

Petrofac International Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	Oil and gas assets US\$ '000	Land, buildings and leasehold improvements US\$ '000	Plant and equipment US\$ '000	Vehicles US\$ '000	Office furniture and equipment US\$ '000	Assets under construction US\$ '000	Total US\$ '000
Cost:							
At 1 January 2015	604,727	297,938	21,475	22,215	102,074	193,297	1,241,726
Additions	87,561	3,633	340	1,466	11,524	146,272	250,796
Reclassifications	-	-	8,245	(72)	(8,316)	143	-
Transfer from assets under construction	-	33,500	-	-	16,218	(49,718)	-
Disposals	-	(77)	(303)	(699)	(475)	-	(1,554)
Write-off	-	-	(1,995)	-	-	-	(1,995)
Exchange difference	-	(774)	-	(57)	(776)	-	(1,607)
At 31 December 2015	692,288	334,220	27,762	22,853	120,249	289,994	1,487,366
Depreciation:							
At 1 January 2015	197,176	157,157	15,417	19,066	74,181	-	462,997
Charge for the year	15,558	34,636	3,358	1,392	19,492	-	74,436
Reclassifications	-	-	5,473	448	(5,921)	-	-
Disposals	-	(43)	(303)	(441)	(371)	-	(1,158)
Write-off	-	-	(234)	-	-	-	(234)
Exchange difference	-	(320)	-	(43)	(678)	-	(1,041)
At 31 December 2015	212,734	191,430	23,711	20,422	86,703	-	535,000
Net carrying amount:							
At 31 December 2015	479,554	142,790	4,051	2,431	33,546	289,994	952,366

Additions to oil and gas assets mainly comprise Santuario, Magallanes and Arenque PECs of US\$ 12,461 thousand and Panuco PEC of US\$ 4,812 thousand (2015: Santuario, Magallanes and Arenque PECs of US\$ 61,000 thousand and Panuco PEC of US\$ 26,000 thousand). Additions to land, buildings and leasehold improvements mainly comprise of project camps and temporary facilities for Engineering and Construction projects.

Of the total charge for depreciation in the consolidated income statement, US\$ 63,004 thousand (2015: US\$ 60,684 thousand) is included in cost of sales and US\$ 12,013 thousand (2015: US\$ 13,752 thousand) in selling, general and administration expenses.

Assets under construction mainly represent expenditures incurred in relation to construction of the JSD6000 installation vessel.

Interest on loan from parent company capitalised on construction of JSD6000 installation vessel in 2016 amounted to US\$ 2,839 thousand (2015: US\$ 1,567 thousand) (note 27).