



SEMBCORP MARINE LTD
Registration Number: 196300098Z

HALF YEAR ENDED 30 JUNE 2020 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

TABLE OF CONTENTS

<u>Item No</u>	<u>Description</u>	<u>Page</u>
1	Consolidated Income Statement	1
2	Notes to Consolidated Income Statement	2 – 4
3	Consolidated Statement of Comprehensive Income	4
4	Balance Sheets	5 – 7
5	Consolidated Statement of Cash Flows	8 – 9
6	Statements of Changes in Equity	10 – 12
7	Audit	13
8	Auditors' Report	13
9	Accounting Policies	13
10	Review of Group Performance	14
11	Variance from Prospect Statement	14
12	Prospects	14
13	Dividend	14
14	Segmental Reporting	15 – 17
15	Other Information	17
16	Interested Person Transactions	18
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)	18
18	Confirmation Pursuant to the Rule 705(5) of the Listing Manual	18



SEMBCORP MARINE LTD
Registration Number: 196300098Z

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the half year ended 30 June 2020.

1. CONSOLIDATED INCOME STATEMENT

	Note	Group		+ / (-) %
		1H 2020 \$'000	1H 2019 \$'000	
Turnover	2a	906,199	1,541,874	(41.2)
Cost of sales	2a	(1,100,784)	(1,515,444)	(27.4)
Gross (loss)/profit	2a	(194,585)	26,430	n.m.
Other operating income	2b	93,150	21,668	n.m.
Other operating expenses	2b	(24,511)	(959)	n.m.
General and administrative expenses	2c	(46,827)	(44,469)	5.3
Operating (loss)/profit		(172,773)	2,670	n.m.
Finance income	2d	29,909	47,696	(37.3)
Finance costs	2d	(79,000)	(65,516)	20.6
Non-operating income	2e	501	-	n.m.
Share of results of associates and joint ventures, net of tax	2f	550	(1,193)	n.m.
Loss before tax		(220,813)	(16,343)	n.m.
Tax credit	2g	26,476	7,572	n.m.
Loss for the period		(194,337)	(8,771)	n.m.
Loss attributable to:				
Owners of the Company		(192,146)	(6,830)	n.m.
Non-controlling interests		(2,191)	(1,941)	12.9
Loss for the period		(194,337)	(8,771)	n.m.
Earnings per ordinary share (cents)	2h			
Basic		(9.19)	(0.33)	n.m.
Diluted		(9.19)	(0.33)	n.m.

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

	Note	Group		
		1H 2020 \$'000	1H 2019 \$'000	+ / (-) %
Turnover	(i)	906,199	1,541,874	(41.2)
Cost of sales		(1,100,784)	(1,515,444)	(27.4)
Gross (loss)/profit	(ii)	(194,585)	26,430	n.m.
<i>Included in gross (loss)/profit:</i>				
Depreciation and amortisation	(iii)	(95,856)	(120,850)	(20.7)
Inventories written down, net		(1)	(18)	(94.4)
Property, plant and equipment written off		-	(114)	n.m.

- (i) Turnover for 1H 2020 decreased mainly due to lower revenue recognition from rigs and floaters, mitigated by higher revenue recognition from offshore platforms, specialised shipbuilding as well as repairs & upgrades projects. The lower revenue recognition was attributed to the adverse impact from the COVID-19 pandemic resulting in delays in the execution and completion of existing projects.
- (ii) Gross loss for 1H 2020 was mainly due to COVID-19 pandemic delaying projects execution, higher costs recognised for rigs & floaters and specialised shipbuilding projects; and lower margin recognition from offshore platforms. It was partly offset by profit from repairs and upgrades business. The gross profit in 1H 2019 was mainly due to margin recognition from newly secured projects, offset by low overall business volume.
- (iii) Depreciation for 1H 2020 was lower mainly due to fixed assets at Tanjong Kling Yard being fully depreciated in 2019.

2b. Other operating income/(expenses)

	Note	Group		
		1H 2020 \$'000	1H 2019 \$'000	+ / (-) %
Other operating income		93,150	21,668	n.m.
Other operating expenses		(24,511)	(959)	n.m.
		68,639	20,709	n.m.
<i>Included in other operating income/(expenses):</i>				
Changes in fair value of financial instruments	(i)	(24,270)	1,164	n.m.
Foreign exchange gain/(loss), net	(ii)	36,962	(741)	n.m.
Loss on disposal of property, plant and equipment, net		(119)	(54)	n.m.
Rental income		5,311	7,019	(24.3)
Grant income	(iii)	42,191	642	n.m.
Other income	(iv)	8,686	12,843	(32.4)
Other expenses		(122)	(164)	(25.6)
		68,639	20,709	n.m.

- (i) Changes in fair value of financial instruments were due to mark-to-market adjustments of foreign currency forward contracts used for managing the Group's foreign currency exposures.
- (ii) Foreign exchange gain in 1H 2020 and foreign exchange loss in 1H 2019 was mainly due to the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.
- (iii) Higher grant income in 1H 2020 was mainly due to government grants for COVID-19 pandemic.
- (iv) Lower other income in 1H 2020 was mainly due to lower sales of scrap.

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

2c. General and administrative expenses

	Note	Group		+ / (-) %
		1H 2020 \$'000	1H 2019 \$'000	
General and administrative expenses		(46,827)	(44,469)	5.3
<i>Included in general and administrative expenses:</i>				
Depreciation and amortisation	(i)	(4,747)	(1,551)	n.m.
(Allowance for)/write-back of doubtful debts and bad debts, net		(214)	602	n.m.

- (i) Higher depreciation in 1H 2020 was mainly due to reclassification of depreciation of office and computer equipment from cost of sales.

2d. Finance income and finance costs

	Note	Group		+ / (-) %
		1H 2020 \$'000	1H 2019 \$'000	
Finance income	(i)	29,909	47,696	(37.3)
Finance costs	(ii)	(79,000)	(65,516)	20.6
		<u>(49,091)</u>	<u>(17,820)</u>	n.m.
<i>Included in finance income/(costs):</i>				
Interest income		29,909	47,696	(37.3)
Interest paid and payable to bank and others		(65,784)	(56,303)	16.8
Amortisation of capitalised transaction costs		(2,763)	(1,785)	54.8
Unwind of discount on restoration costs		(664)	(360)	84.4
Interest expense on lease liabilities		(9,789)	(7,068)	38.5
		<u>(49,091)</u>	<u>(17,820)</u>	n.m.

- (i) Lower finance income in 1H 2020 was mainly due to lower interest income from customers on deferred payment arrangement.
- (ii) Higher finance costs in 1H 2020 was mainly due to higher average borrowings and interest rates compared to the corresponding period in 2019 as well as higher interest expense on lease liabilities.

2e. Non-operating income

The non-operating income in 1H 2020 was due to gain on disposal of a workshop in Malaysia.

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

The share of results of associates and joint ventures in 1H 2020 was mainly due to share of profit from joint ventures.

2g. Tax credit

	Note	Group		+ / (-) %
		1H 2020 \$'000	1H 2019 \$'000	
Tax credit	(i)	26,476	7,572	n.m.
<i>Included in tax credit:</i>				
Write-back of tax in respect of prior years, net		86	3,865	(97.8)

- (i) The tax credit was mainly due to pre-tax losses incurred during the period, recognition of tax incentives and write-back of tax in respect of prior years. The deferred tax assets are recognised only to the extent that it is probable that the related tax benefit will be realised.

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

2h. Earnings per ordinary share

	Group		+ / (-) %
	1H 2020	1H 2019	
(i) Based on the weighted average number of shares (cents)	(9.19)	(0.33)	n.m.
- Weighted average number of shares ('000)	2,090,488	2,088,751	0.1
(ii) On a fully diluted basis (cents)	(9.19)	(0.33)	n.m.
- Adjusted weighted average number of shares ('000)	2,090,488	2,088,751	0.1

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		+ / (-) %
		1H 2020 \$'000	1H 2019 \$'000	
Loss for the period		(194,337)	(8,771)	n.m.
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	3a(i)	30,778	1,393	n.m.
Net change in fair value of cash flow hedges	3a(ii)	(32,254)	(4,044)	n.m.
Net change in fair value of cash flow hedges transferred to profit or loss	3a(iii)	2,200	(3,932)	n.m.
Other comprehensive income for the period, net of tax		724	(6,583)	n.m.
Total comprehensive income for the period		(193,613)	(15,354)	n.m.
Total comprehensive income attributable to:				
Owners of the Company		(191,464)	(13,405)	n.m.
Non-controlling interests		(2,149)	(1,949)	10.3
Total comprehensive income for the period		(193,613)	(15,354)	n.m.

3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves arose primarily from the consolidation of entities whose functional currencies are United States dollars.
- (ii) Fair value changes were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.
- (iii) It relates to reclassification to profit or loss upon realisation of cash flow hedges.

4. BALANCE SHEETS

	<u>Group</u>		<u>Company</u>	
	<u>As at 30-Jun-2020 \$'000</u>	<u>As at 31-Dec-2019 \$'000</u>	<u>As at 30-Jun-2020 \$'000</u>	<u>As at 31-Dec-2019 \$'000</u>
Non-current assets				
Property, plant and equipment	4,281,101	4,250,971	8,459	11,287
Right-of-use assets	266,289	253,304	3,050	3,556
Investment properties	-	-	67,149	47,695
Investments in subsidiaries	-	-	1,785,882	1,786,269
Interests in associates and joint ventures	15,399	14,887	-	-
Other financial assets	2,944	11,342	-	-
Trade and other receivables	1,116,342	1,087,631	29,396	29,396
Intangible assets	232,587	246,341	122	122
Deferred tax assets	66,668	29,195	3,382	3,382
	<u>5,981,330</u>	<u>5,893,671</u>	<u>1,897,440</u>	<u>1,881,707</u>
Current assets				
Inventories	132,163	113,108	-	-
Trade and other receivables	324,264	483,300	237,854	208,442
Contract costs	94,034	88,640	-	-
Contract assets	1,650,908	1,462,340	-	-
Tax recoverable	10,172	11,658	-	-
Assets held for sale	-	985	-	-
Other financial assets	4,673	15,820	-	-
Cash and cash equivalents	1,107,031	389,250	35,875	40,233
	<u>3,323,245</u>	<u>2,565,101</u>	<u>273,729</u>	<u>248,675</u>
Total assets	<u>9,304,575</u>	<u>8,458,772</u>	<u>2,171,169</u>	<u>2,130,382</u>
Current liabilities				
Trade and other payables	1,354,011	1,341,010	54,225	32,020
Contract liabilities	97,104	60,186	-	-
Provisions	18,625	16,433	-	-
Other financial liabilities	49,468	7,703	-	-
Current tax payable	8,836	3,758	7,538	12,328
Interest-bearing borrowings	2,031,750	1,421,620	50,000	50,000
Lease liabilities	22,940	23,978	10,192	6,907
	<u>3,582,734</u>	<u>2,874,688</u>	<u>121,955</u>	<u>101,255</u>
Net current (liabilities)/assets	<u>(259,489)</u>	<u>(309,587)</u>	<u>151,774</u>	<u>147,420</u>
Non-current liabilities				
Deferred tax liabilities	26,519	28,989	-	-
Provisions	100,774	106,821	26,928	26,759
Other financial liabilities	1,703	2,204	-	-
Interest-bearing borrowings	1,795,519	1,479,172	-	-
Subordinated loan	1,500,000	1,500,000	-	-
Lease liabilities	276,956	254,120	56,233	38,678
Other long-term payables	6,006	6,000	4,002	4,002
	<u>3,707,477</u>	<u>3,377,306</u>	<u>87,163</u>	<u>69,439</u>
Total liabilities	<u>7,290,211</u>	<u>6,251,994</u>	<u>209,118</u>	<u>170,694</u>
Net assets	<u>2,014,364</u>	<u>2,206,778</u>	<u>1,962,051</u>	<u>1,959,688</u>
Equity attributable to owners of the Company				
Share capital	488,787	486,217	488,787	486,217
Other reserves	(45,685)	(44,996)	(23,594)	(22,223)
Revenue reserve	1,539,941	1,732,087	1,496,858	1,495,694
	<u>1,983,043</u>	<u>2,173,308</u>	<u>1,962,051</u>	<u>1,959,688</u>
Non-controlling interests	31,321	33,470	-	-
Total equity	<u>2,014,364</u>	<u>2,206,778</u>	<u>1,962,051</u>	<u>1,959,688</u>

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

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

	As at 30-Jun-2020 \$'000	As at 31-Dec-2019 \$'000
Interest-bearing borrowings:		
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	2,031,750	1,421,620
(ii) <u>Amount repayable after one year</u> Unsecured	1,795,519	1,479,172
Subordinated loan:		
(i) <u>Amount repayable after one year</u> Unsecured	1,500,000	1,500,000

4b. **Net asset value**

	Group		Company	
	30-Jun-2020	31-Dec-2019	30-Jun-2020	31-Dec-2019
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	94.77	103.96	93.76	93.74

4c. **Explanatory notes to Balance Sheets**

(i) **Group**

Non-current assets

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

'Deferred tax assets' increased mainly due to tax credit on unutilised tax losses.

Current assets

'Inventories' increased mainly due to purchase of materials for projects.

'Trade and other receivables' decreased mainly due to receipts from customers for completed projects.

'Contract assets' increased mainly due to revenue recognised during the period and timing of billings to customers.

'Tax recoverable' decreased mainly due to receipt from tax authorities during the period.

'Assets held for sale' decreased mainly due to the completion of sale of a workshop in Malaysia during the period.

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

'Cash and cash equivalents' increased mainly due to net proceeds from borrowings and receipts from customers, offset by capital expenditures and working capital for ongoing projects.

Current liabilities

'Contract liabilities' increased mainly due to advanced cash received from projects, offset by revenue recognition during the period.

'Provisions' increased mainly due to reclassification of provision for restoration costs from non-current liabilities, offset by warranty provision written back.

'Other financial liabilities' increased mainly due to fair value adjustments on foreign currency forward contracts and interest rate swaps.

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

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

(i) **Group** (Cont'd)

Current liabilities (Cont'd)

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

'Interest-bearing borrowings' increased mainly due to drawdown of new and existing facilities to strengthen liquidity during this COVID-19 period, offset by repayments.

Net current liabilities

As at 30 June 2020, the Group had net current liabilities totalling \$259 million arising mainly from term loans maturing in the next twelve months. The Group has adequate existing loan facilities to repay or refinance current borrowings as they fall due.

Non-current liabilities

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

'Interest-bearing borrowings' increased mainly due to the successful refinancing of short term borrowings with longer term maturities.

(ii) **Company**

Non-current assets

'Property, plant and equipment' decreased mainly due to depreciation charge for the period.

'Right-of-use assets' decreased mainly due to depreciation charge for the period.

'Investment properties' increased mainly due to recognition of lease obligations.

Current assets

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

'Cash and cash equivalents' decreased mainly due to payments made.

Current liabilities

'Trade and other payables' increased mainly due to higher payables due to subsidiaries.

'Current tax payable' decreased mainly due to payment made during the period.

'Lease liabilities' increased mainly due to extension of land leases.

Non-current liabilities

'Lease liabilities' increased mainly due to extension of land leases.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1H 2020 \$'000	1H 2019 \$'000
Cash flows from operating activities:		
Loss for the period	(194,337)	(8,771)
Adjustments for:		
Finance income	(29,909)	(47,696)
Finance costs	79,000	65,516
Depreciation of property, plant and equipment, and right-of-use assets	86,633	107,599
Amortisation of intangible assets	13,970	14,802
Share of results of associates and joint ventures, net of tax	(550)	1,193
Loss on disposal of property, plant and equipment	119	54
Loss on termination of lease liabilities	14	-
Gain on disposal of asset held for sale	(501)	-
Changes in fair value of financial instruments	24,270	(1,164)
Share-based payment expenses	733	1,705
Property, plant and equipment written off	-	114
Inventories written down, net	1	18
Allowance for/(write-back of) doubtful debts and bad debts, net	214	(602)
Tax credit	(26,476)	(7,572)
Operating (loss)/profit before working capital changes	(46,819)	125,196
Changes in working capital:		
Inventories	(19,056)	(28,240)
Contract costs	(5,394)	169,309
Contract assets	(188,568)	(288,048)
Contract liabilities	36,918	(98,392)
Trade and other receivables	158,688	324,515
Trade and other payables	12,275	91,847
Cash (used in)/generated from operations	(51,956)	296,187
Interest income received	1,332	36,607
Interest paid	(70,490)	(60,132)
Tax (paid)/refunded	(858)	431
Net cash (used in)/generated from operating activities	(121,972)	273,093
Cash flows from investing activities:		
Purchase of property, plant and equipment	(57,801)	(205,100)
Proceeds from sale of property, plant and equipment	103	412
Proceeds from disposal of asset held for sale	1,467	-
Purchase of intangible assets	(196)	-
Dividend received from joint venture	-	1,904
Net cash used in investing activities	(56,427)	(202,784)
Cash flows from financing activities:		
Proceeds from borrowings	2,018,582	493,162
Repayment of borrowings	(1,110,201)	(607,887)
Payment of lease liabilities	(9,352)	(8,175)
Payment on termination of lease liabilities	(49)	-
Net cash generated from/(used in) financing activities	898,980	(122,900)
Net increase/(decrease) in cash and cash equivalents	720,581	(52,591)
Cash and cash equivalents at beginning of the period	389,250	837,173
Effect of exchange rate changes on balances held in foreign currencies	(2,800)	(2,693)
Cash and cash equivalents at end of the period	1,107,031	781,889

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

5a. **Cash and cash equivalents**

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

	30-Jun-2020 \$'000	30-Jun-2019 \$'000
Fixed deposits	6,681	6,581
Cash and bank balances	1,100,350	775,308
Cash and cash equivalents	1,107,031	781,889

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

Half year

Cash flows used in operating activities before changes in working capital were \$46.8 million in 1H 2020. Net cash used in operating activities for 1H 2020 at \$122.0 million was mainly due to working capital for ongoing projects and net interest paid, offset by receipts from completed projects.

Net cash used in investing activities for 1H 2020 was \$56.4 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard, offset by proceeds from disposal of a workshop in Malaysia.

Net cash generated from financing activities for 1H 2020 was \$899.0 million. It relates mainly to net proceeds from borrowings.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

	Attributable to owners of the Company							Non-controlling interests \$'000	Total Equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
1H 2020									
At 1 January 2020	486,217	(771)	(1,683)	(27,455)	(15,087)	1,732,087	2,173,308	33,470	2,206,778
Total comprehensive income									
Loss for the period	-	-	-	-	-	(192,146)	(192,146)	(2,191)	(194,337)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	30,736	-	-	30,736	42	30,778
Net change in fair value of cash flow hedges	-	-	-	-	(32,254)	-	(32,254)	-	(32,254)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	2,200	-	2,200	-	2,200
Total other comprehensive income	-	-	-	30,736	(30,054)	-	682	42	724
Total comprehensive income	-	-	-	30,736	(30,054)	(192,146)	(191,464)	(2,149)	(193,613)
Transactions with owners of the Company, recognised directly in equity									
Issue of new shares	2,570	-	-	-	(2,104)	-	466	-	466
Share-based payments	-	-	-	-	733	-	733	-	733
Total transactions with owners	2,570	-	-	-	(1,371)	-	1,199	-	1,199
At 30 June 2020	488,787	(771)	(1,683)	3,281	(46,512)	1,539,941	1,983,043	31,321	2,014,364
1H 2019									
At 31 December 2018	484,288	(2,151)	(13,011)	(13,577)	(22,288)	1,878,423	2,311,684	36,751	2,348,435
Adjustment on initial application of SFRS(I) 16, net of tax	-	-	-	-	-	7,868	7,868	-	7,868
Adjusted balance at 1 January 2019	484,288	(2,151)	(13,011)	(13,577)	(22,288)	1,886,291	2,319,552	36,751	2,356,303
Total comprehensive income									
Loss for the period	-	-	-	-	-	(6,830)	(6,830)	(1,941)	(8,771)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	1,401	-	-	1,401	(8)	1,393
Net change in fair value of cash flow hedges	-	-	-	-	(4,044)	-	(4,044)	-	(4,044)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(3,932)	-	(3,932)	-	(3,932)
Total other comprehensive income	-	-	-	1,401	(7,976)	-	(6,575)	(8)	(6,583)
Total comprehensive income	-	-	-	1,401	(7,976)	(6,830)	(13,405)	(1,949)	(15,354)
Transactions with owners of the Company, recognised directly in equity									
Issue of treasury shares	-	1,380	-	-	(896)	-	484	-	484
Share-based payments	-	-	-	-	1,735	-	1,735	-	1,735
Total transactions with owners	-	1,380	-	-	839	-	2,219	-	2,219
At 30 June 2019	484,288	(771)	(13,011)	(12,176)	(29,425)	1,879,461	2,308,366	34,802	2,343,168

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

6b. Statements of Changes in Equity of the Company

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
1H 2020						
At 1 January 2020	486,217	(771)	960	(22,412)	1,495,694	1,959,688
Total comprehensive income						
Profit for the period	-	-	-	-	1,164	1,164
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,164	1,164
Transactions with owners of the Company, recognised directly in equity						
Issue of new shares	2,570	-	-	(2,104)	-	466
Share-based payments	-	-	-	484	-	484
Cost of share-based payment issued to employees of subsidiaries	-	-	-	249	-	249
Total transactions with owners	2,570	-	-	(1,371)	-	1,199
At 30 June 2020	488,787	(771)	960	(23,783)	1,496,858	1,962,051
1H 2019						
At 1 January 2019	484,288	(2,151)	960	(22,579)	1,498,227	1,958,745
Total comprehensive income						
Profit for the period	-	-	-	-	2,112	2,112
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,112	2,112
Transactions with owners of the Company, recognised directly in equity						
Issue of treasury shares	-	1,380	-	(896)	-	484
Share-based payments	-	-	-	1,054	-	1,054
Cost of share-based payment issued to employees of subsidiaries	-	-	-	681	-	681
Total transactions with owners	-	1,380	-	839	-	2,219
At 30 June 2019	484,288	(771)	960	(21,740)	1,500,339	1,963,076

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

During 1H 2020, the Company issued 2,050,445 (1H 2019: Nil) ordinary shares upon the vesting of restricted shares under the Company's Restricted Share Plan ("RSP"). As at 30 June 2020, the Company's issued and paid up capital, excluding treasury shares, comprises 2,092,538,174 (31 December 2019: 2,090,487,729) ordinary shares.

(ii) Treasury Shares

	Number of shares	
	2020	2019
At 1 January	416,840	1,162,484
Treasury shares issued pursuant to RSP	-	(745,644)
At 30 June	416,840	416,840

During 1H 2020, there was no (1H 2019: 745,644) treasury shares issued pursuant to the RSP.

As at 30 June 2020, 416,840 (30 June 2019: 416,840) treasury shares were held that may be issued upon the vesting of performance shares and restricted shares under the Company's Performance Share Plan ("PSP") and RSP respectively.

(iii) Performance Shares

	Number of shares	
	2020	2019
At 1 January	2,618,000	4,088,000
Performance shares lapsed arising from targets not met	(1,450,000)	(1,470,000)
At 30 June	1,168,000	2,618,000

During 1H 2020, there were 1,450,000 (1H 2019: 1,470,000) performance shares that lapsed due to the under achievement of performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 30 June 2020 was 1,168,000 (30 June 2019: 2,618,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 1,752,000 (30 June 2019: 3,927,000) performance shares.

(iv) Restricted Shares

	Number of shares	
	2020	2019
At 1 January	2,372,975	15,616,727
Conditional restricted shares awarded	757,800	261,300
Conditional restricted shares released	(2,050,445)	(745,644)
Conditional restricted shares lapsed	(99,625)	(326,126)
Restricted shares lapsed arising from targets not met	-	(11,159,921)
At 30 June	980,705	3,646,336

During 1H 2020, there were 757,800 (1H 2019: 261,300) restricted shares awarded under the RSP, 2,050,445 (1H 2019: 745,644) restricted shares released and 99,625 (1H 2019: 326,126) restricted shares that lapsed. The restricted shares released were settled by way of issuance of new shares (1H 2019: settled by way of issuance of treasury shares).

In 1H 2020, there were no (1H 2019: 11,159,921) restricted shares that lapsed due to the under achievement of performance targets.

The total number of restricted shares outstanding, including awards achieved but not released, as at 30 June 2020 was 980,705 (30 June 2019: 3,646,336).

7. AUDIT

The figures have not been audited or reviewed by the Company's auditors. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 – Engagements to Perform Agreed-upon Procedures Regarding Financial Information. These procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

9a. Basis of preparation

The financial statements are prepared in accordance to Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). All references to SFRS(I) and IFRS are referred to as SFRS(I) in these financial statements unless otherwise specified.

Except as disclosed in paragraph 9b below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as the most recent audited financial statements for the year ended, and as at, 31 December 2019.

9b. Changes in accounting policies

The Group has applied the following amendments to SFRS(I)s which are mandatorily effective from 1 January 2020.

- Amendments to SFRS(I) 3 *Definition of a Business*
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*
- Amendments to SFRS(I) Standards *Amendments to References to the Conceptual Framework in SFRS(I) Standards*

The Group has early adopted Amendments to SFRS(I) 16 *Covid-19-Related Rent Concessions*. The Group applied the practical expedient not to assess a rent concession occurring as a direct consequence of the Covid-19 pandemic as a lease modification.

The adoption of the above standards do not have any significant impact on the financial statements.

10. REVIEW OF GROUP PERFORMANCE

(i) Turnover

	1H 2020 \$'m	1H 2019 \$'m	+ / (-) \$'m	+ / (-) %
Rigs & Floaters	458.7	1,222.2	(763.5)	(62.5)
Repairs & Upgrades	258.1	244.9	13.2	5.4
Offshore Platforms	130.3	49.1	81.2	n.m.
Specialised Shipbuilding	35.4	7.1	28.3	n.m.
Other Activities	23.7	18.6	5.1	27.4
	906.2	1,541.9	(635.7)	(41.2)

Turnover for 1H 2020 decreased mainly due to lower revenue recognition from rigs and floaters, mitigated by higher revenue recognition from offshore platforms, specialised shipbuilding as well as repairs & upgrades projects. The lower revenue recognition was attributed to the adverse impact from the COVID-19 pandemic resulting in delays in the execution and completion of existing projects.

(ii) Loss attributable to Owners of the Company (“Net loss”)

Higher net loss for 1H 2020 was mainly due to COVID-19 pandemic delaying projects execution, higher costs recognised for rigs & floaters and specialised shipbuilding projects; and lower margin recognition from offshore platforms. It was partly offset by profit from repairs and upgrades, government grants for COVID-19 pandemic and foreign exchange gain.

11. VARIANCE FROM PROSPECT STATEMENT

Please refer to paragraph 12.

12. PROSPECTS

Sembcorp Marine is gradually resuming project executions safely and progressively. How soon the Group's workforce will be allowed to return to full strength will determine the business outlook in subsequent quarters.

Sembcorp Marine will work to ensure adequate liquidity and financial strength to sustain its operations and ride through the severe industry downturn and COVID-19 pandemic.

In this difficult business environment, the Group expects losses to continue into the foreseeable quarters.

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

13. DIVIDEND

There is no dividend recommended for the period ended 30 June 2020.

14. SEGMENTAL REPORTING

1H 2020

(i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	893,110	11,863	1,226	-	906,199
Inter-segment sales	-	-	40,955	(40,955)	-
Total	893,110	11,863	42,181	(40,955)	906,199
Results					
Segment results	(161,674)	(7,536)	(3,563)	-	(172,773)
Finance income	45,488	-	52,460	(68,039)	29,909
Finance costs	(97,233)	(991)	(48,815)	68,039	(79,000)
Non-operating income	501	-	-	-	501
Share of results of associates and joint ventures, net of tax	300	-	250	-	550
(Loss)/profit before tax	(212,618)	(8,527)	332	-	(220,813)
Tax credit/(expense)	26,531	757	(812)	-	26,476
Loss for the period	(186,087)	(7,770)	(480)	-	(194,337)
Assets					
Segment assets	9,499,203	295,365	3,054,688	(3,636,920)	9,212,336
Interests in associates and joint ventures	4,346	-	11,053	-	15,399
Deferred tax assets	66,473	195	-	-	66,668
Tax recoverable	10,172	-	-	-	10,172
Total assets	9,580,194	295,560	3,065,741	(3,636,920)	9,304,575
Liabilities					
Segment liabilities	7,770,678	57,050	3,064,048	(3,636,920)	7,254,856
Deferred tax liabilities	26,421	98	-	-	26,519
Current tax payable	6,473	-	2,363	-	8,836
Total liabilities	7,803,572	57,148	3,066,411	(3,636,920)	7,290,211
Capital expenditure					
	52,978	-	-	-	52,978
Significant non-cash items					
Depreciation and amortisation	93,353	6,929	321	-	100,603
Gain on disposal of asset held for sale	(501)	-	-	-	(501)
Changes in fair value of financial instruments	(1,492)	-	25,762	-	24,270
Inventories written down, net	1	-	-	-	1
Allowance for doubtful debts and bad debts, net	214	-	-	-	214

(ii) Geographical Segments:

	Turnover from external customers		Non-current assets ⁽¹⁾		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	112,417	12	3,939,467	67	7,121,348	76	33,412	63
Rest of Asia, Australia & India	131,734	15	132,085	2	163,223	2	456	1
Middle East & Africa	24,083	3	-	-	-	-	-	-
United Kingdom	48,162	5	3,504	-	5,374	-	5	-
Norway	102,580	11	55,266	1	66,336	1	13	-
France	74,349	8	104	-	1,735	-	37	-
The Netherlands	13,799	2	187,968	3	195,432	2	-	-
Rest of Europe	80,872	9	48	-	1,133	-	-	-
Brazil	87,530	10	1,592,693	27	1,748,134	19	19,055	36
U.S.A.	228,478	25	583	-	1,860	-	-	-
Other countries	2,195	-	-	-	-	-	-	-
Total	906,199	100	5,911,718	100	9,304,575	100	52,978	100

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, right-of-use assets, interests in associates and joint ventures, trade and other receivables and intangible assets.

14. SEGMENTAL REPORTING (Cont'd)

1H 2019

(i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
Sales to external parties	1,538,404	-	3,470	-	1,541,874
Inter-segment sales	-	-	53,362	(53,362)	-
Total	1,538,404	-	56,832	(53,362)	1,541,874
Results					
Segment results	13,159	(10,996)	507	-	2,670
Finance income	44,465	-	3,231	-	47,696
Finance costs	(60,577)	(597)	(4,342)	-	(65,516)
Share of results of associates and joint ventures, net of tax	(277)	(1,359)	443	-	(1,193)
Loss before tax	(3,230)	(12,952)	(161)	-	(16,343)
Tax credit/(expense)	7,584	-	(12)	-	7,572
Profit/(loss) for the period	4,354	(12,952)	(173)	-	(8,771)
Assets					
Segment assets	8,297,492	200,037	96,975	-	8,594,504
Interests in associates and joint ventures	4,259	47,837	11,327	-	63,423
Deferred tax assets	37,380	-	-	-	37,380
Tax recoverable	10,482	-	653	-	11,135
Total assets	8,349,613	247,874	108,955	-	8,706,442
Liabilities					
Segment liabilities	6,016,666	3,469	276,536	-	6,296,671
Deferred tax liabilities	38,241	-	84	-	38,325
Current tax payable	27,381	-	897	-	28,278
Total liabilities	6,082,288	3,469	277,517	-	6,363,274
Capital expenditure					
	214,228	-	49	-	214,277
Significant non-cash items					
Depreciation and amortisation	115,831	4,494	2,076	-	122,401
Changes in fair value of financial instruments	(1,164)	-	-	-	(1,164)
Property, plant and equipment written off	-	-	114	-	114
Inventories written down/(written back), net	22	-	(4)	-	18
Write-back of doubtful debts and bad debts, net	(602)	-	-	-	(602)

(ii) Geographical Segments:

	Turnover from external customers		Non-current assets ⁽¹⁾		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	70,491	5	3,907,322	66	6,419,130	74	181,821	85
Rest of Asia, Australia & India	61,168	4	141,063	3	174,423	2	2,454	1
Middle East & Africa	4,192	-	-	-	-	-	-	-
United Kingdom	78,111	5	4,882	-	7,920	-	-	-
Norway	424,508	28	129,641	2	144,767	2	49	-
France	223,531	14	66	-	2,126	-	21	-
The Netherlands	60,970	4	192,161	3	200,109	2	-	-
Rest of Europe	44,563	3	68	-	772	-	13	-
Brazil	166,557	11	1,541,608	26	1,754,918	20	29,905	14
U.S.A.	403,323	26	464	-	2,277	-	14	-
Other countries	4,460	-	-	-	-	-	-	-
Total	1,541,874	100	5,917,275	100	8,706,442	100	214,277	100

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, right-of-use assets, interests in associates and joint ventures, trade and other receivables and intangible assets.

14. SEGMENTAL REPORTING (Cont'd)

14a. Explanatory notes to Segmental Reporting

(i) Business segments

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

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

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

(ii) Geographical segments

The Group operates principally in the Republic of Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

(iii) Review of segment performance

Please refer to paragraph 10.

15. OTHER INFORMATION

KPMG Auditores Independentes ("KPMG AI"), the Independent Auditors for the Group's subsidiary Estaleiro Jurong Aracruz Ltda ("EJA"), have issued a disclaimer of opinion in their Independent Auditors' Report dated 13 July 2020 in relation to the financial statements of EJA for the financial year ended 31 December 2019 ("EJA FY 2019 Financial Statements") ("Opinion").

KPMG AI noted that the Brazilian authorities executed a search warrant at the Company's facilities on 3 July 2019, which was connected with the on-going investigations being conducted by the Brazilian Federal Police related to developments of the "Operacao Lava Jato" (Operation Car Wash) in Brazil. As the internal investigation being conducted by external counsel under the supervision of the Special Committee of the Group is still in progress, KPMG AI issued the Opinion as it was unable to obtain sufficient appropriate audit evidence from the ongoing work and from other sources about the potential impact of this matter on the EJA FY 2019 Financial Statements.

The Opinion does not have a material impact on the Group's financial position or consolidated financial statements for the financial year ended 31 December 2019. KPMG LLP, the Independent Auditors of the Group has confirmed that the Opinion does not change the audit opinion issued by KPMG LLP on 3 March 2020 on the Group's consolidated financial statements for the financial year ended 31 December 2019.

16. **INTERESTED PERSON TRANSACTIONS**

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
		1H 2020 \$'000	1H 2019 \$'000	1H 2020 \$'000	1H 2019 \$'000
<u>Transaction for the Purchase of Goods and Services</u>					
SembWaste Pte. Ltd.	Associate of Sembcorp Industries Limited, the controlling shareholder of the Company.	-	-	341	293
<u>Management and Support Services</u>					
Sembcorp Industries Limited	Sembcorp Industries Limited is the controlling shareholder of the Company.	-	-	-	125
Total Interested Person Transactions		-	-	341	418

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

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

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

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the half year ended 30 June 2020 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

**TAN YAH SZE
COMPANY SECRETARY**

15 July 2020