



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

## FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019 FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

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**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019**

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2019.

**1. CONSOLIDATED INCOME STATEMENT**

		Group			Group		
	Note	4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>623,536</b>	<b>913,174</b>	<b>(31.7)</b>	<b>2,882,560</b>	<b>4,887,866</b>	<b>(41.0)</b>
Cost of sales	2a	(695,564)	(893,320)	(22.1)	(2,974,378)	(4,884,772)	(39.1)
<b>Gross (loss)/profit</b>	2a	<b>(72,028)</b>	<b>19,854</b>	<b>n.m.</b>	<b>(91,818)</b>	<b>3,094</b>	<b>n.m.</b>
Other operating income	2b	(3,300)	12,925	n.m.	44,879	49,608	(9.5)
Other operating expenses	2b	8,474	(501)	n.m.	(6,325)	(2,811)	n.m.
General and administrative expenses	2c	(21,715)	(30,229)	(28.2)	(85,526)	(102,214)	(16.3)
<b>Operating (loss)/profit</b>		<b>(88,569)</b>	<b>2,049</b>	<b>n.m.</b>	<b>(138,790)</b>	<b>(52,323)</b>	<b>n.m.</b>
Finance income	2d	21,293	20,906	1.9	93,275	55,026	69.5
Finance costs	2d	(29,245)	(26,754)	9.3	(130,027)	(101,356)	28.3
Non-operating income	2e	185	-	n.m.	185	141	31.2
Share of results of associates and joint ventures, net of tax	2f	102	(1,755)	n.m.	(1,603)	(2,385)	(32.8)
<b>Loss before tax</b>		<b>(96,234)</b>	<b>(5,554)</b>	<b>n.m.</b>	<b>(176,960)</b>	<b>(100,897)</b>	<b>75.4</b>
Tax credit	2g	17,324	10,355	67.3	36,773	22,531	63.2
<b>(Loss)/profit for the period/year</b>		<b>(78,910)</b>	<b>4,801</b>	<b>n.m.</b>	<b>(140,187)</b>	<b>(78,366)</b>	<b>78.9</b>
<b>(Loss)/profit attributable to:</b>							
Owners of the Company		<b>(77,724)</b>	<b>5,930</b>	<b>n.m.</b>	<b>(137,174)</b>	<b>(74,131)</b>	<b>85.0</b>
Non-controlling interests		(1,186)	(1,129)	5.0	(3,013)	(4,235)	(28.9)
<b>(Loss)/profit for the period/year</b>		<b>(78,910)</b>	<b>4,801</b>	<b>n.m.</b>	<b>(140,187)</b>	<b>(78,366)</b>	<b>78.9</b>
<b>Earnings per ordinary share (cents)</b>							
Basic	2h	(3.72)	0.28	n.m.	(6.57)	(3.55)	85.1
Diluted		(3.72)	0.28	n.m.	(6.57)	(3.55)	85.1

n.m.: not meaningful

## 2. NOTES TO CONSOLIDATED INCOME STATEMENT

### 2a. Turnover, Cost of Sales

	Note	Group			Group		
		4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
Turnover	(i)	623,536	913,174	(31.7)	2,882,560	4,887,866	(41.0)
Cost of sales		(695,564)	(893,320)	(22.1)	(2,974,378)	(4,884,772)	(39.1)
Gross (loss)/profit	(ii)	(72,028)	19,854	n.m.	(91,818)	3,094	n.m.
<i>Included in gross (loss)/profit:</i>							
Depreciation and amortisation	(iii)	(56,675)	(56,481)	0.3	(238,795)	(192,818)	23.8
Inventories written back/(down), net		581	(484)	n.m.	651	(432)	n.m.
Property, plant and equipment written off	(iv)	(2,928)	(52)	n.m.	(3,042)	(55)	n.m.
Impairment losses on property, plant and equipment	(v)	(541)	(4,663)	(88.4)	(541)	(4,663)	(88.4)

- (i) Turnover for 4Q 2019 decreased mainly due to lower revenue recognition from rigs and floaters projects, mitigated by higher repair and upgrade revenue. Excluding the effects of delivery of 1 jack-up rig to Borr Drilling in 4Q 2018, revenue would have been \$624 million, a decrease of 11% in 4Q 2019 when compared to \$702 million in 4Q 2018.

Turnover for FY 2019 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade revenue. Excluding the effects of the delivery of 1 jack-up rig to Borr Drilling in FY 2019, and delivery of 7 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL and sale of a semi-submersible rig in FY 2018, revenue would have been \$2.67 billion, an increase of 6% compared with \$2.53 billion in FY 2018.

- (ii) Gross loss for 4Q 2019 and FY 2019 was mainly due to accelerated depreciation for Tanjong Kling Yard and continued low overall business volume. It was partly offset by profits from the repairs and upgrade business, which saw a rise in profits on improved margins and better product mix.

The marginal gross profit in 4Q 2018 and FY 2018 was mainly due to margin recognition from newly secured projects and delivery of BOTL rig, offset by loss upon the sale of a semi-submersible rig and low overall business volume.

- (iii) Higher depreciation in FY 2019 was mainly due to the accelerated depreciation of the fixed assets at Tanjong Kling Yard since 4Q 2018 and depreciation of right-of-use assets.
- (iv) Property, plant and equipment written off for 4Q 2019 and FY 2019 relate to write off of building structures by a subsidiary in Singapore.
- (v) Impairment losses for 4Q 2019 and FY 2019 relate to impairment of land by a subsidiary in United Kingdom. For 4Q 2018 and FY 2018, it relates to impairment of a marine vessel.

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

### 2b. Other operating income/(expenses)

	Note	Group			Group		
		4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
Other operating income		(3,300)	12,925	n.m.	44,879	49,608	(9.5)
Other operating expenses		8,474	(501)	n.m.	(6,325)	(2,811)	n.m.
		<u>5,174</u>	<u>12,424</u>	(58.4)	<u>38,554</u>	<u>46,797</u>	(17.6)
<i>Included in other operating income/(expenses):</i>							
Changes in fair value of financial instruments	(i)	14,155	(383)	n.m.	2,619	(2,405)	n.m.
Foreign exchange (loss)/gain, net	(ii)	(17,506)	3,633	n.m.	(3,357)	8,593	n.m.
Gain/(loss) on disposal of property, plant and equipment, net		349	(219)	n.m.	(2,428)	2,371	n.m.
Negative goodwill	(iii)	-	-	-	4,999	-	n.m.
Rental income		3,247	2,575	26.1	14,227	12,895	10.3
Other income	(iv)	4,983	6,936	(28.2)	23,034	25,749	(10.5)
Other expenses		(54)	(118)	(54.2)	(540)	(406)	33.0
		<u>5,174</u>	<u>12,424</u>	(58.4)	<u>38,554</u>	<u>46,797</u>	(17.6)

- (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 loss in 4Q 2019 and FY 2019 was mainly due to the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.
- (iii) Negative goodwill recorded in FY 2019 was mainly due to the fair value adjustments on completion of valuation and final allocation of purchase price for the acquisition of interests and titles to all intellectual property rights of Sevan Marine ASA and HiLoad LNG AS in 3Q 2018.
- (iv) Lower other income in 4Q 2019 and FY 2019 was mainly due to lower sales of scrap.

### 2c. General and administrative expenses

	Note	Group			Group		
		4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
General and administrative expenses	(i)	(21,715)	(30,229)	(28.2)	(85,526)	(102,214)	(16.3)
<i>Included in general and administrative expenses:</i>							
Depreciation and amortisation	(ii)	(1,278)	(584)	n.m.	(3,673)	(2,628)	39.8
(Allowance for)/write-back of doubtful debts and bad debts, net		(264)	(1,868)	(85.9)	338	(2,673)	n.m.

- (i) Lower general and administrative expenses in 4Q 2019 and FY 2019 was mainly due to lower personnel related costs.
- (ii) Higher depreciation in 4Q 2019 and FY 2019 was mainly due to depreciation of right-of-use assets.

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

### 2d. Finance income and finance costs

	Note	Group			Group		
		4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
Finance income	(i)	21,293	20,906	1.9	93,275	55,026	69.5
Finance costs	(ii)	(29,245)	(26,754)	9.3	(130,027)	(101,356)	28.3
		<u>(7,952)</u>	<u>(5,848)</u>	36.0	<u>(36,752)</u>	<u>(46,330)</u>	(20.7)
<i>Included in finance income/(costs):</i>							
Interest income		21,078	20,906	0.8	93,060	55,026	69.1
Investment income		215	-	n.m.	215	-	n.m.
Interest paid and payable to bank and others		(28,569)	(23,718)	20.5	(113,838)	(95,822)	18.8
Amortisation of capitalised transaction costs		(1,391)	(959)	45.0	(5,252)	(3,457)	51.9
Unwind of discount on restoration costs		(997)	(2,077)	(52.0)	(1,555)	(2,077)	(25.1)
Interest expense on lease liabilities		1,712	-	n.m.	(9,382)	-	n.m.
		<u>(7,952)</u>	<u>(5,848)</u>	36.0	<u>(36,752)</u>	<u>(46,330)</u>	(20.7)

- (i) Higher finance income in FY 2019 was mainly due to interest income from customers on deferred payment arrangement.
- (ii) Higher finance costs in 4Q 2019 and FY 2019 was mainly due to higher average borrowings and interest rates compared to the corresponding period in 2018 as well as recognition of interest expense on lease liabilities upon the adoption of SFRS(I) 16 Leases on 1 January 2019.

### 2e. Non-operating income

	Group			Group			
	4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %	
Non-operating income	185	-	n.m.	185	141	31.2	
<i>Included in non-operating income:</i>							
Gain on disposal of a joint venture	185	-	n.m.	185	-	n.m.	
Gain on disposal of other financial assets	-	-	n.m.	-	27	n.m.	
Net change in fair value of financial assets measured through profit or loss	-	-	n.m.	-	114	n.m.	
	<u>185</u>	<u>-</u>	n.m.	<u>185</u>	<u>141</u>	31.2	

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

The share of results of associates and joint ventures in FY 2019 was mainly due to share of losses from joint ventures.

### 2g. Tax credit

	Note	Group			Group		
		4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
Tax credit	(i)	17,324	10,355	67.3	36,773	22,531	63.2
<i>Included in tax credit:</i>							
Write-back of tax in respect of prior years, net		6,170	4,507	36.9	9,913	4,926	n.m.

- (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			Group		
	4Q 2019	4Q 2018	+ / (-) %	FY 2019	FY 2018	+ / (-) %
(i) Based on the weighted average number of shares (cents)	(3.72)	0.28	n.m.	(6.57)	(3.55)	85.1
- Weighted average number of shares ('000)	2,089,915	2,088,591	0.1	2,089,017	2,088,437	-
(ii) On a fully diluted basis (cents)	(3.72)	0.28	n.m.	(6.57)	(3.55)	85.1
- Adjusted weighted average number of shares ('000)	2,089,915	2,088,591	0.1	2,089,017	2,088,437	-

### 2i. Breakdown of sales

	Group		
	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
<b><u>First Half Year</u></b>			
(i) Sales reported	1,541,874	2,807,517	(45.1)
(ii) Loss after tax before deducting non-controlling interests reported	(8,771)	(52,262)	(83.2)
<b><u>Second Half Year</u></b>			
(iii) Sales reported	1,340,686	2,080,349	(35.6)
(iv) Loss after tax before deducting non-controlling interests reported	(131,416)	(26,104)	n.m.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Group		
		4Q 2019 \$'000	4Q 2018 \$'000	+ / (-) %	FY 2019 \$'000	FY 2018 \$'000	+ / (-) %
<b>(Loss)/profit for the period/year</b>		<b>(78,910)</b>	<b>4,801</b>	n.m.	<b>(140,187)</b>	<b>(78,366)</b>	<b>78.9</b>
<b>Other comprehensive income</b>							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	3a(i)	(14,765)	(23,177)	(36.3)	(12,823)	9,000	n.m.
Net change in fair value of cash flow hedges	3a(ii)	19,535	(8,566)	n.m.	12,783	(43,906)	n.m.
Net change in fair value of cash flow hedges transferred to profit or loss	3a(iii)	1,706	(939)	n.m.	(5,749)	10,387	n.m.
Realisation of reserve upon disposal of subsidiaries		(187)	-	n.m.	(539)	-	n.m.
		<u>6,289</u>	<u>(32,682)</u>	n.m.	<u>(6,328)</u>	<u>(24,519)</u>	<u>(74.2)</u>
<i>Item that may not be reclassified subsequently to profit or loss:</i>							
Net change in fair value of equity investments at FVOCI	3a(iv)	-	-	-	-	(11,339)	n.m.
Other comprehensive income for the period/year, net of tax		<u>6,289</u>	<u>(32,682)</u>	n.m.	<u>(6,328)</u>	<u>(35,858)</u>	<u>(82.4)</u>
<b>Total comprehensive income for the period/year</b>		<b><u>(72,621)</u></b>	<b><u>(27,881)</u></b>	<b>n.m.</b>	<b><u>(146,515)</u></b>	<b><u>(114,224)</u></b>	<b><u>28.3</u></b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		(71,269)	(26,721)	n.m.	(143,312)	(109,854)	30.5
Non-controlling interests		<u>(1,352)</u>	<u>(1,160)</u>	16.6	<u>(3,203)</u>	<u>(4,370)</u>	<u>(26.7)</u>
<b>Total comprehensive income for the period/year</b>		<b><u>(72,621)</u></b>	<b><u>(27,881)</u></b>	<b>n.m.</b>	<b><u>(146,515)</u></b>	<b><u>(114,224)</u></b>	<b><u>28.3</u></b>

#### 3a. Explanatory notes to Consolidated Statement of Comprehensive Income

- (i) The movement in foreign currency translation reserves in 4Q 2019 and FY 2019 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.
- (iv) Fair value changes in FY 2018 were mainly attributable to the mark-to-market adjustments of quoted prices of equity investments at fair value through other comprehensive income (FVOCI).

#### 4. BALANCE SHEETS

	Group		Company	
	As at 31-Dec-2019 \$'000	As at 31-Dec-2018 \$'000	As at 31-Dec-2019 \$'000	As at 31-Dec-2018 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	4,250,971	4,179,257	11,287	57,988
Right-of-use assets	253,304	-	3,556	-
Investment properties	-	-	47,695	13,870
Investments in subsidiaries	-	-	1,786,269	1,786,386
Interests in associates and joint ventures	14,887	66,533	-	-
Other financial assets	11,342	2,881	-	-
Trade and other receivables	1,087,631	1,136,124	29,396	31,719
Intangible assets	246,341	208,934	122	122
Deferred tax assets	29,195	23,223	3,382	-
	<u>5,893,671</u>	<u>5,616,952</u>	<u>1,881,707</u>	<u>1,890,085</u>
<b>Current assets</b>				
Inventories	113,108	80,171	-	-
Trade and other receivables	483,300	690,550	208,442	107,163
Contract costs	88,640	328,690	-	-
Contract assets	1,462,340	998,666	-	-
Tax recoverable	11,658	10,568	-	-
Assets held for sale	985	1,657	-	-
Other financial assets	15,820	12,283	-	-
Cash and cash equivalents	389,250	837,724	40,233	79,584
	<u>2,565,101</u>	<u>2,960,309</u>	<u>248,675</u>	<u>186,747</u>
<b>Total assets</b>	<u>8,458,772</u>	<u>8,577,261</u>	<u>2,130,382</u>	<u>2,076,832</u>
<b>Current liabilities</b>				
Trade and other payables	1,341,010	1,532,746	32,020	24,706
Contract liabilities	60,186	139,731	-	-
Provisions	16,433	16,875	-	-
Other financial liabilities	7,703	9,809	-	-
Current tax payable	3,758	7,591	12,328	5,304
Interest-bearing borrowings	1,421,620	1,055,496	50,000	50,000
Lease liabilities	23,978	483	6,907	483
	<u>2,874,688</u>	<u>2,762,731</u>	<u>101,255</u>	<u>80,493</u>
<b>Net current (liabilities)/assets</b>	<u>(309,587)</u>	<u>197,578</u>	<u>147,420</u>	<u>106,254</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	28,989	52,808	-	4,975
Provisions	106,821	120,861	26,759	26,094
Other financial liabilities	2,204	10,162	-	-
Interest-bearing borrowings	1,479,172	3,172,500	-	-
Subordinated loan	1,500,000	-	-	-
Lease liabilities	254,120	951	38,678	951
Other long-term payables	6,000	108,813	4,002	5,574
	<u>3,377,306</u>	<u>3,466,095</u>	<u>69,439</u>	<u>37,594</u>
<b>Total liabilities</b>	<u>6,251,994</u>	<u>6,228,826</u>	<u>170,694</u>	<u>118,087</u>
<b>Net assets</b>	<u>2,206,778</u>	<u>2,348,435</u>	<u>1,959,688</u>	<u>1,958,745</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	486,217	484,288	486,217	484,288
Other reserves	(44,996)	(51,027)	(22,223)	(23,770)
Revenue reserve	1,732,087	1,878,423	1,495,694	1,498,227
	<u>2,173,308</u>	<u>2,311,684</u>	<u>1,959,688</u>	<u>1,958,745</u>
Non-controlling interests	33,470	36,751	-	-
<b>Total equity</b>	<u>2,206,778</u>	<u>2,348,435</u>	<u>1,959,688</u>	<u>1,958,745</u>



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

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

	As at 31-Dec-2019 \$'000	As at 31-Dec-2018 \$'000
<b>Interest-bearing borrowings:</b>		
(i) <b><u>Amount repayable in one year or less, or on demand</u></b> Unsecured	1,421,620	1,055,496
(ii) <b><u>Amount repayable after one year</u></b> Unsecured	1,479,172	3,172,500
<b>Subordinated loan:</b>		
(i) <b><u>Amount repayable after one year</u></b> Unsecured	1,500,000	-

##### 4b. **Net asset value**

	Group		Company	
	31-Dec-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	103.96	110.68	93.74	93.78

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

###### (i) **Group**

###### **Non-current assets**

'Right-of-use assets' arose from the adoption of SFRS(I) 16 *Leases* on 1 January 2019. It comprises mainly land leases that were recognised in the balance sheet.

'Interests in associates and joint ventures' decreased mainly due to the Group's divestment of its 50% shareholding interest in Pacific Workboats Pte Ltd on 23 October 2019.

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

'Intangible assets' increased mainly due to reclassification of engineering designs under development from contract costs during the year.

'Deferred tax assets' increased mainly due to tax credit on unutilised tax losses, offset by the tax effects on the adoption of SFRS(I) 16 *Leases*.

###### **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 costs' decreased mainly due to recognition of costs of sales upon the delivery of rig and reclassification of engineering designs under development to intangible assets during the year.

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

'Tax recoverable' increased mainly due to receivable from tax authorities during the year.

'Assets held for sale' decreased mainly due to the Group's divestment of its 20% equity interest in Ecospec Global Technology Pte. Ltd., which was completed in January 2019. During the year, a workshop in Malaysia amounting to \$0.985 million was reclassified from property, plant and equipment.

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

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

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

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

##### **Current assets** (Cont'd)

'Cash and cash equivalents' decreased mainly due to capital expenditures and working capital for ongoing projects.

##### **Current liabilities**

'Trade and other payables' decreased mainly due to payment made during the year.

'Contract liabilities' decreased mainly due to recognition of revenue upon the delivery of rig.

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

'Current tax payable' decreased mainly due to pre-tax losses incurred during the year.

'Interest-bearing borrowings' increased mainly due to reclassification from non-current borrowings, offset by repayments. The Group has adequate loan facilities to refinance the current borrowings as they fall due.

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

##### **Net current liabilities**

As at 31 December 2019, the Group had net current liabilities totalling \$310 million arising mainly from loans which mature in FY 2020. The Group is finalising with lenders to refinance and re-profile these loans with longer term maturities. The Group also has adequate existing loan facilities to refinance current borrowings as they fall due.

##### **Non-current liabilities**

'Deferred tax liabilities' decreased mainly due to the recognition of unutilised tax losses.

'Provisions' decreased mainly due to warranty provision written back.

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

'Interest-bearing borrowings' decreased mainly due to reclassification to short term borrowings and repayments.

'Subordinated loan' arose from the five-year subordinated loan facility from Sembcorp Industries of \$2 billion, of which \$1.5 billion was drawn down on 8 July 2019.

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

'Other long-term payables' decreased mainly due to reclassification of accrued land lease to lease liabilities.

#### (ii) **Company**

##### **Non-current assets**

'Property, plant and equipment' decreased mainly due to depreciation charge for the period, and reclassification to right-of-use assets and investment properties.

'Right-of-use assets' arose from the reclassification from property, plant and equipment upon the adoption of SFRS(I) 16 *Leases* on 1 January 2019.

'Investment properties' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

'Deferred tax assets' increased mainly due to the movements in temporary differences.

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

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

###### **(ii) Company (Cont'd)**

###### **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' increased mainly due to provision made.

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

###### **Non-current liabilities**

'Deferred tax liabilities' decreased mainly due to the movements in temporary differences.

'Lease liabilities' increased mainly due to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

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

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	4Q 2019	4Q 2018	FY 2019	FY 2018
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
(Loss)/profit for the period/year	(78,910)	4,801	(140,187)	(78,366)
Adjustments for:				
Finance income	(21,293)	(20,906)	(93,275)	(55,026)
Finance costs	29,245	26,754	130,027	101,356
Depreciation of property, plant and equipment, and right-of-use assets	50,958	49,533	214,938	170,752
Amortisation of intangible assets	6,995	7,532	27,530	24,694
Share of results of associates and joint ventures, net of tax	(102)	1,755	1,603	2,385
(Gain)/loss on disposal of property, plant and equipment	(349)	219	2,428	(2,371)
Gain on disposal of intangible assets	-	(106)	-	(106)
Gain on disposal of a joint venture	(185)	-	(185)	-
Gain on disposal of other financial assets	-	-	-	(27)
Negative goodwill	-	-	(4,999)	-
Changes in fair value of financial instruments	(14,155)	383	(2,619)	2,405
Net change in fair value of financial assets measured through profit or loss	-	-	-	(114)
Impairment losses on property, plant and equipment	541	4,663	541	4,663
Share-based payment expenses	(311)	1,046	2,268	5,833
Property, plant and equipment written off	2,928	52	3,042	58
Inventories written (back)/down, net	(581)	484	(651)	432
Allowance for/(write-back of) doubtful debts and bad debts, net	264	1,868	(338)	2,673
Tax credit	(17,324)	(10,355)	(36,773)	(22,531)
Operating (loss)/profit before working capital changes	(42,279)	67,723	103,350	156,710
Changes in working capital:				
Inventories	1,929	5,477	(32,286)	15,170
Contract costs	17,851	197,071	190,539	2,157,763
Contract assets	82,065	96,546	(463,674)	(346,305)
Contract liabilities	(3,617)	(149,946)	(79,545)	(1,071,427)
Trade and other receivables	(77,580)	(162,081)	272,328	(1,023,301)
Trade and other payables	(250,386)	(75,595)	(245,898)	(10,076)
Cash used in operations	(272,017)	(20,805)	(255,186)	(121,466)
Dividend and interest income received	15,906	20,946	68,555	55,107
Interest paid	(18,297)	(25,795)	(108,192)	(97,899)
Tax (paid)/refunded	(4,448)	9,648	(1,346)	(5,726)
Net cash used in operating activities	(278,856)	(16,006)	(296,169)	(169,984)
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(43,194)	(122,332)	(316,270)	(343,395)
Proceeds from sale of property, plant and equipment	500	5,010	1,919	7,643
Proceeds from sale of intangible assets	-	168	-	168
Acquisition of subsidiary and intangible assets, net of cash acquired (Note 5b)	-	-	-	(54,594)
Proceeds from disposal of equity investments at FVOCI	-	-	-	6,861
Proceeds from disposal of other financial assets	-	-	-	835
Proceeds from disposal of a joint venture	55	-	55	-
Dividend received from associate	-	-	160	-
Dividend received from joint venture	500	-	2,404	-
Net cash used in investing activities	(42,139)	(117,154)	(311,732)	(382,482)
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	644,730	549,435	2,732,839	1,101,622
Repayment of borrowings	(385,828)	(259,926)	(2,547,941)	(990,635)
Payment of lease liabilities	(8,858)	-	(20,732)	(512)
Purchase of treasury shares	-	-	-	(916)
Dividends paid to owners of the Company	-	-	-	(20,888)
Dividends paid to non-controlling interests of subsidiaries	-	-	(78)	(78)
Unclaimed dividends	-	-	-	30
Net cash generated from financing activities	250,044	289,509	164,088	88,623
Net (decrease)/increase in cash and cash equivalents	(70,951)	156,349	(443,813)	(463,843)
<b>Cash and cash equivalents at beginning of the period/year</b>	<b>467,619</b>	<b>682,578</b>	<b>837,173</b>	<b>1,301,000</b>
Effect of exchange rate changes on balances held in foreign currencies	(7,418)	(1,754)	(4,110)	16
<b>Cash and cash equivalents at end of the period/year</b>	<b>389,250</b>	<b>837,173</b>	<b>389,250</b>	<b>837,173</b>

## 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:

	31-Dec-2019 \$'000	31-Dec-2018 \$'000
Fixed deposits	5,256	249
Cash and bank balances	383,994	837,475
Cash and cash equivalents in balance sheets	389,250	837,724
Bank overdrafts	-	(551)
Cash and cash equivalents in consolidated statement of cash flows	389,250	837,173

### 5b. Cash flow on acquisition of subsidiary and intangible assets, net of cash acquired

During the financial period ended 30 September 2018, the Group acquired the interests and titles to all intellectual property rights of Sevan Marine ASA and HiLoad LNG AS. The fair value of assets (including intangible assets) and liabilities from the acquisitions had initially been determined based on provisional fair values.

The Group completed the purchase price allocation exercise during the period ended 30 September 2019 and had made adjustments to the provisional fair value originally recorded in the prior year. The effect of the adjustments is set out below:

	FY 2019 \$'000	FY 2018 \$'000
<b>(i) Effect on cash flows of the Group</b>		
Cash paid	-	54,619
Less: Cash and cash equivalents in subsidiary acquired	-	(25)
Cash outflow on acquisition	-	54,594

	FY 2018 (Provisional) \$'000	Adjustments during measurement period \$'000	FY 2019 <sup>1</sup> (Final) \$'000
<b>(ii) Identifiable assets acquired and liabilities assumed</b>			
Intangible assets	54,604	5,829	60,433
Trade and other receivables	5	-	5
Cash and cash equivalents	25	-	25
Total assets	54,634	5,829	60,463
Trade and other payables	15	48	63
Deferred tax liabilities	-	1,634	1,634
Total liabilities	15	1,682	1,697
Net identifiable assets	54,619	4,147	58,766
Add: Goodwill	-	852	852
Less: Negative goodwill	-	(4,999)	(4,999)
Consideration transferred for the business	54,619	-	54,619

<sup>1</sup> Purchase price adjustments, which are non-cash in nature, made during the measurement period have not been applied retrospectively as these adjustments, which relate mainly to balance sheet effects and certain consequential income statement effects, are immaterial to the Group.

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

### **5c. Explanatory notes to Consolidated Statement of Cash Flows**

#### **Fourth quarter**

Cash flows used in operating activities before changes in working capital were \$42.3 million in 4Q 2019. Net cash used in operating activities for 4Q 2019 at \$278.9 million was mainly due to working capital for ongoing projects.

Net cash used in investing activities for 4Q 2019 was \$42.1 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard.

Net cash generated from financing activities for 4Q 2019 was \$250.0 million. It relates mainly to net proceeds from borrowings.

#### **Full year**

Cash flows generated from operating activities before changes in working capital were \$103.4 million in FY 2019. Net cash used in operating activities for FY 2019 at \$296.2 million was mainly due to working capital for ongoing projects, offset by receipts from completed projects.

Net cash used in investing activities for FY 2019 was \$311.7 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard.

Net cash generated from financing activities for FY 2019 was \$164.1 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
<b>9M 2019</b>									
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	-	-	-	-	-	980	980	-	980
<b>Adjusted balance at 1 January 2019</b>	<b>484,288</b>	<b>(2,151)</b>	<b>(13,011)</b>	<b>(13,577)</b>	<b>(22,288)</b>	<b>1,879,403</b>	<b>2,312,664</b>	<b>36,751</b>	<b>2,349,415</b>
<b>Total comprehensive income</b>									
Loss for the period	-	-	-	-	-	(59,450)	(59,450)	(1,827)	(61,277)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	1,966	-	-	1,966	(24)	1,942
Net change in fair value of cash flow hedges	-	-	-	-	(6,752)	-	(6,752)	-	(6,752)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(7,455)	-	(7,455)	-	(7,455)
Realisation of reserves upon disposal of subsidiaries	-	-	11,328	(145)	(480)	(11,055)	(352)	-	(352)
Total other comprehensive income	-	-	11,328	1,821	(14,687)	(11,055)	(12,593)	(24)	(12,617)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>11,328</b>	<b>1,821</b>	<b>(14,687)</b>	<b>(70,505)</b>	<b>(72,043)</b>	<b>(1,851)</b>	<b>(73,894)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	1,380	-	-	(896)	-	484	-	484
Dividends paid	-	-	-	-	-	-	-	(78)	(78)
Share-based payments	-	-	-	-	2,607	-	2,607	-	2,607
<b>Total transactions with owners</b>	<b>-</b>	<b>1,380</b>	<b>-</b>	<b>-</b>	<b>1,711</b>	<b>-</b>	<b>3,091</b>	<b>(78)</b>	<b>3,013</b>
<b>At 30 September 2019</b>	<b>484,288</b>	<b>(771)</b>	<b>(1,683)</b>	<b>(11,756)</b>	<b>(35,264)</b>	<b>1,808,898</b>	<b>2,243,712</b>	<b>34,822</b>	<b>2,278,534</b>
<b>4Q 2019</b>									
<b>Total comprehensive income</b>									
Loss for the period	-	-	-	-	-	(77,724)	(77,724)	(1,186)	(78,910)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(14,754)	-	-	(14,754)	(11)	(14,765)
Net change in fair value of cash flow hedges	-	-	-	-	19,535	-	19,535	-	19,535
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	1,706	-	1,706	-	1,706
Realisation of reserves upon disposal of subsidiaries	-	-	-	(4)	-	(28)	(32)	(155)	(187)
Realisation of reserves upon disposal of a joint venture	-	-	-	(941)	-	941	-	-	-
Total other comprehensive income	-	-	-	(15,699)	21,241	913	6,455	(166)	6,289
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,699)</b>	<b>21,241</b>	<b>(76,811)</b>	<b>(71,269)</b>	<b>(1,352)</b>	<b>(72,621)</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of new shares	1,929	-	-	-	(1,929)	-	-	-	-
Share-based payments	-	-	-	-	865	-	865	-	865
<b>Total transactions with owners</b>	<b>1,929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,064)</b>	<b>-</b>	<b>865</b>	<b>-</b>	<b>865</b>
<b>At 31 December 2019</b>	<b>486,217</b>	<b>(771)</b>	<b>(1,683)</b>	<b>(27,455)</b>	<b>(15,087)</b>	<b>1,732,087</b>	<b>2,173,308</b>	<b>33,470</b>	<b>2,206,778</b>

## 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						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
<b>9M 2018</b>									
At 1 January 2018	484,288	(3,451)	(13,011)	(22,712)	8,023	1,984,751	2,437,888	41,199	2,479,087
<b>Total comprehensive income</b>									
Loss for the period	-	-	-	-	-	(80,061)	(80,061)	(3,106)	(83,167)
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	32,281	-	-	32,281	(104)	32,177
Net change in fair value of cash flow hedges	-	-	-	-	(35,340)	-	(35,340)	-	(35,340)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	11,326	-	11,326	-	11,326
Net change in fair value of equity investments at FVOCI	-	-	-	-	(11,339)	-	(11,339)	-	(11,339)
Reclassification of reserve on disposal of equity investments at FVOCI	-	-	-	-	11,339	(11,339)	-	-	-
Total other comprehensive income	-	-	-	32,281	(24,014)	(11,339)	(3,072)	(104)	(3,176)
<b>Total comprehensive income</b>	-	-	-	32,281	(24,014)	(91,400)	(83,133)	(3,210)	(86,343)
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Purchase of treasury shares	-	(916)	-	-	-	-	(916)	-	(916)
Issue of treasury shares	-	2,192	-	-	(1,678)	-	514	-	514
Dividends paid	-	-	-	-	-	(20,888)	(20,888)	(78)	(20,966)
Unclaimed dividends	-	-	-	-	-	30	30	-	30
Share-based payments	-	-	-	-	3,433	-	3,433	-	3,433
<b>Total transactions with owners</b>	-	1,276	-	-	1,755	(20,858)	(17,827)	(78)	(17,905)
At 30 September 2018	484,288	(2,175)	(13,011)	9,569	(14,236)	1,872,493	2,336,928	37,911	2,374,839
<b>4Q 2018</b>									
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	5,930	5,930	(1,129)	4,801
<b>Other comprehensive income</b>									
Foreign currency translation differences for foreign operations	-	-	-	(23,146)	-	-	(23,146)	(31)	(23,177)
Net change in fair value of cash flow hedges	-	-	-	-	(8,566)	-	(8,566)	-	(8,566)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(939)	-	(939)	-	(939)
Total other comprehensive income	-	-	-	(23,146)	(9,505)	-	(32,651)	(31)	(32,682)
<b>Total comprehensive income</b>	-	-	-	(23,146)	(9,505)	5,930	(26,721)	(1,160)	(27,881)
<b>Transactions with owners of the Company, recognised directly in equity</b>									
Issue of treasury shares	-	24	-	-	(24)	-	-	-	-
Share-based payments	-	-	-	-	1,477	-	1,477	-	1,477
<b>Total transactions with owners</b>	-	24	-	-	1,453	-	1,477	-	1,477
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



## 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
<b>9M 2019</b>						
At 1 January 2019	484,288	(2,151)	960	(22,579)	1,498,227	1,958,745
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	1,754	1,754
<b>Other comprehensive income</b>						
Realisation of reserve upon disposal of a subsidiary	-	-	-	(480)	-	(480)
Total other comprehensive income	-	-	-	(480)	-	(480)
<b>Total comprehensive income</b>	-	-	-	(480)	1,754	1,274
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	1,380	-	(896)	-	484
Share-based payments	-	-	-	1,582	-	1,582
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,025	-	1,025
<b>Total transactions with owners</b>	-	1,380	-	1,711	-	3,091
At 30 September 2019	484,288	(771)	960	(21,348)	1,499,981	1,963,110
<b>4Q 2019</b>						
<b>Total comprehensive income</b>						
Loss for the period	-	-	-	-	(4,287)	(4,287)
<b>Other comprehensive income</b>						
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	(4,287)	(4,287)
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of new shares	1,929	-	-	(1,929)	-	-
Share-based payments	-	-	-	527	-	527
Cost of share-based payment issued to employees of subsidiaries	-	-	-	338	-	338
<b>Total transactions with owners</b>	1,929	-	-	(1,064)	-	865
At 31 December 2019	486,217	(771)	960	(22,412)	1,495,694	1,959,688

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

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

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>9M 2018</b>						
At 1 January 2018	484,288	(3,451)	960	(25,787)	1,277,219	1,733,229
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	94,940	94,940
<b>Other comprehensive income</b>						
Net change in fair value of equity investments at FVOCI	-	-	-	(11,339)	-	(11,339)
Reclassification of reserve on disposal of equity investments at FVOCI	-	-	-	11,339	(11,339)	-
Total other comprehensive income	-	-	-	-	(11,339)	(11,339)
<b>Total comprehensive income</b>	-	-	-	-	83,601	83,601
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(916)	-	-	-	(916)
Issue of treasury shares	-	2,192	-	(1,678)	-	514
Dividends paid	-	-	-	-	(20,888)	(20,888)
Unclaimed dividends	-	-	-	-	30	30
Share-based payments	-	-	-	1,711	-	1,711
Cost of share-based payment issued to employees of subsidiaries	-	-	-	1,722	-	1,722
<b>Total transactions with owners</b>	-	1,276	-	1,755	(20,858)	(17,827)
At 30 September 2018	484,288	(2,175)	960	(24,032)	1,339,962	1,799,003
<b>4Q 2018</b>						
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	158,265	158,265
<b>Other comprehensive income</b>						
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	158,265	158,265
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Issue of treasury shares	-	24	-	(24)	-	-
Share-based payments	-	-	-	1,179	-	1,179
Cost of share-based payment issued to employees of subsidiaries	-	-	-	298	-	298
<b>Total transactions with owners</b>	-	24	-	1,453	-	1,477
At 31 December 2018	484,288	(2,151)	960	(22,579)	1,498,227	1,958,745

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

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

#### (i) Issued and Paid Up Capital

During 4Q 2019, the Company issued 1,144,462 (4Q 2018: Nil) ordinary shares upon the vesting of restricted shares under the Company's Restricted Stock Plan ("RSP").

As at 31 December 2019, the Company's issued and paid up capital, excluding treasury shares, comprises 2,090,487,729 (31 December 2018: 2,088,597,623) ordinary shares.

#### (ii) Treasury Shares

	Number of shares	
	2019	2018
At 1 January	1,162,484	1,850,187
Treasury shares purchased	-	500,000
Treasury shares issued pursuant to RSP	(745,644)	(1,175,208)
At 30 September	416,840	1,174,979
Treasury shares issued pursuant to RSP	-	(12,495)
At 31 December	416,840	1,162,484

During 4Q 2019, the Company did not acquire (4Q 2018: nil) any ordinary shares in the Company by way of on-market purchases. In 4Q 2019, there was no (4Q 2018: 12,495) treasury shares issued pursuant to the RSP.

As at 31 December 2019, 416,840 (31 December 2018: 1,162,484) 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	
	2019	2018
At 1 January	4,088,000	4,733,000
Conditional performance shares awarded	-	1,168,000
Conditional performance shares lapsed	-	(598,000)
Performance shares lapsed arising from targets not met	(1,470,000)	(1,215,000)
At 30 September and 31 December	2,618,000	4,088,000

During 4Q 2019, there were no (4Q 2018: nil) performance shares awarded under the PSP, no (4Q 2018: nil) performance shares released and no (4Q 2018: nil) performance shares that lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2019 was 2,618,000 (31 December 2018: 4,088,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,927,000 (31 December 2018: 6,132,000) performance shares.

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

### 6c. Changes in the Company's share capital (Cont'd)

#### (iv) Restricted Shares

	Number of shares	
	2019	2018
At 1 January	15,616,727	15,383,413
Conditional restricted shares awarded	261,300	8,123,988
Conditional restricted shares released	(745,644)	(1,175,208)
Conditional restricted shares lapsed	(373,855)	(506,304)
Restricted shares lapsed arising from targets not met	(11,159,921)	(6,078,150)
At 30 September	3,598,607	15,747,739
Conditional restricted shares released	(1,144,462)	(12,495)
Conditional restricted shares lapsed	(81,170)	(118,517)
At 31 December	2,372,975	15,616,727

During 4Q 2019, there was no (4Q 2018: nil) restricted shares awarded under the RSP, 1,144,462 (4Q 2018: 12,495) restricted shares released and 81,170 (4Q 2018: 118,517) restricted shares that lapsed. The restricted shares released were settled by way of issuance of new shares (4Q 2018: settled by way of issuance of treasury shares).

The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2019 was 2,372,975 (31 December 2018: 15,616,727). Of this, there was no (31 December 2018: 14,817,138) restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at 31 December 2019. Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 22,225,707 restricted shares as at 31 December 2018.

## 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 quarter as the most recent audited financial statements for the year ended, and as at, 31 December 2018.

## 9. ACCOUNTING POLICIES (Cont'd)

### 9b. **Changes in accounting policies**

The Group has applied the following SFRS(I)s, interpretations of SFRS(I) and requirement of SFRS(I) which are mandatorily effective from 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 3 and SFRS(I) 11 *Previously Held Interest in a Joint Operation*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-28 *Long-Term Interests in Associates and Joint Ventures*

The adoption of the above standards do not have any significant impact on the financial statements except for SFRS(I) 16.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group also applied the practical expedient to grandfather the definition of a lease on transition.

At transition, the Group had measured the Right-of-use (ROU) assets at either its carrying amounts as if SFRS(I) 16 had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application; or at amounts equal to the lease liabilities as at 1 January 2019. For lease contracts that contain the option to renew, the Group used hindsight in determining the lease term.

The Group and Company recognise their existing operating lease arrangements as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased to reflect market rentals and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the adoption of SFRS(I) 16 resulted in the following key effects at the Group and Company:

	<b>Group \$'000</b>	<b>Company \$'000</b>
<b>Assets</b>		
Property, plant and equipment	(74,957)	(7,397)
Right-of-use assets	260,385	1,645
Investment properties	-	56,466
Deferred tax assets	(495)	-
Prepayment	(12,099)	-
<b>Liabilities</b>		
Lease liabilities	272,623	50,714
Other long-term payables	(100,553)	-
Deferred tax liabilities	(216)	-
<b>Equity</b>		
Revenue reserve	980	-

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

#### Amendments to SFRS(I) 9 and SFRS(I) 7 Interest Rate Benchmark Reform (IRBR)

The Group has also early adopted the above amendments. The amendments provide temporary relief from applying specific hedge accounting requirements to hedge relationships directly affected by IRBR and have the effect that IRBR should not generally cause hedge accounting to terminate.

## 10. REVIEW OF GROUP PERFORMANCE

### (i) Turnover

	4Q 2019	4Q 2018	+ / (-)	+ / (-)	FY 2019	FY 2018	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
<b>Rigs &amp; Floaters</b>	333.9	745.7	(411.8)	(55.2)	2,069.2	4,147.6	(2,078.4)	(50.1)
<b>Repairs &amp; Upgrades</b>	214.3	140.4	73.9	52.6	605.4	476.3	129.1	27.1
<b>Offshore Platforms</b>	41.7	11.8	29.9	n.m.	130.5	184.2	(53.7)	(29.2)
<b>Specialised Shipbuilding</b>	18.9	-	18.9	n.m.	34.6	-	34.6	n.m.
<b>Other Activities</b>	14.7	15.3	(0.6)	(3.9)	42.9	79.8	(36.9)	(46.2)
	<b>623.5</b>	<b>913.2</b>	<b>(289.7)</b>	<b>(31.7)</b>	<b>2,882.6</b>	<b>4,887.9</b>	<b>(2,005.3)</b>	<b>(41.0)</b>

Turnover for 4Q 2019 decreased mainly due to lower revenue recognition from rigs and floaters projects, mitigated by higher repair and upgrades revenue. Excluding the effects of delivery of 1 jack-up rigs to Borr Drilling in 4Q 2018, revenue would have been \$624 million, a decrease of 11% in 4Q 2019 when compared to \$702 million in 4Q 2018.

Turnover for FY 2019 decreased mainly due to lower revenue recognition from rigs and floaters and offshore platform projects, mitigated by higher repair and upgrade revenue. Excluding the effects of the delivery of 1 jack-up rig to Borr Drilling in FY 2019, and delivery of 7 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL and sale of a semi-submersible rig in FY 2018, revenue would have been \$2.67 billion, an increase of 6% compared with \$2.53 billion in FY 2018.

### (ii) Loss attributable to Owners of the Company ("Net loss")

Net loss for 4Q 2019 and FY 2019 was mainly due to accelerated depreciation for Tanjong Kling Yard and continued low overall business volume. It was partly offset by profits from the repairs and upgrade business, which saw a rise in profits on improved margins and better product mix.

The marginal net profit in 4Q 2018 and net loss in FY 2018 was mainly due to loss upon the sale of a semi-submersible rig, low overall business volume, mitigated by margin recognition from newly secured projects and delivery of BOTL rig.

## 11. VARIANCE FROM PROSPECT STATEMENT

Please refer to paragraph 12.

## 12. PROSPECTS

Business activity levels remain low for all segments except for repairs and upgrades, which continues to improve, underpinned by IMO regulations that require installation of ballast water treatment systems and gas scrubbers.

Challenges remain, in particular supply chain disruptions due to the COVID-19 virus outbreak, which could affect execution of our projects. Competition remains intense for all segments of our business. The Group expects the trend of losses to continue into 2020.

*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 31 December 2019.

## 14. SEGMENTAL REPORTING

### FY 2019

#### (i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	2,871,362	2,224	8,974	-	2,882,560
Inter-segment sales	-	-	109,823	(109,823)	-
<b>Total</b>	<b>2,871,362</b>	<b>2,224</b>	<b>118,797</b>	<b>(109,823)</b>	<b>2,882,560</b>
<b>Results</b>					
Segment results	(122,824)	(21,176)	5,210	-	(138,790)
Finance income	116,571	-	63,853	(87,149)	93,275
Finance costs	(153,512)	(597)	(63,067)	87,149	(130,027)
Non-operating income	-	-	185	-	185
Share of results of associates and joint ventures, net of tax	(368)	(1,814)	579	-	(1,603)
(Loss)/profit before tax	(160,133)	(23,587)	6,760	-	(176,960)
Tax credit/(expense)	38,286	-	(1,513)	-	36,773
<b>(Loss)/profit for the year</b>	<b>(121,847)</b>	<b>(23,587)</b>	<b>5,247</b>	<b>-</b>	<b>(140,187)</b>
<b>Assets</b>					
Segment assets	8,963,831	188,900	2,906,927	(3,656,626)	8,403,032
Interests in associates and joint ventures	4,084	-	10,803	-	14,887
Deferred tax assets	29,195	-	-	-	29,195
Tax recoverable	10,996	-	662	-	11,658
<b>Total assets</b>	<b>9,008,106</b>	<b>188,900</b>	<b>2,918,392</b>	<b>(3,656,626)</b>	<b>8,458,772</b>
<b>Liabilities</b>					
Segment liabilities	7,007,805	4,855	2,863,213	(3,656,626)	6,219,247
Deferred tax liabilities	28,329	-	660	-	28,989
Current tax payable	1,928	-	1,830	-	3,758
<b>Total liabilities</b>	<b>7,038,062</b>	<b>4,855</b>	<b>2,865,703</b>	<b>(3,656,626)</b>	<b>6,251,994</b>
<b>Capital expenditure</b>	<b>375,380</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>375,439</b>
<b>Significant non-cash items</b>					
Depreciation and amortisation	229,745	7,947	4,776	-	242,468
Changes in fair value of financial instruments	1,042	-	(3,661)	-	(2,619)
Impairment losses on property, plant and equipment	541	-	-	-	541
Property, plant and equipment written off	2,928	-	114	-	3,042
Inventories written back, net	(558)	-	(93)	-	(651)
Write-back of doubtful debts and bad debts, net	(338)	-	-	-	(338)

#### (ii) Geographical Segments:

	Turnover from external customers		Non-current assets <sup>(1)</sup>		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	169,639	6	3,864,558	66	6,230,080	74	310,080	83
Rest of Asia, Australia & India	155,954	5	134,092	2	170,689	2	3,624	1
Middle East & Africa	15,225	1	-	-	-	-	-	-
United Kingdom	175,200	6	3,963	-	6,293	-	-	-
Norway	667,640	23	121,615	2	135,901	2	48	-
France	350,015	12	87	-	2,071	-	66	-
The Netherlands	73,620	3	186,183	3	191,744	2	-	-
Rest of Europe	85,161	3	57	-	963	-	3	-
Brazil	358,604	12	1,541,626	27	1,718,283	20	61,552	16
U.S.A.	823,732	29	953	-	2,748	-	66	-
Other countries	7,770	-	-	-	-	-	-	-
<b>Total</b>	<b>2,882,560</b>	<b>100</b>	<b>5,853,134</b>	<b>100</b>	<b>8,458,772</b>	<b>100</b>	<b>375,439</b>	<b>100</b>

<sup>(1)</sup> 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)

FY 2018

### (i) Business Segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>					
Sales to external parties	4,831,789	47,873	8,204	-	4,887,866
Inter-segment sales	-	-	210,133	(210,133)	-
<b>Total</b>	<b>4,831,789</b>	<b>47,873</b>	<b>218,337</b>	<b>(210,133)</b>	<b>4,887,866</b>
<b>Results</b>					
Segment results	(49,395)	(2,673)	(255)	-	(52,323)
Finance income	54,838	-	188	-	55,026
Finance costs	(99,470)	(1,836)	(50)	-	(101,356)
Non-operating income	-	-	141	-	141
Share of results of associates and joint ventures, net of tax	(927)	(2,643)	1,185	-	(2,385)
(Loss)/profit before tax	(94,954)	(7,152)	1,209	-	(100,897)
Tax credit/(expense)	22,837	-	(306)	-	22,531
<b>(Loss)/profit for the year</b>	<b>(72,117)</b>	<b>(7,152)</b>	<b>903</b>	<b>-</b>	<b>(78,366)</b>
<b>Assets</b>					
Segment assets	7,844,064	250,736	382,137	-	8,476,937
Interests in associates and joint ventures	4,581	51,068	10,884	-	66,533
Deferred tax assets	22,597	-	626	-	23,223
Tax recoverable	10,099	-	469	-	10,568
<b>Total assets</b>	<b>7,881,341</b>	<b>301,804</b>	<b>394,116</b>	<b>-</b>	<b>8,577,261</b>
<b>Liabilities</b>					
Segment liabilities	5,899,865	70,049	198,513	-	6,168,427
Deferred tax liabilities	52,724	-	84	-	52,808
Current tax payable	6,329	-	1,262	-	7,591
<b>Total liabilities</b>	<b>5,958,918</b>	<b>70,049</b>	<b>199,859</b>	<b>-</b>	<b>6,228,826</b>
<b>Capital expenditure</b>	<b>342,216</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>342,241</b>
<b>Significant non-cash items</b>					
Depreciation and amortisation	181,218	13,579	649	-	195,446
Changes in fair value of financial instruments	2,405	-	-	-	2,405
Impairment losses on property, plant and equipment	-	4,663	-	-	4,663
Property, plant and equipment written off	58	-	-	-	58
Inventories written down/(written back), net	447	-	(15)	-	432
Allowance for doubtful debts and bad debts, net	2,673	-	-	-	2,673
Net change in fair value of financial assets measured through profit or loss	-	-	(114)	-	(114)
Gain on disposal of other financial assets	-	-	(27)	-	(27)

### (ii) Geographical Segments:

	Turnover from external customers		Non-current assets <sup>(1)</sup>		Total assets		Capital expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	153,579	3	3,587,067	64	6,279,436	73	250,316	73
Japan	339,829	7	-	-	-	-	-	-
Rest of Asia, Australia & India	84,113	2	145,318	3	177,109	2	3,002	1
Middle East & Africa	10,575	-	-	-	-	-	-	-
United Kingdom	195,484	4	4,224	-	5,351	-	52	-
Norway	1,627,871	33	136,607	2	147,491	2	30	-
France	488,606	10	59	-	2,048	-	25	-
The Netherlands	397,514	8	196,465	4	251,296	3	-	-
Rest of Europe	73,749	2	56	-	742	-	27	-
Brazil	243,344	5	1,520,998	27	1,711,554	20	88,776	26
U.S.A.	1,183,777	24	54	-	2,234	-	13	-
Other countries	89,425	2	-	-	-	-	-	-
<b>Total</b>	<b>4,887,866</b>	<b>100</b>	<b>5,590,848</b>	<b>100</b>	<b>8,577,261</b>	<b>100</b>	<b>342,241</b>	<b>100</b>

<sup>(1)</sup> Non-current assets presented consist of property, plant and equipment, 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. **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)

	FY 2019 \$'000	FY 2018 \$'000
<b>Transaction for the Purchase of Goods and Services</b> Sembcorp Industries Limited and its associates	407	-
<b>Management and Support Services</b> Sembcorp Industries Limited	250	250
<b>Total Interested Person Transactions</b>	<u>657</u>	<u>250</u>
<b>Treasury Transactions</b> <b>Subordinated Loan from – as at 31 December</b> Sembcorp Industries Limited and its associates	<u>1,500,000</u>	<u>-</u>

16. **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.

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

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

**BY ORDER OF THE BOARD**

**TAN YAH SZE  
COMPANY SECRETARY**

**19 February 2020**