



SEMBCORP MARINE LTD
Registration Number: 196300098Z

SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 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 – 5
3	Consolidated Statement of Comprehensive Income	5
4	Balance Sheets	6 – 8
5	Consolidated Statement of Cash Flows	9 – 11
6	Statements of Changes in Equity	12 – 16
7	Audit	17
8	Auditors' Report	17
9	Accounting Policies	17
10	Review of Group Performance	17 – 18
11	Variance from Prospect Statement	18
12	Prospects	18
13	Dividend	18
14	Segmental Reporting	19 – 21
15	Interested Person Transactions	22
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)	22
17	Report of Persons Occupying Managerial Positions who are related to a Director, Chief Executive Officer or Substantial Shareholder	22

SEMBCORP MARINE LTD
Registration Number: 196300098Z

UNAUDITED RESULTS FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2020

The Board of Directors of Sembcorp Marine Ltd wishes to announce the following unaudited results of the Group for the second half and full year ended 31 December 2020.

1. CONSOLIDATED INCOME STATEMENT

		Group			Group		
	Note	2H 2020 \$'000	2H 2019 \$'000	+ / (-) %	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
Turnover	2a	604,081	1,340,686	(54.9)	1,510,280	2,882,560	(47.6)
Cost of sales	2a	(899,959)	(1,458,934)	(38.3)	(2,000,743)	(2,974,378)	(32.7)
Gross loss	2a	(295,878)	(118,248)	n.m.	(490,463)	(91,818)	n.m.
Other operating income	2b	52,986	23,211	n.m.	146,136	44,879	n.m.
Other operating expenses	2b	(119,420)	(5,366)	n.m.	(143,931)	(6,325)	n.m.
General and administrative expenses	2c	(46,460)	(41,057)	13.2	(93,287)	(85,526)	9.1
Operating loss		(408,772)	(141,460)	n.m.	(581,545)	(138,790)	n.m.
Finance income	2d	21,716	45,579	(52.4)	51,625	93,275	(44.7)
Finance costs	2d	(62,802)	(64,511)	(2.6)	(141,802)	(130,027)	9.1
Non-operating income	2e	-	185	n.m.	501	185	n.m.
Share of results of associates and joint ventures, net of tax	2f	(37)	(410)	(91.0)	513	(1,603)	n.m.
Loss before tax		(449,895)	(160,617)	n.m.	(670,708)	(176,960)	n.m.
Tax credit	2g	57,024	29,201	95.3	83,500	36,773	n.m.
Loss for the period/year		(392,871)	(131,416)	n.m.	(587,208)	(140,187)	n.m.
Loss attributable to:							
Owners of the Company		(390,364)	(130,344)	n.m.	(582,510)	(137,174)	n.m.
Non-controlling interests		(2,507)	(1,072)	n.m.	(4,698)	(3,013)	55.9
Loss for the period/year		(392,871)	(131,416)	n.m.	(587,208)	(140,187)	n.m.
Earnings per ordinary share (cents)	2h						
Basic		(4.60)	(5.99)	(23.2)	(10.88)	(6.32)	72.2
Diluted		(4.60)	(5.99)	(23.2)	(10.88)	(6.32)	72.2

n.m.: not meaningful

2. NOTES TO CONSOLIDATED INCOME STATEMENT

2a. Turnover, Cost of Sales

	Note	Group			Group		
		2H 2020 \$'000	2H 2019 \$'000	+ / (-) %	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
Turnover	(i)	604,081	1,340,686	(54.9)	1,510,280	2,882,560	(47.6)
Cost of sales		(899,959)	(1,458,934)	(38.3)	(2,000,743)	(2,974,378)	(32.7)
Gross loss	(ii)	(295,878)	(118,248)	n.m.	(490,463)	(91,818)	n.m.
<i>Included in gross loss:</i>							
Depreciation and amortisation	(iii)	(96,484)	(117,945)	(18.2)	(192,340)	(238,795)	(19.5)
Inventories written (down)/back, net	(iv)	(34,178)	669	n.m.	(34,179)	651	n.m.
Property, plant and equipment written off	(v)	(43)	(2,928)	(98.5)	(43)	(3,042)	(98.6)
Impairment losses on property, plant and equipment	(vi)	-	(541)	n.m.	-	(541)	n.m.

- (i) Turnover for 2H 2020 decreased mainly due to lower revenue recognition from rigs & floaters, repairs & upgrades and specialised shipbuilding projects, mitigated by higher revenue recognition from offshore platforms. Turnover for FY 2020 decreased mainly due to lower revenue recognition from rigs & floaters and repairs & upgrades projects, mitigated by higher revenue recognition from offshore platforms and specialised shipbuilding 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) Higher gross loss for 2H 2020 and FY 2020 was mainly due to the COVID-19 pandemic delaying projects execution; higher costs recognised for rigs & floaters and specialised shipbuilding projects; and inventories written down. It was partly offset by profit from offshore platform projects and repairs & upgrades business.
- (iii) Depreciation for 2H 2020 and FY 2020 was lower mainly due to fixed assets at Tanjong Kling Yard being fully depreciated in 2019.
- (iv) In 2H 2020 and FY 2020, inventories were written down to net realisable value for rig building project stock.
- (v) Property, plant and equipment written off for 2H 2019 and FY 2019 relate to write off of building structures by a subsidiary in Singapore.
- (vi) Impairment losses for 2H 2019 and FY 2019 relate to impairment of land by a subsidiary in United Kingdom.

2b. Other operating income/(expenses)

	Note	Group			Group		
		2H 2020 \$'000	2H 2019 \$'000	+ / (-) %	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
Other operating income		52,986	23,211	n.m.	146,136	44,879	n.m.
Other operating expenses		(119,420)	(5,366)	n.m.	(143,931)	(6,325)	n.m.
		(66,434)	17,845	n.m.	2,205	38,554	(94.3)
<i>Included in other operating income/(expenses):</i>							
Changes in fair value of financial instruments	(i)	44,034	1,455	n.m.	19,764	2,619	n.m.
Foreign exchange loss, net	(ii)	(57,541)	(2,616)	n.m.	(20,579)	(3,357)	n.m.
Gain/(loss) on disposal of property, plant and equipment, net		1,066	(2,374)	n.m.	947	(2,428)	n.m.
Impairment losses on property, plant and equipment	(iii)	(48,989)	-	n.m.	(48,989)	-	n.m.
Impairment losses on right-of-use assets	(iv)	(74,191)	-	n.m.	(74,191)	-	n.m.
Negative goodwill	(v)	-	4,999	n.m.	-	4,999	n.m.
Rental income		5,621	7,208	(22.0)	10,932	14,227	(23.2)
Grant income	(vi)	53,494	68	n.m.	95,685	710	n.m.
Other income	(vii)	10,122	9,481	6.8	18,808	22,324	(15.7)
Other expenses		(50)	(376)	(86.7)	(172)	(540)	(68.1)
		(66,434)	17,845	n.m.	2,205	38,554	(94.3)

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

2b. Other operating income/(expenses) (Cont'd)

- (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 2H 2020 and FY 2020 was mainly due to the revaluation of assets and liabilities denominated in United States dollar and Euro to Singapore dollar.
- (iii) Impairment losses on property, plant and equipment for 2H 2020 and FY 2020 relate to impairment of a marine vessel.
- (iv) Impairment losses on right-of-use assets for 2H 2020 and FY 2020 mainly relates to right-of-use assets from the additional restoration costs of land and building at Tanjong Kling Yard.
- (v) Negative goodwill in 2H 2019 and 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.
- (vi) Higher grant income in 2H 2020 and FY 2020 was mainly due to government grants for the COVID-19 pandemic.
- (vii) Lower other income in 2H 2020 and FY 2020 was mainly due to lower sales of scrap.

2c. General and administrative expenses

Note	Group			Group		
	2H 2020 \$'000	2H 2019 \$'000	+ / (-) %	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
General and administrative expenses <i>Included in general and administrative expenses:</i>	(46,460)	(41,057)	13.2	(93,287)	(85,526)	9.1
Depreciation and amortisation (i)	(4,642)	(2,122)	n.m.	(9,389)	(3,673)	n.m.
(Allowance for)/write-back of doubtful debts and bad debts, net (ii)	(8,806)	(264)	n.m.	(9,020)	338	n.m.

- (i) Higher depreciation and amortisation in 2H 2020 and FY 2020 was mainly due to the reclassification of depreciation of office and computer equipment from cost of sales.
- (ii) Higher allowance for doubtful and bad debts was mainly due to the expected credit loss for receivables.

2d. Finance income and finance costs

Note	Group			Group		
	2H 2020 \$'000	2H 2019 \$'000	+ / (-) %	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
Finance income (i)	21,716	45,579	(52.4)	51,625	93,275	(44.7)
Finance costs (ii)	(62,802)	(64,511)	(2.6)	(141,802)	(130,027)	9.1
	(41,086)	(18,932)	n.m.	(90,177)	(36,752)	n.m.
<i>Included in finance income/(costs):</i>						
Interest income	21,716	45,364	(52.1)	51,625	93,060	(44.5)
Dividend income	-	215	n.m.	-	215	n.m.
Interest paid and payable to bank and others	(47,514)	(57,535)	(17.4)	(113,298)	(113,838)	(0.5)
Amortisation of capitalised transaction costs	(8,184)	(3,467)	n.m.	(10,947)	(5,252)	n.m.
Unwind of discount on restoration costs	(483)	(1,195)	(59.6)	(1,147)	(1,555)	(26.2)
Interest expense on lease liabilities	(6,621)	(2,314)	n.m.	(16,410)	(9,382)	74.9
	(41,086)	(18,932)	n.m.	(90,177)	(36,752)	n.m.

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

2d. Finance income and finance costs (Cont'd)

- (i) Lower finance income in 2H 2020 and FY 2020 was mainly due to lower interest income from customers on deferred payment arrangement.
- (ii) Lower finance costs in 2H 2020 was mainly due to lower average borrowings compared to 2H 2019, offset by higher interest expense on lease liabilities and higher amortisation of capitalised transaction costs. Higher finance costs in FY 2020 was mainly due to higher average borrowing costs, higher amortisation of capitalised transaction costs and higher interest expense on lease liabilities.

2e. Non-operating income

The non-operating income in FY 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 was mainly due to share of loss in 2H 2020 and share of profit in FY 2020 from joint ventures.

2g. Tax credit

	Note	Group			Group		
		2H 2020 \$'000	2H 2019 \$'000	+ / (-) %	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
Tax credit	(i)	57,024	29,201	95.3	83,500	36,773	n.m.
Included in tax credit: (Under provision)/write-back of tax in respect of prior years, net		(2,267)	6,048	n.m.	(2,181)	9,913	n.m.

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

2h. Earnings per ordinary share

	Group			Group		
	2H 2020	2H 2019*	+ / (-) %	FY 2020	FY 2019*	+ / (-) %
(i) Based on the weighted average number of shares (cents)	(4.60)	(5.99)	(23.2)	(10.88)	(6.32)	72.2
- Weighted average number of shares ('000)	8,494,968	2,176,075	n.m.	5,353,182	2,169,699	n.m.
(ii) On a fully diluted basis (cents)	(4.60)	(5.99)	(23.2)	(10.88)	(6.32)	72.2
- Adjusted weighted average number of shares ('000)	8,494,968	2,176,075	n.m.	5,353,182	2,169,699	n.m.

* With the completion of the issuance of rights shares on 11 September 2020, prior year comparatives for earnings per share were restated per SFRS(I)1-33 through retrospective application of a bonus factor to the weighted average number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

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

2i. Breakdown of sales

	Group		
	FY 2020 \$'000	FY 2019 \$'000	+ / (-) %
First Half Year			
(i) Sales reported	906,199	1,541,874	(41.2)
(ii) Loss after tax before deducting non-controlling interests reported	(194,337)	(8,771)	n.m.
Second Half Year			
(iii) Sales reported	604,081	1,340,686	(54.9)
(iv) Loss after tax before deducting non-controlling interests reported	(392,871)	(131,416)	n.m.

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group			Group		
		2H 2020	2H 2019	+ / (-)	FY 2020	FY 2019	+ / (-)
	Note	\$'000	\$'000	%	\$'000	\$'000	%
Loss for the period/year		(392,871)	(131,416)	n.m.	(587,208)	(140,187)	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)	(35,592)	(14,216)	n.m.	(4,814)	(12,823)	(62.5)
Net change in fair value of cash flow hedges	3a(ii)	16,493	16,827	(2.0)	(15,761)	12,783	n.m.
Net change in fair value of cash flow hedges transferred to profit or loss	3a(iii)	6,519	(1,817)	n.m.	8,719	(5,749)	n.m.
Realisation of reserve upon disposal of subsidiaries		-	(539)	n.m.	-	(539)	n.m.
Other comprehensive income for the period/year, net of tax		(12,580)	255	n.m.	(11,856)	(6,328)	87.4
Total comprehensive income for the period/year		(405,451)	(131,161)	n.m.	(599,064)	(146,515)	n.m.
Total comprehensive income attributable to:							
Owners of the Company		(402,967)	(129,907)	n.m.	(594,431)	(143,312)	n.m.
Non-controlling interests		(2,484)	(1,254)	98.1	(4,633)	(3,203)	44.6
Total comprehensive income for the period/year		(405,451)	(131,161)	n.m.	(599,064)	(146,515)	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

	Group		Company	
	As at 31-Dec-2020 \$'000	As at 31-Dec-2019 \$'000	As at 31-Dec-2020 \$'000	As at 31-Dec-2019 \$'000
Non-current assets				
Property, plant and equipment	4,114,919	4,250,971	5,720	11,287
Right-of-use assets	251,016	253,304	2,543	3,556
Investment properties	-	-	47,182	47,695
Investments in subsidiaries	-	-	3,586,155	1,786,269
Interests in associates and joint ventures	15,423	14,887	-	-
Other financial assets	4,570	11,342	-	-
Trade and other receivables	1,105,551	1,087,631	127,700	29,396
Intangible assets	220,999	246,341	122	122
Deferred tax assets	117,283	29,195	16,559	3,382
	<u>5,829,761</u>	<u>5,893,671</u>	<u>3,785,981</u>	<u>1,881,707</u>
Current assets				
Inventories	94,361	113,108	-	-
Trade and other receivables	618,103	483,300	31,719	208,442
Contract costs	52,703	88,640	-	-
Contract assets	1,551,913	1,462,340	-	-
Tax recoverable	17,117	11,658	-	-
Assets held for sale	-	985	-	-
Other financial assets	33,840	15,820	-	-
Cash and cash equivalents	772,426	389,250	499,024	40,233
	<u>3,140,463</u>	<u>2,565,101</u>	<u>530,743</u>	<u>248,675</u>
Total assets	<u>8,970,224</u>	<u>8,458,772</u>	<u>4,316,724</u>	<u>2,130,382</u>
Current liabilities				
Trade and other payables	1,052,269	1,341,010	20,614	32,020
Contract liabilities	154,288	60,186	-	-
Provisions	38,005	16,433	-	-
Other financial liabilities	4,742	7,703	-	-
Current tax payable	7,056	3,758	12,227	12,328
Interest-bearing borrowings	2,121,394	1,421,620	50,000	50,000
Lease liabilities	22,100	23,978	9,073	6,907
	<u>3,399,854</u>	<u>2,874,688</u>	<u>91,914</u>	<u>101,255</u>
Net current (liabilities)/assets	<u>(259,391)</u>	<u>(309,587)</u>	<u>438,829</u>	<u>147,420</u>
Non-current liabilities				
Deferred tax liabilities	26,852	28,989	-	-
Provisions	142,800	106,821	85,498	26,759
Other financial liabilities	722	2,204	-	-
Interest-bearing borrowings	1,428,400	1,479,172	-	-
Subordinated loan	-	1,500,000	-	-
Lease liabilities	269,467	254,120	51,773	38,678
Other long-term payables	5,982	6,000	4,002	4,002
	<u>1,874,223</u>	<u>3,377,306</u>	<u>141,273</u>	<u>69,439</u>
Total liabilities	<u>5,274,077</u>	<u>6,251,994</u>	<u>233,187</u>	<u>170,694</u>
Net assets	<u>3,696,147</u>	<u>2,206,778</u>	<u>4,083,537</u>	<u>1,959,688</u>
Equity attributable to owners of the Company				
Share capital	2,575,374	486,217	2,575,374	486,217
Other reserves	(57,555)	(44,996)	(22,861)	(22,223)
Revenue reserve	1,149,577	1,732,087	1,531,024	1,495,694
	<u>3,667,396</u>	<u>2,173,308</u>	<u>4,083,537</u>	<u>1,959,688</u>
Non-controlling interests	28,751	33,470	-	-
Total equity	<u>3,696,147</u>	<u>2,206,778</u>	<u>4,083,537</u>	<u>1,959,688</u>

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

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

Interest-bearing borrowings: (i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	As at 31-Dec-2020 \$'000	As at 31-Dec-2019 \$'000
	2,121,394	1,421,620
(ii) <u>Amount repayable after one year</u> Unsecured	1,428,400	1,479,172
Subordinated loan:		
(i) <u>Amount repayable after one year</u> Unsecured	-	1,500,000

4b. **Net asset value**

	Group		Company	
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	29.21	103.96	32.52	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.

'Intangible assets' decreased mainly due to amortisation during the year.

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

Current assets

'Inventories' decreased mainly due to inventories written down to net realisable value for rig building project stock.

'Trade and other receivables' increased mainly due to billings to customers upon project milestones achieved, offset by receipts from customers for completed projects.

'Contract costs' decreased mainly due to recognition of costs of sales during the year.

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

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

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

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

Current liabilities

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

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

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

'Other financial liabilities' decreased mainly due to fair value adjustments on 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 31 December 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 loan facilities to repay or refinance current borrowings as they fall due.

Non-current liabilities

'Provisions' increased mainly due to additional restoration costs provided for, offset by reclassification of provision for restoration costs and warranty provision to current liabilities.

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

'Subordinated loan' decreased mainly due to settlement by issue of rights shares.

(ii) Company

Non-current assets

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

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

'Investments in subsidiaries' increased mainly due to additional investment in Sembcorp Marine Integrated Yard Pte. Ltd..

'Trade and other receivables' increased mainly due to non-current loan to a subsidiary.

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

Current assets

'Trade and other receivables' decreased mainly due to receipts from subsidiaries.

'Cash and cash equivalents' increased mainly due to proceeds from rights issue.

Current liabilities

'Trade and other payables' decreased mainly due to payments made to subsidiaries.

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

Non-current liabilities

'Provisions' increased mainly due to additional restoration costs provided for.

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

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	2H 2020 \$'000	2H 2019 \$'000	FY 2020 \$'000	FY 2019 \$'000
Cash flows from operating activities:				
Loss for the period/year	(392,871)	(131,416)	(587,208)	(140,187)
Adjustments for:				
Finance income	(21,716)	(45,579)	(51,625)	(93,275)
Finance costs	62,802	64,511	141,802	130,027
Depreciation of property, plant and equipment, and right-of-use assets	87,167	107,339	173,800	214,938
Amortisation of intangible assets	13,959	12,728	27,929	27,530
Share of results of associates and joint ventures, net of tax	37	410	(513)	1,603
(Gain)/loss on disposal of property, plant and equipment, net	(1,066)	2,374	(947)	2,428
(Gain)/loss on termination of lease liabilities	(12)	-	2	-
Gain on disposal of a joint venture	-	(185)	-	(185)
Gain on disposal of asset held for sale	-	-	(501)	-
Negative goodwill	-	(4,999)	-	(4,999)
Changes in fair value of financial instruments	(44,034)	(1,455)	(19,764)	(2,619)
Impairment losses on property, plant and equipment	48,989	541	48,989	541
Impairment losses on right-of-use assets	74,191	-	74,191	-
Share-based payment expenses	728	563	1,461	2,268
Property, plant and equipment written off	43	2,928	43	3,042
Inventories written down/(back), net	34,178	(669)	34,179	(651)
Allowance for/(write-back of) doubtful debts and bad debts, net	8,806	264	9,020	(338)
Tax credit	(57,024)	(29,201)	(83,500)	(36,773)
Operating (loss)/profit before working capital changes	(185,823)	(21,846)	(232,642)	103,350
Changes in working capital:				
Inventories	3,624	(4,046)	(15,432)	(32,286)
Contract costs	41,331	21,230	35,937	190,539
Contract assets	98,995	(175,626)	(89,573)	(463,674)
Contract liabilities	57,184	18,847	94,102	(79,545)
Trade and other receivables	(277,941)	(52,187)	(119,253)	272,328
Trade and other payables	(274,255)	(337,745)	(261,980)	(245,898)
Cash used in operations	(536,885)	(551,373)	(588,841)	(255,186)
Interest income received	7,803	31,948	9,135	68,555
Interest paid	(91,819)	(48,060)	(162,309)	(108,192)
Tax paid	(7,018)	(1,777)	(7,876)	(1,346)
Net cash used in operating activities	(627,919)	(569,262)	(749,891)	(296,169)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(31,419)	(111,170)	(89,220)	(316,270)
Proceeds from sale of property, plant and equipment	1,922	1,507	2,025	1,919
Proceeds from disposal of asset held for sale	-	-	1,467	-
Proceeds from disposal of a joint venture	-	55	-	55
Purchase of intangible assets	(2,215)	-	(2,411)	-
Dividend received from associate	-	160	-	160
Dividend received from joint venture	-	500	-	2,404
Net cash used in investing activities	(31,712)	(108,948)	(88,139)	(311,732)
Cash flows from financing activities:				
Proceeds from borrowings	378,769	2,239,677	2,397,351	2,732,839
Repayment of borrowings	(626,332)	(1,940,054)	(1,736,533)	(2,547,941)
Proceeds from rights issue, net	586,587	-	586,587	-
Payment of lease liabilities	(12,352)	(12,557)	(21,704)	(20,732)
Payment on termination of lease liabilities	(1)	-	(50)	-
Dividends paid to non-controlling interests of subsidiaries	(103)	(78)	(103)	(78)
Capital contribution by non-controlling interests of a subsidiary	17	-	17	-
Net cash generated from financing activities	326,585	286,988	1,225,565	164,088
Net (decrease)/increase in cash and cash equivalents	(333,046)	(391,222)	387,535	(443,813)
Cash and cash equivalents at beginning of the period/year	1,107,031	781,889	389,250	837,173
Effect of exchange rate changes on balances held in foreign currencies	(1,559)	(1,417)	(4,359)	(4,110)
Cash and cash equivalents at end of the period/year	772,426	389,250	772,426	389,250

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-2020 \$'000	31-Dec-2019 \$'000
Fixed deposits	5,747	5,256
Cash and bank balances	766,679	383,994
Cash and cash equivalents	772,426	389,250

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
(i) Effect on cash flows of the Group		
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 ¹ (Final) \$'000
(ii) Identifiable assets acquired and liabilities assumed			
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

¹ 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

(i) Second half

Cash flows used in operating activities before changes in working capital were \$186 million in 2H 2020. Net cash used in operating activities for 2H 2020 at \$628 million was mainly due to working capital for ongoing projects and net interest paid.

Net cash used in investing activities for 2H 2020 was \$32 million, mainly due to purchase of property, plant and equipment for Sembcorp Marine Tuas Boulevard yard.

Net cash generated from financing activities for 2H 2020 was \$327 million. It relates mainly to proceeds from rights issue, offset by net repayment of borrowings.

(ii) Full year

Cash flows used in operating activities before changes in working capital were \$233 million in FY 2020. Net cash used in operating activities for FY 2020 at \$750 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 FY 2020 was \$88 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 FY 2020 was \$1.23 billion. It relates mainly to net proceeds from borrowings and proceeds from rights issue.

(iii) Significant non-cash transactions

Repayment of subordinated loan of \$1.5 billion was settled by issue of rights shares.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

	Attributable to owners of the Company							Non-controlling interests	Total Equity
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	\$'000	\$'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
2H 2020									
Total comprehensive income									
Loss for the period	-	-	-	-	-	(390,364)	(390,364)	(2,507)	(392,871)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	(35,615)	-	-	(35,615)	23	(35,592)
Net change in fair value of cash flow hedges	-	-	-	-	16,493	-	16,493	-	16,493
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	6,519	-	6,519	-	6,519
Total other comprehensive income	-	-	-	(35,615)	23,012	-	(12,603)	23	(12,580)
Total comprehensive income	-	-	-	(35,615)	23,012	(390,364)	(402,967)	(2,484)	(405,451)
Transactions with owners of the Company, recognised directly in equity									
Issue of new shares	-	-	-	-	-	-	-	17	17
Rights issue	2,086,587	-	-	-	-	-	2,086,587	-	2,086,587
Dividends paid	-	-	-	-	-	-	-	(103)	(103)
Share-based payments	-	-	-	-	733	-	733	-	733
Total transactions with owners	2,086,587	-	-	-	733	-	2,087,320	(86)	2,087,234
At 31 December 2020	2,575,374	(771)	(1,683)	(32,334)	(22,767)	1,149,577	3,667,396	28,751	3,696,147

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

6a. Statements of Changes in Equity of the Group

	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Other reserves \$'000	Revenue reserve \$'000	\$'000	\$'000
1H 2019								
At 31 December 2018	484,288	(2,151)	(13,011)	(13,577)	(22,288)	1,878,423	2,311,684	36,751
Adjustment on initial application of SFRS(I) 16, net of tax	-	-	-	-	-	980	980	-
Adjusted balance at 1 January 2019	484,288	(2,151)	(13,011)	(13,577)	(22,288)	1,879,403	2,312,664	36,751
Total comprehensive income								
Loss for the period	-	-	-	-	-	(6,830)	(6,830)	(1,941)
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	-	1,401	-	-	1,401	(8)
Net change in fair value of cash flow hedges	-	-	-	-	(4,044)	-	(4,044)	-
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(3,932)	-	(3,932)	-
Total other comprehensive income	-	-	-	1,401	(7,976)	-	(6,575)	(8)
Total comprehensive income	-	-	-	1,401	(7,976)	(6,830)	(13,405)	(1,949)
Transactions with owners of the Company, recognised directly in equity								
Issue of treasury shares	-	1,380	-	-	(896)	-	484	-
Share-based payments	-	-	-	-	1,735	-	1,735	-
Total transactions with owners	-	1,380	-	-	839	-	2,219	-
At 30 June 2019	484,288	(771)	(13,011)	(12,176)	(29,425)	1,872,573	2,301,478	34,802
2H 2019								
Total comprehensive income								
Loss for the period	-	-	-	-	-	(130,344)	(130,344)	(1,072)
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	-	(14,189)	-	-	(14,189)	(27)
Net change in fair value of cash flow hedges	-	-	-	-	16,827	-	16,827	-
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(1,817)	-	(1,817)	-
Realisation of reserves upon disposal of subsidiaries	-	-	11,328	(149)	(480)	(11,083)	(384)	(155)
Realisation of reserves upon disposal of a joint venture	-	-	-	(941)	-	941	-	-
Total other comprehensive income	-	-	11,328	(15,279)	14,530	(10,142)	437	(182)
Total comprehensive income	-	-	11,328	(15,279)	14,530	(140,486)	(129,907)	(1,254)
Transactions with owners of the Company, recognised directly in equity								
Issue of new shares	1,929	-	-	-	(1,929)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(78)
Share-based payments	-	-	-	-	1,737	-	1,737	-
Total transactions with owners	1,929	-	-	-	(192)	-	1,737	(78)
At 31 December 2019	486,217	(771)	(1,683)	(27,455)	(15,087)	1,732,087	2,173,308	33,470

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
2H 2020						
Total comprehensive income						
Profit for the period	-	-	-	-	34,166	34,166
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	34,166	34,166
Transactions with owners of the Company, recognised directly in equity						
Rights issue	2,086,587	-	-	-	-	2,086,587
Share-based payments	-	-	-	484	-	484
Cost of share-based payment issued to employees of subsidiaries	-	-	-	249	-	249
Total transactions with owners	2,086,587	-	-	733	-	2,087,320
At 31 December 2020	2,575,374	(771)	960	(23,050)	1,531,024	4,083,537

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 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
2H 2019						
Total comprehensive income						
Loss for the period	-	-	-	-	(4,645)	(4,645)
Other comprehensive income						
Realisation of reserve upon disposal of a subsidiary	-	-	-	(480)	-	(480)
Total other comprehensive income	-	-	-	(480)	-	(480)
Total comprehensive income	-	-	-	(480)	(4,645)	(5,125)
Transactions with owners of the Company, recognised directly in equity						
Issue of new shares	1,929	-	-	(1,929)	-	-
Share-based payments	-	-	-	1,055	-	1,055
Cost of share-based payment issued to employees of subsidiaries	-	-	-	682	-	682
Total transactions with owners	1,929	-	-	(192)	-	1,737
At 31 December 2019	486,217	(771)	960	(22,412)	1,495,694	1,959,688

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

6c. Changes in the Company's share capital

(i) Issued and Paid Up Capital

The Company issued 10,462,690,870 Rights shares in 2H 2020. During 2H 2019, the Company issued 1,144,462 ordinary shares upon the vesting of restricted shares under the Company's Restricted Share Plan ("RSP").

As at 31 December 2020, the Company's issued and paid up capital, excluding treasury shares, comprises 12,555,229,044 (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 and 31 December	416,840	416,840

As at 31 December 2020, 416,840 (31 December 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 and 31 December	1,168,000	2,618,000

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 2020 was 1,168,000 (31 December 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 (31 December 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
Conditional restricted shares released	-	(1,144,462)
Conditional restricted shares lapsed	(24,669)	(128,899)
At 31 December	956,036	2,372,975

During 2H 2020, there was no (2H 2019: 1,144,462) restricted shares released and 24,669 (2H 2019: 128,899) restricted shares that lapsed. The restricted shares released in 2H 2019 were settled by way of issuance of new shares. The total number of restricted shares outstanding, including awards achieved but not released, as at 31 December 2020 was 956,036 (31 December 2019: 2,372,975).

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**

	2H 2020	2H 2019	+ / (-)	+ / (-)	FY 2020	FY 2019	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rigs & Floaters	215.1	847.0	(631.9)	(74.6)	673.8	2,069.2	(1,395.4)	(67.4)
Repairs & Upgrades	166.5	360.5	(194.0)	(53.8)	424.6	605.4	(180.8)	(29.9)
Offshore Platforms	179.8	81.5	98.3	n.m.	310.1	130.5	179.6	n.m.
Specialised Shipbuilding	20.1	27.5	(7.4)	(26.9)	55.5	34.6	20.9	60.4
Other Activities	22.5	24.2	(1.7)	(7.0)	46.3	42.9	3.4	7.9
	604.0	1,340.7	(736.7)	(54.9)	1,510.3	2,882.6	(1,372.3)	(47.6)

Turnover for 2H 2020 decreased mainly due to lower revenue recognition from rigs & floaters, repairs & upgrades and specialised shipbuilding projects, mitigated by higher revenue recognition from offshore platforms. Turnover for FY 2020 decreased mainly due to lower revenue recognition from rigs & floaters and repairs & upgrades projects, mitigated by higher revenue recognition from offshore platforms and specialised shipbuilding 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.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

Higher net loss for 2H 2020 and FY 2020 was mainly due to the COVID-19 pandemic delaying projects execution; higher costs recognised for rigs & floaters and specialised shipbuilding projects; inventories written down; impairment loss on a marine vessel and impairment on right-of-use assets. It was partly offset by profit from offshore platform projects and repairs & upgrades business; and government grants for the COVID-19 pandemic.

11. VARIANCE FROM PROSPECT STATEMENT

Please refer to paragraph 12.

12. PROSPECTS

Despite the present trajectory of a gradual economic recovery, it remains premature to predict a strong and sustainable recovery for the industry. Sembcorp Marine expects losses to continue. However, the Group will continue its strategic initiatives to build business resilience and position itself for future growth.

As global players in the world's energy system transform and pivot in favour of cleaner energy, and build the appropriate energy infrastructure, it is anticipated that there will be increasing green opportunities. Sembcorp Marine stands poised to benefit from this transition with innovative and sustainable solutions, underpinned by its technology bench strength across the global offshore, marine and energy value chain.

The completion of the Group's Rights Issue in 2020 has strengthened our liquidity position and balance sheet. The Group will manage its liquidity prudently to ride through the current uncertainty and challenging business environment.

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 2020.

14. SEGMENTAL REPORTING

FY 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	1,485,290	22,492	2,498	-	1,510,280
Inter-segment sales	-	-	74,032	(74,032)	-
Total	1,485,290	22,492	76,530	(74,032)	1,510,280
Results					
Segment results	(519,985)	(57,252)	(4,308)	-	(581,545)
Finance income	79,208	-	99,310	(126,893)	51,625
Finance costs	(184,386)	(1,935)	(82,374)	126,893	(141,802)
Non-operating income	501	-	-	-	501
Share of results of associates and joint ventures, net of tax	102	-	411	-	513
(Loss)/profit before tax	(624,560)	(59,187)	13,039	-	(670,708)
Tax credit/(expense)	85,998	25	(2,523)	-	83,500
(Loss)/profit for the year	(538,562)	(59,162)	10,516	-	(587,208)
Assets					
Segment assets	9,493,478	240,673	2,134,105	(3,047,855)	8,820,401
Interests in associates and joint ventures	4,209	-	11,214	-	15,423
Deferred tax assets	116,578	705	-	-	117,283
Tax recoverable	17,117	-	-	-	17,117
Total assets	9,631,382	241,378	2,145,319	(3,047,855)	8,970,224
Liabilities					
Segment liabilities	6,212,052	53,514	2,022,458	(3,047,855)	5,240,169
Deferred tax liabilities	25,952	900	-	-	26,852
Current tax payable	3,448	609	2,999	-	7,056
Total liabilities	6,241,452	55,023	2,025,457	(3,047,855)	5,274,077
Capital expenditure	79,087	8,549	14	-	87,650
Significant non-cash items					
Depreciation and amortisation	186,985	14,115	629	-	201,729
Changes in fair value of financial instruments	(3,253)	-	(16,511)	-	(19,764)
Impairment losses on property, plant and equipment	-	48,989	-	-	48,989
Impairment losses on right-of-use assets	74,191	-	-	-	74,191
Property, plant and equipment written off	1	42	-	-	43
Inventories written down, net	34,148	-	31	-	34,179
Allowance for doubtful debts and bad debts, net	9,020	-	-	-	9,020

(ii) Geographical Segments:

	Turnover from external customers \$'000	%	Non-current assets ⁽¹⁾ \$'000	%	Total assets \$'000	%	Capital expenditure \$'000	%
Singapore	237,710	16	3,874,972	68	6,959,615	78	51,900	59
Rest of Asia, Australia & India	214,233	14	122,299	2	157,200	2	704	1
Middle East & Africa	62,711	4	-	-	-	-	-	-
United Kingdom	120,678	8	2,315	-	4,345	-	5	-
Norway	207,971	14	46,050	1	55,848	1	13	-
France	47,022	3	127	-	2,268	-	90	-
The Netherlands	23,465	2	128,179	2	134,147	1	-	-
Rest of Europe	170,085	11	34	-	802	-	-	-
Brazil	148,484	10	1,533,461	27	1,654,327	18	34,938	40
U.S.A.	274,357	18	471	-	1,672	-	-	-
Other countries	3,564	-	-	-	-	-	-	-
Total	1,510,280	100	5,707,908	100	8,970,224	100	87,650	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)

FY 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	2,871,362	2,224	8,974	-	2,882,560
Inter-segment sales	-	-	109,823	(109,823)	-
Total	2,871,362	2,224	118,797	(109,823)	2,882,560
Results					
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
(Loss)/profit for the year	(121,847)	(23,587)	5,247	-	(140,187)
Assets					
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
Total assets	9,008,106	188,900	2,918,392	(3,656,626)	8,458,772
Liabilities					
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
Total liabilities	7,038,062	4,855	2,865,703	(3,656,626)	6,251,994
Capital expenditure	375,380	-	59	-	375,439
Significant non-cash items					
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 \$'000	%	Non-current assets ⁽¹⁾ \$'000	%	Total assets \$'000	%	Capital expenditure \$'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	-	-	-	-	-	-	-
Total	2,882,560	100	5,853,134	100	8,458,772	100	375,439	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. They are: (i) rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding; and (ii) ship chartering. The strategic business units are managed separately because of their different business activities. The results of all projects related to shipbuilding and repairs are reviewed as a whole and form the basis for resource allocation decisions of the shipyard activities.

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, intangible assets, 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 tax, as included in the internal management reports that are reviewed by the Group's President & 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

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)	
		FY 2020 \$'000	FY 2019 \$'000	FY 2020 \$'000	FY 2019 \$'000
<u>Transaction for the Purchase of Goods and Services</u>					
SembWaste Pte. Ltd.	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	-	-	341	407
<u>Management and Support Services</u>					
Sembcorp Industries Limited	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	-	-	-	250
<u>Treasury Transactions Subordinated Loan from – as at 31 December</u>					
Sembcorp Financial Services Pte Ltd	Associate of Temasek Holdings (Private) Limited, the largest shareholder of the Company.	-	-	-	1,500,000
Total Interested Person Transactions		-	-	341	1,500,657

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 / KEM HUEY LEE SHARON
JOINT COMPANY SECRETARIES

22 February 2021