

Media Release

Keppel's net profit rises 66% yoy to S\$498 million in 1H 2022

- *Strong recurring income growth of 43% yoy to S\$202 million in 1H 2022.*
- *Over S\$3.6 billion in asset monetisation announced from October 2020 to July 2022, with S\$2.9 billion in cash received.*
- *Higher interim dividend of 15.0 cents per share declared for 1H 2022.*

Singapore, 28 July 2022 – Keppel Corporation Limited (Keppel) reported an overall net profit of S\$498 million for the half year ended 30 June 2022, an increase of 66% over the previous year, underpinned by profitability across all segments including the discontinued offshore & marine operations¹.

Excluding the discontinued operations, the Group's net profit from continuing operations in 1H 2022 was S\$434 million, or 26% higher year-on-year, bolstered by recurring income which grew 43% to S\$202 million.

The Group's revenue from continuing operations grew 16% to S\$3,356 million in 1H 2022 from S\$2,888 million in 1H 2021. This was due mainly to a significant increase in contributions from the Energy & Environment and Asset Management segments, which more than offset the decline in Urban Development's revenue.

In 1H 2022, the Group achieved an annualised Return on Equity (ROE) of 8.4%, up from 5.5% a year ago. Free cash outflow was S\$127 million compared to an inflow of S\$499 million in 1H 2021 due mainly to lower divestment proceeds. The Group's net gearing remained unchanged at 0.68x as at 30 June 2022, compared to 31 December 2021.

The Group made substantial strides towards its Vision 2030 with the successful divestment of Keppel Logistics² and the signing of definitive agreements for the proposed combination of Keppel O&M and Sembcorp Marine, and also the resolution of Keppel O&M's legacy rigs and associated receivables.

Keppel can realise approximately S\$9.42 billion in value from the proposed O&M transactions, which is equivalent to S\$5.32 in value per share of Keppel Corporation. This

¹ Discontinued operations comprise the results of Keppel O&M, excluding certain out-of-scope assets, and other group adjustments.

² Includes Keppel Logistics' businesses in Singapore, Malaysia, Vietnam and Australia, as well as UrbanFox.

includes (i) S\$4.87 billion³ comprising shares in the Combined Entity, (ii) S\$500 million in cash, and (iii) S\$4.05 billion⁴ comprising vendor notes, perpetual securities and a 10% stake in Asset Co, which the Group expects to realise over time.

Keppel has also announced the monetisation of over S\$3.6 billion in assets since the asset monetisation programme began in October 2020, including Keppel Marina East Desalination Plant, which is being monetised through Keppel Infrastructure Trust (KIT).

The Group also continued to make good progress in driving collaboration and integration across business units. In July 2022, the Group announced a joint initiative between Keppel Corporation and KIT to invest S\$234 million in onshore wind assets with a capacity of 258MW across Europe. When the transaction is completed, the Group's renewable energy portfolio would grow 64% to about 1.8GW⁵, demonstrating Keppel's ability to quickly scale up in growth areas and expand sources of recurring income through its asset-light business model.

Reflecting confidence in the Group's vision and strategy, the Board of Keppel Corporation has approved an interim cash dividend of 15.0 cents per share for 1H 2022. This interim dividend, which will be paid to shareholders on 19 August 2022, is 25% higher than 2021's interim dividend of 12.0 cents per share.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Keppel has delivered a set of strong results in 1H 2022 against a challenging global economic landscape. In an extended inflationary environment, demand for real assets with cash flow, such as those which Keppel develops, operates and manages, will continue to grow, auguring well for the Group.

"These are very exciting times for Keppel as we prepare for a new phase in the Company's growth journey. When the Offshore & Marine transactions are completed, the new Keppel will be very different from what we were before. With the global energy transition and decarbonisation efforts, Keppel is in the right space, at the right time. In line

³ The sum of S\$4.87 billion, which is represented as the value attributable to 56% equity interest in the Combined Entity ("Pro Forma Value"), is computed based on (1) the assumption that 39,949,762,557 shares will be issued by Combined Entity to Keppel representing 56% of the issued and paid-up share capital of the Combined Entity, (2) the Sembcorp Marine shareholders being issued with, in aggregate, 44% of the issued and paid-up share capital of the Combined Entity, which for the purpose of the computation, is assumed to be the same number of shares, being 31,389,099,152, as held by Sembcorp Marine shareholders as at 26 April 2022 (the "Last Market Day"), being the last trading day immediately prior to the date of the Announcement (27 April 2022); and (3) S\$0.122, being the volume weighted average price ("VWAP") of the Sembcorp Marine Shares for the last 10 trading days up to and including the Last Market Day. The actual issue price used by the Combined Entity to issue their shares on the closing date of the combination would be determined by the Combined Entity subsequently and may not be the same as the aforementioned VWAP price. In any event, the market price of the Combined Entity's shares may vary from the issue price once the merger is completed and the Combined Entity starts trading.

⁴ This is computed on a pro forma basis, based on carrying values of the legacy rigs and associated receivables as at 31 December 2021. The actual value of the consideration will be based on the carrying values of these assets at the date of completion of the sale.

⁵ On a gross basis and includes projects under development.

with Vision 2030, we will focus on growing recurring income through our flagship offerings in clean energy, decarbonisation, environmental engineering, sustainable urban renewal and connectivity solutions, with a symbiotic asset management business to turbocharge the Group's growth and create value for all our stakeholders.”

The Energy & Environment segment recorded a net profit S\$109 million for 1H 2022 including discontinued operations, which was a sharp reversal from the net loss of S\$179 million in 2021. Keppel Infrastructure performed strongly in 1H 2022 with earnings growing 77% year-on-year⁶, and embarked on several new initiatives in renewables, carbon capture and floating solar solutions.

Meanwhile, discontinued operations recorded a net profit of S\$64 million in 1H 2022, reversing the net loss of S\$44 million in 2021. In 1H 2022, Keppel O&M secured S\$256 million of new orders, bringing its net orderbook to S\$4.4 billion as at the end of June 2022. Keppel O&M is in advanced discussions with Petrobras for up to two new Floating Production Storage and Offloading (FPSO) vessel projects, which would add over S\$8 billion to its orderbook, if awarded.

In the Urban Development segment, 1H 2022 net profit was lower year-on-year at S\$168 million mainly due to lower contributions from China trading projects and lower fair value gains from investment properties. To further accelerate its asset-light strategy, Keppel Land is actively exploring opportunities to significantly monetise its China and Vietnam landbank over the next one to two years, including injecting them into Keppel-managed funds.

In the Connectivity segment, net profit was lower year-on-year at S\$10 million mainly due to lower disposal gains. In 1H 2022, the Group's integrated data centre business, contributed total earnings of about S\$25 million⁷ to the Group. Meanwhile, M1's earnings rose 62% year-on-year in 1H 2022, underpinned by strong execution of its transformation plans and continuing growth in the enterprise business, coupled with the increase in roaming and prepaid revenues with the progressive reopening of economies.

In the Asset Management segment, net profit grew 32% to S\$155 million in 1H 2022, underpinned by higher fee income as well as higher share of fair value gains on investment properties and data centres. Keppel Capital's asset management fees⁸ rose steadily by 14% year-on-year to S\$126 million. In line with the Group's focus on sustainable urbanisation solutions, Keppel Capital is planning to launch new flagship funds such as the Keppel Core Infrastructure Fund and the Keppel Sustainable Urban Renewal Fund.

⁶ Does not include contribution from the business trust.

⁷ Recognised across the Connectivity and Asset Management segments.

⁸ Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associate with which Keppel has strategic alliance.

Financial Highlights

	1H 2022 (S\$ m)	1H 2021 (S\$ m)	Change (%)
Revenue	3,356	2,888	16
Operating Profit	355	207	71
Net Profit	498	300	66
– Profit from Continuing Operations	434	344	26
– Profit/ (Loss) from Discontinued Operations	64	(44)	n.m.f.
Earnings per Share	27.9 cents	16.5 cents	69

n.m.f. denotes No Meaningful Figure

- Annualised ROE was 8.4% in 1H 2022 compared to 5.5% in 1H 2021
- Net gearing was 0.68x as at end-June 2021
- Free cash outflow was S\$127 million in 1H 2022 compared to an inflow of S\$499 million in 1H 2021
- Declared interim cash dividend of 15.0 cents per share for 1H 2022

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For more information, please contact:

Ivana Chua (Ms)
General Manager
Group Corporate Communications
Keppel Corporation Limited
DID: (65) 6413 6436
Email: ivana.chua@kepcorp.com

Addendum

Energy & Environment

The Energy & Environment segment recorded a net profit of S\$109 million for 1H 2022 including discontinued operations. This was a sharp reversal from the net loss of S\$179 million in 2021, which had included an impairment of S\$318 million related to the Group's exposure to KrisEnergy, partly offset by the share of Floatel's net restructuring gain of S\$215 million.

Keppel Infrastructure performed strongly in 1H 2022 with earnings growing 77% year-on-year⁹. In June, Keppel Electric became the first entity in Singapore to be issued an electricity importer licence by Energy Market Authority and commenced its first renewable energy import under a two-year power purchase agreement for up to 100MW of renewable hydropower with Electricite Du Laos as part of the LTMS-PIP¹⁰. Keppel Infrastructure also signed a Memorandum of Understanding with the National Environment Agency to jointly study the feasibility and explore the implementation of carbon capture at Singapore's waste-to-energy plants, and received a grant from the Energy Market Authority and JTC to pilot Singapore's first membrane-based nearshore floating solar photovoltaic system at Jurong Island.

Meanwhile, discontinued operations recorded a net profit of S\$64 million in 1H 2022, reversing the net loss of S\$44 million in 1H 2021. Keppel O&M was profitable in 1H 2022, while Op Co¹¹ also made a net profit of S\$94 million in the same period.

In 1H 2022, Keppel O&M secured S\$256 million of new orders, bringing its net orderbook to S\$4.4 billion as at the end of June 2022. Keppel O&M is in advanced discussions with Petrobras for the P-80 FPSO contract, as well as an option for a second FPSO, which would together add over S\$8 billion to its orderbook, if awarded. Keppel O&M is also making good progress with its legacy rigs, having secured about S\$255 million worth of bareboat charter contracts for four of its legacy jackups, with charter periods of three to five years.

Urban Development

In the Urban Development segment, 1H 2022 net profit was lower year-on-year at S\$168 million mainly due to lower contributions from China trading projects and fair value gains from investment properties. In the first six months of the year, Keppel Land sold 1,010 homes, compared to 2,650 homes in 1H 2021, affected by headwinds in the China and Vietnam markets. Looking ahead, Keppel Land will continue to accelerate its pivot towards providing real estate-as-a-service and is also exploring a pipeline of sustainable

⁹ Does not include contribution from the business trust.

¹⁰ LTMS-PIP stands for Lao PDR-Thailand-Malaysia-Singapore Power Integration Project.

¹¹ Op Co comprises Keppel O&M excluding the legacy completed and uncompleted rigs and associated receivables and its interests in Floatel and Dyna-Mac.

urban renewal and senior living projects across key markets. To further accelerate its asset-light strategy, Keppel Land is actively exploring opportunities to significantly monetise its China and Vietnam landbank over the next one to two years, including the possibility of injecting them into Keppel-managed funds.

Connectivity

In the Connectivity segment, net profit was lower year-on-year at S\$10 million mainly due to an absence of gain from the disposal of interests in Keppel Logistics (Foshan) in 1H 2021. Meanwhile, the Group's integrated data centre business, comprising Keppel Data Centres working in collaboration with the private funds and data centre REIT managed by Keppel Capital, contributed total earnings of about S\$25 million¹² to the Group in 1H 2022. The Group announced its sixth data centre project in mainland China, to cater to the strong demand for data centres, driven by the country's continuing digitalisation and data localisation requirements. In Singapore, the Group is also actively working with the government and partners to introduce green power and energy efficient infrastructure for both its new and existing data centres.

M1's earnings rose 62% year-on-year in 1H 2022, underpinned by strong execution of its transformation plans and continuing growth in the enterprise business, coupled with the increase in roaming and prepaid revenues with the progressive reopening of economies. M1 continues to make good progress in its 5G Standalone Network rollout, having achieved more than 80% outdoor coverage as at end-June 2022. M1 is also actively collaborating with other Keppel business units and industry partners to create smarter, future-ready solutions and more 5G use cases.

Asset Management

In the Asset Management segment, net profit grew 32% to S\$155 million in 1H 2022, underpinned by higher fee income arising from successful acquisitions by the REITs & Trust, as well as higher share of fair value gains on investment properties and data centres. Keppel Capital's asset management fees¹³ rose steadily, up 14% year-on-year to S\$126 million, further boosting the Group's recurring income. Looking ahead, Keppel Capital is planning to launch new flagship funds such as the Keppel Core Infrastructure Fund and the Keppel Sustainable Urban Renewal Fund, in line with the Group's focus on sustainable urbanisation solutions.

¹² Recognised across the Connectivity and Asset Management segments.

¹³ Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associate with which Keppel has strategic alliance.

KEPPEL CORPORATION LIMITED
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS & DIVIDEND
ANNOUNCEMENT**

FOR THE HALF YEAR ENDED 30 JUNE 2022

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KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the half year ended 30 June 2022

On 27 April 2022, Keppel Corporation Limited (“the Company”) and Sembcorp Marine Ltd (“Sembcorp Marine”) entered into definitive agreements for the proposed combination of Keppel Offshore & Marine Ltd (“Keppel O&M”) and Sembcorp Marine. Concurrent with the proposed combination, the Company has entered into a definitive agreement with Baluran Limited and Kyanite Investment Holdings Pte Ltd, for the sale of Keppel O&M’s legacy rigs and associated receivables to a new and separate entity.

In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the performance of Keppel O&M, as a separate reportable operating segment, excluding certain out-of-scope assets, are presented as discontinued operations for the period, with comparative information re-presented accordingly. Refer to Note 13 for further details.

	Note	Half Year		+/- %	
		30.06.2022 \$'000	30.06.2021# \$'000		
Continuing operations					
Revenue	6	3,355,730	2,887,720	+16.2	
Materials, subcontract and other costs		(2,644,124)	(2,102,507)	+25.8	(i)
Staff costs		(346,130)	(310,267)	+11.6	(ii)
Depreciation and amortisation		(101,840)	(139,245)	-26.9	(iii)
Expected credit loss on financial assets, contract assets and financial guarantee	7	(2,058)	(286,316)	-99.3	
Other operating income – net	7	93,236	157,299	-40.7	
Operating profit		354,814	206,684	+71.7	
Investment income		24,206	81,213	-70.2	(iv)
Interest income		46,714	44,041	+6.1	(v)
Interest expenses		(78,113)	(75,697)	+3.2	(vi)
Share of results of associated companies and joint ventures	3	203,148	308,889	-34.2	(vii)
Profit before tax		550,769	565,130	-2.5	
Taxation		(110,017)	(222,450)	-50.5	(viii)
Profit from continuing operations for the period		440,752	342,680	+28.6	
Discontinued operations					
Profit/(loss) from discontinued operations, net of tax	13	62,531	(45,831)	n.m.f.	
Profit for the period		503,283	296,849	+69.5	
Attributable to:					
Shareholders of the Company:					
- from continuing operations		434,142	343,547	+26.4	
- from discontinued operations		63,363	(43,751)	n.m.f.	
		497,505	299,796	+65.9	
Perpetual securities holders		5,752	–	n.m.f.	
Non-controlling interests		26	(2,947)	n.m.f.	
		503,283	296,849	+69.5	
Earnings per ordinary share					
- basic		27.9 cts	16.5 cts	+69.1	(ix)
- diluted		27.6 cts	16.4 cts	+68.3	
Earnings per ordinary share - Continuing operations:					
- basic		24.3 cts	18.9 cts	+28.6	
- diluted		24.1 cts	18.8 cts	+28.2	

n.m.f. - No Meaningful Figure

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

- (i) Materials, subcontract and other costs increased for the half year ended 30 June 2022 in line with higher revenue from the Energy & Environment and Connectivity segments, partly offset by Urban Development segment. The extent of increase in materials, subcontract and other costs was higher than the increase in revenue mainly due to M1 commencing recognition of network service fee expenses in the current period, and higher electricity tariffs.
- (ii) Staff costs increased for the half year ended 30 June 2022 mainly due to increase in headcount to support growth in existing businesses and new initiatives, as well as higher share plan expense as a result from higher share price.
- (iii) Depreciation and amortisation for the half year ended 30 June 2022 was lower mainly due to the disposal of M1's network assets in December 2021.
- (iv) Investment income for the half year ended 30 June 2022 was lower mainly due to lower distributions received from funds invested.
- (v) Higher interest income for the half year ended 30 June 2022 largely attributable to the Urban Development segment.
- (vi) Higher interest expense was mainly attributable to higher weighted average interest rates on borrowings.
- (vii) Share of results of associated companies and joint ventures for the half year ended 30 June 2022 was lower mainly due to absence of share of Floatel International Ltd's ("Floatel") restructuring gain recognised in 1H 2021, partly offset by higher share of profits from associated companies and joint ventures in the Energy and Environment, Asset Management and Urban Development segments.
- (viii) Taxation expenses for the half year ended 30 June 2022 were lower mainly due to lower taxable profits in the Urban Development business.
- (ix) Earnings per ordinary share

	Half Year		
	30.06.2022	30.06.2021#	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares:			
- Profit for the period from continuing operations	24.3 cts	18.9 cts	+28.6
- Profit/(loss) for the period from discontinued operations	3.6 cts	(2.4) cts	n.m.f.
Profit for the period	27.9 cts	16.5 cts	+69.1
- Weighted average number of shares (excluding treasury shares) ('000)	1,785,596	1,820,416	-1.9
(ii) On a fully diluted basis			
- Profit for the period from continuing operations	24.1 cts	18.8 cts	+28.2
- Profit/(loss) for the period from discontinued operations	3.5 cts	(2.4) cts	n.m.f.
Profit for the period	27.6 cts	16.4 cts	+68.3
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,803,675	1,831,263	-1.5

n.m.f. - No Meaningful Figure

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2022

	Half Year		+/- %
	30.06.2022 \$'000	30.06.2021# \$'000	
Profit for the period	503,283	296,849	+69.5
<u>Items that may be reclassified subsequently to profit & loss account:</u>			
Cash flow hedges			
- Fair value changes arising during the period, net of tax	372,456	165,650	+124.8 (i)
- Realised and transferred to profit & loss account	129,873	21,721	+497.9 (ii)
Foreign exchange translation			
- Exchange differences arising during the period	(147,075)	57,859	n.m.f. (iii)
- Realised and transferred to profit & loss account	3,930	(473)	n.m.f.
Share of other comprehensive income of associated companies and joint ventures			
- Cash flow hedges	56,518	18,413	+206.9
- Foreign exchange translation	(61,490)	34,532	n.m.f.
	354,212	297,702	+19.0
<u>Items that will not be reclassified subsequently to profit & loss account:</u>			
Financial assets, at FVOCI			
- Fair value changes arising during the period	37,604	(55,348)	n.m.f. (iv)
Foreign exchange translation			
- Exchange differences arising during the period	(6,275)	975	n.m.f. (iii)
Share of other comprehensive income of associated companies and joint ventures			
- Financial assets, at FVOCI	(173)	424	n.m.f.
	31,156	(53,949)	n.m.f.
Other comprehensive income for the period, net of tax	385,368	243,753	+58.1
Total comprehensive income for the period	888,651	540,602	+64.4
Attributable to:			
Shareholders of the Company:			
- from continuing operations	742,986	576,967	+28.8
- from discontinued operations	147,881	(35,217)	n.m.f.
	890,867	541,750	+64.4
Perpetual securities holders	5,752	-	n.m.f.
Non-controlling interests	(7,968)	(1,148)	>+500
	888,651	540,602	+64.4

n.m.f. - No Meaningful Figure

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

- (i) Fair value differences were due mainly to the hedging differential on forward exchange contracts and fuel oil forward contracts.
- (ii) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.
- (iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation losses in the current period arose largely from the weakening of foreign currencies, such as Renminbi against Singapore dollar.

The translation gains in the prior period arose largely from the strengthening of foreign currencies, such as Renminbi against Singapore dollar.

- (iv) Fair value changes were attributable to movements in prices of financial assets measured at fair value with fair value changes recognised in other comprehensive income.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

As at 30 June 2022

		Group		Company	
Note	30.06.2022	31.12.2021	30.06.2022	31.12.2021	
	\$'000	\$'000	\$'000	\$'000	
Share capital	5	1,305,668	1,305,668	1,305,668	1,305,668
Treasury shares		(320,407)	(4,624)	(320,407)	(4,624)
Reserves		10,836,343	10,354,096	9,411,165	8,495,816
Share capital & reserves		11,821,604	11,655,140	10,396,426	9,796,860
Perpetual securities		401,521	401,521	401,521	401,521
Non-controlling interests		345,162	384,700	-	-
Total equity		12,568,287	12,441,361	10,797,947	10,198,381
Represented by:					
Fixed assets		903,696	2,044,374	6,912	8,462
Investment properties		4,274,267	4,256,428	-	-
Right-of-use assets		255,188	529,216	13,509	15,231
Subsidiaries	2	-	-	10,358,662	7,993,786
Associated companies and joint ventures	3	6,281,188	6,050,258	-	-
Investments		1,451,490	1,447,664	25,253	24,100
Deferred tax assets		86,463	212,679	9,272	9,313
Long term assets		687,959	1,347,354	245,509	122,507
Intangibles		1,549,995	1,589,272	-	-
		15,490,246	17,477,245	10,659,117	8,173,399
Current assets					
Stocks		2,819,245	4,603,985	-	-
Contract assets		218,369	3,169,694	-	-
Amounts due from:					
- subsidiaries		-	-	7,435,886	9,852,909
- associated companies and joint ventures		326,665	591,744	11,573	22,110
Debtors		1,546,717	2,168,612	8,218	9,971
Derivative assets		312,054	140,031	106,679	39,153
Short term investments		56,114	27,103	-	-
Bank balances, deposits & cash		1,790,878	3,616,633	5,859	810
		7,070,042	14,317,802	7,568,215	9,924,953
Disposal group and assets classified as held for sale	13	9,067,851	527,880	-	-
		16,137,893	14,845,682	7,568,215	9,924,953
Current liabilities					
Creditors		3,247,327	5,098,788	94,282	92,523
Derivative liabilities		235,721	249,690	34,974	31,284
Contract liabilities		357,958	1,002,024	-	-
Provisions for warranties		13,034	28,932	-	-
Amounts due to:					
- subsidiaries		-	-	353,002	175,802
- associated companies and joint ventures		250,221	286,085	30	882
Term loans	4	3,455,405	4,659,308	2,727,833	3,326,730
Lease liabilities	4	41,904	89,677	4,213	4,175
Taxation		393,971	505,479	48,725	39,651
		7,995,541	11,919,983	3,263,059	3,671,047
Liabilities directly associated with disposal group and assets classified as held for sale	13	3,444,292	38,330	-	-
		11,439,833	11,958,313	3,263,059	3,671,047
Net current assets		4,698,060	2,887,369	4,305,156	6,253,906
Non-current liabilities					
Term loans	4	6,726,625	6,795,912	4,029,032	4,113,695
Lease liabilities	4	171,351	472,042	10,400	12,265
Deferred tax liabilities		380,249	426,891	-	-
Other non-current liabilities		341,794	228,408	126,894	102,964
		7,620,019	7,923,253	4,166,326	4,228,924
Net assets		12,568,287	12,441,361	10,797,947	10,198,381
<i>Group net debt</i>		8,604,407	8,400,306	n.a.	n.a.
<i>Group net gearing ratio</i>		0.68x	0.68x	n.a.	n.a.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

(i) Net asset value

	Group			Company		
	30.06.2022	31.12.2021	+/-%	30.06.2022	31.12.2021	+/-%
Net asset value per ordinary share *	\$6.68	\$6.41	+4.2	\$5.87	\$5.38	+9.1
Net tangible asset per ordinary share *	\$5.80	\$5.53	+4.9	\$5.87	\$5.38	+9.1

* Based on share capital of 1,770,895,935 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2021: 1,819,614,508 ordinary shares (excluding treasury shares)).

(ii) Balance sheet analysis

Following the announcement on 27 April 2022 and in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities related to Keppel O&M, excluding the out-of-scope assets, had been presented in the balance sheet as "Disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" as at 30 June 2022. Refer to Note 13 for further details.

Group shareholder's funds increased by \$0.17 billion to \$11.82 billion as at 30 June 2022. The increase was mainly attributable to retained profits and increase in fair value on cash flow hedges for the half year ended 30 June 2022, as well as fair value gains from investments held at fair value through other comprehensive income during the period, partly offset by payment of final dividend of 21.0 cents per share in respect of financial year 2021, share buyback programme and foreign exchange translation losses.

Group total assets were \$31.63 billion as at 30 June 2022, \$0.69 billion lower than the previous year end. This was mainly attributable to decrease in bank balances, deposits & cash and amount due from associated companies and joint ventures, partly offset by increase in investments in associated companies and joint ventures.

Group total liabilities of \$19.06 billion as at 30 June 2022 were \$0.82 billion lower than the previous year end. This was largely attributable to the net repayment of term loans and decrease in contract liabilities, partly offset by the increase in other non-current liabilities.

Group net debt increased by \$0.20 billion to \$8.60 billion as at 30 June 2022. Total equity increased by \$0.13 billion mainly due to increase in shareholders' funds as explained above. As a result, group net gearing ratio as at 30 June 2022 was 68%, unchanged from that as at 31 December 2021.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the half year ended 30 June 2022

Group	Attributable to owners of the Company								
	Share Capital	Treasury Shares	Capital Reserves*	Revenue Reserves	Foreign Exchange Translation Account	Share Capital & Reserves	Perpetual Securities	Non-controlling Interests	Total Equity
2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 January 2022	1,305,668	(4,624)	129,619	10,365,733	(141,256)	11,655,140	401,521	384,700	12,441,361
Total comprehensive income for first half									
Profit for first half	-	-	-	497,505	-	497,505	5,752	26	503,283
Other comprehensive income **	-	-	597,997	-	(204,635)	393,362	-	(7,994)	385,368
Total comprehensive income for first half	-	-	597,997	497,505	(204,635)	890,867	5,752	(7,968)	888,651
Transactions with owners, recognised directly in equity									
<u>Contributions by and distributions to owners</u>									
Dividends paid	-	-	-	(378,094)	-	(378,094)	-	-	(378,094)
Share-based payment	-	-	22,998	-	-	22,998	-	-	22,998
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(32,495)	(32,495)
Purchase of treasury shares	-	(363,806)	-	-	-	(363,806)	-	-	(363,806)
Treasury shares reissued pursuant to share plans	-	48,023	(48,023)	-	-	-	-	-	-
Transfer of statutory, capital and other reserves from revenue reserves	-	-	5,210	(3,835)	(1,375)	-	-	-	-
Contribution by non-controlling shareholders	-	-	-	-	-	-	-	2,876	2,876
Distribution paid to perpetual securities	-	-	-	-	-	-	(5,752)	-	(5,752)
Contributions to defined benefits plans	-	-	(42)	-	-	(42)	-	-	(42)
Total contributions by and distributions to owners	-	(315,783)	(19,857)	(381,929)	(1,375)	(718,944)	(5,752)	(29,619)	(754,315)
<u>Changes in ownership interests in subsidiaries</u>									
Acquisition of additional interest in subsidiaries	-	-	(5,485)	-	-	(5,485)	-	(14,503)	(19,988)
Disposal of interest in subsidiaries	-	-	-	26	-	26	-	(4,056)	(4,030)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	16,608	16,608
Total change in ownership interests in subsidiaries	-	-	(5,485)	26	-	(5,459)	-	(1,951)	(7,410)
Total transactions with owners	-	(315,783)	(25,342)	(381,903)	(1,375)	(724,403)	(5,752)	(31,570)	(761,725)
As at 30 June 2022	1,305,668	(320,407)	702,274	10,481,335	(347,266)	11,821,604	401,521	345,162	12,568,287

* Includes share option and share plans reserve, fair value reserve, hedging reserve, bonus issue by subsidiaries and other reserves.

** Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

Group	Attributable to owners of the Company							
	Share	Treasury	Capital	Revenue	Foreign	Share	Non-	Total
	<u>Capital</u>	<u>Shares</u>	<u>Reserves*</u>	<u>Reserves</u>	Exchange	Capital &	controlling	<u>Equity</u>
2021	\$'000	\$'000	\$'000	\$'000	Translation	Reserves	Interests	\$'000
	\$'000	\$'000	\$'000	\$'000	Account	\$'000	\$'000	\$'000
As at 1 January 2021	1,305,668	(13,690)	175,731	9,703,452	(442,703)	10,728,458	427,446	11,155,904
Total comprehensive income for first half								
Profit for first half	–	–	–	299,796	–	299,796	(2,947)	296,849
Other comprehensive income **	–	–	150,036	–	91,918	241,954	1,799	243,753
Total comprehensive income for first half	–	–	150,036	299,796	91,918	541,750	(1,148)	540,602
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividend paid	–	–	–	(127,402)	–	(127,402)	–	(127,402)
Share-based payment	–	–	13,643	–	–	13,643	–	13,643
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(10,362)	(10,362)
Purchase of treasury shares	–	(13,048)	–	–	–	(13,048)	–	(13,048)
Treasury shares reissued pursuant to share plans	–	21,991	(21,991)	–	–	–	–	–
Transfer of statutory, capital and other reserves from revenue reserves	–	–	(4,542)	4,542	–	–	–	–
Contribution by non-controlling shareholders	–	–	–	–	–	–	1,295	1,295
Contributions to defined benefits plans	–	–	(388)	–	–	(388)	–	(388)
Total contributions by and distributions to owners	–	8,943	(13,278)	(122,860)	–	(127,195)	(9,067)	(136,262)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in a subsidiary	–	–	(11,922)	–	–	(11,922)	(18,680)	(30,602)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(602)	(602)
Total change in ownership interests in subsidiaries	–	–	(11,922)	–	–	(11,922)	(19,282)	(31,204)
Total transactions with owners	–	8,943	(25,200)	(122,860)	–	(139,117)	(28,349)	(167,466)
As at 30 June 2021	1,305,668	(4,747)	300,567	9,880,388	(350,785)	11,131,091	397,949	11,529,040

* Includes share option and share plans reserve, fair value reserve, hedging reserve, bonus issue by subsidiaries and other reserves.

** Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

	Attributable to owners of the Company						
	Share Capital	Treasury Shares	Capital Reserves*	Revenue Reserves	Share Capital & Reserves	Perpetual Securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company							
2022							
As at 1 January 2022	1,305,668	(4,624)	224,759	8,271,057	9,796,860	401,521	10,198,381
Total comprehensive income for first half							
Profit for first half	–	–	–	1,316,677	1,316,677	5,752	1,322,429
Other comprehensive income	–	–	1,791	–	1,791	–	1,791
Total comprehensive income for first half	–	–	1,791	1,316,677	1,318,468	5,752	1,324,220
Transactions with owners, recognised directly in equity							
Dividends paid	–	–	–	(378,094)	(378,094)	–	(378,094)
Share-based payment	–	–	22,998	–	22,998	–	22,998
Purchase of treasury shares	–	(363,806)	–	–	(363,806)	–	(363,806)
Treasury shares reissued pursuant to share plans	–	48,023	(48,023)	–	–	–	–
Distribution paid to perpetual securities	–	–	–	–	–	(5,752)	(5,752)
Total transactions with owners	–	(315,783)	(25,025)	(378,094)	(718,902)	(5,752)	(724,654)
As at 30 June 2022	1,305,668	(320,407)	201,525	9,209,640	10,396,426	401,521	10,797,947
2021							
As at 1 January 2021	1,305,668	(13,690)	209,164	7,975,921	9,477,063	–	9,477,063
Total comprehensive income for first half							
Profit for first half	–	–	–	585,119	585,119	–	585,119
Other comprehensive income	–	–	1,451	–	1,451	–	1,451
Total comprehensive income for first half	–	–	1,451	585,119	586,570	–	586,570
Transactions with owners, recognised directly in equity							
Dividends paid	–	–	–	(127,402)	(127,402)	–	(127,402)
Share-based payment	–	–	13,643	–	13,643	–	13,643
Purchase of treasury shares	–	(13,048)	–	–	(13,048)	–	(13,048)
Treasury shares reissued pursuant to share plans	–	21,991	(21,991)	–	–	–	–
Total transactions with owners	–	8,943	(8,348)	(127,402)	(126,807)	–	(126,807)
As at 30 June 2021	1,305,668	(4,747)	202,267	8,433,638	9,936,826	–	9,936,826

* Includes share option and share plans reserve, fair value reserve, hedging reserve and other reserves.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2022

	Note	Half Year	
		30.06.2022 \$'000	30.06.2021 \$'000
OPERATING ACTIVITIES			
Operating profit		426,691	188,021
Adjustments:			
Depreciation and amortisation		137,240	196,611
Share-based payment expenses		21,319	16,036
Gain on sale of fixed assets		(7,911)	(785)
Gain on disposal of subsidiaries		(4,984)	(14,155)
Gain on disposal of associated companies		(74,287)	(99,638)
Gain from sale of units in associated companies		(43)	–
(Write back)/Impairment/write-off of fixed assets		(200)	36,897
Impairment of joint venture and associated company		1,000	35,082
Fair value gain on investment properties		(46,763)	(117,330)
(Gain)/Loss from change in interest in associated companies		(5,140)	12,015
Fair value gain on investments		(93,978)	(20,144)
Unrealised foreign exchange differences		(51,321)	(40,063)
Operational cash flow before changes in working capital		301,623	192,547
Working capital changes:			
Stocks		309,487	142,251
Contract assets		(348,586)	(180,376)
Debtors		(135,976)	597,283
Creditors		423,976	(89,493)
Contract liabilities		(426,648)	(866,409)
Investments		1,179	74,378
Amount due to/from associated companies and joint ventures		36,657	56,418
		161,712	(73,401)
Interest received		52,583	46,037
Interest paid		(128,563)	(121,664)
Income taxes paid, net of refunds received		(220,728)	(184,317)
Net cash used in operating activities		(134,996)	(333,345)
INVESTING ACTIVITIES			
Acquisition of a subsidiary	A	(6,084)	–
Acquisition and further investment in associated companies and joint ventures		(335,529)	(89,645)
Acquisition of fixed assets and investment properties		(197,203)	(215,951)
Disposal of subsidiaries	B	1,223	730,575
Proceeds from disposal of fixed assets		22,171	1,538
Proceeds from disposal of associated companies and joint venture and return of capital		231,861	130,653
Repayment from associated companies and joint ventures		102,983	65,814
Dividends received from investments, associated companies and joint ventures		188,738	209,726
Net cash from investing activities		8,160	832,710

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

	Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
FINANCING ACTIVITIES		
Acquisition of additional interest in subsidiaries	(23,984)	(15,316)
Proceeds from non-controlling shareholders of subsidiaries	2,876	–
Proceeds from term loans	2,321,191	1,438,370
Repayment of term loans	(2,766,325)	(1,819,232)
Principal element of lease payments	(39,284)	(31,586)
Purchase of treasury shares	(363,806)	(13,048)
Dividend paid to shareholders of the Company	(378,094)	(127,402)
Dividend paid to non-controlling shareholders of subsidiaries	(32,495)	(10,362)
Distribution to perpetual securities holders	(5,752)	–
Net cash used in financing activities	(1,285,673)	(578,576)
Net decrease in cash and cash equivalents	(1,412,509)	(79,211)
Cash and cash equivalents as at beginning of period	3,543,642	2,408,473
Effects of exchange rate changes on the balance of cash held in foreign currencies	(50,068)	17
Cash and cash equivalents as at end of period	2,081,065	2,329,279

C

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

A. Acquisition of a subsidiary

During the financial period, net assets of subsidiary acquired at their fair values were as follows:

	Half Year 30.06.2022
	\$'000
Fixed assets and investment properties	3,635
Intangible assets	32
Stocks	9,174
Debtors and other assets	29,118
Bank balances and cash	13,737
Creditors and other liabilities	(11,585)
Borrowings and lease liabilities	(9,445)
Current and deferred taxation	(765)
Total identifiable net assets at fair value	<u>33,901</u>
Non-controlling interests measured at fair value	(16,612)
Amount previously accounted for as an associated company	(89)
Goodwill arising from acquisition	<u>2,621</u>
Total purchase consideration	<u>19,821</u>
Less: Bank balances and cash acquired	<u>(13,737)</u>
Cash outflow on acquisition	<u>6,084</u>

During the period, acquisition relates to acquisition of 51% of the total issued share capital of Glocomp Systems (M) Sdn Bhd over two tranches. Fair value of the net identifiable assets are determined on a provisional basis.

B. Disposal of Subsidiaries

During the financial period, the book values of net assets of subsidiaries disposed were as follows:

	Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Fixed assets and investment properties	(98,630)	–
Right-of-use assets	(33,480)	–
Intangible assets	(1,275)	–
Stocks	(1,013)	–
Debtors and other assets	(56,161)	(1,422)
Bank balances and cash	(6,503)	–
Assets classified as held for sale*	–	(875,971)
Creditors and other liabilities	24,372	–
Current and deferred taxation	1,066	–
Borrowings and lease liabilities	84,724	–
Liabilities directly associated with assets classified as held for sale*	–	156,412
Non-controlling interests deconsolidated	4,030	(7)
Net assets disposed of	<u>(82,870)</u>	(720,988)
Net gain on disposal	(4,984)	(14,155)
Realisation of foreign currency translation reserve	(572)	1,021
Sale proceeds	<u>(88,426)</u>	(734,122)
Less: Bank balances and cash disposed	6,503	3,547
Less: Proceeds receivable	80,700	–
Cash inflow on disposal	<u>(1,223)</u>	<u>(730,575)</u>

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

* Breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale disposed during the half year ended 30 June 2022:

	Half Year	
	30.06.2022 \$'000	30.06.2021 \$'000
Assets classified as held for sale		
Fixed assets	–	(53,358)
Investment properties	–	(648,430)
Right-of-use assets	–	(153,602)
Associated companies	–	(9,399)
Debtors	–	(7,635)
Bank balances, deposits & cash	–	(3,547)
	–	(875,971)
Liabilities directly associated with assets classified as held for sale		
Creditors	–	56,063
Term loans	–	91,327
Current and deferred taxation	–	9,022
	–	156,412

During the six months ended 30 June 2022, disposal relates to Keppel Logistics Pte. Ltd. and Indo-Trans Keppel Logistics Vietnam Co Ltd.

Disposal during the prior year relates to Keppel Bay Tower Pte. Ltd., First King Properties Limited, and Waterfront Investment Pte Ltd. Keppel Bay Tower Pte. Ltd. was disposed to an associated company of the Group.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the condensed consolidated statement of cash flows comprise the following balance sheet amounts:

	30.06.2022 \$'000	30.06.2021 \$'000
Bank balances, deposits and cash	1,790,878	2,399,856
Disposal group classified as held for sale - bank balances, deposits & cash (Note 13)	368,526	–
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and other liabilities	(78,339)	(70,577)
	2,081,065	2,329,279

D. Cash flow analysis

Half year ended 30 June 2022

Net cash used in operating activities was \$135 million as compared to \$333 million in the prior period mainly due to lower working capital requirements. The working capital changes improved by \$126 million as compared to the first half of 2021.

Net cash from investing activities was \$8 million. Divestments and dividend income of \$444 million and receipts from associated companies and joint ventures of \$103 million was partly offset by acquisitions and capital expenditure of \$539 million. The acquisitions and capital expenditure comprised investments in associated companies and joint ventures as well as additions of fixed assets and investment properties.

Net cash used in financing activities was \$1,286 million. This was mainly attributable to the net repayment of term loans of \$445 million, dividend of \$411 million paid to shareholders of the Company and non-controlling shareholders of subsidiaries and purchase of treasury shares of \$364 million during the period.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

This condensed consolidated interim financial statements for the half year ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 *Interim Financial Reporting* (SFRS(I) 1-34). This condensed consolidated interim financial statements do not include all the disclosures included in the Group's financial report. Accordingly, this report should be read in conjunction with the Group's Annual Report for the financial year ended 31 December 2021 and any public announcements made by Keppel Corporation Limited during the interim reporting period.

1.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2021, except for the adoption of new and revised standards effective as of 1 January 2022 and those as disclosed below.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment - Proceeds before Intended Use* (effective for annual periods beginning on or after 1 January 2022)
- Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract* (effective for annual periods beginning on or after 1 January 2022)

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

1.3 Critical Accounting Judgments and Estimates

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

The key assumptions, applied by management as at and for the half year ended 30 June 2022, concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are as follows:

(i) Coronavirus Disease 2019 ("COVID-19")

The COVID-19 pandemic situation remains fluid and evolving, and the volatility in oil prices could impact the assessment of the carrying amounts of the Group's assets and liabilities. In the assessment for the current period, management has exercised judgment in determining the significant assumptions used and has relied on information currently available in the assessment of the appropriateness of the carrying values of the Group's assets as at 30 June 2022.

Should the COVID-19 situation worsen and/or the recovery of the dayrates or utilisation rates take a longer period or to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial periods.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

(ii) Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in the profit and loss account, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis.

For the purpose of this condensed consolidated interim financial statements for the half year ended 30 June 2022, valuations were obtained from the valuers for certain significant investment properties, and the resultant fair value changes were recognised in the profit and loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, net initial yield and discount rate. The valuation reports obtained from independent valuers for certain properties have highlighted the uncertainty of the COVID-19 outbreak and material valuation uncertainty where a higher degree of caution should be attached to the valuation than would normally be the case. Accordingly, the valuation of these investment properties may be subjected to more fluctuation than during normal market conditions.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions.

(iii) Revenue recognition and contract cost

The Group recognises contract revenue over time for rigbuilding contracts, and shipbuilding and repair contracts by reference to the estimation of the physical proportion of the contract work completed for the contracts with reference to engineers' estimates. The Group also recognises contract revenue over time for long term engineering contracts by reference to the proportion of contract costs incurred to-date to the estimated total contract costs. The stage of completion is measured in accordance with the Group's revenue recognition accounting policy as stated in the audited financial statements for the year ended 31 December 2021. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately. Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the physical proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 6.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

(iv) Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

There were no significant updates since the audited financial statements as at 31 December 2021, except for:

Global resolution with criminal authorities in relation to corrupt payments

As the discussions with the specified Brazilian authorities remain ongoing, the Corrupt Practices Investigation Bureau ("CPIB") has agreed to a further 3-month extension to the period for payment of the balance sum of US\$52,777,122.50 (less any penalties that KOM may pay to specified Brazilian authorities) to the CPIB, such that the period will expire on 22 September 2022, instead of 22 June 2022.

(v) Fair value measurement of unquoted investment funds

In determining the fair value of unquoted investment funds, the Group relies on the net asset values as reported in the latest available capital account statements provided by third-party fund managers.

The fund managers measure the fair value of underlying investments of the funds based on:

- a. Last quoted bid price for all quoted investments;
- b. Valuation technique for unquoted investments where there is no active market.

Valuation techniques used by the third-party fund managers include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, comparable company approach, discounted cash flow analyses, option pricing models, and latest round of fund raising.

The availability of observable inputs can vary from investment to investment. For certain investments classified under Level 3 of the fair value hierarchy, the valuation could be based on models or inputs that are less observable or unobservable in the market and the determination of the fair values require significant judgement. Those estimated values do not necessarily represent the amounts that may be ultimately realised due to the occurrence of future events which could not be reasonably determined as at the balance sheet date.

These unobservable inputs that require significant judgement have been disclosed in Note 11.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2022

2. SUBSIDIARIES

	Company	
	30.06.2022	31.12.2021
	\$'000	\$'000
Quoted shares, at cost		
Market value: \$5,992,000 (2021: \$5,750,000)	493	493
Unquoted shares, at cost	10,807,225	8,442,349
	10,807,718	8,442,842
Provision for impairment	(449,056)	(449,056)
	10,358,662	7,993,786

In 2018, Keppel FELS Limited and Keppel Shipyard Limited, both indirect wholly owned subsidiaries of the Company, issued fixed rate senior perpetual securities (the "perpetual securities") with an aggregate principal amount of \$2,000,000,000 to Kepinvest Holdings Pte Ltd, an indirect wholly owned subsidiary of the Company.

During the period, the perpetual securities have been novated from Kepinvest Holdings Pte Ltd to the Company and classified as an investment in subsidiaries by the Company. The novation was for the purposes of undertaking an internal restructuring of Keppel Offshore & Marine Ltd (the "KOM Pre-Combination Restructuring") to effect the Proposed Combination as mentioned in Note 13.

3. ASSOCIATED COMPANIES AND JOINT VENTURES

	2022
	\$'000
At 1 January	6,050,258
Share of profits for the period – continuing operations	203,148
Share of profits for the period – discontinued operations	7,875
Dividends received	(116,526)
Share of reserves	(5,145)
Provision for impairment on a joint venture	(1,000)
Additions	370,903
Advances to associated companies and joint ventures	446
Disposals	(48,514)
Gain from change in interest in associated companies	5,140
Reclassification from/(to)	
- Investments	22,671
- Disposal group and assets classified as held for sale (Note 13)	(204,484)
Others	(3,584)
At 30 June	6,281,188

Movements in the provision for impairment of associated companies and joint ventures are as follows:

	2022
	\$'000
At 1 January	144,005
Impairment loss	1,000
Disposal and liquidation	(25,055)
Exchange differences	1
At 30 June	119,951

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The carrying amount of the Group's material associated companies, all of which are equity accounted for, are as follows:

	30.06.2022	31.12.2021
	\$'000	\$'000
Keppel REIT	2,051,164	1,953,614
Keppel DC REIT	481,685	470,649
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	641,971	673,007
Floatel International Limited	246,294	262,146
Other associated companies and joint ventures	2,860,074	2,690,842
	<u>6,281,188</u>	<u>6,050,258</u>

4. BORROWINGS AND LEASE LIABILITIES

Group's borrowings, debt securities and lease liabilities

	30.06.2022		31.12.2021	
	Due within one year \$'000	Due after one year \$'000	Due within one year \$'000	Due after one year \$'000
Group				
Keppel Corporation Medium Term Notes	-	2,032,800	700,000	2,053,710
Keppel Land Medium Term Notes	149,984	559,516	199,978	709,403
Keppel Telecommunications & Transportation Medium Term Notes	100,000	-	-	100,000
Keppel Corporation Commercial Paper	35,982	-	128,000	-
Bank and other loans				
- secured	107,960	527,759	8,852	717,559
- unsecured	3,061,479	3,606,550	3,622,478	3,215,240
Lease Liabilities	41,904	171,351	89,677	472,042
	<u>3,497,309</u>	<u>6,897,976</u>	<u>4,748,985</u>	<u>7,267,954</u>

(ii) Amount repayable in one year or less, or on demand

As at 30.06.2022		As at 31.12.2021	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
149,864	3,347,445	98,529	4,650,456

(iii) Amount repayable after one year

As at 30.06.2022		As at 31.12.2021	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
699,110	6,198,866	1,189,601	6,078,353

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- (iv) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,093,055,000 (31 December 2021: \$2,223,200,000) to banks for loan facilities. Included in secured borrowings as at 30 June 2022 are current lease liabilities of \$41,904,000 and non-current lease liabilities of \$171,351,000 which are secured over the right-of-use assets of \$255,188,000.

- (v) The fair values of term loans for the Group are \$9,933,460,000 (31 December 2021: \$11,304,660,000).

5. SHARE CAPITAL

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2022	1,820,557,767	943,259
Treasury shares transferred pursuant to share plans	–	(8,120,927)
Treasury shares purchased	–	56,839,500
As at 30 June 2022	1,820,557,767	49,661,832

Treasury shares

During the six months ended 30 June 2022, the Company transferred 8,120,927 (30 June 2021: 4,643,154) treasury shares to employees upon vesting of shares released under the KCL Share Plans. There was 56,839,500 treasury shares purchased (30 June 2021: 2,560,000) during the period. As at 30 June 2022, the number of treasury shares held by the Company represented 2.80% (30 June 2021: 0.05%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the six months ended 30 June 2022.

KCL Performance Share Plan (“KCL PSP”)

As at 30 June 2022, the number of contingent shares granted but not released were 2,991,880 (30 June 2021: 4,171,880) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 4,487,820 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)

There are no contingent shares granted but not released as at 30 June 2022 (30 June 2021: 6,367,819).

KCL Performance Share Plan – M1 Transformation Incentive Plan (“KCL PSP-M1 TIP”)

As at 30 June 2022, the number of contingent shares granted but not released were 423,500 (30 June 2021: 423,500) for KCL PSP-M1 TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 635,250 under KCL PSP-M1 TIP.

KCL Performance Share Plan 2020 (“KCL PSP 2020”)

As at 30 June 2022, the number of contingent shares granted but not released were 3,265,000 (30 June 2021: 1,490,000) for KCL PSP 2020. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 4,897,500 under KCL PSP 2020.

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KCL PSP 2020 Transformation Incentive Plan (“KCL PSP 2020 TIP”)

As at 30 June 2022, the number of contingent shares granted but not released were 11,920,000 (30 June 2021: nil) for KCL PSP 2020 TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 17,880,000 under KCL PSP 2020 TIP.

KCL Restricted Share Plan (“KCL RSP”)

There are no contingent shares granted but not released as at 30 June 2022 and 30 June 2021. As at 30 June 2022 and 30 June 2021, there were no awards released but not vested for KCL RSP.

KCL Restricted Share Plan – Deferred Shares (“KCL RSP-Deferred Shares”)

There are no contingent shares granted but not released as at 30 June 2022 and 30 June 2021. As at 30 June 2022, the number of awards released but not vested was 1,285 (30 June 2021: 1,645,959) for KCL RSP-Deferred Shares.

KCL Restricted Share Plan 2020 – Deferred Shares (“KCL RSP 2020-Deferred Shares”)

There are no contingent shares granted but not released as at 30 June 2022 and 30 June 2021. As at 30 June 2022, the number of awards released but not vested was 5,764,703 (30 June 2021: 3,383,358) for KCL RSP 2020-Deferred Shares.

Movements in the number of shares under the KCL PSP, KCL PSP-TIP, KCL PSP-M1 TIP, KCL PSP 2020, KCL PSP 2020-TIP, KCL RSP-Deferred Shares and KCL RSP 2020-Deferred Shares are as follows:

Contingent awards:

Date of Grant	Number of shares					
	At 1.1.22	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.06.22
<u>KCL PSP</u>						
30.4.2018	1,180,000	–	(684,400)	(495,600)	–	–
30.4.2019	1,542,847	–	–	–	–	1,542,847
31.3.2020	1,449,033	–	–	–	–	1,449,033
	<u>4,171,880</u>	<u>–</u>	<u>(684,400)</u>	<u>(495,600)</u>	<u>–</u>	<u>2,991,880</u>
<u>KCL PSP-TIP</u>						
29.4.2016	3,314,617	–	(2,013,111)	(1,276,163)	(25,343)	–
28.4.2017	1,752,089	–	(1,116,867)	(635,222)	–	–
28.2.2020	1,100,000	–	(666,650)	(433,350)	–	–
	<u>6,166,706</u>	<u>–</u>	<u>(3,796,628)</u>	<u>(2,344,735)</u>	<u>(25,343)</u>	<u>–</u>
<u>KCL PSP-M1 TIP</u>						
17.2.2020	127,900	–	–	–	–	127,900
17.2.2020	295,600	–	–	–	–	295,600
	<u>423,500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>423,500</u>

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KCL PSP 2020

30.4.2021	1,490,000	–	–	–	–	1,490,000
29.4.2022	–	1,775,000	–	–	–	1,775,000
	1,490,000	1,775,000	–	–	–	3,265,000

KCL PSP 2020-TIP

30.7.2021	11,140,000	–	–	–	(60,000)	11,080,000
29.4.2022	–	840,000	–	–	–	840,000
	11,140,000	840,000	–	–	(60,000)	11,920,000

Awards:

Number of shares

Date of Grant	At 1.1.22	Awards granted	Adjustment upon release	Released	Cancelled	At 30.06.22
<u>KCL RSP 2020-Deferred Shares</u>						
15.2.2022	–	6,317,893	(8,862)	(6,309,031)	–	–
	–	6,317,893	(8,862)	(6,309,031)	–	–

Awards released but not vested:

Number of shares

Date of Grant	At 1.1.22	Released	Vested	Cancelled	Other adjustments	At 30.06.22
<u>KCL PSP</u>						
30.4.2018	–	495,600	(495,600)	–	–	–
	–	495,600	(495,600)	–	–	–
<u>KCL PSP-TIP</u>						
29.4.2016	–	1,276,163	(1,276,163)	–	–	–
28.4.2017	–	635,222	(635,222)	–	–	–
28.2.2020	–	433,350	(433,350)	–	–	–
	–	2,344,735	(2,344,735)	–	–	–
<u>KCL RSP-Deferred shares</u>						
17.2.2020	1,576,649	–	(1,566,518)	(8,846)	–	1,285
	1,576,649	–	(1,566,518)	(8,846)	–	1,285
<u>KCL RSP 2020-Deferred Shares</u>						
15.2.2021	3,231,494	–	(1,611,577)	(29,540)	–	1,590,377
15.2.2022	–	6,309,031	(2,102,497)	(32,208)	–	4,174,326
	3,231,494	6,309,031	(3,714,074)	(61,748)	–	5,764,703

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6. REVENUE

	Half Year	
	30.06.2022 \$'000	30.06.2021# \$'000
<u>Revenue from contracts with customers</u>		
Revenue from construction contracts	201,001	171,234
Sale of property	491,203	865,479
Sale of goods	191,499	160,898
Sale of electricity, utilities and gases	1,819,295	1,064,526
Revenue from telecommunication services	359,724	343,115
Revenue from other services rendered	260,417	245,455
	3,323,139	2,850,707
<u>Other sources of revenue</u>		
Rental income from investment properties	32,591	37,013
	3,355,730	2,887,720

7. OPERATING PROFIT

Operating profit from continuing operations is arrived at after charging/(crediting) the following:

	Half Year		+/- %	
	30.06.2022 \$'000	30.06.2021# \$'000		
Share-based payment expenses	21,319	16,036	+32.9	
(Gain)/Loss on sale of fixed assets	(55)	92	n.m.f.	
Provision for stocks	489	260	+88.1	
Expected credit loss				
- Contract assets	-	23,225	n.m.f.	(i)
- Debtors & receivables	2,058	105,575	-98.1	(ii)
- Financial guarantee	-	157,490	n.m.f.	(iii)
Fair value (gain)/loss				
- Investments	(93,978)	(20,144)	+366.5	(iv)
- Forward contracts	(452)	(1,182)	-61.8	
- Financial derivatives	292	(869)	n.m.f.	
Foreign exchange gain	(2,643)	(1,165)	+126.9	(v)
Government grant income	(3,227)	(10,767)	-70.0	(vi)
Impairment of joint venture and associated company	1,000	35,082	-97.1	(vii)
Impairment/write-off of fixed assets	-	36,697	n.m.f.	(viii)
Gain on disposal of subsidiaries	(4,984)	(14,155)	-64.8	(ix)
(Gain)/Loss on disposal of associated companies and joint ventures	215	(99,638)	n.m.f.	(x)
Gain from sale of units in associated companies	(43)	-	n.m.f.	
Fair value gain on investment properties	(46,763)	(117,330)	-60.1	(xi)
(Gain)/Loss from change in interest in associated companies	(5,140)	12,015	n.m.f.	(xii)

n.m.f. - No Meaningful Figure

- (i) Expected credit loss on contract assets for prior period was attributable to the Energy & Environment and was mainly due to impairment of contract assets in relation to the construction contract for a production barge for KrisEnergy.

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- (ii) Expected credit loss on debtors and receivables for the current period was attributable to the Connectivity segment, partly offset by write-backs in Energy & Environment and Urban Development. The expected credit loss in the prior period was mainly attributable to Energy & Environment's impairment of loan receivable from KrisEnergy.
- (iii) For the prior period, the expected credit loss on a financial guarantee on a loan granted to an associated company was in relation to the revolving credit facility ("RCF") loan extended by the bank to KrisEnergy, which was assumed by the Group on 30 June 2021.
- (iv) Fair value gain (mark-to-market) on investment portfolio for the half year ended 30 June 2022 was driven largely by higher valuations of unquoted investments, in particular, Envision AESC Global Investment L.P.
- (v) Foreign exchange gain for the half year ended 30 June 2022 was mainly attributable to the revaluation of Renminbi denominated bank deposits, with the Renminbi having appreciated against the functional currency of a subsidiary in Energy & Environment.
- (vi) No government grant income under the Jobs Support Scheme ("JSS") was recognised during the half year ended 30 June 2022 (half year ended 30 June 2021: \$6,254,000).
The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees
- (vii) Impairment of a joint venture for the half year ended 30 June 2022 was attributable to Connectivity. The impairment of associated company in the prior period was attributable to Energy & Environment from the impairment of KrisEnergy zero-coupon notes.
- (viii) Impairment of fixed assets for prior period was mainly attributable to Urban Development.
- (ix) Gain on disposal of subsidiaries arose from Connectivity's divestment of Indo-Trans Keppel Logistics Vietnam Co Ltd and Keppel Logistics Pte Ltd. In the prior period, gain on disposal of subsidiaries arose from the divestment of Keppel Bay Tower Pte. Ltd., First King Properties Limited, and Waterfront Investment Pte Ltd.
- (x) In the prior period, gain on disposal of associated companies and joint ventures arose from the sale of Chengdu Hilltop Development Co Ltd, Dong Nai Waterfront City LLC, ARIP Public Company Limited, and gain from divestment of interest in Keppel Logistics (Foshan) following agreement reached with local authorities on Lanshi port closure compensation.
- (xi) Fair value gain on investment properties arose from the Group's mid-year revaluation of significant investment properties.
- (xii) Gain from change in interest in associated companies was mainly due to change in interest in Keppel REIT, gain from change in interest in an associated company in Vietnam due to a private placement, partly offset by loss from change in interest in KDC REIT. For prior period, loss from change in interest in associated companies was mainly due to change in interest in Keppel REIT.

8. SIGNIFICANT COMMITMENTS

The Group had no additional significant capital expenditure/commitments entered into during the period ended 30 June 2022 that were not provided for in the audited financial statements as at 31 December 2021.

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9. SIGNIFICANT CONTINGENT LIABILITIES AND GUARANTEES

The Group had no additional significant contingent liabilities and guarantees arising from transactions during the period ended 30 June 2022.

See Note 1.3(iv) for further disclosures relating to the Group's claims and litigations.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the half year ended 30 June 2022, the Group had no significant related party transactions.

11. FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

There was no instance of significant updates to the Group's financial risk management since the audited financial statements as at 31 December 2021, except for the following:

(a) Cash flow and fair value interest rate risk

IBOR reform

Group's risk exposure that is directly affected by the IBOR reform remains substantially unchanged since the audited financial statements as at 31 December 2021.

Affected financial instruments that the Group and Company holds as at 30 June 2022, which have not yet transitioned to new benchmark rates, remains substantially unchanged since the audited financial statements as at 31 December 2021, except for the following:

- (i) US\$200 million (or S\$274 million equivalent) of affected USD LIBOR-linked borrowings which have effectively transitioned to SOFR during the period.

(b) Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

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The following table presents the assets and liabilities measured at fair value.

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
Group				
30 June 2022				
Financial assets				
Derivative financial instruments	-	513,896	-	513,896
Call option	-	-	171,520	171,520
Investments				
- Investments at fair value through other comprehensive income	523,456	1,310	187,718	712,484
- Investments at fair value through profit or loss	57,848	-	681,158	739,006
Short term investments				
- Investments at fair value through other comprehensive income	55,863	-	-	55,863
- Investments at fair value through profit or loss	251	-	-	251
	<u>637,418</u>	<u>515,206</u>	<u>1,040,396</u>	<u>2,193,020</u>
Financial liabilities				
Derivative financial instruments	-	342,937	-	342,937
	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,461,366	1,461,366
- Commercial, under construction	-	-	2,812,901	2,812,901
Associates at fair value through profit or loss	-	-	195,971	195,971
	<u>-</u>	<u>-</u>	<u>4,470,238</u>	<u>4,470,238</u>

There have been no significant transfers between Level 1, Level 2 and Level 3 for the Group in the first half ended 30 June 2022.

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties.

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The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 30 June 2022 \$'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	868,876	Net asset value, discounted cash flow and binomial option pricing	Net asset value* Discount rate Growth rate Discount for lack of control	Not applicable 14.40% to 20.00% 4.26% 15.00% to 23.3%
Call option	171,520	Direct comparison method and investment method	Transacted price of comparable properties (psf) Capitalisation rate	\$S1,586 - \$S3,520 3.50%
Associates at fair value through profit or loss	195,971	Net asset value	Net asset value	Not applicable
Investment Properties				
- Commercial and hospitality, completed	1,461,366	Discounted cash flow method and/or direct comparison method Income capitalisation method	Discount rate Capitalisation rate Net initial yield Transacted price of comparable properties (psm) Transacted price of comparable properties (psf) Terminal capitalisation rate	9.50% to 14.50% 4.25% to 10.50% 6.45% \$4,725 to \$7,560 \$737 to \$2,986 7.75%
- Commercial, under construction	2,812,901	Discounted cash flow method, direct comparison method and/or residual value method	Transacted price of comparable land plots (psm) Gross development value (\$million) Discount rate Capitalisation rate	\$7,931 to \$11,576 \$243 to \$2,140 12.50% to 13.00% 4.00% to 10.00%

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value or assets measured using valuation techniques that take into account key inputs such as revenue multiples, long term growth rate and discount rate.

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The total fair value on investments of \$868,876,000 as at 30 June 2022 comprises \$748,996,000 which are valued based on net asset value. A reasonably possible alternative assumption is when the net asset value of investments increase/decrease by 5%, which would lead to a \$37,450,000 increase/decrease in fair valuation.

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The Group revalues its investment property portfolio on an annual basis except for significant investment properties which are revalued on a half-yearly basis. The fair value of investment properties is determined by external, independent professional valuers which have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

12. SEGMENT ANALYSIS

The Group is organised into business units based on their products and services, and has five main segments with six reportable operating segments as follows:

(i) **Energy & Environment**

The Energy & Environment segment is focused on business areas relating to the safe and efficient harvesting of energy sources, serving the offshore & marine industry with an array of vessel solutions and services, renewables, and providing cities with power, as well as solutions for waste and water & wastewater treatment. The segment comprises two reportable operating segments, being Offshore & Marine and Infrastructure & Others.

Offshore & Marine - Principal activities include offshore production facilities and drilling rig design, construction, fabrication and repair, ship conversions and repair and specialised shipbuilding. The operating segment has operations in Brazil, China, Singapore, the United States and other countries.

On 27 April 2022, Keppel Corporation Limited ("the Company") and Sembcorp Marine Ltd ("Sembcorp Marine") entered into definitive agreements for the proposed combination of Keppel Offshore & Marine Ltd ("Keppel O&M") and Sembcorp Marine. Concurrent with the proposed combination, the Company has entered into a definitive agreement with Baluran Limited and Kyanite Investment Holdings Pte Ltd, for the sale of Keppel O&M's legacy rigs and associated receivables to a new and separate entity.

In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, this operating segment excluding certain out-of-scope assets, are presented as discontinued operations for the period, with comparative information re-presented accordingly. Refer to Note 13 for further details.

Infrastructure & Others - Principal activities include power generation, renewables, environmental engineering and infrastructure operation and maintenance. The operating segment has operations in China, Singapore, Switzerland, the United Kingdom, and other countries.

(ii) **Urban Development**

Principal activities include property development and investment, as well as master development. The segment has operations in China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) **Connectivity**

Principal activities include the provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres. The segment has operations in China, Singapore and other countries.

(iv) **Asset Management**

Principal activities include management of private funds and listed real estate investment and business trusts. The segment operates mainly in Singapore.

(v) **Corporate & Others**

The Corporate & Others segment consists mainly of treasury operations, research & development, investment holdings and provision of management and other support services.

Management monitors the results of each of the above main segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable operating segments is presented in the following table.

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For the half year ended 30 June 2022

Half year ended 30 June 2022

	Energy & Environment \$'000	Urban Development \$'000	Connectivity \$'000	Asset Management \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
Revenue							
External sales	2,109,603	532,481	615,681	97,965	–	–	3,355,730
Inter-segment sales	19,957	272	4,250	1,054	42,062	(67,595)	–
Total	2,129,560	532,753	619,931	99,019	42,062	(67,595)	3,355,730
Segment Results							
Operating profit	54,626	168,229	22,652	48,438	52,439	8,430	354,814
Investment income	–	169	124	23,969	(56)	–	24,206
Interest income	31,006	18,972	392	84	180,881	(184,621)	46,714
Interest expenses	(42,977)	(21,515)	(7,283)	(17,687)	(164,842)	176,191	(78,113)
Share of results of associated companies and joint ventures	16,794	62,818	7,633	115,903	–	–	203,148
Profit before tax	59,449	228,673	23,518	170,707	68,422	–	550,769
Taxation	(14,365)	(63,811)	(11,357)	(13,464)	(7,020)	–	(110,017)
Profit from continuing operations for first half	45,084	164,862	12,161	157,243	61,402	–	440,752
Attributable to:							
Shareholders of Company	45,943	167,698	9,589	155,034	55,878	–	434,142
Perpetual securities holders	–	–	–	–	5,752	–	5,752
Non-controlling interests	(859)	(2,836)	2,572	2,209	(228)	–	858
	45,084	164,862	12,161	157,243	61,402	–	440,752
Profit from discontinued operations, net of tax and NCI							63,363
Profit for the period attributable to shareholders of the Company							497,505
External revenue from contracts with customers							
- At a point in time	9,073	429,501	189,296	24,986	–	–	652,856
- Over time	2,100,530	72,164	424,610	72,979	–	–	2,670,283
	2,109,603	501,665	613,906	97,965	–	–	3,323,139
Other sources of revenue	–	30,816	1,775	–	–	–	32,591
Total	2,109,603	532,481	615,681	97,965	–	–	3,355,730

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2022

Other Information

Segment assets*	10,235,700	12,779,864	3,325,779	4,143,588	12,233,150	(11,089,942)	31,628,139
Segment liabilities*	10,202,319	7,004,461	2,463,070	1,689,522	8,790,422	(11,089,942)	19,059,852
Net assets*	33,381	5,775,403	862,709	2,454,066	3,442,728	-	12,568,287

* inclusive of disposal group classified as held for sale

Investment in associated companies and joint ventures	657,002	2,323,870	92,644	3,207,672	-	-	6,281,188
Additions to non-current assets	253,933	104,723	80,701	93,375	-	-	532,732
Depreciation and amortisation	15,691	13,965	63,348	1,355	7,481	-	101,840
Impairment loss on non-financial assets	6	-	1,483	-	-	-	1,489
Allowance/(write-back) for expected credit loss and bad debt written-off	(2,557)	(1,222)	5,820	-	17	-	2,058

GEOGRAPHICAL INFORMATION

	Singapore	China/ Hong Kong	Brazil	Other Far East & ASEAN Countries	Other Countries	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales	2,604,411	543,672	-	109,254	98,393	-	3,355,730
Non-current assets	7,409,254	3,695,677	-	1,706,004	453,399	-	13,264,334

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the half year ended 30 June 2022.

INFORMATION ABOUT A MAJOR CUSTOMER

Revenue of \$1,095,698,000 is derived from a single external customer and is attributable to the Energy & Environment segment for the half year ended 30 June 2022.

Note: Pricing of inter-segment goods and services is at fair market value.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

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For the half year ended 30 June 2022

Half year ended 30 June 2021#

	Energy & Environment \$'000	Urban Development \$'000	Connectivity \$'000	Asset Management \$'000	Corporate & Others \$'000	Elimination \$'000	Total \$'000
Revenue							
External sales	1,314,588	909,221	585,824	78,087	–	–	2,887,720
Inter-segment sales	13,037	3,502	2,665	9,428	30,243	(58,875)	–
Total	1,327,625	912,723	588,489	87,515	30,243	(58,875)	2,887,720
Segment Results							
Operating profit	(275,112)	394,776	40,611	57,894	(11,466)	(19)	206,684
Investment income	–	301	147	22,795	57,970	–	81,213
Interest income	29,730	18,106	155	1,149	185,183	(190,282)	44,041
Interest expenses	(52,186)	(21,615)	(10,586)	(19,001)	(162,610)	190,301	(75,697)
Share of results of associated companies and joint ventures	170,230	59,687	7,315	71,657	–	–	308,889
Profit before tax	(127,338)	451,255	37,642	134,494	69,077	–	565,130
Taxation	(7,694)	(178,258)	(9,941)	(16,659)	(9,898)	–	(222,450)
Profit/(loss) from continuing operations for first half	(135,032)	272,997	27,701	117,835	59,179	–	342,680
Attributable to:							
Shareholders of Company	(135,490)	279,310	27,159	117,141	55,427	–	343,547
Non-controlling interests	458	(6,313)	542	694	3,752	–	(867)
	(135,032)	272,997	27,701	117,835	59,179	–	342,680
Loss from discontinued operations, net of tax and non-controlling interests							(43,751)
Profit for the period attributable to shareholders of the Company							299,796
External revenue from contracts with customers							
- At a point in time	4,535	799,005	175,109	12,830	–	–	991,479
- Over time	1,310,053	75,086	408,832	65,257	–	–	1,859,228
	1,314,588	874,091	583,941	78,087	–	–	2,850,707
Other sources of revenue	–	35,130	1,883	–	–	–	37,013
Total	1,314,588	909,221	585,824	78,087	–	–	2,887,720

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2022

Other Information

Segment assets*	10,912,783	13,888,416	3,916,068	3,928,350	11,275,734	(12,947,526)	30,973,825
Segment liabilities*	10,818,629	7,576,393	2,855,402	1,769,608	9,372,279	(12,947,526)	19,444,785
Net assets*	94,154	6,312,023	1,060,666	2,158,742	1,903,455	–	11,529,040

* inclusive of disposal group classified as held for sale

Investment in associated companies and joint ventures	708,480	2,382,536	196,616	2,871,477	–	–	6,159,109
Additions to non-current assets	32,777	114,398	104,190	50,298	3,933	–	305,596
Depreciation and amortisation	15,436	15,908	101,005	1,366	5,530	–	139,245
Impairment loss on non-financial assets	58,313	36,697	254	–	–	–	95,264
Allowance for expected credit loss and bad debt written-off	102,822	2	2,949	–	(172)	–	105,601
Loss on a financial guarantee on a loan granted to an associated company	157,490	–	–	–	–	–	157,490

GEOGRAPHICAL INFORMATION

	<u>Singapore</u>	<u>China/ Hong Kong</u>	<u>Brazil</u>	<u>Other Far East & ASEAN Countries</u>	<u>Other Countries</u>	<u>Elimination</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External sales [#]	1,836,495	889,865	–	66,332	95,028	–	2,887,720
Non-current assets	8,477,964	3,877,122	214,509	1,821,109	568,215	–	14,958,919

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the half year ended 30 June 2021.

INFORMATION ABOUT A MAJOR CUSTOMER

Revenue of \$382,937,000 is derived from a single external customer and is attributable to the Energy & Environment segment for the half year ended 30 June 2021.

Note: Pricing of inter-segment goods and services is at fair market value.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REVIEW OF SEGMENT PERFORMANCE

Revenue by Segments

Group revenue from continuing operations of \$3,356 million was \$468 million or 16% higher than that in the same period in 2021. Revenue from Energy & Environment increased by \$795 million or 60% to \$2,110 million led by higher electricity and gas sales, and higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project and Tuas Nexus Integrated Waste Management Facility project in Singapore. Revenue from Urban Development decreased by \$377 million to \$532 million mainly due to lower revenue from property trading projects in China as a result of fewer units completed and handed over during the period. Revenue from Connectivity increased by \$30 million to \$616 million mainly due to higher service revenue as well as higher handset and equipment sales in M1. Revenue from Asset Management increased by \$20 million to \$98 million mainly due to higher acquisition fees partly offset by the absence of divestment fees recognised in 2021.

Net profit by Segments

Group net profit from continuing operations of \$434 million was \$90 million or 26% higher than that in the same period in 2021. Energy & Environment registered a net profit of \$45 million in 1H 2022, reversing the net loss of \$135 million in 1H 2021, which had included an impairment of \$318 million related to the Group's exposure to KrisEnergy, partially offset by share of Floatel's net restructuring gain of \$215 million. For the current half year, the segment recorded higher share of results from an associated company involved in the integrated power, gas and renewable energy business, lower share of losses from Floatel, as well as higher contributions from the power & renewables and environment businesses. Net profit from Urban Development decreased by \$111 million to \$168 million mainly due to lower contributions from property trading projects in China and from the Sino-Singapore Tianjin Eco-City, lower fair value gains from investment properties, as well as the absence of gain from the disposal of the remaining interests in the Dong Nai project in Vietnam in 2021. These were partly offset by the absence of an impairment provision for a hotel in Myanmar in 2021. Connectivity's net profit of \$10 million was \$17 million lower than 1H 2021. This was mainly due to the absence of gain from the divestment of interests in Keppel Logistics (Foshan) in 2021, which was partly offset by higher net profit from M1 and gains from the divestments of Keppel Logistics Pte Ltd and Indo-Trans Keppel Logistics Vietnam Ltd. Net profit from Asset Management increased by \$38 million to \$155 million mainly due to higher fee income arising from acquisitions completed during the period, as well as higher fair value gains on investment properties recorded by Keppel REIT. These were partly offset by the absence of mark-to-market gains from investments in 1H 2021. Net profit from Corporate & Others remained stable at \$56 million. Higher fair value gains on investments were partly offset by lower investment income and higher interest expense. The fair value gains were largely from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P.. Including discontinued operations, the Group's net profit attributable to shareholders was \$498 million, which was \$198 million higher year-on-year. The discontinued operations recorded a net profit of \$64 million, reversing the net loss of \$44 million in 1H 2021, underpinned by improved performance from the offshore & marine business. In addition to revenue recognition from new projects, the business recorded higher investment income, improved results from associated companies, as well as gains from the divestment of Keppel Smit Towage Pte Limited and Maju Maritime Pte Ltd. The Group has also ceased the depreciation for the relevant assets classified under disposal group held for sale.

Revenue by Geographical Segments

Revenue from Singapore of \$2,604 million was \$768 million higher than that of corresponding period, due largely to higher revenue from Energy & Environment and Asset Management, partly offset by lower revenue from Urban Development and Connectivity.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2022

13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE

- (i) Discontinued operations and disposal group held for sale and liabilities directly associated with disposal group classified as held for sale

Keppel Offshore & Marine Ltd (“Keppel O&M”)

On 27 April 2022, the Company and Sembcorp Marine Ltd (“Sembcorp Marine”) entered into definitive agreements for the proposed combination of Keppel Offshore & Marine Ltd (“Keppel O&M”) and Sembcorp Marine (the “Proposed Combination”). The Proposed Combination involves the establishment of a new holding company (the “Combined Entity”) which will combine the businesses of Keppel O&M and Sembcorp Marine via separate schemes of arrangement.

Sembcorp Marine will undergo an internal restructuring exercise via a scheme of arrangement (the “Sembcorp Marine Scheme”). Upon completion, Sembcorp Marine will become a wholly-owned subsidiary of the Combined Entity.

Through a second scheme of arrangement (the “Keppel O&M Scheme”), the Combined Entity will be combined with Keppel O&M, excluding (i) Keppel O&M legacy rigs and associated receivables, which will be sold to a separate Asset Co and (ii) certain out-of-scope assets comprising mainly Keppel O&M’s interests in Floatel International Ltd and Dyna-Mac Holdings Ltd, which will be retained by the Company.

Pursuant to the Proposed Combination, and as consideration for its combination with Keppel O&M, the Combined Entity will issue new shares to the Company and its shareholders representing 56% of the shares in the Combined Entity on a post-issue basis. The Company will distribute 46% of the Combined Entity’s shares in-specie to its shareholders, upon completion of the Proposed Combination.

Concurrent with the Proposed Combination, the Company has entered into a definitive agreement with Baluran Limited (“Baluran”) and Kyanite Investment Holdings Pte Ltd (“Kyanite”), for the sale of Keppel O&M’s legacy rigs and associated receivables to a new and separate entity (“Asset Co”) (the “Asset Co Transaction”).

The two proposed transactions, which are inter-conditional and being executed concurrently, will be subject to relevant regulatory and shareholder approvals, which are expected to be completed by the end of 2022.

Accordingly, as at 30 June 2022, the assets and liabilities related to Keppel O&M, excluding the out-of-scope assets, had been presented in the balance sheet as “Disposal group classified as held for sale” and “Liabilities directly associated with disposal group classified as held for sale”, and its results were presented separately on the consolidated statement of comprehensive income as “Discontinued operations” for the first half ended 30 June 2022, with comparative information re-presented accordingly. The Group has also ceased the depreciation for the relevant assets classified under disposal group held for sale, amounting to \$17,964,000 for the period since 27 April 2022. The disposal group was previously presented under the “Energy & Environment” reportable segment of the Group (Note 12).

- (a) The results of the discontinued operations are as follows:

	Half Year	
	30.06.2022	30.06.2021
	\$’000	\$’000
Revenue	1,158,961	789,460
Expenses*	<u>(1,093,100)</u>	<u>(838,960)</u>
Profit/(Loss) before tax from discontinued operations	65,861	(49,500)
Taxation	(3,330)	3,669
Non-controlling interests	<u>832</u>	<u>2,080</u>
Profit/(Loss) from discontinued operations, net of tax and non-controlling interests	<u>63,363</u>	<u>(43,751)</u>

* In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, following the classification as disposal group classified as held for sale, the Group has ceased depreciation for the relevant assets classified under disposal group held for sale, amounting to \$17,964,000 for the period since 27 April 2022.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2022

(b) The cash flows attributable to the discontinued operations are as follows:

	Half Year	
	30.06.2022	30.06.2021
	\$'000	\$'000
Operating cash flow	(120,091)	(268,695)
Investing cash flow	16,768	3,379
Financing cash flow	136,781	95,819
Net cash inflows / (outflows)	<u>33,458</u>	<u>(169,497)</u>

(ii) Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

(a) Marina East Water Pte. Ltd. ("MEW")

On 30 June 2022, Keppel Infrastructure Holdings Limited ("Keppel Infrastructure"), a wholly-owned subsidiary of the Company, and Keppel Infrastructure Fund Management Pte Ltd ("KIFM"), as Trustee-Manager of Keppel Infrastructure Trust ("KIT"), have signed a non-binding term sheet with the intention to enter into definitive agreements with respect to the sale and purchase of the Group's interest in MEW ("Proposed Transaction"). The Proposed Transaction is subject to customary closing conditions including approvals by shareholders and PUB, as well as the receipt of applicable regulatory approvals. Post the proposed transaction, MEW will be jointly-controlled by Keppel Infrastructure and KIT, with KIT receiving 100% of the economic interest.

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of MEW have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" in the condensed consolidated balance sheet as at 30 June 2022.

(iii) Details of the disposal group and assets classified as held for sale and liabilities directly associated with disposal group and assets classified as held for sale are as follows:

	30.06.2022		
	Disposal group	Assets classified as held for sale	Total
	\$'000	\$'000	\$'000
Disposal group and assets classified as held for sale			
Fixed assets	1,901,030	–	1,901,030
Intangibles	43,050	–	43,050
Right-of-use assets	285,991	–	285,991
Associated companies and joint ventures	204,484	–	204,484
Deferred tax assets	132,716	–	132,716
Other non-current assets	818,874	339,908	1,158,782
Investments	74,895	–	74,895
Contract assets	2,552,928	–	2,552,928
Stocks	1,486,522	–	1,486,522
Debtors	832,615	26,312	858,927
Bank balances, deposits & cash	368,526	–	368,526
	<u>8,701,631</u>	<u>366,220</u>	<u>9,067,851</u>
Liabilities directly associated with disposal group and assets classified as held for sale			
Creditors	2,111,944	7,704	2,119,648
Contract liabilities	216,851	–	216,851
Term loans	398,884	312,650	711,534
Lease liabilities	331,368	–	331,368
Taxation	11,058	633	11,691
Deferred tax liabilities	45,910	–	45,910
Other non-current liabilities	7,290	–	7,290
	<u>3,123,305</u>	<u>320,987</u>	<u>3,444,292</u>

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OTHER INFORMATION

For the half year ended 30 June 2022

1. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

2. AUDITORS' REPORT

Not applicable.

3. REVIEW OF GROUP PERFORMANCE

Half Year ended 30 June 2022

Group net profit from continuing operations attributable to shareholders was \$434 million as compared to \$344 million for the same period in 2021. Earnings per share was 24.3 cents as compared to 18.9 cents in the same period last year. Including discontinued operations, net profit attributable to shareholders for 1H 2022 was \$498 million which was 66% higher than \$300 million in 1H 2021. Consequently, earnings per share inclusive of discontinued operations was 27.9 cents for the current half year as compared to 16.5 cents for the corresponding period in the prior year. Annualised return on equity (including discontinued operations) was 8.4%.

Group revenue from continuing operations of \$3,356 million was \$468 million or 16% higher than that in the same period in 2021. Revenue from Energy & Environment increased by \$795 million or 60% to \$2,110 million led by higher electricity and gas sales, and higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project and Tuas Nexus Integrated Waste Management Facility project in Singapore. Revenue from Urban Development decreased by \$377 million to \$532 million mainly due to lower revenue from property trading projects in China as a result of fewer units completed and handed over during the period. Revenue from Connectivity increased by \$30 million to \$616 million mainly due to higher service revenue as well as higher handset and equipment sales in M1. Revenue from Asset Management increased by \$20 million to \$98 million mainly due to higher acquisition fees partly offset by the absence of divestment fees recognised in 2021.

Group net profit from continuing operations of \$434 million was \$90 million or 26% higher than that in the same period in 2021. Energy & Environment registered a net profit of \$45 million in 1H 2022, reversing the net loss of \$135 million in 1H 2021, which had included an impairment of \$318 million related to the Group's exposure to KrisEnergy, partially offset by share of Floatel's net restructuring gain of \$215 million. For the current half year, the segment recorded higher share of results from an associated company involved in the integrated power, gas and renewable energy business, lower share of losses from Floatel, as well as higher contributions from the power & renewables and environment businesses. Net profit from Urban Development decreased by \$111 million to \$168 million mainly due to lower contributions from property trading projects in China and from the Sino-Singapore Tianjin Eco-City, lower fair value gains from investment properties, as well as the absence of gain from the disposal of the remaining interests in the Dong Nai project in Vietnam in 2021. These were partly offset by the absence of an impairment provision for a hotel in Myanmar in 2021. Connectivity's net profit of \$10 million was \$17 million lower than 1H 2021. This was mainly due to the absence of gain from the divestment of interests in Keppel Logistics (Foshan) in 2021, which was partly offset by higher net profit from M1 and gains from the divestments of Keppel Logistics Pte Ltd and Indo-Trans Keppel Logistics Vietnam Ltd. Net profit from Asset Management increased by \$38 million to \$155 million mainly due to higher fee income arising from acquisitions completed during the period, as well as higher fair value gains on investment properties recorded by Keppel REIT. These were partly offset by the absence of mark-to-market gains from investments in 1H 2021. Net profit from Corporate & Others remained stable at \$56 million. Higher fair value gains on investments were partly offset by lower investment income and higher interest expense. The fair value gains were largely from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P.. The Group's taxation decreased year-on-year mainly due to lower taxable profit from Urban Development. Taking into account income tax expenses, non-

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For the half year ended 30 June 2022

controlling interests and profit attributable to holders of perpetual securities, the Group's net profit from continuing operations attributable to shareholders for 1H 2022 was \$434 million. All segments were profitable including Energy & Environment that had registered a loss in 1H 2021. Including discontinued operations, the Group's net profit attributable to shareholders was \$498 million, which was \$198 million higher year-on-year. The discontinued operations recorded a net profit of \$64 million, reversing the net loss of \$44 million in 1H 2021, underpinned by improved performance from the offshore & marine business. In addition to revenue recognition from new projects, the business recorded higher investment income, improved results from associated companies, as well as gains from the divestment of Keppel Smit Towage Pte Limited and Maju Maritime Pte Ltd. The Group has also ceased the depreciation for the relevant assets classified under disposal group held for sale. Major jobs delivered by the offshore & marine business in 1H 2022 include a trailing suction hopper dredger and a wind turbine installation vessel upgrading project.

4. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

5. PROSPECTS

Vision 2030

Keppel's Vision 2030 is a long-term roadmap, unveiled in May 2020, to guide the Group's strategy and transformation. From a conglomerate of largely unrelated parts, the Group is working towards being one integrated business, providing solutions for sustainable urbanisation. The Group is focusing on four business segments, namely Energy & Environment, Urban Development, Connectivity and Asset Management – all part of a connected value chain. To date, the Group has unveiled a series of initiatives to transform and grow, and also to simplify and better focus its business. Importantly, it is tapping third party capital to grow, in line with the Group's asset-light business model, and creating value by collaborating as OneKeppel, to harness synergies across the Group.

In September 2020, the Group announced further steps in its Vision 2030 roadmap, including a \$3-\$5 billion asset monetisation programme over three years to free up the Group's balance sheet. Since then, the Group has announced more than \$3.6 billion of asset monetisation. With the good progress to date, we are confident of exceeding the \$5 billion target by the end of 2023. The funds unlocked will allow the Group to build new capabilities, fuel its ambitious growth plans under Vision 2030, and also better reward shareholders.

In April 2022, the Group announced that it has entered into definitive agreements with Sembcorp Marine Ltd for the proposed combination of Keppel Offshore & Marine and Sembcorp Marine (the Combined Entity), setting in motion the creation of a premier global player providing offshore renewables, new energy and cleaner solutions in the offshore & marine sector. The proposed combination will unlock synergies by bringing together the strong track records and capabilities of the two companies, putting the Combined Entity in a strong position to expand and compete more effectively in its areas of focus amidst the energy transition. It is also expected to further strengthen Singapore's position as a maritime and offshore & marine hub. The Group has concurrently signed a definitive agreement with Baluran Limited (Baluran), an indirect wholly-owned subsidiary of ASM Connaught House Fund V, and Kyanite Investment Holdings Pte Ltd (Kyanite), an indirect wholly-owned subsidiary of Temasek, for the sale of Keppel O&M's legacy completed and uncompleted rigs and the receivables associated with certain legacy rigs to a separate Asset Co, which would be majority owned by Baluran and Kyanite.

The two proposed transactions, which are inter-conditional and being executed concurrently, are progressing on track towards the expected completion by the end of 2022.

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For the half year ended 30 June 2022

To deepen collaboration in its Vision 2030 focus areas, the Group has established OneKeppel data centre and infrastructure teams to take a “cradle to maturity” approach in evaluating business opportunities across the projects’ development stages, whether they are investments by the Group’s funds, operating entities, listed REITs or business trust. Other projects which the Group is working on, such as energy efficient floating data centre parks and climate resilient nearshore developments of “floating cities”, similarly harness diverse capabilities from across the Group, allowing the Group to deliver innovative solutions that differentiate Keppel from its competitors.

Segment Business

In the Energy & Environment segment, Keppel O&M’s net order book, excluding the Sete rigs, was approximately \$4.4 billion as at 30 June 2022. Keppel O&M has been focused on execution and pursuing new projects whilst delivering on its transformation objectives. Keppel O&M was successful in securing new contracts, adding approximately \$256 million worth of new orders during the six months ended 30 June 2022. In the latest Petrobras FPSO tender, Keppel O&M was selected as the only qualified bidder for the P-80 FPSO project. Keppel O&M is also in discussions with Petrobras on an option for a second FPSO project. The two Petrobras FPSO projects, if awarded, would add more than \$8 billion to Keppel O&M’s orderbook. In May 2022, reflecting the improving sentiments in the oil and gas market, Keppel O&M secured about \$255 million worth of bareboat charter contracts for four of its legacy jackup rigs, with charter periods of three to five years. Keppel O&M is currently also engaging potential buyers for some of its legacy rig assets.

With the rapid transition towards more low carbon energy systems, Keppel Infrastructure (KI) sees growing demand for clean energy generation and decarbonisation solutions, as well as a shift towards resource circularity, even as governments and customers intensify their efforts to drive energy resilience. KI will redouble its growth pursuits by leveraging its competitive advantages and operating track records in the energy and environment-related infrastructure business. Besides building robust business development pipelines in these growth areas, KI is also open to mergers & acquisitions and partnerships to fortify its power & renewables business, and scale up its environmental business as well as Energy-as-a-Service offerings in the region, including district cooling, EV charging infrastructure and green hydrogen/ammonia. KI will also commit resources to innovation and technology development to futureproof its position in the market as well as to strengthen its value propositions to customers.

Keppel Renewable Energy will continue to develop the Harlin Solar Farm in Australia and explore new markets and opportunities as a developer and operator of renewable energy assets, as it contributes to the Group’s goal of growing its renewable energy portfolio to 7GW by 2030.

In the Urban Development segment, Keppel Land continues its transformation to be an asset light provider of urban space solutions, with China, Singapore and Vietnam as its key markets, while scaling up in others such as India. In the first half of 2022, Keppel Land sold about 1,010 homes, comprising about 480 in China, 10 in Singapore, 40 in Vietnam, 430 in India and 50 in Indonesia. Keppel Land will continue to monetise its landbank to unlock value and recycle capital, as it pivots towards real estate-as-a service and grow recurring income. It is actively exploring opportunities in sustainable urban renewal and senior living solutions, and is focused on enhancing customer experience, as well as digital and sustainability investments to leapfrog the competition.

Keppel Urban Solutions continues to pursue opportunities and build a pipeline of projects in the region. As a master developer and integrator of end-to-end smart and sustainable solutions, Keppel Urban Solutions develops sustainable, climate resilient and digitally connected townships, and is working with Keppel Land to develop Saigon Sports City in Ho Chi Minh City, Vietnam. In China, the Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd (SSTEC) will continue to drive the development of the Eco-City, including selling land parcels to accelerate the Eco-City’s development.

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In the Connectivity business, M1 complements the Group's mission as a solutions provider for sustainable urbanisation with its suite of digital connectivity solutions. Through a multi-year transformation journey, M1 is developing and implementing new strategic and operational plans to sharpen its competitive edge, increase its momentum in digital transformation and undertake growth initiatives. It will focus on strengthening its consumer business through hyper-personalisation to meet changing customer needs and expectations, and developing platforms and initiatives to support enterprise customers.

On the 5G front, M1 has achieved more than 80% outdoor coverage in its 5G standalone network rollout in Singapore, as well as launched a market trial on this new network while progressively introducing various 5G commercial solutions. M1 is also creating 5G industry solutions and future-ready offerings such as Industrial Connected Workforce solutions, Smart Glass AR-assisted Site Quality Inspection services and Smart Glass Remote Real-Time Sensorisation services in partnership with other Keppel business units and the Infocomm Media Development Authority. These 5G-powered solutions will help to boost operational gains, cost efficiencies and promote workplace safety. In addition, M1 is harnessing hybrid cloud solutions and automation using Machine Learning and Robotic Process Automation to drive operational efficiency gains for enterprise customers in support of their digital transformation journeys.

Keppel Telecommunications & Transportation (Keppel T&T) will, in collaboration with Keppel Capital, continue to actively pursue new development opportunities to grow its data centre footprint beyond its traditional areas of operation, while concurrently exploring innovative new solutions to reduce the environmental footprint of its data centres and strengthen its market position. Following a strategic review of the logistics businesses, Keppel T&T has decided to divest its logistics portfolio in South-East Asia and Australia, in line with Vision 2030 to simplify and focus on its core business, as well as, to unlock capital that can be deployed to fund its growth initiatives. The divestments of its logistics businesses in Singapore, Malaysia, Vietnam and Australia, as well as UrbanFox were completed by 1 July 2022.

In the Asset Management business, Keppel Capital continues to harness synergies across the Group to create quality investment solutions and connect investors with real assets in fast growing sectors supported by long-term macro-trends. In the first half of 2022, Keppel DC REIT announced the proposed acquisition of two data centre facilities in Guangdong, China. In addition, Keppel Infrastructure Trust (KIT) completed the acquisition of the remaining 30% interest in the SingSpring Desalination Plant and signed a non-binding term sheet with Keppel Infrastructure Holdings Limited for the proposed acquisition of its interest in the Keppel Marina East Desalination Plant. In July 2022, KIT made headway into the renewable energy market, investing alongside Keppel Corporation, in an onshore wind energy portfolio across the Nordics and United Kingdom, marking KIT's first investment in Europe. Looking ahead, Keppel Capital also plans to launch new flagship infrastructure and real estate funds. Keppel Capital, through its REITs, Trust and private funds, will continue to grow its investments in data centre, infrastructure, real estate and alternative assets with a focus on sustainability.

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6. DIVIDEND

6a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend type	Cash
Dividend per share	15.0 cents
Tax rate	Tax exempt

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 15.0 cents per share (2021: tax exempt one-tier interim cash dividend of 12.0 cents per share) in respect of the half year ended 30 June 2022. The interim dividend will be paid to shareholders on 19 August 2022.

6b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

Name of Dividend	Interim
Dividend type	Cash
Dividend per share	12.0 cents
Tax rate	Tax exempt

6c. Date Payable

19 August 2022.

6d. Books Closure Date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 10 August 2022 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers of ordinary shares ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 HarbourFront Avenue Keppel Bay Tower #14-07 Singapore 098632 up to 5.00 p.m. on 10 August 2022 will be registered to determine shareholders' entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 10 August 2022 will be entitled to the interim dividend.

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7. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 22 April 2022. During the financial year, the following interested person transactions were entered into by the Group:

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 a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
		Half Year 30.6.2022 \$'000	Half Year 30.6.2022 \$'000
Transaction for the Sale of Goods and Services			
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	397	676
CapitaLand Group		-	1,349
Clifford Capital Group		-	1,313
Keppel Infrastructure Trust Group		113	98,453
Lan Ting Holdings Group		-	12,333
PSA International Group		11	514
SembCorp Marine Group		-	1,607
Singapore Airlines Group		-	326
Singapore Power Group		-	855
Singapore Technologies Engineering Group		136	1,798
Singapore Telecommunications Group		164	7,019
StarHub Group		-	33,607
Transaction for the Purchase of Goods and Services			
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	904	2,808
CapitaLand Group		2	693
Clifford Capital Group		-	1,211
Lan Ting Holdings Group		-	652,000
PSA International Group		84	-
SembCorp Industries Group		-	127,062
SembCorp Marine Group		-	568
Singapore Technologies Engineering Group		4	7,103
Singapore Telecommunications Group		71	31,899
SMRT Corporation Group		-	683
StarHub Group		-	35,676

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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 a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
		Half Year 30.6.2022 \$'000	Half Year 30.6.2022 \$'000
Treasury Transactions			
Clifford Capital Group Keppel Infrastructure Trust Group SembCorp Marine Group Singapore Tianjin Eco-City Investments Holdings Pte Ltd	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested persons are its associates.	143,783 942 32 20,393	– – – –
Joint Venture			
Temasek Holdings Group (other than the below) Singapore Technologies Engineering Group	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested person are its associate.	35,800 625	– –
Total Interested Person Transactions		203,461	1,019,553

8. 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.

BY ORDER OF THE BOARD

CAROLINE CHANG/LEON NG
Company Secretaries
28 July 2022

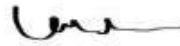
CONFIRMATION BY THE BOARD

We, DANNY TEOH and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the half year ended 30 June 2022 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



DANNY TEOH
Chairman



LOH CHIN HUA
Chief Executive Officer

Singapore, 28 July 2022