



SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT
FOR THE HALF-YEAR ENDED JUNE 30, 2022**

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UNAUDITED RESULTS FOR THE HALF-YEAR ENDED JUNE 30, 2022

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the half-year ended June 30, 2022.

1. CONSOLIDATED INCOME STATEMENT

	Note	GROUP		+ / (-) %
		1H2022	1H2021	
<i>(S\$ million)</i>				
Turnover	2a	4,755	3,290	45
Cost of sales		(4,078)	(2,760)	48
Gross profit		677	530	28
General & administrative expenses		(180)	(176)	2
Other operating income, net		137	50	174
Non-operating income		6	18	(67)
Non-operating expenses		(3)	(214)	(99)
Finance income	2c	16	14	14
Finance costs	2c	(194)	(215)	(10)
Share of results of associates and joint ventures, net of tax	2d	133	104	28
Profit before tax		592	111	NM
Tax expense	2e	(93)	(57)	63
Profit for the period	2b	499	54	NM
Attributable to:				
Owners of the Company		490	46	NM
Non-controlling interests (NCI)		9	8	13
		499	54	NM
Earnings per ordinary share (cents)				
- basic	2f	27.48	2.58	NM
- diluted	2f	26.88	2.55	NM

* Denotes amount of less than S\$1 million or less than 1%
 NM Not meaningful

RECONCILIATION OF PROFIT BEFORE EXCEPTIONAL ITEMS FOR PERFORMANCE REVIEW (NOTE 4c)

	GROUP		+ / (-) %
	1H2022	1H2021	
<i>(S\$ million)</i>			
Attributable to:			
Owners of the Company			
Profit for the period	490	46	NM
Less: Exceptional items, net of tax – expense	*	(206)	NM
Profit before exceptional items	490	252	94

1. CONSOLIDATED INCOME STATEMENT (Cont'd)

Exceptional Items, net of tax (EI)

		GROUP	
	Note	1H2022	1H2021
<i>(S\$ million)</i>			
Exceptional items			
Gain on disposal of investments and asset held for sale	2b	*	7
Write-back of / (Impairment) of assets	2b	*	(213)
		*	(206)

2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

2a. Turnover and disaggregation of revenue

The Group's businesses are grouped under four main segments, namely Renewables, Integrated Urban Solutions, Conventional Energy and Other Businesses and Corporate. For details, please refer to Note 4a.

1H2022

<i>(S\$ million)</i>	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
Turnover						
External sales	222	217	4,155	161	–	4,755
Inter-segment sales	*	3	30	4	(37)	–
Total	222	220	4,185	165	(37)	4,755
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	222	–	3,956	*	–	4,178
Provision of water products, reclamation of water and industrial wastewater treatment	–	97	72	–	–	169
Solid waste management	–	105	*	–	–	105
Service concession revenue	–	7	92	–	–	99
Construction and engineering related activities	–	–	–	145	–	145
Others	*	4	35	16	–	55
Total revenue from contracts with customers	222	213	4,155	161	–	4,751
Rental income	–	4	–	–	–	4
Total external sales	222	217	4,155	161	–	4,755
Timing of revenue recognition						
Over time	215	204	4,154	145	–	4,718
At a point in time	7	9	1	16	–	33
Total revenue from contracts with customers	222	213	4,155	161	–	4,751

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

2a. Turnover and disaggregation of revenue (Cont'd)

1H2021

<i>(S\$ million)</i>	Renewables	Integrated Urban Solutions	Conven- tional Energy	Other Businesses and Corporate	Elimination	Total
Turnover						
External sales	146	218	2,756	170	–	3,290
Inter-segment sales	*	4	14	5	(23)	–
Total	146	222	2,770	175	(23)	3,290
Major product / service lines						
Provision of energy products and related services (including electricity, gas, and steam)	146	–	2,555	*	–	2,701
Provision of water products, reclamation of water and industrial wastewater treatment	–	85	63	–	–	148
Solid waste management	–	113	–	–	–	113
Service concession revenue	–	8	91	–	–	99
Construction and engineering related activities	–	–	–	156	–	156
Others	–	10	47	14	–	71
Total revenue from contracts with customers	146	216	2,756	170	–	3,288
Rental income	–	2	–	–	–	2
Total external sales	146	218	2,756	170	–	3,290
Timing of revenue recognition						
Over time	138	208	2,754	156	–	3,256
At a point in time	8	8	2	14	–	32
Total revenue from contracts with customers	146	216	2,756	170	–	3,288

The Group's 1H2022 revenue was S\$4,755 million, 45% higher than S\$3,290 million in 1H2021. The significant increase was mainly due to higher contributions from the Conventional Energy segments from Singapore, India, and United Kingdom (UK), driven by high electricity (driven by high fuel costs) and high spot gas prices. Turnover for the Renewables segment also increased on better wind resource in India, and Singapore's higher electricity prices and new capacity.

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

2b. Profit for the period

Profit for the period includes:

(S\$ million)	Note	GROUP		
		1H2022	1H2021	+ / (-) %
Expenses				
Materials	(i)	(3,437)	(2,079)	65
Depreciation and amortisation		(219)	(223)	(2)
Sub-contract cost		(155)	(159)	(3)
Repair and maintenance		(52)	(53)	(2)
Allowance for expected credit loss	(ii)	*	(7)	NM
Impairment and write-off of assets		(5)	(3)	67
Write-down and write-off of inventory		(3)	*	NM
Other operating (expenses) / income, net				
Changes in fair value of financial instruments	(iii)	76	13	NM
Foreign exchange gain, net	(iv)	11	3	267
Grant income	(v)	5	11	(55)
Other income	(vi)	45	23	96
Non-operating income and expenses				
Gain on disposal of other financial assets	(vii)	3	7	(57)
Gain on disposal of an associate	(viii)	2	–	NM
Change in fair value of other financial assets		(2)	7	NM
Write-back of impairment of investments and net gain on disposal of asset held for sale	(ix)	*	2	NM
Impairment of investment in a joint venture	(x)	–	(212)	NM

- (i) The increase in materials costs was largely from higher gas and coal costs, net of gain from hedges entered in 2021 at level lower than current market price.
- (ii) Lower net expected credit loss (ECL) for current period was largely attributable to the Conventional Energy segment's write-back upon receipts from a customer for long outstanding amounts relating to fuel mix claims, offset by increase from the Renewables segment in India. ECL in 1H2021 arose from the Conventional Energy segment.
- (iii) Changes in fair value of financial instruments were mainly from foreign exchange forward contracts and cross currency swaps used for managing the Group's foreign currency exposures and interest costs. The corresponding net effects from revaluation of assets and liabilities in foreign currencies were recorded under foreign exchange gain, net.
- In 1H2022 and 1H2021, the Group recognised gains from economic hedges used to manage the Group's gas cost. In addition, gain from unwinding of hedges was recognised in 1H2022, following the cancellation of a commitment.
- (iv) Foreign exchange gain in 1H2022 was mainly due to the net effect of revaluation of liabilities denominated in Japanese Yen (JPY) and Great Britain Pound (GBP), which depreciated against Singapore Dollar (SGD), and United States Dollar (USD), which appreciated against India Rupee (INR) and Bangladesh Taka (BDT).
- (v) Grant income in 1H2022 included S\$1 million of government relief measures recognised for COVID-19, mainly related to foreign worker levy rebates and job growth incentive (1H2021: S\$7 million, mainly related to grants received under the Job Support Scheme).
- (vi) Other income included settlement with customers on late payment of S\$15 million (1H2021: S\$15 million) and with O&M contractors of S\$8 million in India and cancellation fee of S\$12 million received from a supplier in Singapore.
- (vii) The gain of S\$3 million in 1H2022 was mainly related to sales of mutual funds. 1H2021 gain of S\$7 million related to disposal of the Group's interests in Sembcorp Jingmen Water Co Ltd (SJW).

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

2b. Profit for the period (Cont'd)

- (viii) The gain related to divestment of Subic Water & Sewerage Company Inc (Subic).
- (ix) 1H2022 amount related to write-back of impairment of Biowater Technology AS upon divestment. The gain of S\$2 million in 1H2021 pertained to the realisation of foreign currency translation gain from the divestment of Shenzhen Chiwan Sembawang Engineering Co (CSE), net of impairment recognised.
- (x) This related to impairment of the entire carrying value in joint venture ChongQing SongZao Sembcorp Electric Power Co Ltd (CSZ) of S\$212 million in 1H2021. As of June 30, 2022, the Group's share of unrecognised losses¹ of CSZ was S\$36 million (June 30, 2021: S\$nil; December 31, 2021: S\$25 million).

¹ as the Group's cumulative share of losses exceed its interests in CSZ

2c. Finance income and finance costs

	Note	GROUP		
		1H2022	1H2021	+ / (-) %
<i>(S\$ million)</i>				
Finance income		16	14	14
Finance costs	(i)	(194)	(215)	(10)
Included in finance costs:				
Interest paid and payable to banks and others		(173)	(190)	(9)
Fair value changes of interest rate swaps		(6)	(11)	(45)
Amortisation of capitalised transaction costs		(8)	(7)	14
Interest expense on lease liabilities		(5)	(4)	25
Unwind of discount on restoration costs and financing component from contracts with customers		(2)	(3)	(33)

- (i) Lower finance cost in 1H2022 was attributed to savings from switching of INR borrowings to SGD borrowings (post reorganisation of the Group's investment in India), repayment of project finance loans and refinancing of INR loans at a lower rate in 2H2021 and early 1H2022.

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

The Group's share of results of associates and joint ventures was S\$133 million for 1H2022, 28% higher than S\$104 million in 1H2021. The increase was mainly attributable to contribution from the newly acquired associate, SDIC New Energy Investment Co., Ltd (SDIC) (Note 5e).

2e. Tax expense

	Note	GROUP		
		1H2022	1H2021	+ / (-) %
<i>(S\$ million)</i>				
Current tax expense				
Current year		56	34	65
Over provision in prior years		(5)	(10)	(50)
Foreign withholding tax		2	5	(60)
Deferred tax expense				
Movements in temporary differences		40	9	NM
(Over) / Under provision in prior years		*	4	NM
Effect of changes in tax rate	(i)	–	15	NM
Tax expense		93	57	63

The increase in current and deferred tax expenses are mainly due to better operating results. Excluding the over and under provision of taxes in prior years, the Group's effective tax rate for 1H2022 was approximately 21% (1H2021: 22%, on a comparable basis and excluding the effect of change in tax rates and impairment on investment).

- (i) 1H2021 amount related to additional deferred tax provision following the increase in the UK corporation tax rate from 19% to 25% with effect from 2023.

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

2f. Earnings per ordinary share

	GROUP		
	1H2022	1H2021	+ / (-) %
(1) Based on the weighted average number of shares (in Singapore cents)	27.48	2.58	NM
– Weighted average number of shares (in million)	1,782.9	1,784.5	*
(2) On a fully diluted basis (in Singapore cents)	26.88	2.55	NM
– Adjusted weighted average number of shares (in million)	1,822.9	1,800.6	1

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(S\$ million)	Note	GROUP		
		1H2022	1H2021	+ / (-) %
Profit for the period		499	54	NM
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(i)	(96)	16	NM
Exchange differences on monetary items forming part of net investment in foreign operation		(5)	3	NM
Net change in fair value of cash flow hedges	(ii)	255	141	81
Net change in fair value of cash flow hedges reclassified to profit or loss	(iii)	(175)	(63)	178
Cost of hedging reserve:				
– changes in fair value	(iv)	–	(28)	NM
– reclassified to profit or loss	(iv)	–	26	NM
Realisation of reserve upon disposal of an associate / asset held for sale		2	(3)	NM
Share of other comprehensive income of associates and joint ventures	(v)	46	23	100
Income tax relating to these items		(10)	(11)	(9)
		17	104	(84)
Items that may not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial gains and losses		(1)	*	NM
Change in fair value of financial assets at fair value through other comprehensive income (FVOCI)		1	(7)	NM
Income tax relating to these items		*	*	NM
Other comprehensive income for the period, net of tax		17	97	(82)
Total comprehensive income for the period		516	151	242
Attributable to:				
Owners of the Company		506	142	256
Non-controlling interests		10	9	11
Total comprehensive income for the period		516	151	242

- (i) Foreign currency translation differences for 1H2022 mainly arose from the depreciation of Renminbi (RMB) and INR against SGD.
- (ii) Fair value changes were mainly due to mark-to-market changes from foreign exchange forward contracts, foreign currency swaps, fuel oil swaps and interest rate swaps.
- (iii) These relate to cash flow hedges recognised to profit and loss upon realisation. 1H2022 amount included unwinding of hedges following the cancellation of a commitment.
- (iv) The Group designates only the change in fair value of the spot element of forward exchange contracts for funding purposes as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element (forward points) for these forward exchange contracts is separately accounted for as cost of hedging and recognised in hedging reserve within equity. The forward exchange contracts were realised in December 2021.
- (v) These mainly related to share of associates and joint ventures' changes in fair value on interest rate swaps.

4. SEGMENTAL REPORTING

(i) Operating segments

1H2022

<i>(S\$ million)</i>	Renewables	Integrated Urban Solutions	Conven- tional Energy	Other Businesses and Corporate	Elimination	Total
Turnover						
External sales	222	217	4,155	161	–	4,755
Inter-segment sales	*	3	30	4	(37)	–
Total	222	220	4,185	165	(37)	4,755
Results						
Earnings before interest, taxes, depreciation and amortisation ² (EBITDA)	148	60	664	(7)	–	865
Share of results of associates and joint ventures, net of tax	40	42	51	*	–	133
Adjusted EBITDA	188	102	715	(7)	–	998
Depreciation and amortisation	(49)	(27)	(140)	(3)	–	(219)
Other non-cash expenses:						
– Allowance for impairment in value of assets and assets written off, net	*	*	(5)	–	–	(5)
– Others	*	–	(1)	(3)	–	(4)
Finance income	4	5	6	25	(24)	16
Finance costs	(59)	(6)	(103)	(50)	24	(194)
Profit / (Loss) before tax	84	74	472	(38)	–	592
Tax expense	(7)	(9)	(70)	(7)	–	(93)
Non-controlling interests	(1)	(3)	(5)	–	–	(9)
Profit / (Loss) attributable to owners of the Company (Net profit / (loss))	76	62	397	(45)	–	490
Capital expenditure	95	14	65	3	–	177

² Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments, and write-off disclosed in Note 2b

4. SEGMENTAL REPORTING (Cont'd)

(i) Operating segments (Cont'd)

1H2021

<i>(S\$ million)</i>	Renewables	Integrated Urban Solutions	Conven- tional Energy	Other Businesses and Corporate	Elimination	Total
Turnover						
External sales	146	218	2,756	170	–	3,290
Inter-segment sales	*	4	14	5	(23)	–
Total	146	222	2,770	175	(23)	3,290
Results						
EBITDA	104	70	480	(14)	–	640
Share of results of associates and joint ventures, net of tax	21	37	45	1	–	104
Adjusted EBITDA	125	107	525	(13)	–	744
Depreciation and amortisation	(40)	(26)	(153)	(4)	–	(223)
Other non-cash (expenses) / income:						
– Impairment of investment in a joint venture	–	–	(212)	–	–	(212)
– Allowance for impairment in value of assets and assets written off, net	*	(1)	(2)	*	–	(3)
– Others	*	–	1	5	–	6
Finance income	6	8	3	63	(66)	14
Finance costs	(59)	(9)	(154)	(59)	66	(215)
Profit / (Loss) before tax	32	79	8	(8)	–	111
Tax expense	(8)	(8)	(29)	(12)	–	(57)
Non-controlling interests	*	(2)	(6)	–	–	(8)
Net profit / (loss)	24	69	(27)	(20)	–	46
Capital expenditure	131	14	29	2	–	176

As at June 30, 2022

<i>(S\$ million)</i>	Renewables	Integrated Urban Solutions	Conven- tional Energy	Other Businesses and Corporate	Elimination	Total
Assets						
Segment assets	4,758	1,397	9,250	1,790	(2,534)	14,661
Interests in associates and joint ventures	674	907	522	2	–	2,105
Tax assets	7	20	14	17	–	58
Total assets	5,439	2,324	9,786	1,809	(2,534)	16,824
Liabilities						
Segment liabilities	3,691	531	5,299	4,639	(2,534)	11,626
Tax liabilities	211	49	367	116	–	743
Total liabilities	3,902	580	5,666	4,755	(2,534)	12,369

4. SEGMENTAL REPORTING (Cont'd)

(i) Operating segments (Cont'd)

As at December 31, 2021

<i>(S\$ million)</i>	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
Assets						
Segment assets	2,778	1,432	8,774	1,498	(1,744)	12,738
Interests in associates and joint ventures	265	877	458	–	–	1,600
Tax assets	7	20	13	17	–	57
Total assets	3,050	2,329	9,245	1,515	(1,744)	14,395
Liabilities						
Segment liabilities	1,747	586	5,217	4,098	(1,744)	9,904
Tax liabilities	98	52	310	113	–	573
Total liabilities	1,845	638	5,527	4,211	(1,744)	10,477

(ii) Geographical segments

<i>(S\$ million)</i>	Turnover				Capital Expenditure			
	1H2022		1H2021		1H2022		1H2021	
		%		%		%		%
Singapore	3,049	64	1,913	59	57	32	124	70
India	988	21	833	25	55	31	13	8
UK	483	10	337	10	22	12	30	17
China	120	3	92	3	10	6	4	2
Rest of Asia	100	2	98	3	33	19	5	3
Middle East	14	*	16	*	–	–	–	–
Other Countries	1	*	1	*	–	–	–	–
Total	4,755	100	3,290	100	177	100	176	100

	Non-current Assets				Total Assets			
	As at June 30, 2022		As at December 31, 2021		As at June 30, 2022		As at December 31, 2021	
		%		%		%		%
India	4,624	38	4,721	45	6,146	37	5,941	41
China	3,228	27	1,436	14	4,137	25	1,948	14
Singapore	1,936	16	1,967	19	3,425	20	3,464	24
Rest of Asia	1,364	11	1,303	12	1,684	10	1,586	11
UK	665	5	731	7	1,063	6	1,131	8
Middle East	341	3	290	3	356	2	311	2
Other Countries	13	*	14	*	13	*	14	*
Total	12,171	100	10,462	100	16,824	100	14,395	100

4. SEGMENTAL REPORTING (Cont'd)

Notes to Segmental Analysis

4a. Operating segments

The Group has identified its business segments based on the internal reports that are reviewed and used by the executive management team in determining the allocation of resources and in assessing performance of the operating segments.

To deliver the Group's vision to be a leading provider of sustainable solutions, supporting sustainable development and creating value for stakeholders and communities, the Group has laid out a strategic roadmap to transform its portfolio from brown to green. The Group's businesses are grouped under four main segments as follows:

- (i) The Renewables segment's principal activities are the provision of electricity from solar and wind resources (both self-generated and imported), energy storage, trading of Energy Attribute Certificates as well as provision of system services that support integration of renewables into grid. This segment also includes the development and provision of installation, operation, and maintenance of solar, wind and energy storage assets.
- (ii) The Integrated Urban Solutions segment supports sustainable development through its suite of urban, water as well as waste and waste-to-resource solutions. The segment's businesses comprise the development of large-scale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces, production and reclamation of water and industrial wastewater treatment as well as solid waste management and waste-to-resource solutions. This segment also includes decarbonisation solutions like carbon capture, utilisation, and storage (CCUS) projects.
- (iii) The Conventional Energy segment's principal activities include the sale of energy molecules (including natural gas, steam, and electricity from a diversity of fossil fuels such as natural gas and coal). This segment also includes sale of water products from its integrated assets.
- (iv) The Other Businesses and Corporate segment comprise businesses mainly relating to specialised construction, minting, the Group's captive insurance and financial services, as well as corporate costs.

4b. Geographical segments

The Group's geographical segments are presented in six principal geographical areas: Singapore, India, UK, China, Rest of Asia, and Middle East. In presenting information based on 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.

4c. Review of Group's performance

	1H2022	1H2021	Growth	
(S\$ million)				%
Adjusted EBITDA	998	744	254	34
Profit before EI	490	252	238	94
EI – Income / (Expense)	*	(206)	206	NM
Net Profit	490	46	444	NM

1H2022 adjusted EBITDA of S\$998 million was S\$254 million or 34% higher than 1H2021 of S\$744 million. The Sustainable Solutions** and Conventional Energy segments contributed 28% and 70% to the Group's 1H2022 adjusted EBITDA before corporate costs, respectively (1H2021: Sustainable Solutions 30% and Conventional Energy 68%).

The Group's profit before EI in 1H2022 was S\$490 million, S\$238 million or 94% higher than 1H2021 of S\$252 million. The Sustainable Solutions and Conventional Energy segments contributed 25% and 73% to the Group's 1H2022 profit before EI and corporate costs, respectively (1H2021: Sustainable Solutions 30% and Conventional Energy 65%). The reduction in percentage contribution from Sustainable Solutions was due to significantly higher profit from the Conventional Energy segment.

** Sustainable Solutions include the Renewables and Integrated Urban Solutions segments

4. SEGMENTAL REPORTING (Cont'd)

4d. Review of segment performance

Renewables

	1H2022	1H2021	Growth	
(S\$ million)				%
Adjusted EBITDA	188	125	63	50
Net Profit	76	24	52	217

Adjusted EBITDA

The adjusted EBITDA in 1H2022 of S\$188 million was S\$63 million or 50% higher than S\$125 million in 1H2021. The increase was mainly due to better wind resource in India, as well as new capacity and higher electricity prices for the solar business in Singapore. The better performance was also contributed by the new acquisitions of SDIC and Shenzhen Huiyang New Energy Group (HYNE) post acquisition in January 28, 2022 and June 1, 2022, respectively.

Net Profit

The increase of S\$52 million in 1H2022 net profit was in line with the higher adjusted EBITDA.

Integrated Urban Solutions

	1H2022	1H2021	Growth	
(S\$ million)				%
Adjusted EBITDA	102	107	(5)	(5)
Profit before EI	62	63	(1)	(2)
EI – Income	*	6	(6)	NM
Net Profit	62	69	(7)	(10)

Adjusted EBITDA

1H2022 adjusted EBITDA of S\$102 million was comparable to 1H2021 of S\$107 million. Performance from the Urban business was steady, with higher average transacted land prices and residential sales offsetting lower land sales. The higher contribution from the waste-to-resource business in the UK, driven by higher power prices was offset by higher operating costs from Singapore's waste business.

Profit before EI

Profit before EI in 1H2022 was broadly in line with 1H2021 for reasons mentioned in adjusted EBITDA.

EI - Income

1H2022 EI comprise gain on disposal of Subic (Note 2b(viii)) and write-back of impairment upon disposal of Biowater (Note 2b(ix)). Exceptional income in 1H2021 pertained to net gain from disposal of SJW (Note 2b(vii)).

4. SEGMENTAL REPORTING (Cont'd)

4d. Review of segment performance (Cont'd)

Conventional Energy

	1H2022	1H2021	Growth	
(S\$ million)				%
Adjusted EBITDA	715	525	190	36
Profit before EI	397	185	212	115
EI – (Expense)	–	(212)	212	NM
Net Profit / (Loss)	397	(27)	424	NM

Adjusted EBITDA

Adjusted EBITDA of S\$715 million in 1H2022 was S\$190 million or 36% higher than 1H2021. The increase was mainly due to realised gains from favourable gas hedges entered into in 2021 for the Singapore operations and higher Indian Electricity Exchange (IEX) tariffs in India. UK also performed better due to system tightness on favourable weather conditions. In addition, the better performance included a gain from unwinding of hedges following the cancellation of a commitment.

Profit before EI

The increase in profit before EI was also due to lower finance costs resulting from loan repayments in India operations, offset by higher tax expense which was largely due to better profits.

EI - Expense

1H2021's exceptional expense related to an impairment on investment in CSZ (Note 2b(x)).

Other Businesses and Corporate

	1H2022	1H2021	Growth	
(S\$ million)				%
Adjusted EBITDA	(7)	(13)	6	(46)
Loss before EI	(45)	(20)	(25)	125
EI – Income	–	*	–	NM
Net Loss	(45)	(20)	(25)	125

Adjusted EBITDA

Adjusted EBITDA in 1H2022 improved by S\$6 million or 46% as compared to 1H2021 mainly due to lower expenses at Corporate as a result of continuing tight cost control and less discretionary spending.

Loss before EI

Loss before EI for 1H2022 was S\$45 million compared to S\$20 million in 1H2021. The higher losses was due to higher net finance cost, offset by better adjusted EBITDA. Net finance cost increased mainly due to absence of finance income post restructuring of the India business in December 2021³.

³ The Group restructured its investments in India. Sembcorp Green Infra Limited, which was previously owned by Sembcorp Energy India Ltd, became a wholly-owned subsidiary of Sembcorp Utilities Pte Ltd.

EI – Income

Exceptional income in 1H2021 related to a net gain from disposal of CSE (Note 2b(ix)).

5. BALANCE SHEETS

Following the acquisition of HYNE on June 1, 2022, the financials of HYNE were consolidated, which explains the main difference in the balances of assets, liabilities, and non-controlling interests (see Note 7b on the effect of the acquisition).

	GROUP		COMPANY	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
<i>(S\$ million)</i>				
Non-current assets				
Property, plant and equipment	7,917	7,094	358	365
Investment properties	134	138	–	–
Investments in subsidiaries	–	–	2,309	2,309
Associates and joint ventures	2,105	1,600	–	–
Other financial assets	204	219	–	–
Trade and other receivables	993	982	1	3
Contract costs	*	1	–	–
Intangible assets	780	390	26	25
Deferred tax assets	38	38	–	–
	12,171	10,462	2,694	2,702
Current assets				
Inventories	418	222	7	7
Trade and other receivables	2,558	1,986	125	115
Contract assets	19	28	–	–
Contract costs	1	1	–	–
Other financial assets	382	352	–	–
Cash and cash equivalents	1,275	1,344	293	427
	4,653	3,933	425	549
Total assets	16,824	14,395	3,119	3,251
Current liabilities				
Trade and other payables	2,063	1,708	162	155
Lease liabilities	14	14	5	5
Contract liabilities	116	121	2	2
Provisions	32	40	17	19
Other financial liabilities	218	87	–	–
Current tax payable	203	181	51	49
Interest-bearing borrowings	1,024	754	–	–
	3,670	2,905	237	230
Net current assets	983	1,028	188	319
Non-current liabilities				
Deferred tax liabilities	540	392	25	25
Other long-term payables	102	105	1,335	1,465
Lease liabilities	258	244	116	110
Provisions	64	64	12	12
Other financial liabilities	22	56	–	–
Interest-bearing borrowings	7,643	6,637	–	–
Contract liabilities	70	74	26	27
	8,699	7,572	1,514	1,639
Total liabilities	12,369	10,477	1,751	1,869
Net assets	4,455	3,918	1,368	1,382
Equity attributable to owners of the Company:				
Share capital	566	566	566	566
Other reserves	(132)	(148)	(7)	(10)
Revenue reserve	3,788	3,349	809	826
	4,222	3,767	1,368	1,382
Non-controlling interests	233	151	–	–
Total equity	4,455	3,918	1,368	1,382

5. BALANCE SHEETS (Cont'd)

5a. Group's borrowings and debt securities

<i>(S\$ million)</i>	As at June 30, 2022	As at December 31, 2021
Amount repayable:		
(i) <u>In one year or less, or on demand</u>		
Interest-bearing borrowings		
Secured	472	612
Unsecured	552	142
	<u>1,024</u>	<u>754</u>
(ii) <u>Between one to five years</u>		
Interest-bearing borrowings		
Secured	1,662	1,330
Unsecured	2,622	2,835
	<u>4,284</u>	<u>4,165</u>
(iii) <u>After five years</u>		
Interest-bearing borrowings		
Secured	1,986	1,398
Unsecured	1,373	1,074
	<u>3,359</u>	<u>2,472</u>
Total	<u>8,667</u>	<u>7,391</u>
(iv) The secured loans are collateralised by the following assets' net book value:		
Net assets and equity shares of subsidiaries, property, plant and equipment, and other assets	<u>7,427</u>	<u>6,522</u>

During the period, the Group issued S\$300 million sustainability-linked bond and secured an additional S\$1.4 billion of sustainability-linked revolving credit and term loan facilities through its wholly owned subsidiary, Sembcorp Financial Services Pte Ltd (SFS).

As at June 30, 2022, the Group has deployed approximately S\$2,798 million of funding from green and sustainable financing and refinancing to support the Group's transformation strategy.

5b. Net asset value

	<u>GROUP</u>		<u>COMPANY</u>	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
Net asset value per ordinary share based on issued share capital at the end of the financial period (in S\$)	2.36	2.12	0.77	0.78

5. BALANCE SHEETS (Cont'd)

5c. Property, plant and equipment (PPE)

In 1H2022, the Group added PPE amounting to S\$1,120 million of which S\$193 million was PPE purchased in 1H2022 (1H2021: S\$176 million) and S\$927 million was PPE consolidated from HYNE (Note 7b).

5d. Investment properties

The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The Group has assessed that there were no impairment indicators as at June 30, 2022.

The decrease in 1H2022 is primarily due to the depreciation for the period.

5e. Associates and joint ventures

Associates and joint ventures increased mainly due to acquisition of a 35% interest in an associated company, SDIC on January 28, 2022, with equity consideration of S\$320 million. The Group's share of SDIC's profit for the current period was S\$23 million.

5f. Other financial assets and liabilities

<i>(S\$ million)</i>	Note	As at June 30, 2022	As at December 31, 2021
Financial assets at amortised cost	(i)	84	114
Financial assets at FVOCI		54	53
Financial assets at fair value through profit or loss (FVTPL)	(ii)	82	113
Derivative financial assets	(iii)	366	291
Other financial assets		586	571
Derivative financial liabilities	(iii)	240	143
Other financial liabilities		240	143

(i) Decrease in financial assets at amortised cost mainly resulted from decrease of fixed deposit.

(ii) Decrease in financial assets at FVTPL mainly due to net decrease in mutual funds.

(iii) The increase in derivative financial assets and liabilities, net of settlement, was mainly for fuel oil and gas hedges which increased with the higher fuel and gas prices as at June 30, 2022. The net changes also included the effect of changes in interest rate swaps, cross currency swaps and foreign exchange forwards.

5. BALANCE SHEETS (Cont'd)

5g. Intangible assets

(S\$ million)	GROUP					Total
	Goodwill	Service concession arrangements	Long-term contracts	Power generation permits	Others	
Cost						
Balance at January 1, 2022	278	58	235	–	137	708
Translation adjustments	(7)	(2)	(10)	3	(4)	(20)
Acquisition of subsidiaries	33 [^]	–	–	415 [^]	*	448
Additions	–	*	–	–	24	24
Disposals and write offs	–	*	–	–	(66)	(66)
Balance at June 30, 2022	304	56	225	418	91	1,094
Accumulated amortisation and impairment						
Balance at January 1, 2022	119	28	132	–	39	318
Translation adjustments	(6)	(2)	(7)	*	*	(15)
Amortisation charge for the period	–	2	4	1	4	11
Disposals and write offs	–	*	–	–	*	*
Balance at June 30, 2022	113	28	129	1	43	314
Carrying amount						
At January 1, 2022	159	30	103	–	98	390
At June 30, 2022	191	28	96	417	48	780

[^] Determined on provisional basis

Power generation permits from HYNE acquisition was assessed based on Multi-period Excess Earnings Method which reflects the present value of the projected stream of cash flows generated by the permits over the remaining contractual period ranging from 22 to 25 years.

Other intangible assets included carbon allowances which are recorded at cost. The disposals of S\$66 million in 1H2022 (1H2021: S\$22 million) related to the settling of the Group's carbon obligations in the UK.

(S\$ million)	COMPANY		
	Goodwill	Others	Total
Cost			
Balance at January 1, 2022	19	27	46
Additions	–	2	2
Disposals and write offs	–	*	*
Balance at June 30, 2022	19	29	48
Accumulated amortisation and impairment			
Balance at January 1, 2022	–	21	21
Amortisation charge for the period	–	1	1
Disposals and write offs	–	*	*
Balance at June 30, 2022	–	22	22
Carrying amount			
At January 1, 2022	19	6	25
At June 30, 2022	19	7	26

5. BALANCE SHEETS (Cont'd)

5g. Intangible assets (Cont'd)

Goodwill

There have been no changes to the goodwill allocated to CGUs and no impairment indicators noted as at June 30, 2022, for goodwill as per the last audited financial statements. The increase in goodwill during the period arose from the acquisition of HYNE (Note 7b).

5h. Explanatory notes to other Balance Sheets items

(i) Group

Current assets

“Inventories” increased mainly due to higher coal inventory due to lower coal consumption during plant maintenance in June 2022.

“Trade and other receivables” increased mainly from the HYNE acquisition (Note 7b), slower collection and higher unbilled receivables due to higher HSFO prices as at June 30, 2022.

Current liabilities

“Current tax payable” increased in line with higher profits for the period.

(ii) Company

“Cash and cash equivalents” and “Other long-term payables” decreased mainly due to loan repayment to a related company of S\$130 million.

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity of the Group

(S\$ million)	Attributable to Owners of the Company						Non- control- ling interests	Total equity
	Share capital	Reserve for own shares	Foreign currency trans- lation reserve	Other reserves	Revenue reserve	Total		
1H2022								
At January 1, 2022	566	(15)	(401)	268	3,349	3,767	151	3,918
Profit for the period	–	–	–	–	490	490	9	499
Other comprehensive income								
Foreign currency translation differences for foreign operations	–	–	(96)	–	–	(96)	*	(96)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	(5)	–	–	(5)	–	(5)
Net change in fair value of cash flow hedges	–	–	–	211	–	211	1	212
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(142)	–	(142)	–	(142)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	1	–	1	–	1
Transfer of reserves	–	–	(2)	–	2	–	–	–
Realisation of reserves upon disposal of an associate	–	–	1	1	–	2	–	2
Defined benefit plan actuarial gains and losses	–	–	–	–	(1)	(1)	*	(1)
Share of other comprehensive income of associates and joint ventures	–	–	–	44	2	46	–	46
Total other comprehensive income	–	–	(102)	115	3	16	1	17
Total comprehensive income	–	–	(102)	115	493	506	10	516
Transactions with owners of the Company, recognised directly in equity								
Share issuance	–	–	–	–	–	–	16	16
Acquisition of subsidiaries	–	–	–	–	–	–	63	63
Share-based payments	–	–	–	3	–	3	–	3
Treasury shares transferred to employees	–	11	–	(11)	–	–	–	–
Dividend paid / payable	–	–	–	–	(54)	(54)	(7)	(61)
Total transactions with owners	–	11	–	(8)	(54)	(51)	72	21
At June 30, 2022	566	(4)	(503)	375	3,788	4,222	233	4,455

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

6a. Statements of Changes in Equity of the Group (Cont'd)

(S\$ million)	Attributable to Owners of the Company						Non- control- ling interests	Total equity
	Share capital	Reserve for own shares	Foreign currency trans- lation reserve	Other reserves	Revenue reserve	Total		
1H2021								
At January 1, 2021	566	(11)	(475)	106	3,153	3,339	137	3,476
Profit for the period	–	–	–	–	46	46	8	54
Other comprehensive income								
Foreign currency translation differences for foreign operations	–	–	16	–	*	16	*	16
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	3	–	–	3	–	3
Net change in fair value of cash flow hedges	–	–	–	123	–	123	1	124
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	(57)	–	(57)	–	(57)
Cost of hedging reserve – changes in fair value	–	–	–	(28)	–	(28)	–	(28)
Cost of hedging reserve – reclassified to profit or loss	–	–	–	26	–	26	–	26
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(7)	–	(7)	–	(7)
Realisation of reserves upon disposal of asset held for sale	–	–	(3)	–	–	(3)	–	(3)
Defined benefit plan actuarial gains and losses	–	–	–	–	*	*	–	*
Share of other comprehensive income of associates and joint ventures	–	–	–	24	(1)	23	–	23
Total other comprehensive income	–	–	16	81	(1)	96	1	97
Total comprehensive income	–	–	16	81	45	142	9	151
Transactions with owners of the Company, recognised directly in equity								
Treasury shares transferred to employees	–	9	–	(9)	–	–	–	–
Share-based payments	–	–	–	2	–	2	–	2
Dividend paid / payable	–	–	–	–	(71)	(71)	(10)	(81)
Total transactions with owners	–	9	–	(7)	(71)	(69)	(10)	(79)
At June 30, 2021	566	(2)	(459)	180	3,127	3,412	136	3,548

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

6b. Statements of Changes in Equity of the Company

(S\$ million)	Attributable to Owners of the Company				Total equity
	Share capital	Reserve for own shares	Other reserves	Revenue reserve	
1H2022					
At January 1, 2022	566	(15)	5	826	1,382
Profit for the period	–	–	–	37	37
Total comprehensive income	–	–	–	37	37
Transactions with owners of the Company, recognised directly in equity					
Treasury shares transferred to employees	–	11	(11)	–	–
Share-based payments	–	–	3	–	3
Dividend paid / payable	–	–	–	(54)	(54)
Total transactions with owners	–	11	(8)	(54)	(51)
At June 30, 2022	566	(4)	(3)	809	1,368
1H2021					
At January 1, 2021	566	(11)	*	654	1,209
Profit for the period	–	–	–	94	94
Total comprehensive income	–	–	–	94	94
Transactions with owners of the Company, recognised directly in equity					
Treasury shares transferred to employees	–	9	(9)	–	–
Share-based payments	–	–	2	–	2
Dividend paid / payable	–	–	–	(71)	(71)
Total transactions with owners	–	9	(7)	(71)	(69)
At June 30, 2021	566	(2)	(7)	677	1,234

6c. Changes in the Company's share capital

Issued share capital and treasury shares

	Number of shares	
	Issued share capital	Treasury shares
At January 1, 2022	1,787,547,732	7,515,526
Treasury shares transferred pursuant to restricted share plan	–	(5,601,561)
At June 30, 2022	1,787,547,732	1,913,965

Issued and paid-up capital

As at June 30, 2022, the Company's issued and paid-up capital excluding treasury shares comprised 1,785,633,767 (June 30, 2021: 1,786,631,577) ordinary shares.

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

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

Treasury shares

During 1H2022, the Company acquired nil (1H2021: nil) ordinary shares by way of on-market purchases. 5,601,561 (1H2021: 5,322,618) treasury shares were re-issued pursuant to Performance Share Plan (PSP) and Restricted Share Plan (RSP).

As at June 30, 2022, there were 1,913,965 (June 30, 2021: 916,155) treasury shares held that may be re-issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

Performance shares

	Number of shares
At January 1, 2022	14,297,428
Performance shares awarded	12,103,400
Performance shares released	(1,056,900)
Performance shares lapsed due to under-achievement of targets	(2,106,401)
At June 30, 2022	<u>23,237,527</u>

During 1H2022, 12,103,400 (1H2021: 3,434,491) performance shares were awarded under the Company's PSP and 1,056,900 (1H2021: nil) performance shares were released by way of issuance of treasury shares. 2,106,401 (1H2021: 3,604,276) performance shares were lapsed arising from under-achievement of the performance target.

The total number of performance shares in Awards granted conditionally and representing 100% of targets to be achieved but not released as at June 30, 2022 was 23,237,527 (June 30, 2021: 6,269,714). Based on the achievement factor, the actual release of the Awards could range from zero to a maximum of 35,689,018 (June 30, 2021: 9,404,571) performance shares.

Restricted shares

	Number of shares			
	2017 & before	2019 and 2020	2021 onwards	Total
At January 1, 2022	5,716	4,723,201	1,578,807	6,307,724
Restricted shares awarded	–	–	2,834,277	2,834,277
Restricted shares released	–	(2,727,527)	(1,991,072)	(4,718,599)
Restricted shares lapsed	–	(91,193)	(38,729)	(129,922)
At June 30, 2022	<u>5,716</u>	<u>1,904,481</u>	<u>2,383,283</u>	<u>4,293,480</u>

For the grant awarded in 2022, a third of the SCI RSP awards granted will vest immediately with the remaining two-thirds of the awards vesting over the following two years in equal tranches subject to individual performance and fulfilment of service conditions at vesting.

During 1H2022, 2,834,277 (1H2021: 2,792,383) restricted shares were awarded under the RSP, 4,718,599 (1H2021: 5,641,584) restricted shares were released and 129,922 (1H2021: 971,456) restricted shares lapsed. Of the restricted shares released, 4,544,661 (1H2021: 5,322,618) were settled by way of issuance of treasury shares and 173,938 (1H2021: 318,966) were cash-settled.

The total number of restricted shares outstanding for Awards achieved but not released as at June 30, 2022 was 4,293,480 (June 30, 2021: 6,692,091).

With effect from 2019 Awards granted, the RSP balances represent 100% of targets achieved but not released, subject to individual performance and fulfilment of service conditions at vesting.

For details of the 2020 Share Plan, please refer to the last audited financial statements.

7. CONSOLIDATED STATEMENT OF CASH FLOWS

(S\$ million)	Note	GROUP	
		1H2022	1H2021
Cash Flows from Operating Activities			
Profit for the period		499	54
Adjustments for:			
Finance income		(16)	(14)
Finance costs		194	215
Depreciation and amortisation		219	223
Amortisation of deferred income and capital grants		(3)	(2)
Share of results of associates and joint ventures, net of tax		(133)	(104)
Gain on disposal of property, plant and equipment, intangible assets and other financial assets		(4)	(7)
Gain on disposal of asset held for sale		–	(3)
Gain on disposal of an associate		(2)	–
Changes in fair value of financial instruments and other financial assets		2	2
Inventories written down, written off and allowance for stock obsolescence, net		3	*
Impairment of investment in a joint venture	2b(x)	–	212
Equity settled share-based compensation expenses		3	2
Allowance made for impairment loss in value of assets and assets written off, net		5	3
Allowance for expected credit loss		*	7
Tax expense		93	57
Operating profit before working capital changes		860	645
Changes in working capital:			
Inventories		(198)	(72)
Receivables		(83)	(91)
Payables		24	74
Contract costs		*	*
Contract assets		9	(1)
Contract liabilities		(9)	(47)
		603	508
Tax paid		(37)	(28)
Net cash from operating activities		566	480

7. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

(S\$ million)	Note	GROUP	
		1H2022	1H2021
Cash Flows from Investing Activities			
Dividend received		20	24
Interest received		15	16
Proceeds from disposal of asset held for sale		–	30
Proceeds from sale of joint venture / associates		13	–
Proceeds from sale of other financial assets and business		231	136
Proceeds from sale of property, plant and equipment		*	1
Proceeds from sale of intangible assets		*	*
Proceeds from sale of investment properties		–	*
Non-trade balances with related corporations, net of repayment		–	5
Acquisition of / additional investments in joint ventures and associates		(390)	(4)
Acquisition of other financial assets		(183)	(115)
Acquisition of subsidiaries, net of cash acquired	7b	(350)	–
Purchase of property, plant and equipment and investment properties		(169)	(147)
Purchase of intangible assets		(3)	(3)
Net cash used in investing activities		(816)	(57)
Cash Flows from Financing Activities			
Proceeds from share issue to non-controlling interests of subsidiaries		16	–
Proceeds from borrowings		2,246	2,113
Repayment of borrowings		(1,814)	(2,163)
Repayment of lease liabilities		(11)	(6)
Dividends paid to owners of the Company		(54)	(71)
Dividends paid to non-controlling interests of subsidiaries		(5)	(10)
Receipt of restricted cash held as collateral		38	4
Interest paid		(171)	(168)
Net cash from / (used in) from financing activities		245	(301)
Net (decrease) / increase in cash and cash equivalents		(5)	122
Cash and cash equivalents at beginning of the period		1,297	1,009
Effect of exchange rate changes on balances held in foreign currency		(26)	9
Cash and cash equivalents at end of the period	7a	1,266	1,140

7a. Cash and cash equivalents

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

(S\$ million)	GROUP	
	As at June 30, 2022	As at December 31, 2021
Fixed deposits with banks	439	549
Cash and bank balances	836	795
Cash and cash equivalents in the balance sheets	1,275	1,344
Restricted bank balances held as collateral by banks	(9)	(47)
Cash and cash equivalents in the consolidated statement of cash flows	1,266	1,297

7. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

7b. Cash flow on acquisition of subsidiary, net of cash acquired

On June 1, 2022, the Group completed the acquisition of a 98% interest in HYNE, which consists of a portfolio of operational wind and solar photovoltaic assets. The acquisition will enable the Group to scale its renewables capacity towards meeting its targets by 2025, as part of the brown to green transformation.

In the month of June 2022, HYNE contributed turnover of S\$18 million and profit of S\$7 million to the Group's results. If the acquisition had occurred on January 1, 2022, management estimated that the consolidated turnover and profit for the half-year ended June 30, 2022, would have increased from S\$4,755 million to S\$4,837 million and from S\$499 million to S\$531 million, respectively.

<i>(S\$ million)</i>	Note	1H2022
Effect on cash flows of the Group		
Cash paid		445
Less: Cash and cash equivalents in subsidiaries acquired		(95)
Cash outflow on acquisition		<u>350</u>
Identifiable assets acquired and liabilities assumed⁴		
Property, plant and equipment		927
Intangible assets		415
Deferred tax assets		*
Trade and other receivables		441
Cash and cash equivalents		95
Total assets		<u>1,878</u>
Trade and other payables		164
Borrowings		887
Lease liabilities		10
Current tax payable		3
Deferred tax liabilities		103
Total liabilities		<u>1,167</u>
Identifiable net assets		711
Less: NCI measured on proportionate basis		(63)
Identifiable net assets acquired		<u>648</u>
Add: Goodwill acquired	(i)	<u>33</u>
Consideration transferred for the business		681
Less: Contingent and deferred consideration	(ii)	<u>(236)</u>
Cash paid		<u>445</u>

⁴ Inclusive of fair value adjustments, determined on provisional basis as of June 30, 2022

7. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

7b. Cash flow on acquisition of subsidiary and business, net of cash acquired (Cont'd)

- (i) The goodwill recognised is not expected to be deductible for tax purposes.
- (ii) Contingent and deferred considerations

The contingent considerations arrangement was for payment of a defined quantum upon obtaining the necessary operating permits, securing subsidy financing and admission into the National Subsidy Catalog for certain projects within an agreed period.

In determining the fair value of the contingent consideration, the Group has applied judgement in evaluating the probability and timing of fulfilment, taking into consideration past experiences and changes to the market, economic or legal environment in China.

There is also the deferred consideration payable at the earlier of obtaining the necessary subsidy financing for certain assets or two years from the acquisition date.

The liabilities relating to the above are presented within trade and other payables in the balance sheet as at June 30, 2022.

- (iii) Acquisition-related costs amounting to S\$1.6 million have been excluded from the consideration transferred and have been recognised within general & administrative expenses in the profit or loss.

7c. Explanatory notes to Consolidated Statement of Cash Flows

(i) Half-year ended June 30, 2022

Net cash from operating activities before changes in working capital stood at S\$860 million while net cash from operating activities was S\$566 million. Net cash outflow from working capital changes was mainly due to higher coal stock and higher receivables balance.

Net cash used in investing activities was S\$816 million, mainly for the acquisition of SDIC and HYNE and purchase of PPE which included S\$87 million of expansionary capital expenditure for the Group's renewables projects.

Net cash from financing activities was S\$245 million, mainly from the S\$300 million issuance of sustainability-linked bonds, increase in borrowings as a result of consolidation of HYNE, offset by loan repayments, interest and dividend paid.

(ii) Significant non-cash transactions

There were no material non-cash transactions other than those disclosed in the cash flow statement.

8. ACCOUNTING POLICIES

8a. Basis of preparation

The interim financial statements for the six months ended June 30, 2022, are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 Interim Financial Reporting. They 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 audited financial statements as at and for the year ended December 31, 2021.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current half-year as the last audited financial statements, except for the adoption of new and amended standards as set out in Note 8b.

8. ACCOUNTING POLICIES (Cont'd)

8b. New and amended standards adopted by the Group

The Group has applied the following amendments to SFRS(I)s which became effective on January 1, 2022:

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

The adoption of these amendments to standards and interpretations does not have a material effect on the financial statements.

8c. Accounting estimates and judgements

In preparing these interim financial statements, management has made judgements and estimates 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 audited annual financial statements, except for:

Acquisition

During the year the Group made two significant acquisitions, requiring the purchase price to be allocated to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed. Judgement is required in determining the classification of the acquisitions as asset acquisitions or business combinations. There is judgement and inherent uncertainty involved in the valuation of the assets and liabilities as well as settlement of any existing litigations between the parties.

The Group has used provisional amounts of purchase price allocation for the accounting of these acquisitions and has a one-year measurement period from the acquisition date to complete the accounting for the acquisitions. Fair value adjustments may arise on the completion of respective final purchase price allocations due to the estimation uncertainty involved.

9. RELATED PARTIES

9a. Related party transactions

The balances due from related parties arose from the usual trade transactions, reimbursements and for financing capital expansion.

9b. Key Management Personnel

There were no changes to the key management personnel and their compensation scheme in 1H2022.

10. FAIR VALUE MEASUREMENTS

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 – Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – 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 – Using inputs not based on observable market data (unobservable input).

Securities

The fair value of financial assets 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.

10. FAIR VALUE MEASUREMENTS (Cont'd)

Derivatives

The Group uses derivatives for hedging and enhancement of performance purposes. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures market contracts. They are accounted on a basis consistent with that disclosed in the most recent annual financial report.

1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current market price.
2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.
3. The fair value of fuel oil swaps contracts is accounted for based on the difference between the contractual strike price with the counterparty and the current market price.
4. Contracts for differences (CFDs) are accounted for based on the difference between the contracted price entered with the counterparty and the reference price. The CFDs are measured at cost since the fair value cannot be measured reliably as there have been insufficient trades made in the electricity future market. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

For financial instruments not actively traded in the market, fair value is determined by independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

Financial assets and liabilities carried at fair value

(S\$ million)	Fair value measurement using:			Total
	Level 1	Level 2	Level 3	
Group				
As at June 30, 2022				
Financial assets at FVOCI	–	–	54	54
Financial assets at FVTPL	54	–	28	82
Derivative financial assets	–	366	–	366
	<u>54</u>	<u>366</u>	<u>82</u>	<u>502</u>
Financial liabilities at FVTPL	–	–	(141)	(141)
Derivative financial liabilities	–	(240)	–	(240)
	<u>54</u>	<u>126</u>	<u>(59)</u>	<u>121</u>
As at December 31, 2021				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	85	–	28	113
Derivative financial assets	–	291	–	291
	<u>85</u>	<u>291</u>	<u>81</u>	<u>457</u>
Derivative financial liabilities	–	(143)	–	(143)
	<u>85</u>	<u>148</u>	<u>81</u>	<u>314</u>

Financial asset at FVOCI in Level 3 of the fair value hierarchy include unquoted equity shares. The fair value of the unquoted equity shares is determined by reference to the investment's net asset values as stated in the unaudited financial statements.

Financial liabilities at FVTPL relate to the contingent consideration on acquisition of HYNE (Note 7b(ii)).

In 1H2022, there have been no transfers between the different levels of the fair value hierarchy.

10. FAIR VALUE MEASUREMENTS (Cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements of financial assets at FVOCI and FVTPL in Level 3 of the fair value hierarchy:

(S\$ million) Group	Financial assets at FVOCI	Financial assets at FVTPL	Financial liabilities at FVTPL
As at January 1, 2022	53	28	–
Addition	–	4	(141)
Net change in fair value	1	(2)	–
Disposal	–	(2)	–
As at June 30, 2022	54	28	(141)
As at January 1, 2021	71	26	–
Net change in fair value	(7)	7	–
Disposal	–	(8)	–
As at June 30, 2021	64	25	–
Addition	–	5	–
Net change in fair value	(11)	*	–
Disposal	–	(2)	–
As at December 31, 2021	53	28	–

Non-derivative financial assets and liabilities

Non-current

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the reporting date.

Current

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.

The fair value of financial assets and financial liabilities measured at amortised cost for the Group and Company approximate their carrying amounts, except for service concession receivables and non-current borrowings of the Group.

(S\$ million) Group	Financial assets at amortised costs	Other financial liabilities	Total carrying amount	Fair value
As at June 30, 2022				
Service concession receivables	946	–	946	1,590
Interest-bearing borrowings:				
– Non-current borrowings	–	(7,643)	(7,643)	(7,535)
As at December 31, 2021				
Service concession receivables	956	–	956	1,501
Interest-bearing borrowings:				
– Non-current borrowings	–	(6,637)	(6,637)	(6,654)
Company				
As at June 30, 2022				
Amounts due to related parties	–	(1,315)	(1,315)	(1,316)
As at December 31, 2021				
Amounts due to related parties	–	(1,445)	(1,445)	(1,451)

11. CONTINGENT LIABILITIES

As at the balance sheet date, the Group had the following contingent liabilities:

(S\$ million)	GROUP	
	As at June 30, 2022	As at December 31, 2021
Guarantees given to banks to secure banking facilities provided to:		
– Joint ventures	28	27
– Commodities traders	–	54
– Others	*	*
Performance guarantees to external parties	307	260

In 1H2022, the Company has issued a parent guarantee amounting to S\$73 million to support the development of 200MW of Energy Storage Systems on Jurong Island, Singapore. This parent guarantee is estimated to expire by December 31, 2022.

12. COMMITMENTS

Commitments not provided for in the financial statements are as follows:

(S\$ million)	Note	GROUP	
		As at June 30, 2022	As at December 31, 2021
Commitments in respect of acquisition of investments	(i)	–	1,020
Commitments in respect of contracts placed for property, plant and equipment	(ii)	545	152
Uncalled commitments to subscribe for additional shares in joint ventures and other investments		10	52
Commitments in respect of a civil settlement in China		45	45
		600	1,269

(i) The two acquisitions were completed in 1H2022 (see Note 5e and 7b).

(ii) The increased commitments in 1H2022 mainly related to the building, owning and operating of 200MW of Energy Storage Systems on Jurong Island, Singapore as well as construction of a 150MW battery at Wilton International, Teesside, UK.

13. AUDIT

The figures have not been audited or reviewed by the Company's auditors.

14. AUDITORS' REPORT

Not applicable.

15. VARIANCE FROM PROSPECT STATEMENT

On July 19, 2022, the Group announced that the financial results for 1H2022 is expected to be materially higher than 1H2021. This higher-than-expected performance in 1H2022 was driven by the Conventional Energy segment. Electricity price in Singapore and India continued to remain high in 1H2022.

16. PROSPECTS

This release contains 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, availability and cost of fuel and materials, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy, directives and changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the management on future events and impact on the Group.

Group

The Group performed well in the first half of 2022 (1H2022), mainly driven by the Conventional Energy segment due to higher electricity price in Singapore and India, as well as realised gains from favourable gas hedges in Singapore.

Underlying earnings for the Conventional Energy segment in the second half of the year (2H2022) are expected to remain strong, if market conditions seen in 1H2022 remain. Performance of the Renewables segment in 2H2022 will be underpinned by a full half-year contribution from the China renewables portfolio acquired in 1H2022.

Corporate costs are expected to increase due to rising interest rates and higher borrowing costs arising from the acquisitions of SDIC New Energy and Shenzhen Huiyang New Energy.

Full year results for the Group are expected to be significantly higher than 2021.

Notwithstanding the strong performance, the global economic outlook continues to be uncertain. Significant volatility in the commodity markets and supply chain risks caused by the ongoing geopolitical tensions, as well as tighter monetary policy to control inflation have increased the risk of a global recession, which could negatively impact performance.

The Group will continue to focus on the transformation of its portfolio from brown to green and the achievement of its 2025 targets.

17. DIVIDEND

(a) Current Financial Period Reported On

Name of Dividend	2022
	Interim Ordinary Exempt-1-Tier
Dividend Type	Cash
Dividend Amount (cents per shares)	4.0

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	2021
	Interim Ordinary Exempt-1-Tier
Dividend Type	Cash
Dividend Amount (cents per shares)	2.0

(c) Date Payable

The interim dividend will be paid on August 23, 2022.

(d) Notice of Record Date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on August 17, 2022 to determine the shareholders' entitlements to the dividend. Duly completed transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on August 16, 2022 (the "Record Date") will be registered to determine shareholders' entitlements to the dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on the Record Date will be entitled to the dividend.

18. INTERESTED PERSON TRANSACTIONS

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Group's latest NTA. For FY2022, 5% of the Group's consolidated NTA, as at December 31, 2021, was S\$168 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transaction of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2022, the Company obtained approval for such shareholders' mandate.

(S\$ million)	Nature of relationship	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) 1H2022	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 1H2022
Sale of goods and services			
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company ↓	4.2	–
Capitaland and its Associates		4.7	–
PSA International Pte Ltd and its Associates		456.8	–
Singapore Power Limited and its Associates		1.1	–
Olam International Ltd and its Associates		16.4	–
SATS Ltd and its Associates		0.2	–
Singapore Airlines and its Associates		1.5	–
Sembcorp Marine Ltd and its Associates		45.0	–
T-Pride Pte Ltd		0.3	–
Total sale of goods and services			530.2
Purchase of goods and services			
Singapore Power Limited and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company ↓	3.5	–
Singapore Technologies Engineering and its Associates		3.7	–
Mapletree Investments Pte Ltd and its Associates		2.0	–
Lan Ting Holdings Pte Ltd and its Associates		9.4	–
Total purchases of goods and services		18.6	–
Total		548.8	–

19. 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.

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

We, Ang Kong Hua, and Wong Kim Yin, being two directors of Sembcorp Industries Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the half-year ended June 30, 2022 unaudited financial results to be false or misleading.

On behalf of the board of directors

Ang Kong Hua
Chairman

Wong Kim Yin
Director

BY ORDER OF THE BOARD

Tan Yen Hui (Ms)
Company Secretary
August 5, 2022