



SEMBCORP MARINE LTD  
Registration Number: 196300098Z

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE  
2022 & RELATED ANNOUNCEMENT**

**TABLE OF CONTENTS**

<b>A.</b>	<b>Condensed interim consolidated income statement</b>	<b>1</b>
<b>B.</b>	<b>Condensed interim consolidated statement of comprehensive income</b>	<b>2</b>
<b>C.</b>	<b>Condensed interim balance sheets</b>	<b>3</b>
<b>D.</b>	<b>Condensed interim statements of changes in equity</b>	<b>4</b>
<b>E.</b>	<b>Condensed interim consolidated statement of cash flows</b>	<b>6</b>
<b>F.</b>	<b>Notes to the condensed interim financial statements</b>	<b>7</b>
<b>G.</b>	<b>Other information required by Listing Rule Appendix 7.2</b>	<b>23</b>



**SEMBCORP MARINE LTD**  
 Registration Number: 196300098Z

**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**A. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT**

		Group		
	Note	1H 2022 \$'000	1H 2021 \$'000	+ / (-) %
<b>Turnover</b>	3	<b>1,094,963</b>	<b>844,186</b>	<b>29.7</b>
Cost of sales	4	(1,187,875)	(1,432,433)	(17.1)
<b>Gross loss</b>		<b>(92,912)</b>	<b>(588,247)</b>	<b>(84.2)</b>
Other operating income	5	46,537	68,163	(31.7)
Other operating expenses	5	(10,312)	(143,950)	(92.8)
General and administrative expenses	6	(58,365)	(44,898)	30.0
<b>Operating loss</b>		<b>(115,052)</b>	<b>(708,932)</b>	<b>(83.8)</b>
Finance income	7	35,016	22,882	53.0
Finance costs	7	(54,640)	(42,133)	29.7
Share of results of associates and joint ventures, net of tax		411	663	(38.0)
<b>Loss before tax</b>		<b>(134,265)</b>	<b>(727,520)</b>	<b>(81.5)</b>
Tax (expense)/credit	9	(10,766)	78,013	n.m.
<b>Loss for the period</b>		<b>(145,031)</b>	<b>(649,507)</b>	<b>(77.7)</b>
<b>Loss attributable to:</b>				
Owners of the Company		<b>(142,857)</b>	<b>(647,242)</b>	<b>(77.9)</b>
Non-controlling interests		(2,174)	(2,265)	(4.0)
<b>Loss for the period</b>		<b>(145,031)</b>	<b>(649,507)</b>	<b>(77.7)</b>
<b>Earnings per ordinary share (cents)</b>	11			
Basic		(0.46)	(5.01)	(90.8)
Diluted		(0.46)	(5.01)	(90.8)

n.m.: not meaningful

**B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group		
	1H 2022	1H 2021	+ / (-)
	\$'000	\$'000	%
<b>Loss for the period</b>	<b>(145,031)</b>	<b>(649,507)</b>	<b>(77.7)</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	8,301	(6,692)	n.m.
Net change in fair value of cash flow hedges	(3,372)	4,592	n.m.
Net change in fair value of cash flow hedges transferred to profit or loss	4,154	(1,429)	n.m.
Realisation of reserve upon disposal of subsidiaries	-	4	n.m.
Other comprehensive income for the period, net of tax	9,083	(3,525)	n.m.
<b>Total comprehensive income for the period</b>	<b>(135,948)</b>	<b>(653,032)</b>	<b>(79.2)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(133,729)	(650,756)	(79.5)
Non-controlling interests	(2,219)	(2,276)	(2.5)
<b>Total comprehensive income for the period</b>	<b>(135,948)</b>	<b>(653,032)</b>	<b>(79.2)</b>

## C. CONDENSED INTERIM BALANCE SHEETS

	Note	Group		Company	
		As at 30-Jun-2022 \$'000	As at 31-Dec-2021 \$'000	As at 30-Jun-2022 \$'000	As at 31-Dec-2021 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	12	3,951,095	3,992,675	883	937
Right-of-use assets	13	226,912	235,800	1,063	1,529
Investment properties		-	-	36,195	38,311
Investments in subsidiaries	14	-	-	3,585,686	3,585,686
Interests in associates and joint ventures		16,846	16,559	-	-
Other financial assets		7,501	3,275	-	-
Trade and other receivables		1,697,739	1,167,376	1,090,500	1,292,700
Contract assets		67,008	463,517	-	-
Intangible assets		186,965	198,419	133	133
Deferred tax assets		194,984	196,215	29,514	29,940
		<u>6,349,050</u>	<u>6,273,836</u>	<u>4,743,974</u>	<u>4,949,236</u>
<b>Current assets</b>					
Inventories		66,695	66,963	-	-
Trade and other receivables		428,867	471,321	357,432	135,557
Contract costs		22,895	68,456	-	-
Contract assets		814,669	1,295,308	-	-
Tax recoverable		15,401	16,093	-	-
Other financial assets		10,887	3,778	-	-
Cash and cash equivalents		1,415,326	1,104,118	742,020	734,167
		<u>2,774,740</u>	<u>3,026,037</u>	<u>1,099,452</u>	<u>869,724</u>
<b>Total assets</b>		<u>9,123,790</u>	<u>9,299,873</u>	<u>5,843,426</u>	<u>5,818,960</u>
<b>Current liabilities</b>					
Trade and other payables		1,326,291	1,432,056	68,116	39,197
Contract liabilities		138,018	171,551	-	-
Provisions		77,758	56,386	59,287	30,673
Other financial liabilities		40,082	25,495	-	-
Current tax payable		15,537	6,092	1,531	56
Interest-bearing borrowings	16	878,881	820,581	50,000	50,000
Lease liabilities		20,146	21,094	8,481	8,899
		<u>2,496,713</u>	<u>2,533,255</u>	<u>187,415</u>	<u>128,825</u>
<b>Net current assets</b>		<u>278,027</u>	<u>492,782</u>	<u>912,037</u>	<u>740,899</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		18,041	19,070	-	-
Provisions		209,866	205,108	97,788	126,561
Other financial liabilities		5,974	781	-	-
Interest-bearing borrowings	16	2,248,780	2,255,228	-	-
Lease liabilities		252,428	257,650	38,744	43,026
Other long-term payables		3,629	3,711	1,731	1,731
		<u>2,738,718</u>	<u>2,741,548</u>	<u>138,263</u>	<u>171,318</u>
<b>Total liabilities</b>		<u>5,235,431</u>	<u>5,274,803</u>	<u>325,678</u>	<u>300,143</u>
<b>Net assets</b>		<u>3,888,359</u>	<u>4,025,070</u>	<u>5,517,748</u>	<u>5,518,817</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	17	4,074,215	4,074,215	4,074,215	4,074,215
Other reserves		(43,019)	(51,682)	(23,413)	(22,948)
Revenue reserve		(164,113)	(21,256)	1,466,946	1,467,550
		<u>3,867,083</u>	<u>4,001,277</u>	<u>5,517,748</u>	<u>5,518,817</u>
Non-controlling interests		21,276	23,793	-	-
<b>Total equity</b>		<u>3,888,359</u>	<u>4,025,070</u>	<u>5,517,748</u>	<u>5,518,817</u>

## D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

### i. 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	Share-based payments reserve \$'000	Hedging reserve \$'000	Revenue reserve \$'000			Total \$'000
<b>1H 2022</b>										
At 1 January 2022	4,074,215	(1)	(1,683)	(17,732)	(25,995)	(6,271)	(21,256)	4,001,277	23,793	4,025,070
<b>Total comprehensive income</b>										
Loss for the period	-	-	-	-	-	-	(142,857)	(142,857)	(2,174)	(145,031)
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	-	8,346	-	-	-	8,346	(45)	8,301
Net change in fair value of cash flow hedges	-	-	-	-	-	(3,372)	-	(3,372)	-	(3,372)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	4,154	-	4,154	-	4,154
Total other comprehensive income	-	-	-	8,346	-	782	-	9,128	(45)	9,083
<b>Total comprehensive income</b>	-	-	-	8,346	-	782	(142,857)	(133,729)	(2,219)	(135,948)
<b>Transactions with owners of the Company, recognised directly in equity</b>										
Purchase of treasury shares	-	(465)	-	-	-	-	-	(465)	-	(465)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(298)	(298)
<b>Total transactions with owners</b>	-	(465)	-	-	-	-	-	(465)	(298)	(763)
<b>At 30 June 2022</b>	<b>4,074,215</b>	<b>(466)</b>	<b>(1,683)</b>	<b>(9,386)</b>	<b>(25,995)</b>	<b>(5,489)</b>	<b>(164,113)</b>	<b>3,867,083</b>	<b>21,276</b>	<b>3,888,359</b>
<b>1H 2021</b>										
At 1 January 2021	2,575,374	(771)	(1,683)	(32,334)	(25,157)	2,390	1,149,577	3,667,396	28,751	3,696,147
<b>Total comprehensive income</b>										
Loss for the period	-	-	-	-	-	-	(647,242)	(647,242)	(2,265)	(649,507)
<b>Other comprehensive income</b>										
Foreign currency translation differences for foreign operations	-	-	-	(6,681)	-	-	-	(6,681)	(11)	(6,692)
Net change in fair value of cash flow hedges	-	-	-	-	-	4,592	-	4,592	-	4,592
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(1,429)	-	(1,429)	-	(1,429)
Realisation of reserves upon disposal of subsidiaries	-	-	-	260	19	-	(275)	4	-	4
Total other comprehensive income	-	-	-	(6,421)	19	3,163	(275)	(3,514)	(11)	(3,525)
<b>Total comprehensive income</b>	-	-	-	(6,421)	19	3,163	(647,517)	(650,756)	(2,276)	(653,032)
<b>Transactions with owners of the Company, recognised directly in equity</b>										
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	-	-	-
<b>At 30 June 2021</b>	<b>2,575,374</b>	<b>(771)</b>	<b>(1,683)</b>	<b>(38,755)</b>	<b>(25,138)</b>	<b>5,553</b>	<b>502,060</b>	<b>3,016,640</b>	<b>26,475</b>	<b>3,043,115</b>

**D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Cont'd)**

**ii. Statements of Changes in Equity of the Company**

	Share capital \$'000	Reserve for own shares \$'000	Capital reserves \$'000	Share-based payments reserve \$'000	Revenue reserve \$'000	Total Equity \$'000
<b>1H 2022</b>						
At 1 January 2022	4,074,215	(1)	960	(23,907)	1,467,550	5,518,817
<b>Total comprehensive income</b>						
Loss for the period	-	-	-	-	(604)	(604)
<b>Other comprehensive income</b>						
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	(604)	(604)
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Purchase of treasury shares	-	(465)	-	-	-	(465)
<b>Total transactions with owners</b>	-	(465)	-	-	-	(465)
<b>At 30 June 2022</b>	<b>4,074,215</b>	<b>(466)</b>	<b>960</b>	<b>(23,907)</b>	<b>1,466,946</b>	<b>5,517,748</b>
<b>1H 2021</b>						
At 1 January 2021	2,575,374	(771)	960	(23,050)	1,531,024	4,083,537
<b>Total comprehensive income</b>						
Loss for the period	-	-	-	-	(56,202)	(56,202)
<b>Other comprehensive income</b>						
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	(56,202)	(56,202)
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Total transactions with owners	-	-	-	-	-	-
<b>At 30 June 2021</b>	<b>2,575,374</b>	<b>(771)</b>	<b>960</b>	<b>(23,050)</b>	<b>1,474,822</b>	<b>4,027,335</b>

## E. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1H 2022 \$'000	1H 2021 \$'000
<b>Cash flows from operating activities:</b>		
Loss for the period	(145,031)	(649,507)
Adjustments for:		
Finance income	(35,016)	(22,882)
Finance costs	54,640	42,133
Depreciation of property, plant and equipment, and right-of-use assets	84,346	84,869
Amortisation of intangible assets	12,194	12,863
Share of results of associates and joint ventures, net of tax	(411)	(663)
Gain on disposal of property, plant and equipment	(86)	(2,425)
Changes in fair value of financial instruments	9,677	19,850
Impairment losses on property, plant and equipment	-	45,776
Impairment losses on right-of-use assets	-	66,477
Provision for restoration costs, net*	442	11,806
Property, plant and equipment written off	-	5
Inventories written down, net	2	88
Impairment losses on trade receivables and contract assets, net	7,742	2,039
Tax expense/(credit)	10,766	(78,013)
Operating loss before working capital changes	(735)	(467,584)
Changes in working capital:		
Inventories	266	(579)
Contract costs	45,561	833
Contract assets	877,148	(218,852)
Contract liabilities	(33,533)	15,017
Trade and other receivables	(461,609)	330,340
Trade and other payables	(85,763)	300,085
Provisions*	(2,320)	74,370
Cash generated from operations	339,015	33,630
Interest income received	2,696	1,259
Interest paid	(34,144)	(31,907)
Tax paid	(904)	(4,937)
Net cash generated from/(used in) operating activities	306,663	(1,955)
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(9,483)	(23,712)
Proceeds from sale of property, plant and equipment	92	2,727
Purchase of intangible assets	(920)	(1,523)
Dividend received from joint venture	-	32
Net cash used in investing activities	(10,311)	(22,476)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	199,027	1,052,887
Repayment of borrowings	(171,175)	(1,001,636)
Purchase of treasury shares	(465)	-
Payment of lease liabilities	(11,373)	(10,384)
Dividends paid to non-controlling interests of subsidiaries	(299)	-
Net cash generated from financing activities	15,715	40,867
Net increase in cash and cash equivalents	312,067	16,436
<b>Cash and cash equivalents at beginning of the period</b>	1,104,118	772,426
Effect of exchange rate changes on balances held in foreign currencies	(859)	(569)
<b>Cash and cash equivalents at end of the period</b>	<b>1,415,326</b>	<b>788,293</b>

\* Comparative amounts have been reclassified to conform to current year presentation. The amounts are reclassified within operating activities of the condensed interim consolidated statement of cash flows and do not have any effect on the condensed interim balance sheets and condensed interim consolidated income statement.

## **F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### **1. Domicile and activities**

Sembcorp Marine Ltd (the “Company”) is a company incorporated in the Republic of Singapore and has its registered office at 80 Tuas South Boulevard, Singapore 637051, and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim financial statements as at and for the period ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

Startree Investments Pte. Ltd. and Temasek Holding (Private) Limited are the Company’s immediate and ultimate holding companies, respectively.

The principal activities of the Company are the provision of management services and investment holding. The principal activities of the Group are the provision of innovative engineering solutions to the global offshore, marine and energy industries.

### **2. Basis of preparation**

#### **2.1. Going concern basis of accounting**

The condensed interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its debt obligations as and when they fall due within the next twelve months.

As at 30 June 2022, the Group recorded net current assets of \$278,027,000 (31 December 2021: \$492,782,000), and incurred a loss of \$145,031,000 (1H 2021: \$649,507,000) and operating cash flows of \$306,663,000 (1H 2021: negative operating cash flows of \$1,955,000) for the six months ended 30 June 2022.

Management of the Group is confident that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate.

#### **2.2. Statement of compliance**

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

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

Except as disclosed in Note 2.3. 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 2021.

The condensed interim financial statements are presented in Singapore dollars which is the Company’s functional currency.

#### **2.3. New and amended standards**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 1-37)*
- *Annual Improvements to SFRS(I)s 2018-2020*

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



## **F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

### **2.4. Use of estimates and judgements**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2021.

### **3. Segment and revenue information**

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, collection and treatment of used copper slag, and the processing and distribution of copper slag for blast cleaning purposes.

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.

## F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

### 3.1. Operating segments

#### (i) Business segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
<b>1H 2022</b>					
<b>Turnover</b>					
Sales to external parties	1,083,709	9,555	1,699	-	1,094,963
Inter-segment sales	-	-	44,317	(44,317)	-
<b>Total</b>	<b>1,083,709</b>	<b>9,555</b>	<b>46,016</b>	<b>(44,317)</b>	<b>1,094,963</b>
<b>Results</b>					
Segment results	(117,689)	1,901	736	-	(115,052)
Finance income	38,989	1	42,369	(46,343)	35,016
Finance costs	(77,865)	(723)	(22,395)	46,343	(54,640)
Share of results of associates and joint ventures, net of tax	(84)	-	495	-	411
(Loss)/profit before tax	(156,649)	1,179	21,205	-	(134,265)
Tax expense	(9,120)	(205)	(1,441)	-	(10,766)
<b>(Loss)/profit for the period</b>	<b>(165,769)</b>	<b>974</b>	<b>19,764</b>	<b>-</b>	<b>(145,031)</b>
<b>Capital expenditure</b>	<b>6,207</b>	<b>2,751</b>	<b>51</b>	<b>-</b>	<b>9,009</b>
<b>Significant non-cash items</b>					
Depreciation and amortisation	90,959	5,375	206	-	96,540
Changes in fair value of financial instruments	6,764	-	2,913	-	9,677
Inventories written down, net	2	-	-	-	2
Impairment losses on trade receivables and contract assets, net	7,742	-	-	-	7,742
<b>As at 30-Jun-2022</b>					
<b>Assets</b>					
Segment assets	8,508,808	189,367	3,337,081	(3,138,697)	8,896,559
Interests in associates and joint ventures	3,915	-	12,931	-	16,846
Deferred tax assets	194,925	59	-	-	194,984
Tax recoverable	15,401	-	-	-	15,401
<b>Total assets</b>	<b>8,723,049</b>	<b>189,426</b>	<b>3,350,012</b>	<b>(3,138,697)</b>	<b>9,123,790</b>
<b>Liabilities</b>					
Segment liabilities	6,376,717	45,220	1,918,613	(3,138,697)	5,201,853
Deferred tax liabilities	16,986	229	826	-	18,041
Current tax payable	8,814	1,735	4,988	-	15,537
<b>Total liabilities</b>	<b>6,402,517</b>	<b>47,184</b>	<b>1,924,427</b>	<b>(3,138,697)</b>	<b>5,235,431</b>

## F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

### 3.1. Operating segments (Cont'd)

#### (i) Business segments (Cont'd):

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
<b>1H 2021</b>					
<b>Turnover</b>					
Sales to external parties	832,926	9,267	1,993	-	844,186
Inter-segment sales	-	-	17,303	(17,303)	-
<b>Total</b>	<b>832,926</b>	<b>9,267</b>	<b>19,296</b>	<b>(17,303)</b>	<b>844,186</b>
<b>Results</b>					
Segment results	(660,172)	(47,838)	(922)	-	(708,932)
Finance income	27,501	-	26,777	(31,396)	22,882
Finance costs	(54,053)	(847)	(18,629)	31,396	(42,133)
Share of results of associates and joint ventures, net of tax	31	-	632	-	663
(Loss)/profit before tax	(686,693)	(48,685)	7,858	-	(727,520)
Tax credit/(expense)	79,300	(857)	(430)	-	78,013
<b>(Loss)/profit for the period</b>	<b>(607,393)</b>	<b>(49,542)</b>	<b>7,428</b>	<b>-</b>	<b>(649,507)</b>
<b>Capital expenditure</b>	<b>19,369</b>	<b>3,785</b>	<b>56</b>	<b>-</b>	<b>23,210</b>
<b>Significant non-cash items</b>					
Depreciation and amortisation	91,667	5,788	277	-	97,732
Changes in fair value of financial instruments	(2,319)	-	22,169	-	19,850
Inventories written down, net	88	-	-	-	88
Impairment losses on trade receivables and contract assets, net	2,039	-	-	-	2,039
Impairment losses on property, plant and equipment	-	45,718	58	-	45,776
Impairment losses on right-of-use assets	66,477	-	-	-	66,477
Property, plant and equipment written off	5	-	-	-	5
<b>As at 31-Dec-2021</b>					
<b>Assets</b>					
Segment assets	9,200,954	182,756	3,245,910	(3,558,614)	9,071,006
Interests in associates and joint ventures	4,123	-	12,436	-	16,559
Deferred tax assets	196,144	71	-	-	196,215
Tax recoverable	16,093	-	-	-	16,093
<b>Total assets</b>	<b>9,417,314</b>	<b>182,827</b>	<b>3,258,346</b>	<b>(3,558,614)</b>	<b>9,299,873</b>
<b>Liabilities</b>					
Segment liabilities	6,894,856	43,073	1,870,326	(3,558,614)	5,249,641
Deferred tax liabilities	18,878	84	108	-	19,070
Current tax payable	858	1,687	3,547	-	6,092
<b>Total liabilities</b>	<b>6,914,592</b>	<b>44,844</b>	<b>1,873,981</b>	<b>(3,558,614)</b>	<b>5,274,803</b>

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**3.1. Operating segments (Cont'd)**

**(ii) Geographical segments:**

	Turnover from external customers \$'000	Capital expenditure \$'000	Non-current assets <sup>(1)</sup> \$'000 <u>As at</u> <u>30-Jun-2022</u>	Total assets \$'000 <u>As at</u> <u>30-Jun-2022</u>
	<u>1H 2022</u>	<u>1H 2022</u>	<u>30-Jun-2022</u>	<u>30-Jun-2022</u>
Singapore	73,566	6,431	4,360,003	7,120,189
Rest of Asia, Australia & India	55,837	847	111,702	144,069
Qatar	62,943	-	-	-
Rest of Middle East & Africa	1,007	-	-	-
United Kingdom	177,742	53	1,852	9,497
Norway	237,532	6	18,822	30,290
France	110,297	43	104	1,765
The Netherlands	1,598	-	79,813	89,927
Rest of Europe	74,177	11	71	685
Brazil	98,403	1,618	1,574,097	1,727,015
U.S.A.	198,746	-	101	353
Other countries	3,115	-	-	-
<b>Total</b>	<b>1,094,963</b>	<b>9,009</b>	<b>6,146,565</b>	<b>9,123,790</b>
	<u>1H 2021</u>	<u>1H 2021</u>	<u>As at</u> <u>31-Dec-2021</u>	<u>As at</u> <u>31-Dec-2021</u>
Singapore	102,245	9,158	4,281,078	7,347,040
Rest of Asia, Australia & India	87,677	297	114,292	151,934
Qatar	113,215	-	-	-
Rest of Middle East & Africa	1,066	-	-	-
United Kingdom	117,621	13	2,008	4,928
Norway	81,687	-	28,227	38,331
The Netherlands	22,300	-	80,398	84,425
Rest of Europe	93,843	5	155	2,477
Brazil	40,076	13,737	1,568,010	1,670,374
U.S.A.	184,351	-	178	364
Other countries	105	-	-	-
<b>Total</b>	<b>844,186</b>	<b>23,210</b>	<b>6,074,346</b>	<b>9,299,873</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, contract assets and intangible assets.

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**3.2. Disaggregation of revenue**

	<b>Rigs &amp; floaters, Repairs &amp; upgrades, Offshore platforms and Specialised shipbuilding \$'000</b>	<b>Ship chartering \$'000</b>	<b>Others \$'000</b>	<b>Elimination \$'000</b>	<b>Total \$'000</b>
<b>1H 2022</b>					
<b>Turnover</b>					
Sales to external parties	1,083,709	9,555	1,699	-	1,094,963
Inter-segment sales	-	-	44,317	(44,317)	-
<b>Total</b>	<b>1,083,709</b>	<b>9,555</b>	<b>46,016</b>	<b>(44,317)</b>	<b>1,094,963</b>
<b>Major product and service lines</b>					
Ship and rig building or conversion	715,070	-	-	-	715,070
Repair, maintenance and related services	204,050	-	-	-	204,050
Offshore platforms	142,268	-	-	-	142,268
Specialised shipbuilding	4,276	-	-	-	4,276
Charter hire	-	9,555	-	-	9,555
Sale of goods	-	-	1,699	-	1,699
Others	18,045	-	-	-	18,045
<b>Total</b>	<b>1,083,709</b>	<b>9,555</b>	<b>1,699</b>	<b>-</b>	<b>1,094,963</b>
<b>Timing of revenue recognition</b>					
Control transferred over time	1,081,965	9,555	-	-	1,091,520
Control transferred at a point in time	1,744	-	1,699	-	3,443
<b>Total</b>	<b>1,083,709</b>	<b>9,555</b>	<b>1,699</b>	<b>-</b>	<b>1,094,963</b>
<b>1H 2021</b>					
<b>Turnover</b>					
Sales to external parties	832,926	9,267	1,993	-	844,186
Inter-segment sales	-	-	17,303	(17,303)	-
<b>Total</b>	<b>832,926</b>	<b>9,267</b>	<b>19,296</b>	<b>(17,303)</b>	<b>844,186</b>
<b>Major product and service lines</b>					
Ship and rig building or conversion	269,216	-	-	-	269,216
Repair, maintenance and related services	237,935	-	-	-	237,935
Offshore platforms	295,540	-	-	-	295,540
Specialised shipbuilding	13,944	-	-	-	13,944
Charter hire	-	9,267	-	-	9,267
Sale of goods	-	-	1,993	-	1,993
Others	16,291	-	-	-	16,291
<b>Total</b>	<b>832,926</b>	<b>9,267</b>	<b>1,993</b>	<b>-</b>	<b>844,186</b>
<b>Timing of revenue recognition</b>					
Control transferred over time	832,138	9,267	-	-	841,405
Control transferred at a point in time	788	-	1,993	-	2,781
<b>Total</b>	<b>832,926</b>	<b>9,267</b>	<b>1,993</b>	<b>-</b>	<b>844,186</b>

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**4. Cost of Sales**

	Group	
	1H 2022 \$'000	1H 2021 \$'000
Cost of sales	(1,187,875)	(1,432,433)
<i>Included in cost of sales:</i>		
Depreciation and amortisation	(94,489)	(93,298)
Inventories written down, net	(2)	(88)
Property, plant and equipment written off	-	(5)

**5. Other operating income/(expenses)**

	Note	Group	
		1H 2022 \$'000	1H 2021 \$'000
Other operating income		46,537	68,163
Other operating expenses		(10,312)	(143,950)
		<u>36,225</u>	<u>(75,787)</u>
<i>Included in other operating income/(expenses):</i>			
Changes in fair value of financial instruments		(9,677)	(19,850)
Foreign exchange gain, net		14,317	23,354
Gain on disposal of property, plant and equipment, net		86	2,425
Impairment losses on property, plant and equipment	12	-	(45,776)
Impairment losses on right-of-use assets	13	-	(66,477)
Restoration costs		(442)	(11,806)
Rental income		5,994	5,392
Grant income		11,243	22,851
Other income		14,897	14,141
Other expenses		(193)	(41)
		<u>36,225</u>	<u>(75,787)</u>

**6. General and administrative expenses**

	Group	
	1H 2022 \$'000	1H 2021 \$'000
General and administrative expenses	(58,365)	(44,898)
<i>Included in general and administrative expenses:</i>		
Depreciation and amortisation	(2,051)	(4,434)
Impairment losses on trade receivables and contract assets, net	(7,742)	(2,896)

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**7. Finance income and finance costs**

	<b>Group</b>	
	<b>1H 2022</b>	<b>1H 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Finance income	35,016	22,882
Finance costs	(54,640)	(42,133)
	<b>(19,624)</b>	<b>(19,251)</b>
<i>Included in finance income/(costs):</i>		
Interest income	35,016	22,882
Interest paid and payable to bank and others	(38,335)	(29,712)
Amortisation of capitalised transaction costs	(8,390)	(5,177)
Unwind of discount on restoration costs	(1,615)	(758)
Interest expense on lease liabilities	(6,300)	(6,486)
	<b>(19,624)</b>	<b>(19,251)</b>

**8. Seasonality of operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**9. Tax**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	<b>Group</b>	
	<b>1H 2022</b>	<b>1H 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>		
Current year	(10,721)	(7,192)
(Under)/over provided in prior years	(412)	186
<b>Deferred tax credit</b>		
Movements in temporary differences	367	85,235
Under provided in prior years	-	(216)
Tax (expense)/credit	<b>(10,766)</b>	<b>78,013</b>

During 1H 2022, the Group recognised deferred tax credit of \$367,000 relating to reversal of deferred tax liability on taxable temporary differences (1H 2021: deferred tax credit of \$85,019,000 relating to unutilised tax losses, investment allowances and deductible temporary differences).

The recognition of deferred tax assets is presumed on the Group's ability to generate future taxable profits in the foreseeable future against which the deferred tax assets will be utilised. Although the Group has been in losses in recent years, the Group has certain subsidiaries who have been in taxable profits and have been utilising these tax losses and credits. The Group has relied on the financial forecast of these subsidiaries to estimate the future taxable profits against which the deferred tax assets recognised will be utilised. Such forecasts are however subject to estimation uncertainty.

## F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

### 9. Tax (Cont'd)

#### **Sources of estimation uncertainty on current tax**

The Group is subject to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The Group believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxes and deferred tax provisions in the period in which such determination is made.

#### **Sources of estimation uncertainty on deferred tax assets**

Certain subsidiaries of the Group have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for set-off against future taxable profits. Of these, the utilisation of these tax benefits, for which deferred tax asset was recognised, is presumed on the ability of the Group's subsidiaries to generate taxable profits in the foreseeable future.

### 10. Dividend

There is no dividend recommended for the period ended 30 June 2022 (30 June 2021: Nil).

### 11. Earnings per ordinary share

	Group	
	1H 2022	1H 2021*
(i) Based on the weighted average number of shares (cents)	(0.46)	(5.01)
- Weighted average number of shares ('000)	31,389,099	12,924,500
(ii) On a fully diluted basis (cents)	(0.46)	(5.01)
- Adjusted weighted average number of shares ('000)	31,389,099	12,924,500

\* With the completion of the issuance of rights shares on 22 September 2021, 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.

### 12. Property, Plant and Equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of \$8,089,000 (30 June 2021: \$21,687,000).

The property, plant and equipment comprise mainly shipyard assets attributable to the "rigs & floaters, repairs & upgrades, offshore platforms and specialised shipbuilding" operating segment. Within this operating segment, there are two key cash generating units in Singapore and Brazil. These property, plant and equipment, together with right-of-use assets and certain intangible assets, were tested for impairment.



## F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

### 12. **Property, Plant and Equipment** (Cont'd)

#### ***Impairment assessment of the Group's accommodation vessel***

As at 30 June 2021, due to the increasingly challenging and competitive market environment, worsened by the impact from the COVID-19 pandemic, management assessed that there were indicators of impairment for the vessel.

As the Group expects to recover the value of the accommodation vessel through continuing use on a charter basis, the Group used the discounted cash flow projections to determine the recoverable amount. The cash flows projection considered different outcomes that took into account the expected renewal rates based on prevailing and foreseeable market conditions. The renewal rates (taking into consideration prevailing rates) were adjusted downwards, assuming a certain level of discount from the contractual rates under the last long term charter contract, but factored a 2% inflationary adjustment till the end of the economic useful life of the vessel. The assumed operating cost was based on approved budget and adjusted for inflation at 2% per annum throughout the cash flow periods. The average utilisation rate was assumed at 85%; and the terminal value was based on expected scrap value at the end of the economic useful life of the vessel. These cash flows were then discounted using the pre-tax weighted average cost of capital determined to be at 8.14% at 30 June 2021.

Based on the Group's assessment of the recoverable amount of the marine vessel of \$79,919,000 using a range of probability-weighted possible outcomes as at 30 June 2021, an impairment loss of \$45,718,000 was recognised in profit or loss during the period ended 30 June 2021.

As at 31 December 2021, the Group assessed the recoverable amount using the same assumptions except for pre-tax weighted average cost of capital determined to be at 8.58% and revision to the timing of forecasted cash flows from long term charters. No additional impairment loss was recognised.

As at 30 June 2022, the Group assessed the recoverable amount using the same assumptions except for contractual rates under the last long term charter contract, pre-tax weighted average cost of capital determined to be at 9.12% and revision to the timing of forecasted cash flows from long term charters. No additional impairment loss was recognised.

The above assumptions are inherently judgemental. The forecasted charter rates and utilisation assumed in the value in use calculation is subject to estimation uncertainties. A further 5% decrease in charter rate and utilisation rate throughout the cash flow periods from the weighted outcomes is not likely to cause the recoverable amount to be below carrying amount.

#### ***Impairment assessment of the Group's shipyard assets***

Owing to the continuing difficult market conditions impacting the offshore and marine sector, and the negative impact to the Group's financial performance and liquidity arising from the outbreak of the COVID-19 pandemic and the measures adopted by the Singapore government to mitigate the pandemic's spread, there were indications that the Group's shipyards (the "cash generating units") might be impaired. Under the Group's formal impairment assessment of the individual cash generating units in: (i) Singapore (yards in Singapore, together with their sub-contracting yards in Indonesia and the United Kingdom); and (ii) Brazil, the recoverable amounts for the Group's individual cash generating units were based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends of the industry.

The discount rate was a post-tax measure estimated based on historical industry average weighted average cost of capital. The discount rates for the Singapore and Brazil cash generating units are 8% to 9% (31 December 2021: 7% to 8.5%) and 12.5% to 13.5% (31 December 2021: 10% to 11.5%), respectively.

The discounted cash flow projections included management's assessment of the forecasted order book over a period of 10.5 years and 9.5 years (31 December 2021: 10 years) respectively for Singapore and Brazil (the "projection periods"), with applicable growth rates for Singapore and Brazil beyond the projection periods to 47.5 years and 49.5 years (31 December 2021: 48 years and 50 years) respectively. The range of long term growth rates for Singapore at 1.5% to 2.5% (31 December 2021: 1.5% to 2.5%) was determined based on long term inflation and considering global growth. Long term growth rate of 4% (31 December 2021: 4%) for Brazil was determined based on Brazil's long term inflation forecast and risk free rate in USD.

The cash flows in the projection period are primarily driven by forecasted order book and project margins. The near term cash flows reflect the most recent developments on the economic impacts of the COVID-19 pandemic on gross domestic product and inflation as at the reporting date. Due to the high level of uncertainty, it was very challenging to predict the full extent and duration of the COVID-19 pandemic's impact on the Group's operations.

## **F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

### **12. Property, Plant and Equipment (Cont'd)**

#### ***Impairment assessment of the Group's shipyard assets (Cont'd)***

The cash flows are projected based on the Group's estimate of pipeline revenue, market observable data surrounding the state-owned and international oil majors' capital commitment and projected capital expenditures in oil and gas production and exploration activities, market expectations and developments for contract order prices, and other external analysts' forecast reports in oil price movements and demands for production solutions. The Brazil cash generating unit is substantially complete, and the yard will gradually ramp up to its full operational capacity over the projection period. The Group has factored in the long-term fundamentals of the oil and gas industry in Brazil in their projection.

As the Group pivots to also support the energy transition to renewable energy, the cash flow in the projection period included forecast orders in renewable solutions. For the Singapore cash generating unit, the projections are based on the Group's past experience in this area, market developments on financial support for renewable energy infrastructure, and other analysts' forecast reports on renewable energy demand and growth. For the Brazil cash generating unit, cash flows from year 3 (31 December 2021: year 5) of the projection period are augmented by expectation of active tenders of projects in renewable energy and gas solutions.

Project margins are projected with reference to historical experience and taking into account planned recoveries by management.

Based on the fair value less costs of disposal, the Group assessed that no impairment loss is required for these individual cash generating units.

The forecasted order book and the margins assumed in the discounted cash flows are, however, subject to estimation uncertainties that may have a significant risk of resulting in material adjustments in future periods. Changes to the assumptions used in the recoverable amount could lead to material impairment losses if the forecast order book and the forecasted margins in the near term were to deviate from the original forecast. The recoverable amount of the Brazil cash generating unit is further subject to political risk and will be reviewed at regular intervals.

For the Singapore cash generating unit, based on a mid-point discount rate of 8.5% (31 December 2021: 7.75%) and long term growth rates for Singapore of 1.5% (31 December 2021: 1.5%), a 10% (31 December 2021: 10%) decrease in order book or 2% (31 December 2021: 2%) decrease in forecasted project margins throughout the cash flow periods would significantly reduce the recoverable amount but not likely to cause the recoverable amount to be below carrying amount.

For the Brazil cash generating unit, based on a mid-point discount rate of 13% (31 December 2021: 10.75%), a 4% (31 December 2021: 2.9%) decrease in forecasted project margins throughout the cash flow periods would be required for the recoverable amount to equal the carrying amount.

### **13. Right-of-use assets and leases**

The Group leases many assets including land and buildings and tugboats.

During the six months ended 30 June 2022, the Group recognised right-of-use assets amounting to \$526,000 (30 June 2021: \$74,666,000), which included no (30 June 2021: \$74,655,000) additional provision for restoration costs.

As part of the Group's transformation and yard consolidation strategy, the Group is scheduled to restore the yard at Tanjong Kling Road ("Tanjong Kling Yard") and return the land to the Singapore Government by 2025. Accordingly, an impairment loss of \$nil (30 June 2021: \$66,477,000) was recognised as the lease is determined to be onerous once the restoration works commence.

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**14. Investments in subsidiaries**

***Impairment assessment of the Company's investment in subsidiaries***

Determining whether investments in subsidiaries are impaired requires an estimate of the recoverable amount of the subsidiaries. Estimating the recoverable amount requires the Company to make an estimate of the future cash flows expected from its investment and of an appropriate discount rate in order to calculate the present value of these cash flows. The forecasts used to estimate the future cash flows are subject to the risks noted in the impairment assessments of the Group's shipyards. Information about the assumptions and risk factors are disclosed in Note 12.

Based on the Company's assessment, no impairment loss is required as at 30 June 2022 and 31 December 2021 as the recoverable amounts assessed were in excess of the carrying amounts of the investment in subsidiaries.

**15. Net asset value**

	Group		Company	
	30-Jun-2022	31-Dec-2021	30-Jun-2022	31-Dec-2021
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (cents)	12.32	12.75	17.58	17.58

**16. Group's borrowings and debt securities**

	As at 30-Jun-2022 \$'000	As at 31-Dec-2021 \$'000
<b>Interest-bearing borrowings:</b>		
(i) <b><u>Amount repayable in one year or less, or on demand</u></b> Unsecured	878,881	820,581
(ii) <b><u>Amount repayable after one year</u></b> Unsecured	2,248,780	2,255,228

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**17. Share capital**

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

As at 30 June 2022, the Company's issued and paid up capital, excluding treasury shares, comprises 31,389,099,152 (31 December 2021: 31,389,099,152) ordinary shares.

**(ii) Treasury Shares**

	Number of shares	
	2022	2021
At 1 January	6,223	416,840
Treasury shares purchased	4,010,000	-
Treasury shares issued pursuant to RSP	(4,010,000)	-
At 30 June	<u>6,223</u>	<u>416,840</u>

During 1H 2022, the Company acquired 4,010,000 (1H 2021: nil) ordinary shares in the Company by way of on-market purchases. There were 4,010,000 (1H 2021: nil) treasury shares issued pursuant to the Company's Restricted Share Plan ("RSP") in 1H 2022.

As at 30 June 2022, 6,223 (30 June 2021: 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	
	2022	2021
At 1 January	-	1,168,000
Performance shares lapsed arising from targets not met	-	(911,040)
At 30 June	<u>-</u>	<u>256,960</u>

During 1H 2022, there were no (1H 2021: 911,040) performance shares that lapsed due to the under achievement of performance targets.

As at 30 June 2022, there were no (30 June 2021: 256,960) performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released.

**(iv) Restricted Shares**

	Number of shares	
	2022	2021
At 1 January	-	956,036
Conditional restricted shares awarded	4,010,000	-
Conditional restricted shares released	(4,010,000)	-
Conditional restricted shares lapsed	-	(47,123)
At 30 June	<u>-</u>	<u>908,913</u>

During 1H 2022, there were 4,010,000 (1H 2021: nil) restricted shares awarded under the RSP, 4,010,000 (1H 2021: nil) restricted shares released and no (1H 2021: 47,123) restricted shares that lapsed. The restricted shares released during 1H 2022 were settled by way of issuance of treasury shares.

As at 30 June 2022, there were no (30 June 2021: 908,913) restricted shares outstanding, including awards achieved but not released.

## F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

### 18. Related parties

#### 18a. Related party transactions

The Group had the following outstanding balances and significant transactions with related parties during the period:

	Outstanding balances		Significant transactions	
	30-Jun-2022	31-Dec-2021	30-Jun-2022	30-Jun-2021
	\$'000	\$'000	\$'000	\$'000
<b>Related corporations</b>				
Sales	485	428	833	-
Purchases	(5,755)	(401)	(34,518)	(15,525)
Finance income	-	-	240	-
Finance costs	(2,575)	(1,611)	(8,386)	-
Others	-	-	(72)	-
<b>Associates and joint ventures</b>				
Sales	242	183	-	3
Purchases	(872)	(2,170)	(3,444)	(2,898)
Rental income	-	-	-	4
Finance income	41	12	63	33
Others	(59)	(257)	21	25

#### 18b. Compensation of key management personnel

There were no changes to the key management personnel in 1H 2022. There were no changes to the compensation scheme in 1H 2022.

### 19. Fair value measurements

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy are as follows:

- Level 1 – Fair values are measured based on quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – Fair values are measured using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 – Fair values are measured using inputs which are not based on observable market data (unobservable input).

#### Securities

The fair value of financial assets at fair value through profit or loss, and fair value through other comprehensive income, is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

#### Derivatives

The fair value of forward exchange contracts is accounted for based on the difference between the contractual price and the current market price.

The fair value of interest rate swaps is the indicative amount that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**19. Fair value measurements (Cont'd)**

**Non-derivative non-current financial assets and liabilities**

Fair values determined for non-derivative non-current financial assets and liabilities are calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. This includes determination for fair value disclosure purpose as well.

**Other financial assets and liabilities**

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

For financial instruments that are not actively traded in the market, the fair value is determined by independent third party or using valuation techniques where applicable. The Group may use a variety of methods and make assumptions that are based on existing market conditions at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate the fair value for medium term notes for disclosure purpose. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments. Where discounted cash flow techniques are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the balance sheet date.

**Financial assets and liabilities carried at fair value**

	Fair value measurement using:			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Group</b>				
<b>At 30 June 2022</b>				
Financial assets at fair value through other comprehensive income				
- Unquoted equity shares	-	-	2,642	2,642
Derivative financial assets	-	15,746	-	15,746
Derivative financial liabilities	-	(46,056)	-	(46,056)
<b>Total</b>	-	(30,310)	2,642	(27,668)
<b>At 31 December 2021</b>				
Financial assets at fair value through other comprehensive income				
- Unquoted equity shares	-	-	2,642	2,642
Derivative financial assets	-	4,411	-	4,411
Derivative financial liabilities	-	(26,276)	-	(26,276)
<b>Total</b>	-	(21,865)	2,642	(19,223)

At 30 June 2022 and 31 December 2021, there were no transfers between the different levels of the fair value hierarchy.

**Assets and liabilities not carried at fair value but for which fair values are disclosed\***

	Fair value measurement using:			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Group</b>				
<b>At 30 June 2022</b>				
Interest-bearing borrowings	-	(2,248,036)	-	(2,248,036)
<b>At 31 December 2021</b>				
Interest-bearing borrowings	-	(2,254,245)	-	(2,254,245)

\* Excludes financial assets and liabilities whose carrying amounts measured on the amortised cost basis that approximate their fair values due to their short-term nature, frequent repricing, and/or where the effect of discounting is immaterial.

**F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)**

**19. Fair value measurements (Cont'd)**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheets are as follows:

<b>Group</b>	<b>Financial assets at amortised cost \$'000</b>	<b>Other financial liabilities \$'000</b>	<b>Total carrying amount \$'000</b>	<b>Fair value \$'000</b>
<b>At 30 June 2022</b>				
Cash and cash equivalents	1,415,326	-	1,415,326	1,415,326
Trade and other receivables*	2,042,045	-	2,042,045	2,042,045
	<u>3,457,371</u>	<u>-</u>	<u>3,457,371</u>	<u>3,457,371</u>
Trade and other payables**	-	1,320,292	1,320,292	1,320,292
Interest-bearing borrowings				
- Short-term borrowings	-	878,881	878,881	878,881
- Long-term borrowings	-	2,248,780	2,248,780	2,248,036
	<u>-</u>	<u>4,447,953</u>	<u>4,447,953</u>	<u>4,447,209</u>
<b>At 31 December 2021</b>				
Cash and cash equivalents	1,104,118	-	1,104,118	1,104,118
Trade and other receivables*	1,585,387	-	1,585,387	1,585,387
	<u>2,689,505</u>	<u>-</u>	<u>2,689,505</u>	<u>2,689,505</u>
Trade and other payables**	-	1,426,234	1,426,234	1,426,234
Interest-bearing borrowings				
- Short-term borrowings	-	820,581	820,581	820,581
- Long-term borrowings	-	2,255,228	2,255,228	2,254,245
	<u>-</u>	<u>4,502,043</u>	<u>4,502,043</u>	<u>4,501,060</u>
<b>Company</b>				
<b>At 30 June 2022</b>				
Cash and cash equivalents	742,020	-	742,020	742,020
Trade and other receivables*	1,444,444	-	1,444,444	1,444,444
	<u>2,186,464</u>	<u>-</u>	<u>2,186,464</u>	<u>2,186,464</u>
Trade and other payables**	-	68,116	68,116	68,116
Interest-bearing borrowings				
- Short-term borrowings	-	50,000	50,000	50,000
	<u>-</u>	<u>118,116</u>	<u>118,116</u>	<u>118,116</u>
<b>At 31 December 2021</b>				
Cash and cash equivalents	734,167	-	734,167	734,167
Trade and other receivables*	1,425,684	-	1,425,684	1,425,684
	<u>2,159,851</u>	<u>-</u>	<u>2,159,851</u>	<u>2,159,851</u>
Trade and other payables**	-	39,197	39,197	39,197
Interest-bearing borrowings				
- Short-term borrowings	-	50,000	50,000	50,000
	<u>-</u>	<u>89,197</u>	<u>89,197</u>	<u>89,197</u>

\* Excludes Goods and Services Tax and grant receivables.

\*\* Excludes deposits received, advance payment from customers, Goods and Services Tax, deferred grants and long-term employee benefits.

## G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

### 1. **Audit**

The condensed interim financial statements, comprising the condensed interim balance sheets of Sembcorp Marine Ltd (“the Company”) and its Subsidiaries (“the Group”) as at 30 June 2022, the condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes, as set out on pages 1 to 22 of this announcement, has not been audited or reviewed. However, our auditors have performed certain procedures under the requirements of Singapore Standard on Related Services (SSRS) 4400 (Revised) – *Agreed-upon Procedures Engagements*. These procedures do not constitute either an audit, assurance or a review made in accordance with Singapore Standards on Auditing, Singapore Standards on Assurance Engagements) or Singapore Standards on Review Engagements.

### 2. **Auditors’ report**

Not applicable.

### 3. **Review of performance of the Group**

#### Condensed interim consolidated income statement

##### (a) **Turnover**

	1H 2022	1H 2021	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%
Rigs & floaters	715.1	269.2	445.9	n.m.
Repairs & upgrades	204.1	237.9	(33.8)	(14.2)
Offshore platforms	142.3	295.6	(153.3)	(51.9)
Specialised shipbuilding	4.3	13.9	(9.6)	(69.1)
Other activities	29.2	27.6	1.6	5.8
	<b>1,095.0</b>	<b>844.2</b>	<b>250.8</b>	<b>29.7</b>

Turnover for 1H 2022 increased mainly due to significantly higher revenue recognition from floater projects arising from settlement of final contract negotiation upon completion and contributions from new project, offset by lower repairs & upgrades business and lower revenue recognition from offshore platform projects which are nearer to completion.

##### (b) **Gross loss**

Gross loss for 1H 2022 was lower mainly due to significantly higher contributions from floater and offshore platforms projects arising from settlement of final contract negotiation, offset by lower contributions from repairs & upgrade business due to COVID-19 disruptions. Gross loss for 1H 2021 was higher mainly due to the significant impact of ongoing COVID-19 disruptions causing further delays and increase in manpower and other related costs to complete existing projects.

##### (c) **Other operating income/(expenses)**

- (i) Changes in fair value of financial instruments were due to mark-to-market adjustments of foreign currency forward contracts used for managing the Group’s foreign currency exposures.
- (ii) Foreign exchange gain in 1H 2022 was mainly due to the revaluation of assets and liabilities denominated in United States dollar and Brazilian real to Singapore dollar. In 1H 2021, foreign exchange gain was mainly due to the revaluation of assets and liabilities denominated in United States dollar to Singapore dollar.
- (iii) Impairment losses on property, plant and equipment for 1H 2021 was mainly due to impairment of a marine vessel.
- (iv) Impairment losses on right-of-use assets for 1H 2021 mainly relates to right-of-use assets from the additional restoration costs of land and building at Tanjong Kling Yard.
- (v) Restoration costs mainly relates to additional restoration costs of land and building at Shipyard Road.
- (vi) Lower grant income in 1H 2022 was mainly due to lower government grants for COVID-19 pandemic.



**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)**

**3. Review of performance of the Group (Cont'd)**

**Condensed interim consolidated income statement (Cont'd)**

**(d) General and administrative expenses**

Higher general and administrative expenses in 1H 2022 was mainly due to higher professional fees and higher expected credit loss for receivables.

**(e) Finance income and finance costs**

- (i) Higher finance income in 1H 2022 was mainly due to higher interest income from customers on deferred payment arrangement.
- (ii) Higher finance costs in 1H 2022 was mainly due to higher interest expense and higher amortisation of capitalised transaction costs.

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

Net loss for 1H 2022 was lower mainly due to significantly higher contributions from floater and offshore platforms projects, impairment loss on right-of-use assets and impairment loss on a marine vessel in 1H 2021 not applicable during 1H 2022, lower restoration cost of land and building at Shipyard Road, offset by lower net foreign exchange gain, lower grant income and tax expenses.

**Condensed interim consolidated statement of comprehensive income**

The movement in foreign currency translation differences for foreign operations arose primarily from the consolidation of entities whose functional currencies are United States dollars.

Net change in fair value of cash flow hedges were due to the mark-to-market adjustments of foreign currency forward contracts and interest rate swaps.

Net change in fair value of cash flow hedges transferred to profit or loss relates to reclassification to profit or loss upon realisation of cash flow hedges.

**Condensed interim balance sheets**

**(a) Group**

**Non-current assets**

'Other financial assets' increased mainly due to fair value adjustments on interest rate swaps.

'Trade and other receivables' increased mainly due to deferred delivery payment terms agreed with a customer upon completion of project.

'Contract assets' decreased mainly due to billings to customers upon completion of project.

**Current assets**

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

'Contract assets' decreased mainly due to billings to customers upon completion of project.

'Other financial assets' increased mainly due to fair value adjustments on interest rate swaps.

'Cash and cash equivalents' increased mainly due to receipts from customers, offset by working capital requirement.

**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)**

**3. Review of performance of the Group (Cont'd)**

**Condensed interim balance sheets (Cont'd)**

**(a) Group (Cont'd)**

**Current liabilities**

'Contract liabilities' decreased mainly due to revenue recognition during the period.

'Provisions' increased mainly due to reclassification of provision for restoration costs from non-current liabilities.

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

'Current tax payable' increased mainly due to provision made during the period.

**Non-current liabilities**

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

**(b) Company**

**Non-current assets**

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

'Trade and other receivables' decreased mainly due to reclassification of non-current loan to a subsidiary to current assets.

**Current assets**

'Trade and other receivables' increased mainly due to reclassification of non-current loan to a subsidiary from non-current assets and higher receivables from subsidiaries.

**Current liabilities**

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

'Provisions' increased mainly due to reclassification of provision for restoration costs from non-current liabilities.

'Current tax payable' increased mainly due to provision made during the period.

**Non-current liabilities**

'Provisions' decreased mainly due to reclassification of provision for restoration costs to current liabilities.

'Lease liabilities' decreased mainly due to payment made during the period.

## G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)

### 3. **Review of performance of the Group** (Cont'd)

#### Condensed interim consolidated statement of cash flows

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

	<b>30-Jun-2022</b>	<b>30-Jun-2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	7,795	5,612
Cash and bank balances	1,407,531	782,681
Cash and cash equivalents	1,415,326	788,293

Cash flows used in operating activities before changes in working capital was \$1 million in 1H 2022. Net cash generated from operating activities for 1H 2022 at \$307 million was mainly due to receipts from completed projects, offset by working capital for ongoing projects and net interest paid.

Net cash used in investing activities for 1H 2022 was \$10 million, mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities for 1H 2022 was \$16 million. It relates mainly to net proceeds from borrowings, offset by payment of lease liabilities.

### 4. **Variance from prospect statement**

Please refer to paragraph 5.

### 5. **Prospects**

The Group continues to make steady progress towards delivering all five remaining projects that are due by end 2022. Work is also ongoing for the further seven projects to be delivered from 2023 to 2026.

The industry outlook for the oil & gas, offshore wind/renewables and other green solutions continues to improve. Orders visibility has become clearer in tandem, and the Group continues to actively convert its orders pipeline into firm contracts in the foreseeable quarters. This will contribute to improving the overall activity volume for FY2022.

Taking the above factors into account, the Group anticipates operational and financial performance to continue to improve. However, the Group expects to make a loss for FY2022.

*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.*

**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Cont'd)**

**6. Interested person transactions**

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than \$100,000)	
		1H 2022 \$'000	1H 2021 \$'000	1H 2022 \$'000	1H 2021 \$'000
Transaction for the Purchase of Goods and Services					
Nil		-	-	-	-
<b>Total Interested Person Transactions</b>		-	-	-	-

**7. 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.

**8. Confirmation pursuant to the Rule 705(5) of the Listing Manual**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the six months ended 30 June 2022 unaudited financial statements to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**TAN YAH SZE / KEM HUEY LEE SHARON  
JOINT COMPANY SECRETARIES**

**11 August 2022**