



SEMBCORP MARINE LTD
Registration Number: 196300098Z

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL
YEAR ENDED 31 DECEMBER 2021 & RELATED ANNOUNCEMENT**

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SEMBCORP MARINE LTD
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UNAUDITED RESULTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

A. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

		Group			Group		
	Note	2H 2021 \$'000	2H 2020 \$'000	+ / (-) %	FY 2021 \$'000	FY 2020 \$'000	+ / (-) %
Turnover	3	1,018,029	604,081	68.5	1,862,215	1,510,280	23.3
Cost of sales	4	(1,512,172)	(899,959)	68.0	(2,944,605)	(2,000,743)	47.2
Gross loss		(494,143)	(295,878)	67.0	(1,082,390)	(490,463)	n.m.
Other operating income	5	57,424	52,986	8.4	125,587	146,136	(14.1)
Other operating expenses	5	(34,128)	(119,420)	(71.4)	(178,078)	(143,931)	23.7
General and administrative expenses	6	(44,336)	(46,460)	(4.6)	(89,234)	(93,287)	(4.3)
Operating loss		(515,183)	(408,772)	26.0	(1,224,115)	(581,545)	n.m.
Finance income	7	27,886	21,716	28.4	50,768	51,625	(1.7)
Finance costs	7	(40,466)	(62,802)	(35.6)	(82,599)	(141,802)	(41.8)
Non-operating income	8	-	-	-	-	501	n.m.
Share of results of associates and joint ventures, net of tax		503	(37)	n.m.	1,166	513	n.m.
Loss before tax		(527,260)	(449,895)	17.2	(1,254,780)	(670,708)	87.1
Tax credit	10	1,409	57,024	(97.5)	79,422	83,500	(4.9)
Loss for the period/year		(525,851)	(392,871)	33.8	(1,175,358)	(587,208)	n.m.
Loss attributable to:							
Owners of the Company		(523,316)	(390,364)	34.1	(1,170,558)	(582,510)	n.m.
Non-controlling interests		(2,535)	(2,507)	1.1	(4,800)	(4,698)	2.2
Loss for the period/year		(525,851)	(392,871)	33.8	(1,175,358)	(587,208)	n.m.
Earnings per ordinary share (cents)							
Basic	12	(2.27)	(4.46)	(49.1)	(6.49)	(10.57)	(38.6)
Diluted		(2.27)	(4.46)	(49.1)	(6.49)	(10.57)	(38.6)

n.m.: not meaningful

B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	2H 2021	2H 2020	+ / (-)	FY 2021	FY 2020	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Loss for the period/year	(525,851)	(392,871)	33.8	(1,175,358)	(587,208)	n.m.
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	20,987	(35,592)	n.m.	14,295	(4,814)	n.m.
Net change in fair value of cash flow hedges	(9,691)	16,493	n.m.	(5,099)	(15,761)	(67.6)
Net change in fair value of cash flow hedges transferred to profit or loss	(2,133)	6,519	n.m.	(3,562)	8,719	n.m.
Realisation of reserve upon disposal of subsidiaries	-	-	-	4	-	n.m.
Other comprehensive income for the period/year, net of tax	9,163	(12,580)	n.m.	5,638	(11,856)	n.m.
Total comprehensive income for the period/year	(516,688)	(405,451)	27.4	(1,169,720)	(599,064)	95.3
Total comprehensive income attributable to:						
Owners of the Company	(514,117)	(402,967)	27.6	(1,164,873)	(594,431)	96.0
Non-controlling interests	(2,571)	(2,484)	3.5	(4,847)	(4,633)	4.6
Total comprehensive income for the period/year	(516,688)	(405,451)	27.4	(1,169,720)	(599,064)	95.3

C. CONDENSED INTERIM BALANCE SHEETS

	Note	Group		Company	
		As at 31-Dec-2021 \$'000	As at 31-Dec-2020 \$'000	As at 31-Dec-2021 \$'000	As at 31-Dec-2020 \$'000
Non-current assets					
Property, plant and equipment	13	3,992,675	4,114,919	937	5,720
Right-of-use assets	14	235,800	251,016	1,529	2,543
Investment properties		-	-	38,311	47,182
Investments in subsidiaries	15	-	-	3,585,686	3,586,155
Interests in associates and joint ventures		16,559	15,423	-	-
Other financial assets		3,275	4,570	-	-
Trade and other receivables		1,167,376	1,105,551	1,292,700	127,700
Contract assets		463,517	-	-	-
Intangible assets		198,419	220,999	133	122
Deferred tax assets		196,215	117,283	29,940	16,559
		<u>6,273,836</u>	<u>5,829,761</u>	<u>4,949,236</u>	<u>3,785,981</u>
Current assets					
Inventories		66,963	94,361	-	-
Trade and other receivables		471,321	618,103	135,557	31,719
Contract costs		68,456	52,703	-	-
Contract assets		1,295,308	1,551,913	-	-
Tax recoverable		16,093	17,117	-	-
Other financial assets		3,778	33,840	-	-
Cash and cash equivalents		1,104,118	772,426	734,167	499,024
		<u>3,026,037</u>	<u>3,140,463</u>	<u>869,724</u>	<u>530,743</u>
Total assets		<u>9,299,873</u>	<u>8,970,224</u>	<u>5,818,960</u>	<u>4,316,724</u>
Current liabilities					
Trade and other payables		1,432,056	1,052,269	39,197	20,614
Contract liabilities		171,551	154,288	-	-
Provisions		56,386	38,005	30,673	-
Other financial liabilities		25,495	4,742	-	-
Current tax payable		6,092	7,056	56	12,227
Interest-bearing borrowings	17	820,581	2,121,394	50,000	50,000
Lease liabilities		21,094	22,100	8,899	9,073
		<u>2,533,255</u>	<u>3,399,854</u>	<u>128,825</u>	<u>91,914</u>
Net current assets/(liabilities)		<u>492,782</u>	<u>(259,391)</u>	<u>740,899</u>	<u>438,829</u>
Non-current liabilities					
Deferred tax liabilities		19,070	26,852	-	-
Provisions		205,108	142,800	126,561	85,498
Other financial liabilities		781	722	-	-
Interest-bearing borrowings	17	2,255,228	1,428,400	-	-
Lease liabilities		257,650	269,467	43,026	51,773
Other long-term payables		3,711	5,982	1,731	4,002
		<u>2,741,548</u>	<u>1,874,223</u>	<u>171,318</u>	<u>141,273</u>
Total liabilities		<u>5,274,803</u>	<u>5,274,077</u>	<u>300,143</u>	<u>233,187</u>
Net assets		<u>4,025,070</u>	<u>3,696,147</u>	<u>5,518,817</u>	<u>4,083,537</u>
Equity attributable to owners of the Company					
Share capital	18	4,074,215	2,575,374	4,074,215	2,575,374
Other reserves		(51,682)	(57,555)	(22,948)	(22,861)
Revenue reserve		(21,256)	1,149,577	1,467,550	1,531,024
		<u>4,001,277</u>	<u>3,667,396</u>	<u>5,518,817</u>	<u>4,083,537</u>
Non-controlling interests		23,793	28,751	-	-
Total equity		<u>4,025,070</u>	<u>3,696,147</u>	<u>5,518,817</u>	<u>4,083,537</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	Total Equity	
	Share capital	Reserve for own shares	Capital reserves	Currency translation reserve	Share-based payments reserve	Hedging reserve	Revenue reserve			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
FY 2021										
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
Total comprehensive income										
Loss for the year	-	-	-	-	-	-	(1,170,558)	(1,170,558)	(4,800)	(1,175,358)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	14,342	-	-	-	14,342	(47)	14,295
Net change in fair value of cash flow hedges	-	-	-	-	-	(5,099)	-	(5,099)	-	(5,099)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	(3,562)	-	(3,562)	-	(3,562)
Realisation of reserves upon disposal of subsidiaries	-	-	-	260	19	-	(275)	4	-	4
Total other comprehensive income	-	-	-	14,602	19	(8,661)	(275)	5,685	(47)	5,638
Total comprehensive income	-	-	-	14,602	19	(8,661)	(1,170,833)	(1,164,873)	(4,847)	(1,169,720)
Transactions with owners of the Company, recognised directly in equity										
Purchase of treasury shares	-	(286)	-	-	-	-	-	(286)	-	(286)
Issue of treasury shares	-	1,056	-	-	(857)	-	-	199	-	199
Rights issue	1,498,841	-	-	-	-	-	-	1,498,841	-	1,498,841
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(111)	(111)
Total transactions with owners	1,498,841	770	-	-	(857)	-	-	1,498,754	(111)	1,498,643
At 31 December 2021	4,074,215	(1)	(1,683)	(17,732)	(25,995)	(6,271)	(21,256)	4,001,277	23,793	4,025,070
FY 2020										
At 1 January 2020	486,217	(771)	(1,683)	(27,455)	(24,519)	9,432	1,732,087	2,173,308	33,470	2,206,778
Total comprehensive income										
Loss for the year	-	-	-	-	-	-	(582,510)	(582,510)	(4,698)	(587,208)
Other comprehensive income										
Foreign currency translation differences for foreign operations	-	-	-	(4,879)	-	-	-	(4,879)	65	(4,814)
Net change in fair value of cash flow hedges	-	-	-	-	-	(15,761)	-	(15,761)	-	(15,761)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	-	8,719	-	8,719	-	8,719
Total other comprehensive income	-	-	-	(4,879)	-	(7,042)	-	(11,921)	65	(11,856)
Total comprehensive income	-	-	-	(4,879)	-	(7,042)	(582,510)	(594,431)	(4,633)	(599,064)
Transactions with owners of the Company, recognised directly in equity										
Issue of new shares	2,570	-	-	-	(2,104)	-	-	466	17	483
Rights issue	2,086,587	-	-	-	-	-	-	2,086,587	-	2,086,587
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(103)	(103)
Share-based payments	-	-	-	-	1,466	-	-	1,466	-	1,466
Total transactions with owners	2,089,157	-	-	-	(638)	-	-	2,088,519	(86)	2,088,433
At 31 December 2020	2,575,374	(771)	(1,683)	(32,334)	(25,157)	2,390	1,149,577	3,667,396	28,751	3,696,147

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
FY 2021						
At 1 January 2021	2,575,374	(771)	960	(23,050)	1,531,024	4,083,537
Total comprehensive income						
Loss for the year	-	-	-	-	(63,474)	(63,474)
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(63,474)	(63,474)
Transactions with owners of the Company, recognised directly in equity						
Purchase of treasury shares	-	(286)	-	-	-	(286)
Issue of treasury shares	-	1,056	-	(857)	-	199
Rights issue	1,498,841	-	-	-	-	1,498,841
Total transactions with owners	1,498,841	770	-	(857)	-	1,498,754
At 31 December 2021	4,074,215	(1)	960	(23,907)	1,467,550	5,518,817
FY 2020						
At 1 January 2020	486,217	(771)	960	(22,412)	1,495,694	1,959,688
Total comprehensive income						
Profit for the year	-	-	-	-	35,330	35,330
Other comprehensive income						
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	35,330	35,330
Transactions with owners of the Company, recognised directly in equity						
Issue of new shares	2,570	-	-	(2,104)	-	466
Rights issue	2,086,587	-	-	-	-	2,086,587
Share-based payments	-	-	-	968	-	968
Cost of share-based payment issued to employees of subsidiaries	-	-	-	498	-	498
Total transactions with owners	2,089,157	-	-	(638)	-	2,088,519
At 31 December 2020	2,575,374	(771)	960	(23,050)	1,531,024	4,083,537

E. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY 2021 \$'000	FY 2020 \$'000
Cash flows from operating activities:		
Loss for the year	(1,175,358)	(587,208)
Adjustments for:		
Finance income	(50,768)	(51,625)
Finance costs	82,599	141,802
Depreciation of property, plant and equipment, and right-of-use assets	171,525	173,800
Amortisation of intangible assets	25,056	27,929
Share of results of associates and joint ventures, net of tax	(1,166)	(513)
Loss/(gain) on disposal of property, plant and equipment	4,565	(947)
Loss on termination of lease liabilities	-	2
Gain on disposal of asset held for sale	-	(501)
Changes in fair value of financial instruments	35,989	(19,764)
Loss on modified cash flows of receivables	3,084	-
Impairment losses on property, plant and equipment	45,916	48,989
Impairment losses on right-of-use assets	66,477	74,191
Provision for restoration costs	21,937	-
Share-based payment expenses	-	1,461
Property, plant and equipment written off	12	43
Inventories (written back)/written down, net	21,328	34,179
Impairment losses on trade receivables and contract assets, net*	2,356	9,633
Tax credit	(79,422)	(83,500)
Operating loss before working capital changes	(825,870)	(232,029)
Changes in working capital:		
Inventories	6,070	(15,432)
Contract costs	(15,753)	35,937
Contract assets	(206,912)	(89,573)
Contract liabilities	17,263	94,102
Trade and other receivables*	122,302	(119,866)
Trade and other payables*	382,421	(259,467)
Provisions*	(9,956)	(2,513)
Cash used in operations	(530,435)	(588,841)
Interest income received	9,528	9,135
Interest paid	(63,127)	(162,309)
Tax paid	(5,090)	(7,876)
Net cash used in operating activities	(589,124)	(749,891)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(45,724)	(89,220)
Proceeds from sale of property, plant and equipment	3,917	2,025
Proceeds from disposal of asset held for sale	-	1,467
Purchase of intangible assets	(2,412)	(2,411)
Dividend received from joint venture	32	-
Net cash used in investing activities	(44,187)	(88,139)
Cash flows from financing activities:		
Proceeds from borrowings	1,526,707	2,397,351
Repayment of borrowings	(2,038,855)	(1,736,533)
Proceeds from rights issue, net	1,498,841	586,587
Purchase of treasury shares	(286)	-
Payment of lease liabilities	(22,136)	(21,704)
Payment on termination of lease liabilities	-	(50)
Dividends paid to non-controlling interests of subsidiaries	(111)	(103)
Capital contribution by non-controlling interests of subsidiaries	-	17
Net cash generated from financing activities	964,160	1,225,565
Net increase in cash and cash equivalents	330,849	387,535
Cash and cash equivalents at beginning of the year	772,426	389,250
Effect of exchange rate changes on balances held in foreign currencies	843	(4,359)
Cash and cash equivalents at end of the year	1,104,118	772,426

* 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 year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

On 14 September 2021, Startree Investments Pte. Ltd. (“Startree”) subscribed for 9,277,318,151 Rights Shares under the Company’s Rights Issue. The increase in aggregate shareholding by more than 1% triggered an obligation by Startree under The Singapore Code on Take-overs and Merger to make a Mandatory Conditional General Cash Offer (“MGO”) for the shares of the Company that Startree and its concert parties do not already own. On 3 November 2021, Startree received valid acceptance of the MGO in respect of an aggregate of 2,500,581,339 offer shares. As a result of these events, Startree owned 54.58% of the shares in issue of the Company as at 3 November 2021. Startree and Temasek Holding (Private) Limited became 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.

The outbreak of the COVID-19 pandemic and the measures adopted by the Singapore Government to mitigate the pandemic’s spread have impacted the Group. The onset of the COVID-19 pandemic in 2020 delayed the industry recovery and created severe disruptions, including reductions in capital expenditure by oil majors and disruptions in global supply chains. These disruptions have extended into 2021 with the re-imposition of COVID-19 restrictions to combat new waves of localised infections, including tighter border controls which exacerbated the shortages of skilled manpower for the Group. As a result, disruptions to yard operations have impacted the execution and completion of projects, along with deferrals of deliveries and payments by customers. This has adversely affected the Group’s working capital position.

The Group’s \$2.1 billion rights issue completed in September 2020 had strengthened the Group’s financial position and allowed the Group to continue to pursue its strategic expansion towards the renewable and clean energy segments. The proceeds were used to reduce the Group’s leverage and debt servicing obligations by converting the \$1.5 billion Subordinated Loan owing to Sembcorp Industries Ltd into equity in Sembcorp Marine with the balance of approximately \$0.6 billion to fund ongoing operations. However, the prolonged disruptions from COVID-19 have created further near-term liquidity challenges for the Group.

On 24 June 2021, the Group announced a renounceable underwritten rights issue to raise proceeds of approximately \$1.5 billion to meet immediate funding needs, strengthen the Group’s balance sheet, replenish temporary working capital depletion amidst continuing COVID-19 disruptions, and enhance the Group’s liquidity position.

As at 31 December 2021, the Group recorded net current assets of \$492,782,000 (2020: net current liabilities of \$259,391,000), and incurred a loss of \$1,175,358,000 (2020: \$587,208,000) and negative operating cash flows of \$589,124,000 (2020: \$749,891,000) for the year ended 31 December 2021.

There is uncertainty over how the future development of the COVID-19 pandemic will impact the Group’s business including customers’ demand for its products. The appropriateness of the going concern basis of accounting is dependent on the continued availability of borrowings or alternative sources of capital or liquidity to meet its financial obligations as they fall due.

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

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

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 year ended 31 December 2021 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 2020.

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 2020.

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 2021:

- *COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS 16)

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

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 2020.

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
2H 2021					
Turnover					
Sales to external parties	1,007,012	9,176	1,841	-	1,018,029
Inter-segment sales	-	-	39,558	(39,558)	-
Total	1,007,012	9,176	41,399	(39,558)	1,018,029
Results					
Segment results	(511,393)	(2,198)	(1,592)	-	(515,183)
Finance income	32,256	-	35,150	(39,520)	27,886
Finance costs	(58,697)	(786)	(20,503)	39,520	(40,466)
Share of results of associates and joint ventures, net of tax	(87)	-	590	-	503
(Loss)/profit before tax	(537,921)	(2,984)	13,645	-	(527,260)
Tax credit/(expense)	4,154	(9)	(2,736)	-	1,409
(Loss)/profit for the period	(533,767)	(2,993)	10,909	-	(525,851)
Capital expenditure	20,593	2,109	110	-	22,812
Significant non-cash items					
Depreciation and amortisation	92,054	6,520	275	-	98,849
Changes in fair value of financial instruments	7,650	-	8,489	-	16,139
Impairment losses on property, plant and equipment	-	-	140	-	140
Provision for restoration costs	10,131	-	-	-	10,131
Property, plant and equipment written off	7	-	-	-	7
Inventories written down/(back), net	21,273	-	(33)	-	21,240
Reversal of impairment losses on trade receivables and contract assets, net	(540)	-	-	-	(540)
FY 2021					
Turnover					
Sales to external parties	1,839,938	18,443	3,834	-	1,862,215
Inter-segment sales	-	-	56,861	(56,861)	-
Total	1,839,938	18,443	60,695	(56,861)	1,862,215
Results					
Segment results	(1,171,565)	(50,036)	(2,514)	-	(1,224,115)
Finance income	59,757	-	61,927	(70,916)	50,768
Finance costs	(112,750)	(1,633)	(39,132)	70,916	(82,599)
Share of results of associates and joint ventures, net of tax	(56)	-	1,222	-	1,166
(Loss)/profit before tax	(1,224,614)	(51,669)	21,503	-	(1,254,780)
Tax credit/(expense)	83,454	(866)	(3,166)	-	79,422
(Loss)/profit for the year	(1,141,160)	(52,535)	18,337	-	(1,175,358)
Capital expenditure	39,962	5,894	166	-	46,022
Significant non-cash items					
Depreciation and amortisation	183,721	12,308	552	-	196,581
Changes in fair value of financial instruments	5,331	-	30,658	-	35,989
Impairment losses on property, plant and equipment	-	45,718	198	-	45,916
Impairment losses on right-of-use assets	66,477	-	-	-	66,477
Provision for restoration costs	21,937	-	-	-	21,937
Property, plant and equipment written off	12	-	-	-	12
Inventories written down/(back), net	21,361	-	(33)	-	21,328
Impairment losses on trade receivables and contract assets, net	2,356	-	-	-	2,356

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

3.1. Operating segments (Cont'd)

(i) Business segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
As at 31-Dec-2021					
Assets					
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
Total assets	9,417,314	182,827	3,258,346	(3,558,614)	9,299,873
Liabilities					
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
Total liabilities	6,914,592	44,844	1,873,981	(3,558,614)	5,274,803

(ii) Geographical segments:

	Turnover from external customers		Capital expenditure		Non-current assets ⁽¹⁾ As at	Total assets As at
	2H 2021 \$'000	FY 2021 \$'000	2H 2021 \$'000	FY 2021 \$'000	31-Dec-2021 \$'000	31-Dec-2021 \$'000
Singapore	124,286	226,531	9,136	18,294	4,281,078	7,347,040
Rest of Asia, Australia & India	20,660	108,337	560	857	114,292	151,934
Qatar	110,401	223,616	-	-	-	-
Rest of Middle East & Africa	75	1,141	-	-	-	-
United Kingdom	90,493	208,114	4	17	2,008	4,928
Norway	181,653	263,340	8	8	28,227	38,331
The Netherlands	6,376	28,676	-	-	80,398	84,425
Rest of Europe	183,645	277,488	84	89	155	2,477
Brazil	104,030	144,106	13,020	26,757	1,568,010	1,670,374
U.S.A.	196,230	380,581	-	-	178	364
Other countries	180	285	-	-	-	-
Total	1,018,029	1,862,215	22,812	46,022	6,074,346	9,299,873

⁽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, contract assets and intangible assets.

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

3.1. Operating segments (Cont'd)

(i) Business segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
2H 2020					
Turnover					
Sales to external parties	592,180	10,629	1,272	-	604,081
Inter-segment sales	-	-	33,077	(33,077)	-
Total	592,180	10,629	34,349	(33,077)	604,081
Results					
Segment results	(358,311)	(49,716)	(745)	-	(408,772)
Finance income	33,720	-	46,850	(58,854)	21,716
Finance costs	(87,153)	(944)	(33,559)	58,854	(62,802)
Share of results of associates and joint ventures, net of tax	(198)	-	161	-	(37)
(Loss)/profit before tax	(411,942)	(50,660)	12,707	-	(449,895)
Tax credit/(expense)	59,467	(732)	(1,711)	-	57,024
(Loss)/profit for the period	(352,475)	(51,392)	10,996	-	(392,871)
Capital expenditure	26,109	8,549	14	-	34,672
Significant non-cash items					
Depreciation and amortisation	93,632	7,186	308	-	101,126
Changes in fair value of financial instruments	(1,761)	-	(42,273)	-	(44,034)
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	34,147	-	31	-	34,178
Impairment losses on trade receivables and contract assets, net	9,417	-	-	-	9,417
FY 2020					
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)
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
Impairment losses on trade receivables and contract assets, net	9,633	-	-	-	9,633

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

3.1. Operating segments (Cont'd)

(i) Business segments:

	Rigs & floaters, Repairs & upgrades, Offshore platforms, and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
As at 31-Dec-2020					
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

(ii) Geographical segments:

	Turnover from external customers		Capital expenditure		Non-current assets ⁽¹⁾ As at	Total assets As at
	2H 2020 \$'000	FY 2020 \$'000	2H 2020 \$'000	FY 2020 \$'000	31-Dec-2020 \$'000	31-Dec-2020 \$'000
Singapore	125,293	237,710	18,488	51,900	3,874,972	6,959,615
Rest of Asia, Australia & India	82,499	214,233	248	704	122,299	157,200
Middle East & Africa	38,628	62,711	-	-	-	-
United Kingdom	72,516	120,678	-	5	2,315	4,345
Norway	105,391	207,971	-	13	46,050	55,848
The Netherlands	9,666	23,465	-	-	128,179	134,147
Rest of Europe	61,886	217,107	53	90	161	3,070
Brazil	60,954	148,484	15,883	34,938	1,533,461	1,654,327
U.S.A.	45,879	274,357	-	-	471	1,672
Other countries	1,369	3,564	-	-	-	-
Total	604,081	1,510,280	34,672	87,650	5,707,908	8,970,224

⁽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.

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

3.2. Disaggregation of revenue

	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
2H 2021					
Turnover					
Sales to external parties	1,007,012	9,176	1,841	-	1,018,029
Inter-segment sales	-	-	39,558	(39,558)	-
Total	1,007,012	9,176	41,399	(39,558)	1,018,029
Major product and service lines					
Ship and rig building or conversion	534,724	-	-	-	534,724
Repair, maintenance and related services	157,760	-	-	-	157,760
Offshore platforms	277,935	-	-	-	277,935
Specialised shipbuilding	18,757	-	-	-	18,757
Charter hire	-	9,176	-	-	9,176
Sale of goods	-	-	1,841	-	1,841
Others	17,836	-	-	-	17,836
Total	1,007,012	9,176	1,841	-	1,018,029
Timing of revenue recognition					
Control transferred over time	1,003,382	9,176	-	-	1,012,558
Control transferred at a point in time	3,630	-	1,841	-	5,471
Total	1,007,012	9,176	1,841	-	1,018,029
FY 2021					
Turnover					
Sales to external parties	1,839,938	18,443	3,834	-	1,862,215
Inter-segment sales	-	-	56,861	(56,861)	-
Total	1,839,938	18,443	60,695	(56,861)	1,862,215
Major product and service lines					
Ship and rig building or conversion	803,940	-	-	-	803,940
Repair, maintenance and related services	395,695	-	-	-	395,695
Offshore platforms	573,475	-	-	-	573,475
Specialised shipbuilding	32,701	-	-	-	32,701
Charter hire	-	18,443	-	-	18,443
Sale of goods	-	-	3,834	-	3,834
Others	34,127	-	-	-	34,127
Total	1,839,938	18,443	3,834	-	1,862,215
Timing of revenue recognition					
Control transferred over time	1,835,520	18,443	-	-	1,853,963
Control transferred at a point in time	4,418	-	3,834	-	8,252
Total	1,839,938	18,443	3,834	-	1,862,215

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

3.2. Disaggregation of revenue (Cont'd)

	Rigs & floaters, Repairs & upgrades, Offshore platforms and Specialised shipbuilding \$'000	Ship chartering \$'000	Others \$'000	Elimination \$'000	Total \$'000
2H 2020					
Turnover					
Sales to external parties	592,180	10,629	1,272	-	604,081
Inter-segment sales	-	-	33,077	(33,077)	-
Total	592,180	10,629	34,349	(33,077)	604,081
Major product and service lines					
Ship and rig building or conversion	215,079	-	-	-	215,079
Repair, maintenance and related services	166,576	-	-	-	166,576
Offshore platforms	179,806	-	-	-	179,806
Specialised shipbuilding	20,060	-	-	-	20,060
Charter hire	-	10,629	-	-	10,629
Sale of goods	-	-	1,272	-	1,272
Others	10,659	-	-	-	10,659
Total	592,180	10,629	1,272	-	604,081
Timing of revenue recognition					
Control transferred over time	586,164	10,629	-	-	596,793
Control transferred at a point in time	6,016	-	1,272	-	7,288
Total	592,180	10,629	1,272	-	604,081
FY 2020					
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
Major product and service lines					
Ship and rig building or conversion	673,763	-	-	-	673,763
Repair, maintenance and related services	424,639	-	-	-	424,639
Offshore platforms	310,067	-	-	-	310,067
Specialised shipbuilding	55,481	-	-	-	55,481
Charter hire	-	22,492	-	-	22,492
Sale of goods	-	-	2,498	-	2,498
Others	21,340	-	-	-	21,340
Total	1,485,290	22,492	2,498	-	1,510,280
Timing of revenue recognition					
Control transferred over time	1,440,072	22,492	-	-	1,462,564
Control transferred at a point in time	45,218	-	2,498	-	47,716
Total	1,485,290	22,492	2,498	-	1,510,280

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

3.2. Disaggregation of revenue (Cont'd)

A breakdown of sales:

	Group	
	FY 2021	FY 2020
	\$'000	\$'000
First Half Year		
(i) Sales reported	844,186	906,199
(ii) Loss after tax before deducting non-controlling interests reported	(649,507)	(194,337)
Second Half Year		
(iii) Sales reported	1,018,029	604,081
(iv) Loss after tax before deducting non-controlling interests reported	(525,851)	(392,871)

4. Cost of Sales

	Group		Group	
	2H 2021	2H 2020	FY 2021	FY 2020
	\$'000	\$'000	\$'000	\$'000
Cost of sales	(1,512,172)	(899,959)	(2,944,605)	(2,000,743)
<i>Included in cost of sales:</i>				
Depreciation and amortisation	(94,876)	(96,484)	(188,174)	(192,340)
Inventories written down, net	(21,240)	(34,178)	(21,328)	(34,179)
Property, plant and equipment written off	(7)	(43)	(12)	(43)

5. Other operating income/(expenses)

	Note	Group		Group	
		2H 2021	2H 2020	FY 2021	FY 2020
		\$'000	\$'000	\$'000	\$'000
Other operating income		57,424	52,986	125,587	146,136
Other operating expenses		(34,128)	(119,420)	(178,078)	(143,931)
		23,296	(66,434)	(52,491)	2,205
<i>Included in other operating income/(expenses):</i>					
Changes in fair value of financial instruments		(16,139)	44,034	(35,989)	19,764
Foreign exchange gain/(loss), net		17,168	(57,541)	40,522	(20,579)
(Loss)/gain on disposal of property, plant and equipment, net		(6,990)	1,066	(4,565)	947
Loss on modified cash flows of receivables		(3,084)	-	(3,084)	-
Impairment losses on property, plant and equipment	13	(140)	(48,989)	(45,916)	(48,989)
Impairment losses on right-of-use assets	14	-	(74,191)	(66,477)	(74,191)
Provision for restoration costs		(10,131)	-	(21,937)	-
Rental income		5,911	5,621	11,303	10,932
Grant income		19,865	53,494	42,716	95,685
Other income		16,905	10,122	31,046	18,808
Other expenses		(69)	(50)	(110)	(172)
		23,296	(66,434)	(52,491)	2,205

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

6. General and administrative expenses

	Group		Group	
	2H 2021 \$'000	2H 2020 \$'000	FY 2021 \$'000	FY 2020 \$'000
General and administrative expenses	(44,336)	(46,460)	(89,234)	(93,287)
<i>Included in general and administrative expenses:</i>				
Depreciation and amortisation	(3,973)	(4,642)	(8,407)	(9,389)
Impairment losses on trade receivables and contract assets, net	540	(9,417)	(2,356)	(9,633)

7. Finance income and finance costs

	Group		Group	
	2H 2021 \$'000	2H 2020 \$'000	FY 2021 \$'000	FY 2020 \$'000
Finance income	27,886	21,716	50,768	51,625
Finance costs	(40,466)	(62,802)	(82,599)	(141,802)
	(12,580)	(41,086)	(31,831)	(90,177)
<i>Included in finance income/(costs):</i>				
Interest income	27,886	21,716	50,768	51,625
Interest paid and payable to bank and others	(27,823)	(47,514)	(57,535)	(113,298)
Amortisation of capitalised transaction costs	(5,003)	(8,184)	(10,180)	(10,947)
Unwind of discount on restoration costs	(1,254)	(483)	(2,012)	(1,147)
Interest expense on lease liabilities	(6,386)	(6,621)	(12,872)	(16,410)
	(12,580)	(41,086)	(31,831)	(90,177)

8. Non-operating income

The non-operating income in FY 2020 relates to a gain on disposal of a workshop in Malaysia.

9. Seasonality of operations

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

10. 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:

	Group		Group	
	2H 2021 \$'000	2H 2020 \$'000	FY 2021 \$'000	FY 2020 \$'000
Current tax credit/(expense)	2,407	3,081	(4,785)	(4,028)
Under provided in prior years	(465)	(1,191)	(279)	(1,233)
Deferred tax credit	1,172	56,210	86,407	89,709
Under provided in prior years	(1,705)	(1,076)	(1,921)	(948)
Tax credit	1,409	57,024	79,422	83,500

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

10. Tax (Cont'd)

During the year, the Group recognised deferred tax assets of \$84,486,000 (2020: \$88,761,000) relating to unutilised tax losses, investment allowances and deductible temporary differences.

The recognition of such 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.

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.

11. Dividend

There is no dividend recommended for the period and year ended 31 December 2021 (31 December 2020: Nil).

12. Earnings per ordinary share

	Group		Group	
	2H 2021	2H 2020*	FY 2021	FY 2020*
(i) Based on the weighted average number of shares (cents)	(2.27)	(4.46)	(6.49)	(10.57)
- Weighted average number of shares ('000)	23,060,008	8,744,820	18,033,907	5,510,629
(ii) On a fully diluted basis (cents)	(2.27)	(4.46)	(6.49)	(10.57)
- Adjusted weighted average number of shares ('000)	23,060,008	8,744,820	18,033,907	5,510,629

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

13. Property, Plant and Equipment

During the year ended 31 December 2021, the Group acquired property, plant and equipment with an aggregate cost of \$43,610,000 (31 December 2020: \$85,061,000).

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)

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

Impairment assessment of the Group's accommodation vessel

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 in the current year.

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) have been 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 is based on approved budget and adjusted for inflation at 2% per annum throughout the cash flow periods. The average utilisation rate is assumed at 85% (per assessment performed as at 31 December 2020); and the terminal value is based on expected scrap value at the end of the economic useful life of the vessel. These cash flows are then discounted using the pre-tax weighted average cost of capital determined to be at 8.14% as at 30 June 2021 (31 December 2020: 9.13%).

Based on the Group's assessment of the recoverable amount of the marine vessel of \$79,919,000 (31 December 2020: \$129,716,000) using a range of probability-weighted possible outcomes as at 30 June 2021, an impairment loss of \$45,718,000 (FY 2020: \$48,989,000) was recognised in profit or loss.

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.

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 would lead to additional impairment of \$5,578,000 and \$2,908,000 respectively.

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 7% to 8.5% and 10% to 11.5%, respectively.

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

13. Property, Plant and Equipment (Cont'd)

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

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.

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 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 7.75% and long term growth rates for Singapore of 1.5%, a 10% decrease in order book or 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 10.75%, a 13.1% decrease in order book or 2.9% decrease in forecasted project margins throughout the cash flow periods would be required for the recoverable amount to equal the carrying amount.

In 2020, the recoverable amounts for the Group's individual cash generating units were based on value in use calculations. The value in use calculations included management's assessment of the forecasted order book over a period of 5 years for Singapore and Brazil (the "projection periods"), with applicable growth rates for Singapore and Brazil beyond the projection periods up to a maximum of 40 years. The long term growth rates assumed was less than 5%. The cash flows were discounted using the applicable discount rates based on their pre-tax weighted average cost of capital of 7.40% and 12.46% for the Singapore cash generating unit and Brazil cash generating unit respectively.

14. Right-of-use assets and leases

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

During the year ended 31 December 2021, the Group recognised right-of-use assets amounting to \$75,045,000 (31 December 2020: \$95,935,000), which included additional provision for restoration costs of \$74,719,000 (31 December 2020: \$69,842,000).

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 \$66,477,000 (31 December 2020: \$74,191,000) 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)

15. 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 13.

Based on the Company's assessment, no impairment loss is required as at 31 December 2021 and 31 December 2020 as the recoverable amounts assessed were in excess of the carrying amounts of the investment in subsidiaries.

16. Net asset value

	Group		Company	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
Net asset value per ordinary share based on issued share capital at the end of the financial year (cents)	12.75	29.21	17.58	32.52

17. Group's borrowings and debt securities

	As at 31-Dec-2021 \$'000	As at 31-Dec-2020 \$'000
Interest-bearing borrowings:		
(i) <u>Amount repayable in one year or less, or on demand</u> Unsecured	820,581	2,121,394
(ii) <u>Amount repayable after one year</u> Unsecured	2,255,228	1,428,400

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

18. Share capital

(i) Issued and Paid Up Capital

During 2H 2021, the Company issued 18,833,459,491 (2H 2020: 10,462,690,870) Rights shares. As at 31 December 2021, the Company's issued and paid up capital, excluding treasury shares, comprises 31,389,099,152 (31 December 2020: 12,555,229,044) ordinary shares.

(ii) Treasury Shares

	Number of shares	
	2021	2020
At 1 January and 30 June	416,840	416,840
Treasury shares purchased	3,009,600	-
Treasury shares issued pursuant to PSP & RSP	(3,420,217)	-
At 31 December	6,223	416,840

During 2H 2021, the Company acquired 3,009,600 (2H 2020: nil) ordinary shares in the Company by way of on-market purchases. There were 3,420,217 (2H 2020: nil) treasury shares issued pursuant to the Company's Performance Share Plan ("PSP") and Restricted Share Plan ("RSP") in 2H 2021.

As at 31 December 2021, 6,223 (31 December 2020: 416,840) treasury shares were held that may be issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

(iii) Performance Shares

	Number of shares	
	2021	2020
At 1 January	1,168,000	2,618,000
Performance shares lapsed arising from targets not met	(911,040)	(1,450,000)
At 30 June	256,960	1,168,000
Conditional performance shares released	(256,960)	-
At 31 December	-	1,168,000

During 2H 2021, there were 256,960 (2H 2020: nil) performance shares released under the PSP.

As at 31 December 2021, there were no (31 December 2020: 1,168,000) performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released. Based on the multiplying factor, the actual release of the awards as at 31 December 2020 could range from zero to a maximum of 1,752,000 performance shares.

(iv) Restricted Shares

	Number of shares	
	2021	2020
At 1 January	956,036	2,372,975
Conditional restricted shares awarded	-	757,800
Conditional restricted shares released	-	(2,050,445)
Conditional restricted shares lapsed	(47,123)	(99,625)
At 30 June	908,913	980,705
Conditional restricted shares awarded	2,265,500	-
Conditional restricted shares released	(3,163,257)	-
Conditional restricted shares lapsed	(11,156)	(24,669)
At 31 December	-	956,036

During 2H 2021, there were 2,265,500 (2H 2020: nil) restricted shares awarded under the RSP, 3,163,257 (2H 2020: nil) restricted shares released and 11,156 (2H 2020: 24,669) restricted shares that lapsed. The restricted shares released during 2H 2021 were settled by way of issuance of treasury shares. As at 31 December 2021, there were no (31 December 2020: 956,036) restricted shares outstanding, including awards achieved but not released.

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

19. Related parties

19a. Related party transactions

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

	Outstanding balances		Significant transactions	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	\$'000	\$'000	\$'000	\$'000
Related corporations				
Sales	428	71	-	583
Purchases	(401)	(2,035)	(42,187)	(27,692)
Finance income	-	-	148	484
Finance costs	(1,611)	-	(2,783)	(55,173)
Others	-	-	(256)	(121)
Associates and joint ventures				
Sales	183	194	4	5
Purchases	(2,170)	(1,037)	(5,269)	(6,400)
Rental income	-	-	4	-
Finance income	12	-	58	202
Others	(257)	(357)	43	51

19b. Compensation of key management personnel

There were no changes to the key management personnel in FY 2021. There were no changes to the compensation scheme in FY 2021.

20. 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)

20. 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	
Group				
At 31 December 2021				
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)
Total	-	(21,865)	2,642	(19,223)
At 31 December 2020				
Financial assets at fair value through other comprehensive income				
- Unquoted equity shares	-	-	2,642	2,642
Derivative financial assets	-	35,768	-	35,768
Derivative financial liabilities	-	(5,464)	-	(5,464)
Total	-	30,304	2,642	32,946

In 2021 and 2020, 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	
Group				
At 31 December 2021				
Interest-bearing borrowings	-	(2,254,245)	-	(2,254,245)
At 31 December 2020				
Interest-bearing borrowings	-	(1,417,688)	-	(1,417,688)

* 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)

20. 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:

Group	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
At 31 December 2021				
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>
Group				
At 31 December 2020				
Cash and cash equivalents	772,426	-	772,426	772,426
Trade and other receivables*	1,559,102	-	1,559,102	1,559,102
	<u>2,331,528</u>	<u>-</u>	<u>2,331,528</u>	<u>2,331,528</u>
Trade and other payables**	-	1,031,032	1,031,032	1,031,032
Interest-bearing borrowings				
- Short-term borrowings	-	2,121,394	2,121,394	2,121,394
- Long-term borrowings	-	1,428,400	1,428,400	1,417,688
	<u>-</u>	<u>4,580,826</u>	<u>4,580,826</u>	<u>4,570,114</u>
Company				
At 31 December 2021				
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>
Company				
At 31 December 2020				
Cash and cash equivalents	499,024	-	499,024	499,024
Trade and other receivables*	157,781	-	157,781	157,781
	<u>656,805</u>	<u>-</u>	<u>656,805</u>	<u>656,805</u>
Trade and other payables**	-	18,722	18,722	18,722
Interest-bearing borrowings				
- Short-term borrowings	-	50,000	50,000	50,000
	<u>-</u>	<u>68,722</u>	<u>68,722</u>	<u>68,722</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.

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

21. Electoral Suit in Brazil

The Brazilian Public Prosecutors filed a complaint before the Electoral Courts in Aracruz, Espirito Santo, against the Company's subsidiary in Brazil, Estaleiro Jurong Aracruz Ltda ("EJA") in 2015 alleging that political donations were made in 2014 (in total BRL 1.75 million or equivalent to approximately SGD 470,000 as at June 2021) which exceeded the threshold permitted by law.

The dispute arises from the interpretation of the Art. 81, paragraph 1, of the Brazilian Law n. 9,504/97 (effective as the time of the donation) that prescribed that the donation was subject to a limit of two percent of the Company's gross revenue in the year preceding the elections. As the definition of "gross revenue" is not clearly defined under the Electoral Code, there was disagreement as to whether a narrow definition of the "gross revenue" for tax purposes, or a broad definition of total revenue should apply as has already been decided by the Superior Electoral Tribunal (TSE) (the highest court in Brazilian electoral justice system) in similar cases.

In late June 2021, EJA was notified of a decision rendered by the local court of Aracruz where the judge took the narrow interpretation and applied a fine of an amount which corresponds to half of the Prosecutor's request. The fine was BRL 8.57 million, equivalent to SGD2.33 million as at June 2021.

EJA denies all allegations that it has breached the relevant laws and will appeal against the decision, which contradicts precedents from the Superior Electoral Tribunal (TSE).

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 31 December 2021, 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 25 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**

	2H 2021	2H 2020	+ / (-)	+ / (-)	FY 2021	FY 2020	+ / (-)	+ / (-)
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Rigs & floaters	534.7	215.1	319.6	n.m.	803.9	673.8	130.1	19.3
Repairs & upgrades	157.8	166.5	(8.7)	(5.2)	395.7	424.6	(28.9)	(6.8)
Offshore platforms	277.9	179.8	98.1	54.6	573.5	310.1	263.4	84.9
Specialised shipbuilding	18.8	20.1	(1.3)	(6.5)	32.7	55.5	(22.8)	(41.1)
Other activities	28.8	22.5	6.3	28.0	56.4	46.3	10.1	21.8
	1,018.0	604.0	414.0	68.5	1,862.2	1,510.3	351.9	23.3

Turnover for 2H 2021 and FY 2021 increased mainly due to higher revenue recognition from rigs & floaters and offshore platform projects, offset by lower repairs & upgrades business and lower revenue recognition from specialised shipbuilding projects.

(b) **Gross loss**

Gross loss for 2H 2021 and FY 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. In 2H 2021, 2H 2020, FY 2021 and FY 2020 inventories were written down to net realisable value for rig building project stock.

(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 2H 2021 and FY 2021 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 FY 2021, 2H 2020 and FY 2020 was mainly due to impairment of a marine vessel.
- (iv) Impairment losses on right-of-use assets for FY 2021, 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) Provision for restoration costs for 2H 2021 mainly relates to additional restoration costs of land and building at Tanjong Kling Yard and Tuas Crescent. For FY 2021, it mainly relates to provision for additional restoration costs of land and building at Shipyard Road, Tanjong Kling Yard and Tuas Crescent.
- (vi) Lower grant income in 2H 2021 and FY 2021 was mainly due to lower government grants for COVID-19 pandemic.
- (vii) Higher other income in 2H 2021 and FY 2021 was mainly due to higher sales of scrap.

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

Lower general and administrative expenses was mainly due to lower allowance for doubtful and bad debts in FY 2021.

(e) Finance income and finance costs

- (i) Higher finance income in 2H 2021 was mainly due to higher interest income from customers on deferred payment arrangement. Lower finance income in FY 2021 was mainly due to lower interest income from customers on deferred payment arrangement.
- (ii) Lower finance costs in 2H 2021 and FY 2021 was mainly due to lower average borrowings and lower interest expense on lease liabilities compared to corresponding periods in 2020.

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

Net loss for 2H 2021 was higher mainly due to higher gross loss, increase in provision for restoration cost; offset by lower net finance costs and tax credit. Net loss for FY 2021 was higher mainly due to higher gross loss, increase in provision for restoration cost and impairment loss on a marine vessel and right-of-use assets; offset by lower net finance costs.

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.

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

(a) Group

Non-current assets

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

'Contract assets' increased mainly due to reclassification from current contract assets arising from deferred delivery payment terms agreed with a customer.

'Intangible assets' decreased mainly due to amortisation for 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' decreased mainly due to receipts from customers for completed projects.

'Contract costs' increased mainly due to costs incurred for projects.

'Contract assets' decreased mainly due to reclassification to non-current assets arising from deferred delivery payment terms agreed with a customer, offset by revenue recognised during the period and timing of billings to customers.

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

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

Current liabilities

'Trade and other payables' increased mainly due to higher payables 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 provision for additional restoration costs.

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

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

'Interest-bearing borrowings' decreased mainly due to refinancing of current borrowings that fell due into longer term maturities.

Non-current liabilities

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

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

'Interest-bearing borrowings' increased mainly due to refinancing of current borrowings that fell due into longer term maturities.

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

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)

(b) 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.

'Investment properties' decreased mainly due to depreciation charge for the year.

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

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

Current assets

'Trade and other receivables' increased mainly due to higher receivables from subsidiaries.

'Cash and cash equivalents' increased mainly due to net proceeds from rights issue, offset by loan to a subsidiary.

Current liabilities

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

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

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

Non-current liabilities

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

'Lease liabilities' decreased mainly due to repayments during the year.

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

Condensed interim consolidated statement of cash flows

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

	31-Dec-2021 \$'000	31-Dec-2020 \$'000
Fixed deposits	2,786	5,747
Cash and bank balances	1,101,332	766,679
Cash and cash equivalents	1,104,118	772,426

Cash flows used in operating activities before changes in working capital were \$826 million in FY 2021. Net cash used in operating activities for FY 2021 at \$589 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 2021 was \$44 million, mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities for FY 2021 was \$964 million. It relates mainly to net proceeds from rights issue, offset by net repayment of borrowings.

Significant non-cash transactions

During FY 2020, the repayment of subordinated loan of \$1.5 billion was settled by issue of rights shares.

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

4. Variance from prospect statement

Please refer to paragraph 5.

5. Prospects

In FY2022, the Group will need to complete and deliver a total of 12 existing projects. Provisions for costs to complete these projects have already been made in FY2021. The Group is also on track to conclude negotiations on project completion terms with its key customers. Barring any unforeseen events, this should contribute positively to the Group's results in 1H2022.

The industry outlook for the oil & gas, renewables and other green solutions continues to improve. It is important for the Group to convert its orders pipeline into firm contracts on a timely basis in FY2022.

Taking the above factors into account, the Group expects its financial performance in FY2022 to be significantly better than FY2021.

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.

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)	
		FY 2021 \$'000	FY 2020 \$'000	FY 2021 \$'000	FY 2020 \$'000
<u>Transaction for the Purchase of Goods and Services</u> SembWaste Pte. Ltd.	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	-	-	-	341
Total Interested Person Transactions		-	-	-	341

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

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. Disclosure 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**

25 February 2022