as at the previous quarter.

### 2e. Finance income and finance costs

	GROUP			GROUP		
	3Q16 \$'000	3Q15 \$'000	+ / (-) %	9M16 \$'000	9M15 \$'000	+ / (-) %
Finance income	7,350	7,963	(7.7)	23,345	20,133	16.0
Finance costs (i)	(90,642)	(64,914)	39.6	(268,247)	(152,711)	75.7

- (i) Higher finance costs in 3Q16 was mainly due to Utilities' India operations with full commercial operations of TPCIL power plant in September 2015. Higher finance costs in 3Q16 was also due to Marine's higher bank borrowings.

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

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

The Group recorded lower share of profit from associates and joint ventures in 3Q16 compared to 3Q15 mainly due to Marine's increased share of losses from associates, lower contribution from Urban Development's China operations and the absence of contribution from SembSita Pacific Pte Ltd (SembSita) which was divested in November 2015.

### 2g. Tax expense

		GROUP			GROUP		
		3Q16 \$'000	3Q15 \$'000	+ / (-) %	9M16 \$'000	9M15 \$'000	+ / (-) %
Tax expense	(i)	(29,948)	(10,915)	174.4	(88,043)	(92,528)	(4.8)
<i>Included in tax expense: -</i>							
Tax expense							
- Net write-back of tax in respect of prior years	(ii)	1,914	10,402	(81.6)	1,735	12,085	(85.6)

- (i) The higher effective tax rate in 3Q16 was due to non-tax deductibility for the impairment of Group's available-for-sale financial assets and higher profit from overseas operations, which have higher tax rates. In 9M16, the higher effective tax rate was also due to deferred tax assets arising from tax losses, were recognized only to the extent that it is probable that the tax benefits will be realized.
- (ii) Net write-back of tax in 3Q15 was primarily due to Marine's recognition of tax incentives.

### 2h. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the owners of the Company, less distribution to holders of perpetual securities:	Group			Group		
	3Q16	3Q15	+ / (-) %	9M16	9M15	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	2.47	6.29	(60.7)	12.21	26.31	(53.6)
- Weighted average number of shares (in million)	1,786.9	1,786.0	0.1	1,786.7	1,785.9	0.0
(ii) On a fully diluted basis (in cents)	2.44	6.24	(60.9)	12.11	26.12	(53.6)
- Adjusted weighted average number of shares (in million)	1,804.3	1,801.0	0.2	1,801.8	1,799.1	0.2

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		GROUP	
		3Q16 \$'000	3Q15 \$'000	9M16 \$'000	9M15 \$'000
<b>Profit for the period</b>		<b>58,384</b>	<b>139,326</b>	<b>284,187</b>	<b>600,147</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operations	(i)	19,424	89,583	(209,977)	132,049
Exchange differences on monetary items forming part of net investment in foreign operation		2,572	(198)	2,711	1,131
Net change in fair value of cash flow hedges	(ii)	23,004	(79,933)	78,406	(52,795)
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	5,807	26,617	41,686	76,223
Net change in fair value of available-for-sale financial assets	(iv)	(7,821)	(17,815)	(35,022)	(22,337)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(v)	3,893	17,055	11,640	17,055
Share of other comprehensive income of associates and joint ventures		6,523	(14,656)	(15,956)	(54,013)
		<u>53,402</u>	<u>20,653</u>	<u>(126,512)</u>	<u>97,313</u>
<b>Items that may not be reclassified subsequently to profit or loss:</b>					
Defined benefit plan actuarial (losses) and gains		(278)	1,212	(278)	(3,918)
Other comprehensive income for the period, net of tax		<u>53,124</u>	<u>21,865</u>	<u>(126,790)</u>	<u>93,395</u>
<b>Total comprehensive income for the period</b>		<b><u>111,508</u></b>	<b><u>161,191</u></b>	<b><u>157,397</u></b>	<b><u>693,542</u></b>
<b>Attributable to:</b>					
Owners of the Company		90,302	141,486	137,077	564,372
Non-controlling interests		21,206	19,705	20,320	129,170
<b>Total comprehensive income for the period</b>		<b><u>111,508</u></b>	<b><u>161,191</u></b>	<b><u>157,397</u></b>	<b><u>693,542</u></b>

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

- (i) The movement in foreign currency translation reserves in 3Q16 arose primarily due to appreciation of United States dollar and Indian Rupee against Singapore dollar relative to the rate as at end of previous quarter.
- (ii) The fair value changes of cash flow hedges in 3Q16 was primarily due to changes in fair value on fuel oil swaps, foreign currency forward contract 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) Mainly reclassification to profit or loss on impairment of the Group's available-for-sale financial assets.

#### 4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 30/09/2016 \$'000	As at 31/12/2015 \$'000	As at 30/09/2016 \$'000	As at 31/12/2015 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	10,714,833	8,685,182	505,204	529,691
Investment properties	58,417	21,081	-	-
Investments in subsidiaries	-	-	2,442,412	2,472,184
Interests in associates and joint ventures	1,856,441	2,349,257	-	-
Other financial assets	216,532	283,558	-	-
Trade and other receivables	612,663	450,548	208,675	143,757
Tax recoverable	8,448	6,938	-	-
Intangible assets	583,224	442,956	22,830	22,224
Deferred tax assets	59,337	68,283	-	-
	<u>14,109,895</u>	<u>12,307,803</u>	<u>3,179,121</u>	<u>3,167,856</u>
<b>Current assets</b>				
Inventories and work-in-progress	3,438,498	4,232,509	14,191	12,341
Trade and other receivables	1,890,204	1,567,557	126,457	137,077
Tax recoverable	12,237	9,726	-	-
Assets held for sale	-	41,803	-	5,893
Other financial assets	119,522	149,606	23	-
Cash and cash equivalents	2,093,897	1,606,488	285,065	325,831
	<u>7,554,358</u>	<u>7,607,689</u>	<u>425,736</u>	<u>481,142</u>
<b>Total assets</b>	<u>21,664,253</u>	<u>19,915,492</u>	<u>3,604,857</u>	<u>3,648,998</u>
<b>Current liabilities</b>				
Trade and other payables	3,392,895	3,387,921	127,649	131,073
Excess of progress billings over work-in-progress	486,455	320,151	-	-
Provisions	69,842	58,664	23,782	22,486
Liabilities held for sale	-	5,430	-	-
Other financial liabilities	57,502	181,471	-	-
Current tax payable	212,663	191,785	54,325	46,671
Interest-bearing borrowings	1,771,092	1,800,607	1	3
	<u>5,990,449</u>	<u>5,946,029</u>	<u>205,757</u>	<u>200,233</u>
<b>Net current assets</b>	<u>1,563,909</u>	<u>1,661,660</u>	<u>219,979</u>	<u>280,909</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	346,990	319,605	53,991	53,987
Provisions	59,008	58,742	593	593
Other financial liabilities	213,740	258,880	-	-
Retirement benefit obligations	6,551	8,891	-	-
Interest-bearing borrowings	6,963,172	5,032,342	-	-
Other long-term payables	248,793	247,509	281,479	283,572
	<u>7,838,254</u>	<u>5,925,969</u>	<u>336,063</u>	<u>338,152</u>
<b>Total liabilities</b>	<u>13,828,703</u>	<u>11,871,998</u>	<u>541,820</u>	<u>538,385</u>
<b>Net assets</b>	<u>7,835,550</u>	<u>8,043,494</u>	<u>3,063,037</u>	<u>3,110,613</u>
<b>Equity attributable to owners of the Company:-</b>				
Share capital	565,572	565,572	565,572	565,572
Other reserves	(219,123)	(142,938)	(6,816)	(13,660)
Revenue reserve	5,247,010	5,207,742	1,696,626	1,756,013
	<u>5,593,459</u>	<u>5,630,376</u>	<u>2,255,382</u>	<u>2,307,925</u>
Perpetual securities	807,655	802,688	807,655	802,688
	<u>6,401,114</u>	<u>6,433,064</u>	<u>3,063,037</u>	<u>3,110,613</u>
<b>Non-controlling interests</b>	1,434,436	1,610,430	-	-
<b>Total equity</b>	<u>7,835,550</u>	<u>8,043,494</u>	<u>3,063,037</u>	<u>3,110,613</u>

**Footnote:**

The Group Balance Sheet as at September 30, 2016, included the consolidation of Gravifloat, SGPL and LMG, which became subsidiaries in March 2016 and August 2016 (Note 5b).

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

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

	As at 30/9/2016 \$'000	As at 31/12/2015 \$'000
<b>Amount repayable:</b>		
<b>(i) <u>In one year or less, or on demand</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	852,786	794,434
Unsecured	918,306	1,006,173
	<u>1,771,092</u>	<u>1,800,607</u>
<b>(ii) <u>Between one to five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	984,383	541,061
Unsecured	3,421,682	2,415,966
	<u>4,406,065</u>	<u>2,957,027</u>
<b>(iii) <u>After five years</u></b>		
<b>Interest-bearing borrowings</b>		
Secured	1,677,922	921,322
Unsecured	879,185	1,153,993
	<u>2,557,107</u>	<u>2,075,315</u>
Total	<u>8,734,264</u>	<u>6,832,949</u>
<b>(iv) The secured loans are collateralised by the following assets' net book value:-</b>		
	As at 30/9/2016 \$'000	As at 31/12/2015 \$'000
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>6,391,551</u>	<u>3,928,992</u>

##### 4b. Net asset value

	Group		Company	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
Net asset value per ordinary share based on issued share capital at the end of the financial period (in \$)	3.58	3.60	1.71	1.74

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

Significant variances for balance sheets items are explained as follows:

###### (i) Group

###### Non-current assets

"Property, plant and equipment" increased mainly due to consolidation of Sembcorp Gayatri Power Ltd (SGPL).

"Investment properties" increased primarily due to Urban Development's reclassification from properties under development upon finalized land utilisation plans.

"Interests in associates and joint ventures" decreased primarily due to SGPL becoming a subsidiary in March 2016.

"Other financial assets" decreased mainly due to impairment of Gallant Venture and Marine's fair value adjustments of quoted equity shares and foreign currency forward contracts.

"Trade and other receivables" increased mainly due to Utilities' Myanmar project.

"Intangible assets" increased mainly due to Marine's acquisition of Gravifloat in March 2016 and LMG Marin AS in August 2016.



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

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

###### (i) Group (cont'd)

###### Non-current assets (cont'd)

Deferred tax assets decreased mainly due to Marine's utilisation of tax credit.

###### Net current assets

"Inventories and work-in-progress" decreased mainly due to Marine's 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. The work-in-progress decreased mainly due to the successful deliveries of jack-up rigs.

"Trade and other receivables" increased mainly due to consolidation of SGPL and higher Marine's receivable. An amount of \$95.5 million was subsequently received for rig building project in October in 2016.

"Assets held for sale" and "Liabilities held for sale" decreased primarily due to the divestment of Sembcorp Air Products (SembAP) in January 2016.

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

"Cash and cash equivalents" increased mainly due to high bank balance in Marine.

"Excess of progress billings over work-in-progress" increased mainly due to billing to a customer for rig building project.

"Provisions" increased mainly due to Marine's allowance for warranty.

"Other financial liabilities" decreased mainly due to fair value adjustments on foreign currency forward contracts and fuel oil swaps.

"Current tax payable" increased mainly due to consolidation of SGPL and current year tax provision, offset by payments made during the period.

###### Non-current liabilities

"Other financial liabilities" decreased mainly due to fair value adjustments on cross currency swaps and foreign currency forward contracts.

"Retirement benefit obligations" decreased mainly due to employee benefits paid to employees from UK operations.

"Interest bearing borrowings" increased mainly due to consolidation of SGPL, increased in Marine's borrowings for working capital and capital expenditures, and refinancing of short-term borrowings to long-term borrowings.

###### Equity

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

###### (ii) Company

###### Non-current assets

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

###### Net current assets

"Cash and cash equivalents" decreased mainly due to payment of dividends to shareholders.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	3Q16 \$'000	3Q15 \$'000	9M16 \$'000	9M15 \$'000
<b>Cash flows from Operating Activities</b>				
Profit for the period	58,384	139,326	284,187	600,147
Adjustments for :				
Dividend	-	-	-	(747)
Finance income	(7,350)	(7,963)	(23,345)	(20,133)
Finance costs	90,642	64,914	268,247	152,711
Depreciation and amortisation	107,163	96,972	322,299	289,006
Share of results of associates and joint ventures, net of tax	(3,489)	(21,175)	(77,188)	(119,725)
Gain on disposal of property, plant and equipment and other financial assets	(413)	(950)	(2,031)	(1,674)
(Gain) / Loss on disposal of intangible assets	(1)	-	(1)	9
Gain on disposal of investment in a joint venture	-	-	(186)	-
Gain on disposal of investment held for sale	(409)	-	(3,820)	-
Gain on disposal of investments in subsidiary	-	(17,703)	-	(72,409)
Fair value gain on re-measurement of pre-existing investments in other financial asset and joint venture, which became subsidiaries	-	-	(10,702)	-
Changes in fair value of financial instruments	17,795	23,514	(2,154)	41,773
Equity settled share-based compensation expenses	6,408	9,690	18,275	19,652
Allowance made for impairment loss in value of assets and assets written off (net)	50,309	17,373	73,661	17,627
Negative goodwill	(62)	-	(62)	-
(Write-back of) / Allowance for doubtful debts and bad debts	(6,586)	23,219	(3,805)	26,830
Tax expense	29,948	10,915	88,043	92,528
Operating profit before working capital changes	342,339	338,132	931,418	1,025,595
Changes in working capital:				
Inventories and work-in-progress	580,913	(770,286)	947,511	(934,433)
Receivables	(93,845)	348,475	(589,554)	(158,682)
Payables	25,938	238,588	(144,116)	25,998
	855,345	154,909	1,145,259	(41,522)
Tax paid	(16,637)	(48,700)	(62,471)	(120,405)
Net cash from / (used in) operating activities	838,708	106,209	1,082,788	(161,927)
<b>Cash flows from Investing Activities</b>				
Dividend received	30,783	15,909	46,635	39,489
Interest received	5,390	10,182	17,861	17,786
Proceeds from divestment of investment/assets held for sale	409	-	22,894	-
Proceeds from disposal of interests in a joint venture	-	-	450	-
Proceeds from sale of other financial assets	24,844	754	29,112	9,820
Proceeds from sale of property, plant and equipment	8,256	806	11,257	1,458
Proceeds from sale of intangible assets	1	1	1	2
Proceeds from disposal of interests in a subsidiary, net of cash disposed of	-	14,129	-	204,173
Net repayment from / (loan to) related parties	3,193	11,779	14,193	(2,344)
Non-trade balances with related corporations and external parties, net of repayment	(3,819)	20,220	(6,264)	25,346
Acquisition of subsidiaries, net of cash acquired	(19,827)	-	(61,203)	(213,636)
Acquisition of / additional investments in joint ventures	(3,186)	(36,083)	(12,815)	(159,723)
Acquisition of other financial assets	(26,521)	(7,692)	(30,079)	(14,825)
Purchase of property, plant and equipment and investment property	(205,981)	(443,776)	(694,307)	(1,134,521)
Payment for intangible assets	(1,652)	(535)	(3,923)	(1,297)
Net cash used in investing activities	(188,110)	(414,306)	(666,188)	(1,228,272)
<b>Cash flows from Financing Activities</b>				
Proceeds from share issued to non-controlling interest of subsidiaries	2,239	22	4,301	1,448
Proceeds from share options exercised with issue of treasury shares	(1)	76	426	330
Proceeds from share options exercised with issue of treasury shares of a subsidiary	(1)	385	835	1,763
Purchase of treasury shares	(1,797)	(4,127)	(3,828)	(5,391)
Purchase of treasury shares by subsidiary	(641)	(5)	(2,990)	(10,985)
Proceeds from issue of perpetual securities, net of transaction costs	-	-	-	596,775
Proceeds from borrowings	574,324	567,196	2,045,777	1,772,078
Repayment of borrowings	(452,176)	(147,991)	(1,206,318)	(431,318)
Repayment of finance leases	(119)	(148)	(295)	(3,871)
Acquisition of non-controlling interests	(156,782)	-	(156,782)	160
Unclaimed dividends	11	29	13	28
Dividends paid to owners of the Company	(71,478)	(89,338)	(178,724)	(285,866)
Dividends paid to non-controlling interests of subsidiaries	(17,544)	(43,494)	(43,606)	(124,273)
Perpetual securities distribution paid	(4,986)	(4,959)	(24,238)	(10,000)
Interest paid	(90,758)	(64,539)	(287,854)	(157,741)
Net cash (used in) / from financing activities	(219,709)	213,107	146,717	1,343,137
Net increase / (decrease) in cash and cash equivalents	430,889	(94,990)	563,317	(47,062)
<b>Cash and cash equivalents at beginning of the period</b>	1,681,115	1,715,284	1,604,465	1,659,434
Effect of exchange rate changes on balances held in foreign currency	(19,011)	13,648	(74,789)	21,570
<b>Cash and cash equivalents at end of the period</b>	2,092,993	1,633,942	2,092,993	1,633,942

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

### 5a. Cash and cash equivalents

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

	<b>Group</b>	
	<b>30/09/2016</b>	<b>31/12/2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits with banks	323,436	419,074
Cash and bank balances	1,770,461	1,187,414
Cash and cash equivalents in the balance sheets	2,093,897	1,606,488
Bank overdrafts	(904)	(2,023)
Cash and cash equivalents in the consolidated statement of cash flows	<u>2,092,993</u>	<u>1,604,465</u>

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

	3Q2016 <sup>1</sup>	3Q2015	9M2016 <sup>1</sup>	9M2015 <sup>2</sup>
	\$'000	\$'000	\$'000	\$'000
<b>Effect on cash flows of the Group</b>				
Cash paid	24,564	-	144,397	232,483
Less: Cash and cash equivalents in subsidiaries acquired	(4,737)	-	(83,194)	(18,847)
Cash outflow on acquisition	<u>19,827</u>	<u>-</u>	<u>61,203</u>	<u>213,636</u>
<b>Identifiable assets acquired and liabilities assumed</b>				
Property, plant and equipment	31,952	-	1,771,596	732,077
Other financial assets	-	-	-	38,683
Long-term receivables and prepayments	-	-	28,830	12,572
Intangible assets	23,751	-	143,193	72,413
Inventories	-	-	95	-
Trade and other receivables	7,623	-	77,207	28,508
Tax Recoverable	-	-	-	3,548
Cash and cash equivalents	4,737	-	83,194	18,847
Total assets	<u>68,063</u>	<u>-</u>	<u>2,104,115</u>	<u>906,648</u>
Trade and other payables	40,660	-	180,426	88,281
Other financial liabilities	-	-	-	-
Current tax payable	20	-	7,166	1,861
Borrowings	-	-	1,184,678	437,820
Deferred tax liabilities	-	-	-	26,472
Retirement benefit obligations	-	-	-	181
Total liabilities	<u>40,680</u>	<u>-</u>	<u>1,372,270</u>	<u>554,615</u>
Net identifiable assets	27,383	-	731,845	352,033
Less: Non-controlling interests	(30)	-	(165,623)	(151,672)
Add: Goodwill	-	-	24,676	32,122
Less: Negative goodwill	(62)	-	(62)	-
Less: Amount previously accounted for as available-for-sale financial asset and joint venture	-	-	(425,350)	-
Less: Foreign currency translation reserve realised when the joint venture became a subsidiary	-	-	(2,410)	-
Less: Gain on step up acquisition of available-for-sale financial asset and joint venture	-	-	(10,702)	-
Consideration transferred for the business	<u>27,291</u>	<u>-</u>	<u>152,374</u>	<u>232,483</u>

<sup>1</sup> Step-up of Gravifloat, previously an available-for-sale financial asset and SGPL, previously a joint venture in 1Q2016, and acquisition of LMG and Mulanur Renewable Energy Pte Ltd in 3Q2016

<sup>2</sup> Acquisition of Sembcorp Green Infra Ltd (SGI)

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

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

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

	GROUP	
	3Q2015 <sup>1</sup>	9M2015 <sup>2</sup>
	\$'000	\$'000
Property, plant and equipment	42,160	401,171
Long-term receivables	-	10,026
Intangible assets	396	38,113
Deferred tax assets	-	19
Inventories and work-in-progress	851	1,191
Trade & other receivables	11,130	32,919
Cash & Cash equivalent	5,419	28,841
Trade & other payables	(22,014)	(44,383)
Current tax payable	(4)	(472)
Interest bearing borrowings	(31,446)	(209,986)
Deferred tax liabilities	-	(44,613)
Provisions	-	3,345
Retirement benefit obligations	(1,173)	(2,837)
Other long-term liabilities	(10,100)	(71,595)
Net assets derecognised	(4,781)	141,739
Non-controlling interests	8,460	8,460
Realisation of currency translation reserve upon disposal	(1,834)	10,406
	1,845	160,605
Gain on disposal	17,703	72,409
Consideration received, satisfied in cash	19,548	233,014
Less: Cash and cash equivalents disposed of	(5,419)	(28,841)
Net cash inflow	14,129	204,173

<sup>1</sup> Sale of ZMD

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

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

(i) **Third Quarter**

The cash inflow from changes in working capital was mainly due to Marine's receipts from completed rig building; partially offset by Utilities' India working capital for operations.

Net cash outflow from investing activities for 3Q16 was \$188.1 million, mainly from purchase of property, plant and equipment primarily for the expansion and operation of Marine's yards, partially offset by dividends received.

(ii) **Nine Months**

The cash inflow from changes in working capital was mainly due to Marine's receipts from completed rig building; partially offset by Utilities' India working capital for operations.

Net cash outflow from investing activities for 9M16 was \$666.2 million, mainly from step-up acquisition of subsidiaries and purchase of property, plant and equipment primarily for the expansion and operation of Marine's yards, partially offset by proceeds from divestment of SembAP and dividends received.

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

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

## 6. STATEMENTS OF CHANGES IN EQUITY

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

	Attributable to owners of the Company										
	Other reserves					Total	Perpetual securities	Total	Non-controlling		Total equity
	Share capital	Reserve for own shares	Currency translation reserve	Others	Revenue reserve				interests		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>1H16</b>											
<b>At January 1, 2016</b>	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	
<b>Total comprehensive income</b>											
Profit for the period	-	-	-	-	193,490	193,490	-	193,490	32,313	225,803	
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	(185,732)	-	-	(185,732)	-	(185,732)	(43,669)	(229,401)	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	139	-	-	139	-	139	-	139	
Net change in fair value of cash flow hedges	-	-	-	38,252	-	38,252	-	38,252	17,150	55,402	
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	35,187	-	35,187	-	35,187	692	35,879	
Net change in fair value of available-for-sale financial assets	-	-	-	(16,768)	-	(16,768)	-	(16,768)	(10,433)	(27,201)	
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	4,686	-	4,686	-	4,686	3,061	7,747	
Share of other comprehensive of associates and joint ventures	-	-	-	(22,479)	-	(22,479)	-	(22,479)	-	(22,479)	
Total other comprehensive income	-	-	(185,593)	38,878	-	(146,715)	-	(146,715)	(33,199)	(179,914)	
<b>Total comprehensive income</b>	-	-	(185,593)	38,878	193,490	46,775	-	46,775	(886)	45,889	
<b>Transactions with owners of the Company, recognised directly in equity</b>											
Redemption of preference shares for non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(7,380)	(7,380)	
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	2,062	2,062	
Share-based payments	-	-	-	9,947	-	9,947	-	9,947	1,920	11,867	
Purchase of treasury shares	-	(2,031)	-	-	-	(2,031)	-	(2,031)	-	(2,031)	
Treasury shares transferred to employees	-	10,221	-	(9,794)	-	427	-	427	-	427	
Treasury shares of a subsidiary	-	-	-	(923)	-	(923)	-	(923)	(592)	(1,515)	
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	165,593	165,593	
Acquisition of non-controlling interests	-	-	-	23,183	-	23,183	-	23,183	(157,264)	(134,081)	
Put liability to acquire non-controlling interests	-	-	-	(924)	-	(924)	-	(924)	-	(924)	
Realisation of reserve upon disposal of subsidiary	-	-	-	(25)	-	(25)	-	(25)	(6,311)	(6,336)	
Realisation of reserve when a joint venture became a subsidiary	-	-	2,410	-	-	2,410	-	2,410	-	2,410	
Perpetual securities distribution paid	-	-	-	-	-	-	(19,252)	(19,252)	-	(19,252)	
Accrued perpetual securities distribution	-	-	-	-	(19,397)	(19,397)	19,398	1	-	1	
Dividend paid	-	-	-	-	(107,246)	(107,246)	-	(107,246)	(26,062)	(133,308)	
Unclaimed dividends	-	-	-	-	2	2	-	2	-	2	
<b>Total transactions with owners</b>	-	8,190	2,410	21,464	(126,641)	(94,577)	146	(94,431)	(28,034)	(122,465)	
<b>At June 30, 2016</b>	565,572	(455)	(267,504)	10,370	5,274,591	5,582,574	802,834	6,385,408	1,581,510	7,966,918	
<b>3Q16</b>											
<b>Total comprehensive income</b>											
Profit for the period	-	-	-	-	53,935	53,935	-	53,935	4,449	58,384	
<b>Other comprehensive income</b>											
Foreign currency translation differences for foreign operations	-	-	12,410	-	-	12,410	-	12,410	7,014	19,424	
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	2,572	-	-	2,572	-	2,572	-	2,572	
Net change in fair value of cash flow hedges	-	-	-	12,146	-	12,146	-	12,146	10,858	23,004	
Net change in fair value of cash flow hedges reclassified to profit or loss	-	-	-	5,654	-	5,654	-	5,654	153	5,807	
Net change in fair value of available-for-sale financial assets	-	-	-	(5,065)	-	(5,065)	-	(5,065)	(2,756)	(7,821)	
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	2,368	-	2,368	-	2,368	1,525	3,893	
Defined benefit plan actuarial gains and losses	-	-	-	-	(241)	(241)	-	(241)	(37)	(278)	
Share of other comprehensive of associates and joint ventures	-	-	-	6,523	-	6,523	-	6,523	-	6,523	
Total other comprehensive income	-	-	14,982	21,626	(241)	36,367	-	36,367	16,757	53,124	
<b>Total comprehensive income</b>	-	-	14,982	21,626	53,694	90,302	-	90,302	21,206	111,508	
<b>Transactions with owners of the Company, recognised directly in equity</b>											
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	2,239	2,239	
Share-based payments	-	-	-	5,407	-	5,407	-	5,407	1,000	6,407	
Purchase of treasury shares	-	(1,798)	-	-	-	(1,798)	-	(1,798)	-	(1,798)	
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	
Treasury shares of a subsidiary	-	-	-	(394)	-	(394)	-	(394)	(248)	(642)	
Non-controlling interests of subsidiary acquired	-	-	-	-	-	-	-	-	(1,535)	(1,535)	
Acquisition of non-controlling interests	-	-	-	(3,025)	-	(3,025)	-	(3,025)	(152,192)	(155,217)	
Put liability to acquire non-controlling interests	-	-	-	1,668	-	1,668	-	1,668	-	1,668	
Perpetual securities distribution paid	-	-	-	-	-	-	(4,986)	(4,986)	-	(4,986)	
Accrued perpetual securities distribution	-	-	-	-	(9,808)	(9,808)	9,807	(1)	-	(1)	
Dividend paid	-	-	-	-	(71,478)	(71,478)	-	(71,478)	(17,544)	(89,022)	
Unclaimed dividends	-	-	-	-	11	11	-	11	-	11	
<b>Total transactions with owners</b>	-	(1,798)	-	3,656	(81,275)	(79,417)	4,821	(74,596)	(168,280)	(242,876)	
<b>At September 30, 2016</b>	565,572	(2,253)	(252,522)	35,652	5,247,010	5,593,459	807,655	6,401,114	1,434,436	7,835,550	

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

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

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



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

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

#### Issued and paid up capital

As at September 30, 2016, the Company's issued and paid up capital excluding treasury shares comprises 1,786,737,694 (December 31, 2015: 1,785,176,479) ordinary shares.

#### Share Options

During 3Q16, nil (3Q15: 29,750) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at September 30, 2016, there were nil (September 30, 2015: 489,799) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP. All options have expired as of June 2016.

#### Performance Shares

During 3Q16, nil (3Q15: nil) performance shares were awarded under the Company's Performance Share Plan ("PSP"), nil (3Q15: nil) performance shares were released and nil (3Q15: nil) performance shares were lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at September 30, 2016, was 2,418,250 (September 30, 2015: 2,050,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,627,375 (September 30, 2015: 3,075,000) performance shares.

#### Restricted Shares

During 3Q16, nil (3Q15: nil) restricted shares were awarded under the Restricted Share Plan ("RSP"), nil (3Q15: nil) restricted shares were released and 95,058 (3Q15: 66,032) restricted shares were lapsed.

The total number of restricted shares outstanding, including awards achieved but not released, as at end September 30, 2016 was 9,135,978 (September 30, 2015: 7,834,364). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 6,716,007 (September 30, 2015: 5,262,200). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 10,074,010 (September 30, 2015: 7,893,300) restricted shares.

#### Treasury shares

During 3Q16, the Company acquired 650,000 (3Q15: 1,241,900) ordinary shares in the Company by way of on-market purchases. Nil (3Q15: 29,750) treasury shares were re-issued pursuant to the SOP, PSP and RSP.

As at September 30, 2016, 810,038 (September 30, 2015: 2,001,793) 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, 2015.

**10. CHANGES IN ACCOUNTING POLICIES**

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

### Group Overview

The Group reported a turnover of \$5.9 billion and a net profit of \$247.4 million in 9M16. 9M15 net profit included a total divestment gain of \$72.4 million.

### Turnover

	<u>3Q16</u>	<u>3Q15</u>	<u>Change</u>	<u>+ / (-)</u>	<u>9M16</u>	<u>9M15</u>	<u>Change</u>	<u>+ / (-)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Utilities	1,198,600	1,159,108	39,492	3	2,988,269	3,241,065	(252,796)	(8)
Marine	887,861	1,129,775	(241,914)	(21)	2,714,316	3,640,551	(926,235)	(25)
Urban Development	1,319	1,584	(265)	(17)	4,109	4,928	(819)	(17)
Others/Corporate	51,752	108,994	(57,242)	(53)	174,566	238,942	(64,376)	(27)
	<u>2,139,532</u>	<u>2,399,461</u>	<u>(259,929)</u>	<u>(11)</u>	<u>5,881,260</u>	<u>7,125,486</u>	<u>(1,244,226)</u>	<u>(18)</u>

The Utilities' turnover in 3Q16 was higher mainly due to higher turnover from India and recognition of construction revenue for its Myanmar project. Utilities' turnover in 9M16 was lower primarily due to Singapore operations' lower HSFO prices recorded during the period, partially mitigated by higher turnover from India.

Marine's turnover for 3Q16 and 9M16 decreased mainly due to lower revenue recognition for rig building projects resulting from customers' delivery deferment requests and lower repair businesses. For the offshore platform projects, turnover was higher in 3Q16 and 9M16.

Decrease in turnover in 3Q16 and 9M16 for Others/Corporate was mainly due to lower contribution by a subsidiary dealing in specialized construction activities.

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

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

	3Q16	3Q15	Change	+ / (-)	9M16	9M15	Change	+ / (-)
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities	108,923	90,248	18,675	21	258,794	306,234	(47,440)	(16)
Marine	(13,246)	19,651	(32,897)	NM	27,321	151,031	(123,710)	(82)
Urban Development	(1,417)	4,569	(5,986)	NM	6,005	17,548	(11,543)	(66)
Others/Corporate	(40,325)	7,835	(48,160)	NM	(44,695)	13,264	(57,959)	NM
	<b>53,935</b>	<b>122,303</b>	<b>(68,368)</b>	<b>(56)</b>	<b>247,425</b>	<b>488,077</b>	<b>(240,652)</b>	<b>(49)</b>

Utilities' net profit in 3Q16 of \$108.9 million was 21% higher than 3Q15. Excluding the divestment of ZMD recognized in 3Q15, Utilities delivered a growth of 50%. Overseas operations in India, China and the Middle East performed better, while net profit from the Rest of Asia declined mainly due to the absence of contribution from SembSita Pacific Pte Ltd (SembSita), which was divested in 4Q15.

Marine's net profit for 3Q16 decreased mainly due to lower contribution from rig building projects resulting from customers' delivery deferment requests. The share of losses from associates, higher finance costs, foreign exchange translation and impairment of available-for-sale financial assets had contributed to the net loss in 3Q 2016. Net profit for 9M16 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.

Urban Development reported a net loss in 3Q16 and a lower net profit in 9M16 than the corresponding period last year. This is mainly due to lower land sales recognition from its Nanjing Eco Hi-tech Island project and Chengdu Hi-Tech project. Further profit from land sales in China is expected to be recognised in 4Q16. Its Vietnam business continued to deliver steady net profit.

Net loss for Others/Corporate in 3Q16 and 9M16 included the mark-to-market impairment for Gallant Venture of \$46.2 million and \$51.9 million respectively. 3Q16 and 9M16 net profit were also impacted by the lower contribution from our offshore engineering business.

## 12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

## 13. PROSPECTS

### **Utilities**

The Singapore utilities business continues to face intense competition in the power market.

In India, the SGPL power plant will be completed by the end of the year. SGPL is working to secure long-term power purchase agreements. TPCIL will see a full year's contribution underpinned by secured long-term contracts.

Meanwhile, Utilities' operations in China are expected to deliver a better performance than 2015.

### **Marine**

The global oil and gas industry remains subdued and uncertain. Receipts from project deliveries and achievements of progress milestones have improved Sembcorp Marine's cash flow and balance sheet during the quarter. The business will continue to focus on liquidity, costs and balance sheet management. This includes active management of its manpower requirements in line with changing needs.

Sembcorp Marine expects to navigate these tough times, having gone through several down-cycles in the past. With a strong core team and strategic investments in infrastructure and technology built over the years, the business is more resilient and better positioned to capture new opportunities.

### **Urban Development**

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

### **Group**

The current market environment remains challenging. With our strategic presence in key emerging markets and strong capabilities, the Group is confident that it will continue to create and deliver 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. DIVIDEND

No interim dividend for the period ended September 30, 2016 is recommended.

## 15. SEGMENTAL REPORTING

### 9M16

#### (i) Operating segments

	Utilities	Marine	Urban Development	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	2,988,269	2,714,316	4,109	174,566	-	5,881,260
Inter-segment sales	15,613	604	3,131	18,093	(37,441)	-
<b>Total</b>	<b>3,003,882</b>	<b>2,714,920</b>	<b>7,240</b>	<b>192,659</b>	<b>(37,441)</b>	<b>5,881,260</b>
<b>Results</b>						
Segment results	446,311	155,118	(11,303)	(50,182)	-	539,944
Finance income	17,617	6,451	180	39,513	(40,416)	23,345
Finance costs	(209,484)	(62,874)	(2,045)	(34,260)	40,416	(268,247)
	<b>254,444</b>	<b>98,695</b>	<b>(13,168)</b>	<b>(44,929)</b>	-	<b>295,042</b>
Share of results of associates and joint ventures, net of tax	82,553	(29,800)	20,533	3,902	-	77,188
	<b>336,997</b>	<b>68,895</b>	<b>7,365</b>	<b>(41,027)</b>	-	<b>372,230</b>
Tax expense	(58,523)	(24,544)	(641)	(4,335)	-	(88,043)
Non-controlling interests	(19,680)	(17,030)	(719)	667	-	(36,762)
<b>Net profit / (loss) for the period</b>	<b>258,794</b>	<b>27,321</b>	<b>6,005</b>	<b>(44,695)</b>	-	<b>247,425</b>
<b>Assets</b>						
Segment assets	10,384,445	9,419,008	359,409	1,553,785	(1,988,857)	19,727,790
Investment in associates and joint ventures	840,763	285,246	634,445	95,987	-	1,856,441
Tax assets	56,675	22,034	777	536	-	80,022
<b>Total assets</b>	<b>11,281,883</b>	<b>9,726,288</b>	<b>994,631</b>	<b>1,650,308</b>	<b>(1,988,857)</b>	<b>21,664,253</b>
<b>Liabilities</b>						
Segment liabilities	6,540,272	7,061,686	252,986	1,402,963	(1,988,857)	13,269,050
Tax liabilities	439,950	104,494	2,141	13,068	-	559,653
<b>Total liabilities</b>	<b>6,980,222</b>	<b>7,166,180</b>	<b>255,127</b>	<b>1,416,031</b>	<b>(1,988,857)</b>	<b>13,828,703</b>
<b>Capital expenditure</b>	<b>349,936</b>	<b>268,461</b>	<b>3,769</b>	<b>6,930</b>	-	<b>629,096</b>
<b>Significant non-cash items</b>						
Depreciation and amortisation	207,705	106,135	1,485	6,974	-	322,299
Allowance for impairment in value of assets and assets written off (net)	9,357	12,265	104	51,935	-	73,661
(Write-back of) / Allowance for doubtful debts and bad debts	(3,822)	169	-	(152)	-	(3,805)

#### (ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	2,074,024	35	4,479,432	32	10,297,900	47	158,248	25
Rest of Asia	381,556	7	911,336	6	1,083,691	5	13,533	2
China	123,845	2	1,528,320	11	1,881,858	9	58,289	9
India	685,219	12	4,869,445	35	5,799,484	27	230,228	37
Middle East & Africa	76,032	1	396,357	3	437,428	2	3,395	1
UK	670,013	11	126,046	1	235,925	1	7,505	1
Rest of Europe	1,181,968	20	370,984	2	412,657	2	-	-
Brazil	57,526	1	1,263,773	9	1,318,712	6	134,083	21
U.S.A.	594,058	10	5,030	-	6,585	-	8	-
Other Countries	37,019	1	159,172	1	190,013	1	23,807	4
<b>Total</b>	<b>5,881,260</b>	<b>100</b>	<b>14,109,895</b>	<b>100</b>	<b>21,664,253</b>	<b>100</b>	<b>629,096</b>	<b>100</b>

## 15. SEGMENTAL REPORTING (Cont'd)

### 9M15

#### (i) Operating segments

	Utilities	Marine	Urban Development	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	3,241,065	3,640,551	4,928	238,942	-	7,125,486
Inter-segment sales	25,483	579	3,173	2,005	(31,240)	-
<b>Total</b>	<b>3,266,548</b>	<b>3,641,130</b>	<b>8,101</b>	<b>240,947</b>	<b>(31,240)</b>	<b>7,125,486</b>
<b>Results</b>						
Segment results	368,646	343,193	(8,689)	2,378	-	705,528
Finance income	13,493	6,239	133	43,327	(43,059)	20,133
Finance costs	(121,934)	(32,843)	(2,001)	(38,992)	43,059	(152,711)
	<b>260,205</b>	<b>316,589</b>	<b>(10,557)</b>	<b>6,713</b>	<b>-</b>	<b>572,950</b>
Share of results of associates and joint ventures, net of tax	103,674	(23,184)	29,361	9,874	-	119,725
	<b>363,879</b>	<b>293,405</b>	<b>18,804</b>	<b>16,587</b>	<b>-</b>	<b>692,675</b>
Tax expense	(46,775)	(39,984)	(588)	(5,181)	-	(92,528)
Non-controlling interests	(10,870)	(102,390)	(668)	1,858	-	(112,070)
<b>Net profit for the period</b>	<b>306,234</b>	<b>151,031</b>	<b>17,548</b>	<b>13,264</b>	<b>-</b>	<b>488,077</b>
<b>Assets</b>						
Segment assets	8,359,757	8,444,322	408,569	1,754,743	(2,102,066)	16,865,325
Investment in associates and joint ventures	1,131,663	481,650	616,635	102,263	-	2,332,211
Tax assets	56,150	8,083	673	90	-	64,996
<b>Total assets</b>	<b>9,547,570</b>	<b>8,934,055</b>	<b>1,025,877</b>	<b>1,857,096</b>	<b>(2,102,066)</b>	<b>19,262,532</b>
<b>Liabilities</b>						
Segment liabilities	5,042,242	5,547,209	185,731	1,643,122	(2,102,066)	10,316,238
Tax liabilities	413,079	202,818	1,148	14,898	-	631,943
<b>Total liabilities</b>	<b>5,455,321</b>	<b>5,750,027</b>	<b>186,879</b>	<b>1,658,020</b>	<b>(2,102,066)</b>	<b>10,948,181</b>
<b>Capital expenditure</b>	<b>448,503</b>	<b>702,826</b>	<b>4,161</b>	<b>3,819</b>	<b>-</b>	<b>1,159,309</b>
<b>Significant non-cash items</b>						
Depreciation and amortisation	186,545	94,418	1,242	6,801	-	289,006
Allowance for impairment in value of assets and assets written off (net)	533	17,076	-	18	-	17,627
Allowance made / (Written back) for doubtful debts and bad debts	24,819	2,057	(53)	7	-	26,830

#### (ii) Geographical segments

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

## 15. SEGMENTAL REPORTING (Cont'd)

### Notes to Segmental Analysis

#### 15a. Operating Segments

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

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

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

#### 15b. Geographical Segments

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

#### 15c. Review of segment performance

Please refer to Paragraph 11 for analysis by operating segments.

## 16. INTERESTED PERSON TRANSACTIONS

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

	3Q16	9M16
	\$'000	\$'000
<b><u>Sale of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Accuron Technologies Limited and its Associates	-	105
- Mapletree Investments Pte Ltd and its Associates	1,308	1,308
- PSA International Pte Ltd and its Associates	1,677	4,641
- Singapore Power Limited and its Associates	1,934	12,169
- Temasek Capital (Private) Limited and its Associates	374	5,121
- Wildlife Reserves Singapore Pte Ltd and its Associates	-	238
	<u>5,293</u>	<u>23,582</u>
Olam International Ltd and its Associates	3,505	5,142
Starhub Ltd and its Associates	-	633
SATS Ltd and its Associates	-	101
Singapore Telecommunications Ltd and its Associates	321	114,321
Singapore Airlines Limited and its Associates	-	410
Singapore Technologies Engineering Ltd and its Associates	-	1,372
	<u>9,119</u>	<u>145,561</u>
<b><u>Purchase of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Mapletree Investments Pte Ltd and its Associates	-	166
- Singapore Power Limited and its Associates	1,295	3,859
- Surbana-Jurong Private Limited	273	911
- Temasek Capital (Private) Limited and its Associates <sup>1</sup>	96,225	265,209
	<u>97,793</u>	<u>270,145</u>
Singapore Technologies Engineering Ltd and its Associates	-	3,833
	<u>97,793</u>	<u>273,978</u>
<b><u>Management and Support Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates	950	3,155
	<u>107,862</u>	<u>422,694</u>

Note:

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



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

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

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

We, Ang Kong Hua, and Tang Kin Fei, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the third quarter and nine months ended September 30, 2016 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for third quarter and nine months ended September 30, 2016.

On behalf of the board of directors

**Ang Kong Hua**  
Chairman

**Tang Kin Fei**  
Director

**BY ORDER OF THE BOARD**

**Kwong Sook May (Ms)**  
Company Secretary  
October 27, 2016