These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore production facilities and drilling rigs design, construction, fabrication and repair, ship conversions and repair and specialised shipbuilding;
- power generation, renewables, environmental engineering and infrastructure operation and maintenance;
- property development and investment, as well as master development;
- provision of telecommunications services, retail sales of telecommunications equipment and accessories, development and operation of data centres, and provision of logistics solutions; and
- management of private funds and listed real estate investment and business trusts.

The financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet and statement of changes in equity of the Company at 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2022.

2. Significant accounting policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). All references to SFRS(I)s and IFRSs are referred to collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of New and Revised Standards

The Group adopted the new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are effective for annual periods beginning on or after 1 January 2021. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s.

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) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform - Phase 2*
- Amendment to SFRS(I) 16 *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

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 financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2

The Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2* effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current year opening reserves amounts on adoption.

Hedge relationships

The Phase 2 amendments address issues arising during interest rate benchmark reform ("IBOR reform"), including specifying when hedge designations and documentation should be updated, and when amounts accumulated in cash flow hedge reserve should be recognised in profit or loss.

Note 35 provides further information about the reliefs applied by the Group and the hedging relationships for which the Group has applied the reliefs. No changes were required to any of the amounts recognised in the current or prior year as a result of these amendments. In the current year, the Group has adopted the following hedge accounting reliefs provided by the 'Phase 2' amendments to existing cash flow hedges (refer to Note 35 for the notional amount) that have transitioned to alternative benchmark rates required by IBOR reform:

- *Hedge designation*: When the 'Phase 1' amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationship.
- *Amounts accumulated in the cash flow hedge reserve*: When the interest rate benchmark on which the hedged future cash flows were based is changed as required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate.

2. Significant accounting policies (continued)

Financial instruments measured at amortised cost and lease liabilities
Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

For the year ended 31 December 2021, the Group has applied the practical expedients provided under Phase 2 to amendments to S$200 million of its long-term debt, as disclosed in Note 35.

Effect of IBOR reform
The Group's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the Singapore Swap Offer Rate ("SOR") or the United States Dollar London Interbank Offered Rate ("USD LIBOR"). A significant portion of these floating rate borrowings are hedged using interest rate swaps, which have been designated as cash flow hedges.

SOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average ("SORA"). The Group has S$700 million of variable-rate SGD borrowings which references to SOR, with interest rate fixing dates falling after 30 June 2023. The Group hedges the variability in cash flows using SOR-linked interest rate swaps. While most swaps have been restructured in view of IBOR reform, the Group's communication with its swap and debt counterparties is still ongoing, as specific changes required by IBOR reform for most of its debt and some of its swaps have not yet been agreed. The Group also has S$35,604,000 variable-rate SGD receivables which references to SOR, with interest rate fixing dates falling after 30 June 2023. The Group's communication with its receivables counterparties is ongoing, but specific changes required by IBOR reform have not yet been agreed. As IBOR uncertainty is still present, the Group continues to apply the Phase 1 temporary amendments for hedge accounting on cash flow hedges relating to SOR risk, and further information on the hedging relationship has been disclosed in Note 35. The expected transition from SOR to SORA had no effect on the amounts reported for the current and prior financial years.

USD LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Secured Overnight Financing Rate ("SOFR"). The Group has US$625 million (or S$854 million equivalent) of variable-rate USD borrowings which references to USD LIBOR, with interest rate fixing dates falling after 30 June 2023. The Group hedges the variability in cash flows using USD LIBOR-linked interest rate swaps. While some swaps have been restructured in view of IBOR reform, the Group's communication with its swap and debt counterparties is still ongoing, as specific changes required by IBOR reform for most of its debt and swaps have not yet been agreed. The Group also has S$377,660,000 variable-rate USD receivables which references to USD LIBOR, with interest rate fixing dates falling after 30 June 2023. The Group's communication with its receivables counterparties is ongoing, but specific changes required by IBOR reform have not yet been agreed. As IBOR uncertainty is still present, the Group continues to apply the Phase 1 temporary amendments for hedge accounting on cash flow hedges relating to USD LIBOR risk, and further information on the hedging relationship has been disclosed in Note 35. The expected transition from USD LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years.

Affected financial instruments are SOR or USD LIBOR-linked instruments, with interest rate fixing dates falling after 30 June 2023. The following table contains details of all the affected financial instruments that the Group and Company holds at 31 December 2021 which are referenced to SOR and have not yet transitioned to new benchmark rates:

	SOR			
	Group		Company	
	Carrying Amount $'000	Of which: Not yet transitioned to an alternative benchmark rate $'000	Carrying Amount $'000	Of which: Not yet transitioned to an alternative benchmark rate $'000
31 December 2021				
Assets				
- Derivative financial instruments	6,457	-	6,457	-
- Amounts due from an associated company	22,500	22,500	-	-
- Loan to a joint venture	13,104	13,104	-	-
Liabilities				
- Borrowings	699,510	499,510	200,000	-
- Derivative financial instruments	45,878	36,418	9,460	-

The following table contains details of all the affected financial instruments that the Group and Company holds at 31 December 2021 which are referenced to USD LIBOR and have not yet transitioned to new benchmark rates:

	USD LIBOR			
	Group		Company	
	Carrying Amount $'000	Of which: Not yet transitioned to an alternative benchmark rate $'000	Carrying Amount $'000	Of which: Not yet transitioned to an alternative benchmark rate $'000
31 December 2021				
Assets				
- Derivative financial instruments	16,566	16,566	16,566	16,566
- Trade Receivables	377,660	377,660	-	-
Liabilities				
- Borrowings	854,063	854,063	854,063	854,063
- Derivative financial instruments	8,036	55	8,036	55

The above table excludes receivables from KrisEnergy of S$109,513,000 which are referenced to USD LIBOR as the carrying amount of these receivables are primarily measured based on the expected recoveries for the Group. Refer to Note 11(b) for more details on the Group's investments in KrisEnergy and related exposures.

2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets transferred, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. Significant accounting policies (continued)

2.4 Fixed Assets

Fixed assets are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is added to the carrying amount only when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Buildings on leasehold land	Over period of lease (ranging from 10 to 50 years)
Vessels & floating docks	10 to 30 years
Plant, machinery & equipment	3 to 30 years
Networks and related application systems	5 to 25 years
Furniture, fittings & office equipment	2 to 15 years
Cranes	5 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long term capital appreciation or for a currently indeterminate use. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers, except for significant investment properties which are revalued on a half-yearly basis. Changes in fair value are recognised in the profit and loss account.

The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

2.6 Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

2.7 Associated Companies and Joint Ventures

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

A joint venture is an entity, not being a subsidiary, over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company or a joint venture, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company or joint venture is included in the consolidated profit and loss account and consolidated statement of comprehensive income respectively. The Group's share of net assets of the associated company or joint venture is included in the consolidated balance sheet.

When the Group's investment in an associated company or a joint venture is held by, or is held indirectly through, a subsidiary that is a venture capital organisation, or a mutual fund, unit trust and similar entities, the Group may elect to measure that investment at fair value through profit or loss. This election is made separately for each associated company or joint venture, at initial recognition of the associated company or joint venture.

Any excess of the cost of acquisition over the Group's share of net identifiable assets, liabilities and contingent liabilities of the associated company or joint venture recognised at the date of acquisition measured at their fair values is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net identifiable assets, liabilities and contingent liabilities measured at their fair values over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account as a bargain purchase gain.

2.8 Intangibles

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net identifiable assets acquired and the liabilities assumed measured at their fair values at acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

Spectrum Rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licenses or access codes. These intangible assets are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Spectrum rights are amortised on a straight-line basis over the estimated economic useful life of 4 to 16 years.

Brand

The brand was acquired as part of a business combination completed in the prior financial year. The brand value will be amortised over the useful life which is estimated to be 30 years.

Customer Contracts and Customer Relationships

Customer contracts and customer relationships are identified and recognised separately from goodwill. The cost of customer contracts and relationships is at their fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 1 to 20 years.

Other Intangible Assets

Other intangible assets include development expenditure and internet protocol (IP) address, initially recognised at cost and subsequently carried at cost less accumulated amortisation. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 3 to 20 years.

Other intangible assets also include management rights which is initially recognised at cost upon acquisition and subsequently carried at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

2.9 Service Concession Arrangement

The Group has an existing service concession arrangement with a governing agency (the grantor) to design, build, own and operate a desalination plant in Singapore. Under the service concession arrangement, the Group will operate the plant for 25 years. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. Such service concession arrangement falls within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

The Group constructs the plant (construction services) used to provide public services and operates and maintains the plant (operation services) for the concession period as specified in the contract. The Group recognises and measures revenue in accordance with SFRS(I) 15 for the services it performs.

The Group recognises a financial asset arising from the provision of the construction services when it has a contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised amount using the effective interest method.

2. Significant accounting policies (continued)

2.10 Financial Assets

The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Purchases and sale of financial assets are recognised on the trade date when the Group commits to purchase or sell the assets.

At initial recognition, the Group measures a financial asset at its fair value including, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit and loss account.

(i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade, intercompany and other receivables (excluding prepayments) and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the profit and loss account when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the profit and loss account using the effective interest rate method.

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in the profit and loss account in the period in which it arises.

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the profit and loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account. Interest income from these financial assets is recognised in the profit and loss account using the effective interest rate method.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in the profit and loss account in the period in which the changes arise. For equity investments where the Group has elected to recognise changes in fair value in OCI, movements in fair values are presented as "fair value changes" in OCI. Dividends from equity investments are recognised in the profit and loss account.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in the profit and loss account. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the profit and loss account.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in the profit and loss account if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sale proceeds would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.11 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

2.12 Investments

Investments include equity investments classified as FVPL and FVOCI and debt investments classified as FVPL. See further in Note 2.10.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

2.13 Stocks

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

2.14 Contract Assets and Contract Liabilities

For contract where the customer is invoiced on a milestone payment schedule or over the period of the contract, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer, and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

2.15 Impairment of Assets

Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company or joint venture is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination. An impairment loss is recognised in the profit and loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2. Significant accounting policies (continued)

Other Non-Financial Assets
Tangible and intangible assets are tested for impairment whenever there is any indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

2.16 Financial Liabilities and Equity Instruments
Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently carried at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.22).

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.17 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions, where necessary, are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

2.18 Leases
When a Group company is the lessee
At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets
The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented as a separate line on the balance sheets. Right-of-use assets which meets the definition of an investment property is presented within "Investment Properties" and accounted for in accordance with Note 2.5.

Lease liabilities
The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments include the following:
- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liabilities are presented as a separate line on the balance sheets.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:
- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases
The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments
Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises these lease payments in profit or loss in the periods that triggered such lease payments. Details of the variable lease payments are disclosed in Note 9.

Rent concessions
The Group has elected to apply the optional practical expedient under Amendments to SFRS(I) 16 *Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)*.

Under the practical expedient, the Group, as a lessee, has elected not to assess whether a rent concession is a lease modification, if all the following conditions are met:
- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

When a Group company is the lessor
Operating leases
Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

2.19 Assets classified as Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.20 Revenue

Revenue consists of:
- Revenue recognised on rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts;
- Sale of goods;
- Rendering of services; and
- Rental income from investment properties.

2. Significant accounting policies (continued)

Revenue recognition
The Group enters into rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to-date.

The contract work, except for overseas property construction contracts, has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the contract work. For overseas property construction contracts, the Group does not have enforceable rights to payment arising from the contractual terms. Revenue from overseas property construction contracts is recognised at a point in time when the rights to payment become enforceable.

The measure of progress for rigbuilding contracts, and shipbuilding and repair contracts, is determined based on the estimation of the physical proportion of the contract work completed for the contracts with reference to engineers' estimates. The measure of progress for property construction and long term engineering contracts is determined based on the proportion of contract costs incurred to-date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services including electricity supply, logistic services, operations and maintenance under service concession arrangements, asset management fees, and telecommunication services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed or in accordance with terms of the service agreements.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

2.21 Government Grants
Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.22 Borrowing Costs
Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

For Singapore trading properties which the Group recognises revenue over time, borrowing costs on the portion of the property not ready for transfer of control to the purchasers are capitalised until the time when control is capable of being transferred to the purchasers.

2.23 Employee Benefits
Defined Contribution Plan
The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Plans Scheme
The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share plan reserve over the remaining vesting period.

No expense is recognised for share plan awards that do not ultimately vest, except for share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued, or to the treasury shares account when treasury shares are re-issued to the employee.

2.24 Income Taxes

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset/liability is realised/settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

2.25 Foreign Currencies

Functional Currency
Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“functional currency”).

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions
Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Currency Translation
For inclusion in the Group’s financial statements, the assets and liabilities of foreign subsidiaries, associated companies and joint ventures that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. Profit or loss of foreign subsidiaries, associated companies and joint ventures are translated into Singapore Dollars using the average exchange rates for the financial year. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign subsidiaries, associated companies and joint ventures. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in Foreign Exchange Translation Account until disposal.

2. Significant accounting policies (continued)

Disposal or partial disposal of a foreign operation
On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associated company that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associated companies or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.26 Share Capital and Perpetual Securities
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When shares are reacquired by the Company, the amount of consideration paid and any directly attributable transaction cost is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in non-distributable capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Perpetual securities which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Distributions arising from such instruments are recognised in equity as there is no contractual obligation to pay distributions on these instruments. Incremental external costs directly attributable to the issuance of such instruments are accounted for as a deduction from equity.

2.27 Segment Reporting
The Group has five main segments, of which there are six reportable operating segments, namely Offshore & Marine, Infrastructure & Others, Urban Development, Connectivity, Asset Management and Corporate & Others. Management monitors the results of each of the main segments for the purpose of making decisions on resource allocation and performance assessment.

2.28 Critical Accounting Judgments and Estimates

(a) Critical judgments in applying the Group's accounting policies
In the process of applying the Group's accounting policies, there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

(i) Control over Keppel REIT
The Group has approximately 47% (2020: approximately 49%) gross ownership interest of units in Keppel REIT as at 31 December 2021. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it does not have control over Keppel REIT but continues to have significant influence over the investment.

(ii) Interest Rate Benchmark Reform – Phase 1
SOR
In calculating the change in fair value attributable to the hedged SGD borrowings, the Group assumes that:

- The existing floating-rate borrowings will move to SORA at the same time as the interest rate swaps (hedging instruments) with similar adjustment spreads;
- No other material changes to the terms of the borrowings and interest rate swaps are anticipated; and
- The interest rate swaps will not be derecognised.

Given that the critical terms are assumed to continue to match, the change in fair value of the hedged risk is the same as the change in fair value of the hedging instrument. Therefore, no hedge ineffectiveness is recognised as a result of the expected transition of the cash flow hedges from SOR to SORA.

USD LIBOR
In calculating the change in fair value attributable to the hedged USD borrowings, the Group assumes that:

- The existing floating-rate borrowings will move to SOFR at the same time as the interest rate swaps (hedging instruments) with similar adjustment spreads;
- No other material changes to the terms of the borrowings and interest rate swaps are anticipated; and
- The interest rate swaps will not be derecognised.

Given that the critical terms are assumed to continue to match, the change in fair value of the hedged risk is the same as the change in fair value of the hedging instrument. Therefore, no hedge ineffectiveness is recognised as a result of the expected transition of the cash flow hedges from USD LIBOR to SOFR.

(b) Key sources of estimation uncertainty
The key assumptions 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 within the next financial year, are as follows:

(i) Coronavirus Disease 2019 (“COVID-19”) and volatility in oil prices
The evolving situation of the COVID-19 pandemic, including emergence of new variants of the virus, and 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 carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group. 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 31 December 2021.

Should the COVID-19 situation take a longer than expected period to recover 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 years.

(ii) Recoverability of contract asset and receivable balances in relation to offshore & marine construction contracts
Contracts with Sete Brasil (“Sete”)
The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd (“Magni”) to purchase four Sete subsidiaries, two of which are special-purpose entities (“SPEs”) for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets.

On 12 October 2021, the Group entered into a 2nd Supplemental Agreement to the Settlement Agreement in relation to the two SPEs and together with the Supplemental Agreement signed on 31 May 2021 for the four uncompleted rigs, essentially terminated all the EPC contracts and related agreements entered into in relation to the six rigs with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group had obtained full title to the four uncompleted rigs, albeit two of which are still encumbered. Sete is to procure the release of the mortgage on the two encumbered rigs placed with the ship registry. The receivables the Group has with Sete of approximately US$260,000,000 shall be recognised as an undisputed debt and be recognised as part of the debt under the Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

Management estimated the net present value of the cashflows relating to the construction contract for two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts with Sete, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan.

Arising from the above assessment, the loss allowance for trade debtors of $183,000,000 (2020: $183,000,000) and the provision for related contract costs of $245,000,000 (2020: $245,000,000) made in prior years remain adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to EPC contracts with Sete.

2. Significant accounting policies (continued)

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000 as at 31 December 2021 (2020: $476,000,000).

The above assessment had been made with the following key assumptions:

(i) Petrobras will continue to require the rigs for execution of its business plans and will charter them at the dayrates and tenure previously agreed with Sete;
(ii) Magni or any other potential investor will be able to secure financing to complete the purchase of the rigs with Sete and complete the construction contract with the Group at the terms previously discussed with Magni; and
(iii) The future cost of construction of the rigs are not materially different from management's current estimation.

At the date of these financial statements, the Group continues to be in active discussion with relevant stakeholders as Sete negotiates with Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions as disclosed above, additional material provision may be required, including adjustments to the net carrying amounts (net of total cumulative losses as described above) relating to the Sete contracts amounting to $157,449,000 as at 31 December 2021 (2020: $113,645,000).

Other contracts
As at 31 December 2021, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks, amounting to $1,707,190,000 (2020: $1,653,547,000). In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise the right to retain payments received to date and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to $791,952,000 as at 31 December 2021 (2020: $848,117,000) of which $791,952,000 (2020: $772,443,000) is secured on the rigs and $nil (2020: $75,674,000) is unsecured but the Group has obtained parental guarantee from the customers.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates. Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects and of rigs delivered on financing arrangements to determine if a provision for expected loss is necessary.

Whilst there are indicators of improvement during the year, the global economic environment continues to be significantly affected by COVID-19 and the oil and gas industry, in particular, has experienced an unprecedented and very difficult period as a result of lower expected demands. Management expects the full recovery for the industry to take some time. The Group remains cognizant of these developments and have been closely monitoring the market and industry developments relating to utilisation rates, dayrates, oil price outlook and other relevant information.

For the above contract assets and secured trade receivables, in the event that the customers are unable to fulfil their contractual obligations, management has considered the most likely outcome for the rigs delivered or under construction is for the Group to take possession of the asset and charter it out to work with an operator. The value of the rig on this basis would be based on an estimation of the value-in-use ("VIU") of the rig, i.e. through estimating the net present value of cash flows from operating the rig over the useful life of the asset.

Management has engaged independent professional firms to assist in their assessment on whether the VIU of the rigs exceed the carrying values of contract assets and trade receivables as at 31 December 2021. The VIU model used by the independent firm is consistent with prior years and is based on Discounted Cash Flow ("DCF") calculations that cover each class of rig. In addition to the independent firm responsible for the valuation based on DCF calculations, management has also engaged a separate industry expert to independently provide a view of the market outlook, assumptions and parameters which are used in the valuation based on estimation of VIU. Key inputs into the estimation of the VIU include dayrates, cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the rigs would decrease if the expected income from operating the rigs decline, or discount rates were higher, or the estimated commencement of deployment were delayed.

Management has also appointed an independent financial advisor to conduct an assessment of the recoverability of unsecured receivables from a customer and secured receivables from another customer as at 31 December 2021.

Based on the results of the assessments, the Group did not recognise any (2020: $430,842,000) expected credit loss on contract assets, but recognised an expected credit loss allowance of $75,952,000 (2020: $169,611,000) on receivables during the financial year ended 31 December 2021 as follows:

		Financing to customers		
	Contract assets $'000	Secured $'000	Unsecured $'000	Total $'000
As at 31 December 2021				
Gross balance	**3,393,984**	**892,407**	**141,654**	**4,428,045**
Less: Expected credit loss				
Balance, 1 January	**432,541**	**99,162**	**62,921**	**594,624**
Currency alignment	**-**	**1,293**	**2,781**	**4,074**
Impairment charged	**-**	**-**	**75,952**	**75,952**
Balance, 31 December	**432,541**	**100,455**	**141,654**	**674,650**
Net balance	**2,961,443**	**791,952**	**-**	**3,753,395**
As at 31 December 2020				
Gross balance	2,933,715	871,605	138,595	3,943,915
Less: Expected credit loss				
Balance, 1 January	21,000	-	-	21,000
Currency alignment	-	(4,634)	(2,894)	(7,528)
Impairment charged	430,842	103,796	65,815	600,453
Reclassification (Note 16)	(19,301)	-	-	(19,301)
Balance, 31 December	432,541	99,162	62,921	594,624
Net balance	2,501,174	772,443	75,674	3,349,291

The valuations of the rigs based on estimated VIU were most sensitive to discount rates and dayrates.

- A discount rate of 7.6% has been used in the valuation as at 31 December 2021 (2020: 7%). An increase of 1% of the discount rate would increase the expected credit loss by approximately S$7,000,000 for the year (2020: S$7,000,000).
- A decrease in dayrates of US$5,000 per day across the entire asset useful life of 25 years would not increase the expected credit loss (2020: $nil).

(iii) Impairment of non-financial assets
Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units ("CGU"s). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets (Note 7), investments in subsidiaries (Note 10), investments in associated companies and joint ventures (Note 11), and intangibles (Note 14) as at 31 December 2021.

Management has performed the impairment assessment of its investments and related exposures in KrisEnergy Limited ("KrisEnergy"). Refer to Note 11(b) for more details on the impairment assessment of Group's investments in KrisEnergy.

Management has also performed an impairment assessment of the goodwill arising from acquisition of M1 Limited. Details of the impairment testing is disclosed in Note 14.

(iv) 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 accounting policy stated in Note 2.20. 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 25.

2. Significant accounting policies (continued)

(v) Income taxes
The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

(vi) 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.

EIG Energy Fund XIV, L.P., et al. v. Keppel Offshore & Marine Ltd., (United States District Court, Southern District of New York)
In February 2018, the Group was served a summons by eight investment funds ("Plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the Plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. In April 2018, the Plaintiffs added, among other things, a state law claim for aiding and abetting fraud. In May 2020, the Court dismissed the Plaintiffs' civil RICO conspiracy claim but denied the Group's motion to dismiss the Plaintiff's claim on aiding and abetting fraud under New York state law. Consequently, the Plaintiffs currently seek US$221 million plus punitive damages, interest, attorney's fees, costs and disbursements, based on the remaining claim for aiding and abetting fraud.

Following completion of factual depositions, in late September 2021, the Plaintiffs and the Group have each served a motion for summary judgment, seeking judgment on the abovementioned claim which the Plaintiffs have presently quantified at approximately US$820 million in aggregate, including US$442 million in punitive damages and US$157 million as pre-judgment interest. Each party's opening brief, opposition brief and reply brief were filed with the Court on 2 November 2021. There currently is no scheduled hearing date for the summary judgment motions.

Based on the advice obtained from an external legal counsel, the remaining claim for aiding and abetting fraud is without merit and the Group will vigorously defend itself. As at the date of these financial statements, based on advice obtained from external legal counsel, it is premature to predict or determine the eventual outcome of this remaining claim and hence, the potential amount of loss cannot currently be assessed.

Termination of Two Mid-Water Semisubmersible Drilling Rig Contracts
A subsidiary of Keppel Offshore & Marine Ltd ("KOM subsidiary") terminated two contracts with subsidiaries of a customer for the construction of two mid-water semisubmersible drilling rig for harsh environment use:

(i) In June 2020, the buyer under the first of these contracts ("First Contract") alleged a breach of contract by the KOM subsidiary and purportedly terminated the First Contract and sought recovery of the payments already made to the KOM subsidiary with interest. The allegations by the buyer were refuted and the purported termination of the contract was rejected by the KOM subsidiary. The buyer subsequently failed to pay an instalment due under the First Contract. Non-payment of any instalment by the customer is a default in accordance with the First Contract, entitling the KOM subsidiary to terminate the First Contract, retain all payments received to date (approximately US$54 million), and seek compensation for the work done to date and claim ownership of the rig. The KOM subsidiary had therefore issued a notice of termination of the First Contract to the buyer and commenced arbitration to enforce its rights under the First Contract against the buyer.

(ii) In December 2020, the KOM subsidiary issued a notice of termination of the second of these contracts ("Second Contract") and commenced arbitration to enforce its rights under the Second Contract against the buyer, which rights include the right to retain the amounts already paid by the buyer to date of approximately US$43 million and to seek reimbursement of the KOM subsidiary's costs of the project to the date of termination.

Subsequent to the issuance of this notice of termination, the KOM subsidiary has received a notice from the buyer purporting to terminate the Second Contract, alleging breaches under the Second Contract. As it had already terminated the Second Contract, the KOM subsidiary's position is that the notice of termination can have no effect. In any event, the KOM subsidiary refutes the abovementioned allegations by the buyer in the notice.

The Group is working with legal advisors to enforce its rights and will continue to evaluate the potential financial impact in consultation with its advisors. Based on currently available information, including opinion from the legal advisors, no provision was made in respect of the recovery of the payments already made to the Group by the two buyers.

Global resolution with criminal authorities in relation to corrupt payments
In 2017, KOM reached a global resolution with the criminal authorities in the United States of America, Brazil and Singapore in relation to corrupt payments made in relation to KOM's various projects with Petrobras and Sete Brasil in Brazil, which were made with knowledge or approval of former KOM executives. Fines in an aggregate amount of US$422,216,980, or equivalent to approximately S$570 million, paid/payable had been allocated between the three jurisdictions.

As part of the global resolution, KOM accepted a Conditional Warning from the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, and entered into a Deferred Prosecution Agreement ("DPA") with the U.S. Department of Justice ("DOJ"), while Keppel FELS Brasil S.A., a wholly-owned subsidiary of KOM, entered into a Leniency Agreement with the Public Prosecutor's Office in Brazil, the Ministerio Publico Federal ("MPF") which became effective following the approval of the Fifth Chamber for Coordination and Review of the MPF in April 2018. In addition, Keppel Offshore & Marine USA, Inc ("KOM USA"), also a wholly-owned subsidiary of KOM, pleaded guilty to one count of conspiracy to violate the U.S. Foreign Corrupt Practices Act and entered into a Plea Agreement with the DOJ.

KOM has successfully complied with its obligations under the DPA and the DPA has accordingly concluded on 22 December 2020. KOM has also been in compliance with its obligations under the Conditional Warning issued by the CPIB and the Leniency Agreement entered into with the MPF. As part of the applicable fines payable under the global resolution, a sum of US$52,777,122.50 (less any penalties that KOM may pay to specified Brazilian authorities) was payable to CPIB within three years from the date of the Conditional Warning and has been included in accrued expenses since FY 2017. The discussions with the specified Brazilian authorities remain ongoing, and CPIB has agreed to extend this three-year period for a further 12 months to 22 December 2021 and thereafter for a further 6 months to 22 June 2022.

In June 2020, the Office of the Comptroller General of Brazil ("CGU") published a notice in the Official Gazette ("Notice") to the effect that CGU has initiated an administrative enforcement procedure ("AEP") against KOM, Prismatic Services Ltd., Keppel FELS Ltd., Keppel FELS Brasil S.A., and BrasFELS S.A., in relation to alleged irregularities under the Brazilian Anti-Corruption Statute. Neither the Notice nor any summons has been served on any of the foregoing entities to date.

The Notice does not provide any factual particulars and the Company is therefore currently unable to assess the matter or its impact, if any. The Company understands from CGU that the AEP will not affect the ongoing negotiations with the Brazil authorities, and that the AEP has been suspended pending these ongoing discussions.

Based on currently available information, including opinion from the legal advisors, no additional provision was made in relation to the ongoing discussions with the specified Brazilian authorities.

Arbitration in relation to two Floating Production Storage and Offloading Units
Two of the Company's wholly-owned subsidiaries have received a request for arbitration from the customer ("Claimant") to two engineering, procurement and construction contracts relating to Floating Production Storage and Offloading units ("EPC Contracts"). The Claimant has withheld a total of approximately US$11.3 million due to the subsidiaries and has claimed a further amount of approximately US$38.2 million on the basis that the Claimant is allegedly entitled to a price reduction and remediation costs associated with defective equipment supplied under the EPC contracts (the "Claim").

The subsidiaries, in consultation with legal advisors, deny the Claimant's alleged right to such price reductions and the defective equipment and vehemently challenge the Claimant's right to withhold payments due to the subsidiaries and its supposed right to claim such price reductions. The subsidiaries intend to vigorously defend the claim and in addition, seek remedies, including counterclaims for the sums unduly withheld by the Claimant.

Based on currently available information, including opinion from the legal advisors, no provision was made in respect of the Claim as at 31 December 2021.

(vii) Useful lives of network and related application systems
The cost of network and related application systems is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimated the useful lives of these fixed assets to be within 5 to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's network and related application systems at the end of the reporting period are disclosed in Note 7 to the financial statements.

2. Significant accounting policies (continued)

(viii) 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 the financial statements for the year ended 31 December 2021, valuations were obtained from the valuers for the Group's 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, estimated construction costs to complete, 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. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Notes 8 and 35.

(ix) Estimating net realisable value of stocks
The net realisable value of stocks represent the estimated selling price for these stocks less all estimated cost of completion and costs necessary to make the sale.

As at 31 December 2021, stocks under work-in-progress amounted to $1,289,838,000 (Note 15). The assessment of the carrying value of these stocks amounting to $1,137,665,000 were performed in conjunction with the recoverability assessment of contract assets based on a VIU approach as described in Note 2.28(b)(ii).

Based on the results of the VIU assessments, the Group did not recognise further impairment on stocks under work-in-progress for the financial year ended 31 December 2021 (2020: $41,508,000 and $50,000,000 in years prior to 2020).

The valuations of these stocks under work-in-progress based on estimated VIU were most sensitive to discount rates, dayrates and delay in charter start date.

- An increase of 1% of the discount rate would result in an impairment of approximately $46,500,000 (2020: $158,000,000).
- A decrease in dayrates of US$5,000 per day across the entire asset life of 25 years would not result in an impairment (2020: $21,000,000).
- A delay in charter start date of 12 months would result in an impairment of approximately $24,200,000 (2020: $85,000,000).

For properties held for sale, the allowance for foreseeable losses is estimated taking into account the net realisable values and estimated total construction costs. The net realisable values are based on recent selling prices for the development project or comparable projects or independent valuation and the prevailing market conditions less costs to be incurred in selling the property. The estimates and assumptions used are subject to risk and uncertainty in view of the economic uncertainty brought about by the COVID-19 pandemic. The estimated total construction costs include contracted amounts plus estimated costs to be incurred taking into consideration relevant data and trend. The allowance is progressively reversed for those residential units sold above their carrying amounts.

(x) 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:

(i) Last quoted bid price for all quoted investments;
(ii) 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 35.

3. Share capital

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2021	2020	**2021**	2020
Balance at 1 January	**1,820,557,767**	1,818,394,180	**(3,051,474)**	(2,014,736)
Issue of shares under share plans	**-**	2,163,587	**-**	-
Treasury shares transferred pursuant to share plans	**-**	-	**4,668,215**	2,829,890
Treasury shares purchased	**-**	-	**(2,560,000)**	(3,866,628)
Balance at 31 December	**1,820,557,767**	1,820,557,767	**(943,259)**	(3,051,474)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2021	2020	**2021**	2020
Balance at 1 January	**1,305,668**	1,291,722	**(13,690)**	(14,009)
Issue of shares under share plans	**-**	13,946	**-**	-
Treasury shares transferred pursuant to share plans	**-**	-	**22,114**	19,359
Treasury shares purchased	**-**	-	**(13,048)**	(19,040)
Balance at 31 December	**1,305,668**	1,305,668	**(4,624)**	(13,690)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company transferred 4,668,215 (2020: 2,829,890) treasury shares to employees under vesting of Shares released under the KCL Share Plans. The Company also purchased 2,560,000 (2020: 3,866,628) treasury shares in the Company in the open market during the financial year. The total amount paid was $13,048,000 (2020: $19,040,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Plans

The KCL Performance Share Plan ("KCL PSP") and KCL Restricted Share Plan ("KCL RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The KCL Performance Share Plan 2020 ("KCL PSP 2020") and KCL Restricted Share Plan 2020 ("KCL RSP 2020") were approved by the Company's shareholders at the Annual General Meeting held on 2 June 2020, replacing the KCL PSP and KCL RSP respectively with effect from 2 June 2020. The KCL PSP and KCL RSP were terminated on the same day.

The share plans are administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)
Danny Teoh
Jean-François Manzoni

During the financial year, nil (2020: 25,641) Shares under the KCL Restricted Share Plan ("KCL RSP"), 2,955,417 (2020: 4,315,136) Shares under the KCL Restricted Share Plan – Deferred Shares ("KCL RSP-Deferred Shares"), 1,712,798 (2020: nil) Shares under the KCL Restricted Share Plan 2020 – Deferred Shares ("KCL RSP 2020-Deferred Shares") and nil (2020: 652,700) Shares under the KCL Performance Share Plan ("KCL PSP") were vested.

3. Share capital (continued)

Details of the KCL RSP, KCL RSP-Deferred Shares, KCL RSP 2020-Deferred Shares, KCL PSP, KCL PSP 2020, KCL PSP - Transformation Incentive Plan ("KCL PSP-TIP"), KCL PSP – M1 Transformation Incentive Plan ("KCL PSP-M1 TIP") and the KCL PSP 2020 - Transformation Incentive Plan ("KCL PSP 2020-TIP") are as follows:

	KCL RSP	KCL RSP-Deferred Shares & KCL RSP 2020-Deferred Shares	KCL PSP & KCL PSP 2020
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	-	(a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit
Final Award	0% to 100% of the contingent award granted, depending on achievement of pre-determined targets	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements

	KCL PSP-TIP	KCL PSP-M1 TIP	KCL PSP 2020-TIP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a six-year performance period	Two separate awards of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year and six-year performance period respectively	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a five-year performance period
Performance Conditions	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement	(a) Net Profit (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Net Promoter Score (d) Individual Performance Achievement	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement (d) Asset Monetisation and Cross-BU Revenue targets
Final Award	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements. Performance conditions may be subject to re-testing at the end of the six-year performance period	If pre-determined targets are achieved, the two separate awards will vest at the end of the three-year and six-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the five-year performance period subject to fulfilment of service requirements. Performance conditions may be subject to re-testing at the end of the five-year performance period

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

	2021					
	KCL RSP 2020-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	**KCL PSP-M1 TIP**	**KCL PSP 2020**	**KCL PSP 2020-TIP**
Contingent awards/ Awards (KCL RSP-Deferred Shares & KCL RSP 2020-Deferred Shares)						
Balance at 1 January	-	4,300,000	6,522,171	423,500	-	-
Granted	5,096,700	-	-	-	1,490,000	11,380,000
Adjustments upon released	(7,625)	-	-	-	-	-
Released	(5,089,075)	-	-	-	-	-
Cancelled	-	(128,120)	(355,465)	-	-	(240,000)
Balance at 31 December	-	4,171,880	6,166,706	423,500	1,490,000	11,140,000

	2020			
	KCL RSP-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	**KCL PSP-M1 TIP**
Contingent awards / Awards (KCL RSP-Deferred Shares)				
Balance at 1 January	-	3,885,000	5,585,967	-
Granted	5,318,164	1,585,000	1,280,000	423,500
Adjustments upon released	(1,709)	(417,300)	-	-
Released	(5,316,455)	(652,700)	-	-
Cancelled	-	(100,000)	(343,796)	-
Balance at 31 December	-	4,300,000	6,522,171	423,500

	2021		2020	
	KCL RSP-Deferred Shares	**KCL RSP-2020 Deferred Shares**	KCL RSP	KCL RSP-Deferred Shares
Awards released but not vested:				
Balance at 1 January	4,669,070	-	26,241	3,912,564
Released	-	5,089,075	-	5,316,455
Vested	(2,955,417)	(1,712,798)	(25,641)	(4,315,136)
Cancelled	(133,989)	(144,783)	(600)	(244,813)
Other adjustments	(3,015)	-	-	-
Balance at 31 December	1,576,649	3,231,494	-	4,669,070

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of Shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2021, there were no awards released but not vested (2020: nil) under the KCL RSP, 1,576,649 (2020: 4,669,070) Shares under the KCL RSP-Deferred Shares that were released but not vested and 3,231,494 Shares released but not vested under the KCL RSP 2020-Deferred Shares. At the end of the financial year, the number of contingent award of Shares granted but not released was 4,171,880 (2020: 4,300,000) under the KCL PSP, 6,166,706 (2020: 6,522,171) under the KCL PSP-TIP, 423,500 (2020: 423,500) under the KCL PSP-M1 TIP, out of which 127,900 (2020: 127,900) is to be vested in three years and 295,600 (2020: 295,600) is to be vested in six years, 1,490,000 (2020: nil) under the KCL PSP 2020 and 11,140,000 (2020: nil) under the KCL PSP 2020-TIP.

Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 6,257,820 under the KCL PSP, zero to a maximum of 9,250,059 under the KCL PSP-TIP, zero to a maximum of 635,250 under the KCL PSP-M1 TIP, zero to a maximum of 2,235,000 under the KCL PSP 2020, and zero to a maximum of 16,710,000 under the KCL PSP 2020-TIP.

The fair values of the contingent award of Shares under the KCL RSP-Deferred Shares, KCL RSP 2020-Deferred Shares, KCL PSP, KCL PSP-TIP, KCL PSP-M1 TIP, KCL PSP 2020 and the KCL PSP 2020-TIP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

3. Share capital (continued)

On 15 February 2021, the Company granted awards of 5,096,700 Shares under the KCL RSP 2020-Deferred Shares and the estimated fair value of the Shares granted were $4.98. On 30 April 2021, the Company granted contingent awards of 1,490,000 Shares under the KCL PSP 2020 and the estimated fair value of the Shares granted was $4.18. On 30 July 2021, the Company granted contingent awards of 11,380,000 Shares under the KCL PSP 2020-TIP and the estimated fair value of the Shares granted was $1.95.

In the prior year, on 17 February 2020, the Company granted awards of 5,318,164 Shares under the KCL RSP-Deferred Shares and the estimated fair value of the Shares granted were $6.48. On 31 March 2020, the Company granted contingent awards of 1,585,000 Shares under the KCL PSP, on 28 February 2020, 1,280,000 Shares under the KCL PSP-TIP and on 17 February 2020, 423,500 Shares under the KCL PSP-M1 TIP. The estimated fair value of the Shares granted was $3.69 under the KCL PSP, $1.92 under the KCL PSP-TIP, $6.31 and $5.72 respectively under the KCL PSP-M1 TIP.

The significant inputs into the model are as follows:

	2021		
	KCL RSP 2020-Deferred Shares	**KCL PSP 2020**	**KCL PSP 2020-TIP**
Date of grant	**15.02.2021**	**30.04.2021**	**30.07.2021**
Prevailing share price at date of grant	**$5.15**	**$5.42**	**$5.49**
Expected volatility of the Company	**27.39%**	**27.18%**	**26.77%**
Expected term	**0.00 - 2.00 years**	**2.83 years**	**4.58 years**
Risk free rate	**0.30% - 0.34%**	**0.56%**	**0.77%**
Expected dividend yield	*	*	*

	2020			
	KCL RSP-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	**KCL PSP-M1 TIP**
Date of grant	17.02.2020	31.03.2020	28.02.2020	17.02.2020
Prevailing share price at date of grant	$6.72	$5.29	$6.34	$6.72
Expected volatility of the Company	23.89%	26.02%	24.07%	23.89%
Expected term	0.00 - 2.00 years	2.92 years	1.99 years	2.00 and 5.00 years
Risk free rate	1.48% - 1.50%	0.87%	1.28%	1.50% and 1.53%
Expected dividend yield	*	*	*	*

* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

4. Reserves

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Capital reserves				
Share option and share plans reserve	**198,151**	190,711	**198,151**	190,711
Fair value reserve	**(49,653)**	47,470	**24,100**	22,196
Hedging reserve	**(180,398)**	(218,544)	**(452)**	(1,911)
Bonus issue by subsidiaries	**40,000**	40,000	**-**	-
Others	**121,519**	116,094	**2,960**	(1,832)
	129,619	175,731	**224,759**	209,164
Revenue reserves	**10,365,733**	9,703,452	**8,271,057**	7,975,921
Foreign exchange translation account	**(141,256)**	(442,703)	**-**	-
	10,354,096	9,436,480	**8,495,816**	8,185,085

Movements in the Group's and the Company's reserves are set out in the Consolidated Statements of Changes in Equity. Movements in hedging reserve by risk categories are as follows:

	Foreign exchange risk $'000	Interest rate risk $'000	Price risk $'000	Total $'000
Group				
2021				
As at 1 January	**(48,621)**	**(205,610)**	**35,687**	**(218,544)**
Fair value changes arising during the year, net of tax	**(24,319)**	**85,466**	**(131,825)**	**(70,678)**
Realised and transferred to profit and loss account				
- Materials and subcontract costs	**16,021**	**-**	**(52,713)**	**(36,692)**
- Other operating income – net	**57,601**	**-**	**-**	**57,601**
- Interest expenses	**-**	**31,155**	**-**	**31,155**
- Other gains and losses	**(86)**	**22,595**	**-**	**22,509**
Share of associated companies and joint ventures' fair value changes	**1,800**	**32,451**	**-**	**34,251**
As at 31 December	**2,396**	**(33,943)**	**(148,851)**	**(180,398)**
2020				
As at 1 January	(10,425)	(89,236)	(93,203)	(192,864)
Transfer of hedging reserve from revenue reserve	(109)	-	(23,165)	(23,274)
Fair value changes arising during the year, net of tax	(50,212)	(119,894)	69,958	(100,148)
Realised and transferred to profit and loss account				
- Materials and subcontract costs	5,411	(319)	82,097	87,189
- Other operating income – net	15,319	848	-	16,167
- Interest expenses	-	26,424	-	26,424
- Exchange difference	(4,668)	-	-	(4,668)
Share of associated companies and joint ventures' fair value changes	(3,937)	(23,433)	-	(27,370)
As at 31 December	(48,621)	(205,610)	35,687	(218,544)

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognised in profit or loss except for additional information disclosed elsewhere in the financial statements.

5. Non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest		Carrying amount of NCI		Profit after tax allocated to NCI	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000
Konnectivity Pte. Ltd.	**20%**	20%	**304,313**	306,897	**6,999**	9,182
Other subsidiaries with immaterial NCI			**80,387**	120,549	**(23,039)**	(11,416)
Total			**384,700**	427,446	**(16,040)**	(2,234)

5. Non-controlling interests (continued)

Summarised financial information before inter-group elimination

	Konnectivity Pte. Ltd. 2021 $'000	2020 $'000
Non-current assets	1,865,149	2,396,955
Current assets	641,450	413,821
Non-current liabilities	135,917	331,564
Current liabilities	485,153	577,638
Net assets	1,885,529	1,901,574
Less: NCI	(363,965)	(367,088)
	1,521,564	1,534,486
Revenue	1,096,177	1,074,090
Profit for the year	40,979	51,544
Total comprehensive income	45,841	51,339
Net cash generated from operations	273,921	292,801
Net cash from/(used in) investing activities	360,092	(139,592)
Net cash used in financing activities	(423,465)	(191,737)
Total comprehensive income allocated to NCI	7,396	9,149
Dividends paid to NCI	9,980	13,110

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2021 $'000	2020 $'000
Amounts paid/payable on changes in ownership interest in subsidiaries	(31,307)	(660)
Non-controlling interest acquired	19,385	(2,334)
Total amount recognised in equity reserves	(11,922)	(2,994)

6. Perpetual Securities

On 16 September 2021, the Company issued subordinated perpetual securities with an aggregate principal amount of $400,000,000 and an initial distribution rate of 2.9% per annum. The distribution will be payable semi-annually in arrear unless deferred at the discretion of the Company and will be cumulative in accordance with the terms and conditions of the perpetual securities. The perpetual securities have no fixed redemption date and are redeemable in whole at the Company's option on 16 September 2024 or any subsequent semi-annual distribution payment dates thereafter, at their principal amount, together with any accrued, unpaid or deferred distributions.

Subject to the relevant terms and conditions of the perpetual securities, the Company can elect to defer distributions on these perpetual securities and is not subject to any limits as to the number of times a distribution can be deferred, unless it has:

(i) paid or declared discretionary dividends, distributions or other discretionary payment in respect of its ordinary shares; or
(ii) redeemed, cancelled, bought back or otherwise acquired ordinary shares (except in connection with any share scheme shares/options), during the six months ending on the day before the relevant distribution payment date.

If on any distribution payment date, payment of all distribution payments is not made in full, the Company shall not (i) pay or declare any dividends, distributions or other discretionary payment on its ordinary shares or (ii) redeem, reduce, cancel, buy-back or acquire ordinary shares (except in connection with any share scheme shares/options) until the Company has satisfied in full all outstanding arrears of distribution on these perpetual securities or is permitted to do so by an extraordinary resolution by the holders of the perpetual securities.

As the perpetual securities have no fixed redemption date and the payment of distributions is at the discretion of the Company, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

The Company recognised $398,120,000 of perpetual securities, net of transaction costs, after the issuance. As at 31 December 2021, the perpetual securities of $401,521,000 recognised within equity included accrued distributions for the perpetual securities.

7. Fixed assets

	Freehold Land & Buildings $'000	Buildings on Leasehold Land $'000	Vessels & Floating Docks $'000	Networks and Related Application Systems $'000	Plant, Machinery, Equipment & Others[(1)] $'000	Capital Work-in-Progress $'000	Total $'000
Group							
2021							
Cost							
At 1 January	118,113	1,913,994	526,939	724,319	2,208,740	179,257	5,671,362
Additions	1,621	6,262	144	106,519	90,816	103,423	308,785
Disposals	(1,581)	(2,787)	(2,774)	(749,377)	(21,258)	(32,157)	(809,934)
Write-off	-	(11,775)	-	-	(2,696)	(9,978)	(24,449)
Subsidiaries disposed	-	-	-	-	(208)	-	(208)
Reclassification							
- ROU asset	-	36,406	-	-	-	-	36,406
- Stocks	-	(19,642)	-	-	-	(19,999)	(39,641)
- Other fixed assets categories	(32,292)	81,434	(20,578)	(636)	26,658	(54,586)	-
- Asset held for sale (Note 37)	(69)	(142,955)	(55,340)	-	(79,558)	(4,303)	(282,225)
Exchange differences	(1,876)	22,602	6,795	-	8,866	(1,313)	35,074
At 31 December	83,916	1,883,539	455,186	80,825	2,231,360	160,344	4,895,170
Accumulated depreciation and impairment losses							
At 1 January	70,386	968,237	176,300	155,070	1,544,970	40,646	2,955,609
Depreciation charge	2,380	49,898	22,201	82,447	126,413	-	283,339
Disposals	(1,356)	(2,326)	(2,066)	(200,350)	(20,730)	-	(226,828)
Impairment	-	35,969	-	-	-	866	36,835
Write-off	-	(6,002)	-	-	(1,732)	-	(7,734)
Subsidiaries disposed	-	-	-	-	(186)	-	(186)
Reclassification							
- ROU asset	-	12,124	-	-	-	-	12,124
- Stocks	-	(10,094)	-	-	-	-	(10,094)
- Other fixed assets categories	(13,506)	21,845	(12,138)	(84)	3,883	-	-
- Asset held for sale (Note 37)	(30)	(118,729)	(16,834)	-	(71,867)	-	(207,460)
Exchange differences	(835)	5,306	3,652	-	5,917	1,151	15,191
At 31 December	57,039	956,228	171,115	37,083	1,586,668	42,663	2,850,796
Net Book Value	26,877	927,311	284,071	43,742	644,692	117,681	2,044,374

Included in freehold land & buildings are freehold land amounting to $6,264,000 (2020: $6,427,000).

Certain fixed assets with carrying amount of $116,755,000 (2020: $119,016,000) are mortgaged to banks for loan facilities (Note 23).

Interest capitalised during the financial year amounted to $nil (2020: $nil).

Each rigbuilding, shipbuilding and repair facilities in the Energy & Environment segment has been identified as individual CGUs. The recoverable amounts of these CGUs were determined using value-in-use models and valuation performed by independent professional firm. The value incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 20% (2020: 6% to 14%) per annum, depending on the location of the facilities.

In 2020, the recoverable amounts of the impaired assets amounted to a total of $146,304,000. The Group recognised an impairment loss of $19,694,000 on buildings on leasehold land in the Energy & Environment segment, which was based on the difference between the recoverable amount and the carrying value of the fixed assets.

During the year, the Group recognised an impairment loss of $35,969,000 (2020: $6,919,000) on buildings on leasehold land in the Urban Development segment, which was based on the difference between the recoverable amount and the carrying value of a fixed asset. The recoverable amount of $67,273,000 (2020: $106,960,000) was based on an independent external valuation, which was determined using value-in-use model. Cashflows used to determine the recoverable amount were discounted at a discount rate of 14.5% (2020: 14.0%) per annum.

7. Fixed assets (continued)

In 2020, the Group recognised an impairment loss of $9,555,000 on certain buildings and equipment in the Connectivity segment, due to lower recoverable amounts subsequent to sustained losses generated from these assets, as a result of weaker economic outlook which adversely affected fair values and expected returns of these assets. The recoverable amounts were assessed to be fair value less costs of disposal. The recoverable amounts of $65,543,000 was determined using a combination of cost replacement method, income capitalisation method and market comparison. The significant assumptions are capitalisation rate of 5.5% to 6.0% and price of comparable land at $35 per square metre. This is a Level 3 fair value measurement.

On 22 December 2021, the Group completed the sale of certain mobile, fixed and fibre assets (comprising passive infrastructure and network equipment) ("Network Assets") to M1 Network Private Limited ("M1NPL"), a jointly controlled entity of the Group, for a consideration of $580,000,000, an amount equivalent to the carrying amount of the Network Assets. On the same date, the Network Services Agreement ("NSA") between the Group and M1NPL became effective where M1NPL will provide the Group and its mobile virtual network operators ("MVNO") access to and use of the network capacity generated by the Network Assets for an initial period of 15 years. In addition, the Group will undertake the operations and maintenance of the Network Assets on behalf of M1NPL.

This Group had evaluated the economic and accounting implications of the agreements and concluded that:

(i) the Network Assets could be derecognised from the Group's financial statements as a sale to M1NPL in accordance with SFRS(I)1-16 *Property, Plant and Equipment* whereby M1NPL obtained control of the Network Assets as the Group's performance obligation under the agreement had been satisfied against the requirements under SFRS(I) 15 *Revenue from Contracts with Customers*; and
(ii) the NSA contract does not contain a lease in accordance with SFRS(I) 16 *Leases*. Accordingly, the NSA has been accounted for as a service contract.

	Freehold Land & Buildings $'000	Buildings on Leasehold Land $'000	Vessels & Floating Docks $'000	Networks and Related Application Systems $'000	Plant, Machinery, Equipment & Others[1] $'000	Capital Work-in-Progress $'000	Total $'000
Group							
2020							
Cost							
At 1 January	114,791	1,968,811	533,604	645,963	2,162,118	137,572	5,562,859
Additions	374	3,263	14,585	72,296	86,801	44,102	221,421
Disposals	-	(1,341)	(1,876)	(2,360)	(22,867)	(627)	(29,071)
Write-off	-	-	-	-	(3,029)	(11)	(3,040)
Subsidiaries acquired	-	-	-	-	-	-	-
Subsidiaries disposed	-	-	-	-	(621)	-	(621)
Reclassification							
- ROU asset	-	(6,281)	-	-	(142)	-	(6,423)
- Stocks	-	-	-	-	-	7,778	7,778
- Other fixed assets categories	859	10,379	(11,384)	8,420	2,352	(10,626)	-
- Asset held for sale (Note 37)	-	(58,764)	-	-	(623)	-	(59,387)
Exchange differences	2,089	(2,073)	(7,990)	-	(15,249)	1,069	(22,154)
At 31 December	118,113	1,913,994	526,939	724,319	2,208,740	179,257	5,671,362
Accumulated depreciation and impairment losses							
At 1 January	66,035	884,340	159,877	63,476	1,440,840	46,446	2,661,014
Depreciation charge:	2,869	50,002	15,582	91,823	134,710	-	294,986
Disposals	-	(1,214)	(1,876)	(226)	(20,901)	-	(24,217)
Impairment:	-	34,573	-	-	1,595	-	36,168
Write-off	-	-	-	-	(2,070)	-	(2,070)
Subsidiaries disposed	-	-	-	-	(429)	-	(429)
Reclassification							
- ROU asset	-	6,849	-	-	(42)	-	6,807
- Stocks	-	-	-	-	-	-	-
- Other fixed assets categories	(4)	456	6,592	-	(326)	(6,718)	-
- Asset held for sale (Note 37)	-	(4,701)	-	-	(526)	-	(5,227)
Exchange differences	1,486	(2,068)	(3,875)	(3)	(7,881)	918	(11,423)
At 31 December	70,386	968,237	176,300	155,070	1,544,970	40,646	2,955,609
Net Book Value	47,727	945,757	350,639	569,249	663,770	138,611	2,715,753

(1) Others comprise furniture, fittings and office equipment and cranes.

	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others[2] $'000	Total $'000
Company			
2021			
Cost			
At 1 January	**1,233**	**18,039**	**19,272**
Additions	**-**	**6,520**	**6,520**
Disposals	**-**	**(898)**	**(898)**
At 31 December	**1,233**	**23,661**	**24,894**
Accumulated depreciation and impairment losses			
At 1 January	**1,233**	**12,275**	**13,508**
Depreciation charge	**-**	**2,956**	**2,956**
Disposals	**-**	**(32)**	**(32)**
At 31 December	**1,233**	**15,199**	**16,432**
Net Book Value	**-**	**8,462**	**8,462**
2020			
Cost			
At 1 January	1,233	17,538	18,771
Additions	-	552	552
Disposals	-	(29)	(29)
Write-off	-	(22)	(22)
At 31 December	1,233	18,039	19,272
Accumulated depreciation and impairment losses			
At 1 January	1,233	10,265	11,498
Depreciation charge	-	2,047	2,047
Disposals	-	(29)	(29)
Write-off	-	(8)	(8)
At 31 December	1,233	12,275	13,508
Net Book Value	-	5,764	5,764

(2) Others comprise furniture, fittings and office equipment.

8. Investment properties

	Group	
	2021 $'000	2020 $'000
At 1 January	**3,674,075**	3,022,091
Development expenditure	**229,581**	266,219
Fair value gain (Note 27)	**238,458**	268,430
Reclassification		
- Assets held for sale (Note 37)	**-**	(650,062)
- Stocks (Note 15)	**3,544**	714,733
Exchange differences	**110,770**	52,664
At 31 December	**4,256,428**	3,674,075

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.

8. Investment properties (continued)

The Group's investment properties (including integral plant and machinery) are stated at management's assessments based on the following valuations (open market value basis) by independent firms of professional valuers as at 31 December 2021:

- Cushman & Wakefield VHS Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Cushman & Wakefield Shenzhen Valuation Company Limited and Beijing Colliers International Real Estate Valuation Co., Ltd for properties in China;
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- D&P Real Estate Services Company Limited (an affiliate of Colliers) for properties in Vietnam;
- Cushman & Wakefield India Pvt Ltd for a property in India; and
- Cushman & Wakefield V.O.F. for a property in the Netherlands.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised within development expenditure during the financial year amounted to $42,027,000 (2020: $24,526,000).

The Group has mortgaged certain investment properties of carrying value amounting to $1,875,368,000 as at 31 December 2021 (2020: $1,815,790,000) to banks for loan facilities (Note 23).

During the year, the Group reclassified $3,544,000 (2020: $714,733,000) from properties held for sale to investment properties upon change of use of the asset from property trading to holding for capital gain and/or rental yield.

9. Right-of-use assets (leases)

Leases

The Group as lessee

Leasehold land & buildings
The Group leases several lands, offices, retail stores and shipyards for use in its operations.

Plant, machinery, equipment & others
The Group leases equipment and vehicles for office and operation use, mainly in the Energy & Environment segment.

Base station sites
The Group leases base station sites to facilitate transmission of telecommunication services.

There are no externally imposed covenants on these lease arrangements.

Right-of-use assets

	Leasehold Land & Buildings $'000	Plant, Machinery, Equipment & Others[1] $'000	Base Station Sites $'000	Total $'000
Group				
2021				
Net Book Value				
At 1 January	553,983	5,048	23,675	582,706
Additions	70,558	2,910	2,353	75,821
Depreciation	(63,928)	(2,666)	(3,584)	(70,178)
Write-off	(271)	-	-	(271)
Remeasurement	(5,452)	(43)	-	(5,495)
Reclassification				
- Fixed assets (Note 7)	(24,282)	-	-	(24,282)
- Assets held for sale (Note 37)	(32,192)	-	-	(32,192)
- Other right-of-use assets categories	(27)	27	-	-
Exchange differences	3,567	(46)	(414)	3,107
At 31 December	501,956	5,230	22,030	529,216

	Leasehold Land & Buildings $'000	Plant, Machinery, Equipment & Others(1) $'000	Base Station Sites $'000	Total $'000
Group				
2020				
Net Book Value				
At 1 January	735,348	9,376	15,205	759,929
Additions	12,752	1,103	14,100	27,955
Depreciation	(56,373)	(3,620)	(5,378)	(65,371)
Impairment loss	(2,879)	-	-	(2,879)
Disposal	-	(27)	-	(27)
Write-off	(570)	(1,342)	-	(1,912)
Remeasurement	22,637	-	(252)	22,385
Reclassification				
- Fixed assets (Note 7)	13,230	-	-	13,230
- Assets held for sale (Note 37)	(154,281)	-	-	(154,281)
Exchange differences	(15,881)	(442)	-	(16,323)
At 31 December	553,983	5,048	23,675	582,706

(1) Others comprise furniture, fittings, office equipment and motor vehicles.

The right-of-use asset relating to the leasehold land presented under investment properties (Note 8) is stated at fair value and has a carrying amount at balance sheet date of $4,742,000 (2020: $7,916,000).

Total cash outflow for all the leases was $99,894,000 (2020: $85,747,000), comprising repayment of principal of $68,573,000 (2020: $53,413,000) and interest payment of $31,321,000 (2020: $32,334,000).

Certain right-of-use assets with carrying amount of $10,520,000 (2020: $11,105,000) are mortgaged to banks for loan facilities (Note 23).

	Leasehold Land & Buildings $'000	Plant, Machinery, Equipment & Others(2) $'000	Total $'000
Company			
2021			
Net Book Value			
At 1 January	**11,031**	**173**	**11,204**
Depreciation	**(3,727)**	**(72)**	**(3,799)**
Additions	**338**	**28**	**366**
Remeasurement	**7,460**	**-**	**7,460**
At 31 December	**15,102**	**129**	**15,231**
2020			
Net Book Value			
At 1 January	12,620	213	12,833
Depreciation	(3,807)	(68)	(3,875)
Additions	2,218	28	2,246
At 31 December	11,031	173	11,204

(2) Others comprise office equipment.

Total cash outflow for all the leases was $4,211,000 (2020: $4,201,000), comprising repayment of principal of $3,885,000 (2020: $3,916,000) and $326,000 interest payment (2020: $285,000).

	Group	
	2021 $'000	2020 $'000
Lease expense not capitalised in lease liabilities		
Short-term leases	**14,429**	22,582
Low-value leases	**588**	892
Variable lease payments which do not depend on an index or rate	**666**	317

As at 31 December 2021, future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities include variable lease payments, $609,797,000 (2020: $496,808,000) for extension options and $57,086,000 (2020: $55,678,000) for committed leases which have yet to commence.

9. Right-of-use assets (leases) (continued)

The following table details the liquidity analysis for lease liabilities of the Group and the Company based on contractual undiscounted cash flows.

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Within one year	**99,073**	96,104	**4,181**	4,127
Within one to two years	**89,339**	86,291	**4,137**	4,052
Within two to five years	**205,076**	193,279	**8,941**	4,016
After five years	**365,741**	478,179	**-**	-
Total	**759,229**	853,853	**17,259**	12,195

The Group as lessor

The Group leases out properties, pipe service corridor racks and wayleaves facilities to non-related parties under non-cancellable operating leases. At the end of the reporting period, the Group's undiscounted future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	Group	
	2021 $'000	2020 $'000
Within one year	**75,639**	64,501
In the second year	**68,126**	43,041
In the third year	**54,012**	38,305
In the fourth year	**30,662**	36,316
In the fifth year	**20,886**	21,869
After the fifth year	**62,346**	59,601
Total	**311,671**	263,633

10. Subsidiaries

	Company	
	2021 $'000	2020 $'000
Quoted shares, at cost		
Market value: $5,750,000 (2020: $5,800,000)	**493**	493
Unquoted shares, at cost	**8,442,349**	8,442,614
	8,442,842	8,443,107
Provision for impairment	**(449,056)**	(480,569)
	7,993,786	7,962,538

Movements in the provision for impairment of subsidiaries are as follows:

	Company	
	2021 $'000	2020 $'000
At 1 January	**480,569**	480,569
Charge to profit and loss	**18,487**	-
Reversal	**(50,000)**	-
At 31 December	**449,056**	480,569

Impairment of $18,487,000 (2020: $nil) made during the year mainly relates to an investment holding subsidiary that holds the loan receivable from KrisEnergy Limited. Based on the expected credit loss assessment as detailed in Note 11(b), an impairment provision on the loan receivable was recognised, resulting in the estimated recoverable amount of the subsidiary to be below the Company's cost of investment. The recoverable amount of $28,000 is based on fair value less costs of disposal which was determined using the net asset value of the subsidiaries. This is a Level 3 fair value measurement.

During the year, provision of impairment amounting to $50,000,000 (2020: $nil) was written-back as a result of increase in the estimated recoverable amount of subsidiaries mainly attributable to fair value gains from investments. The recoverable amount of $194,354,000 is based on fair value less costs of disposal which was determined using the net asset value of the subsidiaries. This is a Level 3 fair value measurement.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 40.

11. Associated companies and joint ventures

	Group 2021 $'000	Group 2020 $'000
Quoted shares, at cost Market value: $2,981,536,000 (2020: $2,945,022,000)	2,277,137	2,703,470
Unquoted shares, at cost	3,006,644	2,601,982
Loan receivable from associated company	-	156,553
	5,283,781	5,462,005
Provision for impairment	(144,005)	(152,509)
	5,139,776	5,309,496
Share of reserves post acquisition	393,681	6,719
Carrying amount	5,533,457	5,316,215
Unquoted shares, at fair value through profit or loss	142,238	148,529
Notes issued by associated companies (net of provision for impairment)	245,000	280,084
Advances to associated companies and joint ventures	129,563	245,785
	6,050,258	5,990,613

Notes issued by an associated company of $245,000,000 are unsecured and will mature in 2040. Interest is charged at 17.5% (2020: 17.5%) per annum. During the year, an impairment of $35,084,000 was recognised for notes issued by another associated company KrisEnergy Limited (Note 11(b)).

Advances to associated companies and joint ventures are unsecured and are not repayable within the next 12 months. Interest is charged at 3.0% (2020: 1.1% to 3.0%) per annum on interest-bearing advances.

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

	Group 2021 $'000	Group 2020 $'000
At 1 January	152,509	197,392
Impairment loss	-	9,486
Disposal	(674)	(18,733)
Reclassification to Investments	(7,830)	(35,640)
Exchange differences	-	4
At 31 December	144,005	152,509

Impairment loss made during the prior year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of certain associated companies.

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

		2021 $'000	2020 $'000
Keppel REIT	(a)	1,953,614	1,898,249
KrisEnergy Limited	(b)	-	35,084
Keppel DC REIT	(c)	470,649	420,124
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	(d)	673,007	636,366
Floatel International Limited	(e)	262,146	95,668
Other associated companies and joint ventures		2,690,842	2,905,122
		6,050,258	5,990,613

11. Associated companies and joint ventures (continued)

The summarised financial information of the material associated companies, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

(a) Keppel REIT

	2021 $'000	2020 $'000
Current assets	**225,934**	175,433
Non-current assets	**8,261,750**	7,588,935
Total assets	**8,487,684**	7,764,368
Current liabilities	**273,276**	223,179
Non-current liabilities	**2,624,424**	2,321,056
Total liabilities	**2,897,700**	2,544,235
Net assets	**5,589,984**	5,220,133
Less: Non-controlling interests	**(723,796)**	(721,783)
	4,866,188	4,498,350
Proportion of the Group's ownership	**47%**	49%
Group's share of net assets	**2,264,724**	2,206,891
Other adjustments	**(311,110)**	(308,642)
Carrying amount of equity interest	**1,953,614**	1,898,249
Revenue	**216,606**	170,223
Profit after tax	**255,856**	279
Other comprehensive income	**23,459**	24,911
Total comprehensive income	**279,315**	25,190
Fair value of ownership interest (if listed)**	**1,943,429**	1,872,365
Dividends received	**98,865**	69,808

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy)

(b) KrisEnergy Limited

Investments in KrisEnergy Limited and related exposure

	2021 $'000	2020 $'000
Equity interest	**-**	-
Zero-coupon notes	**-**	35,084
Total carrying amount of investment[4]	**-**	35,084
Trade receivable for production barge[1]	**-**	-
Loan receivable under CBA loan facility	**-**	77,193
Loan receivable under the revolving credit facility ("RCF")[2]	**109,513**	-
Advances for receivership funding[3]	**5,876**	-
Contract assets[1]	**-**	29,225
Total carrying amount of other related exposures	**115,389**	106,418
Other related exposure:		
Guarantee[2]	**-**	247,340
Non-current (excluding carrying amount of investment)	**93,311**	77,193

[1] In relation to a construction contract for a production barge for KrisEnergy. The exposure was reclassified from contract assets to receivable in June 2021 as a result of the Group exercising its rights to the production barge.

[2] Guarantee was in relation to a bilateral agreement between the Group and a bank, on a revolving credit facility (RCF) granted to KrisEnergy. KrisEnergy defaulted on the repayment of the RCF on 30 June 2021, on which the Group had made payment to the bank and recorded a loan receivable (net of impairment provision) from KrisEnergy.

[3] In relation to a short term interest free bridging facility extended to KrisEnergy (in receivership) for the purpose of its working capital requirements and receivership expenses.

[4] The summarised financial information in relation to KrisEnergy is not included as the carrying amount of the investment has been written down to $nil

KrisEnergy's ordinary shares were suspended from trading from the Singapore Exchange in August 2019. Whilst the scheme of arrangement was approved by different groups of creditors progressively in early 2021, KrisEnergy announced in April 2021 that consensual restructuring was no longer viable and even if the restructuring exercise was completed, there remained material uncertainty over KrisEnergy's ability to continue as a going concern. On 13 July 2021, KrisEnergy announced that the Grand Court of Cayman Islands had granted the approval for its winding-up petition.

The Group has a comprehensive first ranking security package over the assets of the KrisEnergy group through the RCF and CBA Loan Facility. With KrisEnergy in the process of winding up, the Group has implemented detailed recovery plans which were developed in consultation with its financial advisor, Borrelli Walsh (trading as "Kroll"), and legal advisor to preserve KrisEnergy's assets and to maximise recoveries for the Group. Amongst other things, the Group has appointed Borrelli Walsh as receiver over the assets of a number of members of the KrisEnergy group under the security package.

In assessing expected credit losses, management had reviewed the cash flow projections prepared by Borrelli Walsh, based on the estimated amount of cash available from producing assets to be held over the remaining lives of the concession period of 8.5 to 12 years and expected proceeds from assets to be sold, taking into account the rights to these cash flows from the secured assets on a receivership basis. The cash flow estimates from producing assets were based on forecasted production volumes and oil prices, determined by taking reference from external information sources, ranging from US$67 to US$73 per barrel for 2022 to 2033 (December 2020: US$50 to US$62 from 2021 to 2029). The estimated recoverable amounts for assets to be sold are based on the binding bids received from external parties.

The timing of the cash flows, estimated production volumes, expected proceeds from assets to be sold and discount rates used in assessing recoverable amounts are subject to risk and uncertainty.

Based on the assessment, an additional impairment provision of $317,999,000 was recognised for the year ended 31 December 2021. Taking into account the rights to the cash flows from the secured assets on a receivership basis as at 31 December 2021, the loss comprised expected credit loss of $282,915,000 on financial guarantee in relation to the bilateral agreement with the bank, receivables for production barge and CBA loan facility and the full impairment of the Group's investment in the zero-coupon notes of $35,084,000.

In the financial year ended 31 December 2020, management had performed an assessment which had taken into consideration the terms of restructuring and with KrisEnergy continuing as a going concern, and recognised an impairment charge of $39,200,000 on the investment in zero-coupon notes.

Management had also reviewed the cash flow projections prepared by Borelli Walsh and determined that the cash flow projections are most sensitive to the timing of withheld cash (December 2020: most sensitive to oil prices).

The existing cash from one of the producing assets under the security package have been withheld as the operator of this asset is performing a study on the estimated costs to decommission the asset at the end of field life in 2031. The study is expected to be completed in the first quarter of 2022 and a further assessment of the release of withheld cash is expected to be carried out in the same year. If the release of the withheld cash were delayed by an additional year, this would lead to a decrease in estimated recoverable amount of $3,000,000 but not result in additional impairment for the financial year ended 31 December 2021.

Based on the assessment performed for the financial year ended 31 December 2020, the estimated cash available from producing assets and forecasted production from assets under development would decrease if the oil prices were to decrease by 2% across the forecasted period of 2021 to 2029, and this would result in an additional impairment of $34,400,000.

(c) Keppel DC REIT

	2021 $'000	2020 $'000
Current assets	262,188	304,561
Non-current assets	3,517,962	3,045,267
Total assets	3,780,150	3,349,828
Current liabilities	220,609	233,618
Non-current liabilities	1,223,865	1,133,968
Total liabilities	1,444,474	1,367,586
Net assets	2,335,676	1,982,242
Less: Non-controlling interests	(42,429)	(37,590)
	2,293,247	1,944,652
Proportion of the Group's ownership	20%	21%
Group's share of net assets	458,649	407,405
Other adjustments	12,000	12,719
Carrying amount of equity interest	470,649	420,124
Revenue	271,065	265,571
Profit after tax	321,573	171,728
Other comprehensive income	11,251	7,491
Total comprehensive income	332,824	179,219
Fair value of ownership interest (if listed)**	847,490	961,363
Dividends received	35,928	22,367

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy)

11. Associated companies and joint ventures (continued)

(d) Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited

	2021 $'000	2020 $'000
Current assets	**1,317,280**	1,173,770
Non-current assets	**539,024**	490,242
Total assets	**1,856,304**	1,664,012
Current liabilities	**384,913**	308,518
Non-current liabilities	**67,848**	26,475
Total liabilities	**452,761**	334,993
Net assets	**1,403,543**	1,329,019
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**701,772**	664,510
Other adjustments	**(28,765)**	(28,144)
Carrying amount of equity interest	**673,007**	636,366
Revenue	**369,357**	575,559
Profit after tax	**43,447**	147,871
Other comprehensive income	**-**	-
Total comprehensive income	**43,447**	147,871
Dividends received	**21,162**	38,471

(e) Floatel International Limited

	2021 $'000	2020 $'000
Current assets	**88,287**	109,865
Non-current assets	**878,785**	1,017,819
Total assets	**967,072**	1,127,684
Current liabilities	**52,381**	883,371
Non-current liabilities	**389,559**	366,279
Total liabilities	**441,940**	1,249,650
Net assets	**525,132**	(121,966)
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**262,146**	(60,885)
Carrying amount of equity interest	**262,146**	(60,885)
Loan receivable	**-**	156,553
	262,146	95,668
Revenue	**127,016**	112,384
Profit/(Loss) after tax	**322,163**	(730,863)
Other comprehensive loss	**(3)**	(19,419)
Total comprehensive income/(loss)	**322,160**	(750,282)
Dividends received	**-**	-

Investments in Floatel International Limited and related exposure

	2021 $'000	2020 $'000
Equity interest	**262,146**	-
Loan receivable	**-**	95,668
Total carrying amount	**262,146**	95,668
Other related exposure:		
Guarantee[1]	**119,386**	-

[1] In relation to a bilateral agreement between the Group and financial institutions, on the US$100 million revolving credit facility granted to Floatel.

On 24 March 2021, Floatel successfully completed its debt restructuring where Floatel retained its existing fleet of five operating vessels, substantially reduced its debt by approximately US$610 million and secured a new super senior US$100 million Revolving Credit Facility ("RCF") from financial institutions. Keppel Offshore & Marine Ltd ("KOM"), a wholly owned subsidiary of the Company, entered into participation agreements with these financiers that would require KOM to make whole for any loss the financiers suffer under this RCF.

Following the restructuring, KOM retains its equity interest of 49.92% in Floatel but forgave the loan receivable from Floatel amounting to notional amount of approximately US$244 million. The Group continues to equity account for Floatel's results and during the financial year ended 31 December 2021, the Group equity accounted for Floatel's profits amounting to $160,824,000. This comprised $269,125,000 gain from debt restructuring, $53,842,000 loss from vessel impairment and $54,459,000 losses from operations.

The significantly improved capital structure post debt restructuring has provided a runway for Floatel to recover and emerge financially stronger. Since completion of the restructuring, Floatel had also successfully won multiple charter contracts and extension option for its vessels. Accordingly, no further impairment loss was recognised on the Group's investment in Floatel for the financial year ended 31 December 2021.

(f) Other associated companies and joint ventures

Aggregate information about the Group's investments in other associated companies and joint ventures are as follows:

	2021 $'000	2020 $'000
Share of results	**108,411**	42,459
Share of other comprehensive income	**72,324**	17,903
Share of total comprehensive income	**180,735**	60,362

Information relating to significant associated companies and joint ventures, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 40.

12. Investments

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Investments at fair value through other comprehensive income ("OCI"):				
- Quoted equity units in a public infrastructure trust managed by a related company	**495,432**	495,432	**-**	-
- Quoted equity shares in oil and gas industry	**5,418**	7,819	**-**	-
- Quoted equity shares in other industries	**1,460**	1,361	**-**	-
- Unquoted equity shares in real estate industry	**70,871**	76,693	**24,100**	22,196
- Unquoted equity shares and funds in oil and gas industry	**28,134**	24,320	**-**	-
- Unquoted equity shares and funds in other industries	**27,018**	111,596	**-**	-
- Unquoted property funds managed by a related company	**100,029**	105,070	**-**	-
Total investments at fair value through OCI	**728,362**	822,291	**24,100**	22,196
Investments at fair value through profit or loss:				
- Quoted equity shares	**71,314**	66,014	**-**	-
- Unquoted equity shares and funds	**552,849**	246,848	**-**	-
- Unquoted bonds and debentures	**95,139**	94,339	**-**	-
Total investments at fair value through profit or loss	**719,302**	407,201	**-**	-
Total investments	**1,447,664**	1,229,492	**24,100**	22,196

Quoted equity units in a public infrastructure trust refers to the Group's investment in Keppel Infrastructure Trust which was reclassified from associated company to an investment carried at fair value through other comprehensive income arising from loss of significant influence in the previous financial year.

Unquoted investments at fair value through profit or loss included a bond amounting to $20,791,000 (2020: $21,887,000) bearing interest at 4% (2020: 4%) per annum which is maturing in 2027.

Unquoted investments at fair value through profit or loss included compulsorily convertible debentures amounting to $74,034,000 (2020: $72,452,000) bearing interest at rates ranging from 0.0001% to 10.0% (2020: 0.0001% to 10.0%) per annum which is maturing in 2022 and 2040 respectively.

13. Long term assets

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Derivative assets	**46,263**	48,723	**28,346**	39,288
Contract assets	**99,109**	73,458	**-**	-
Call option	**171,520**	156,643	**-**	-
Service concession receivable	**-**	353,586	**-**	-
Trade receivables	**791,952**	875,810	**-**	-
Other receivables	**238,510**	248,179	**94,161**	540
	1,347,354	1,756,399	**122,507**	39,828

Contract assets primarily relate to the Group's right to consideration for development units delivered to customers under the pay-and-stay scheme, as well as for handset and equipment delivered and accepted by customers but not yet billed at the reporting date. As at 1 January 2020, the Group's non-current contract assets amounted to $99,523,000.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties LLP (formerly known as Ocean Properties Private Limited) to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of $1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2021, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 840-year leasehold and 89-year leasehold (2020: based on the remaining 841-year leasehold and 90-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 35.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant has officially commenced operations on 29 June 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. For the financial year ended 31 December 2021, service concession receivable was reclassified as "assets classified as held for sale" (Note 37). In arriving at the carrying value of the service concession arrangement as at the end of the reporting year, effective interest rates of 4.15% (2020: 4.15%) per annum were used to discount the future expected cash flows.

Trade receivables are related to financing arrangements for delivered rigs where the Group has retained title. $377,660,000 (2020: $369,508,000) is due from one customer and bears floating interest at LIBOR plus a margin, and repayable in 2024 and 2025. The remainder is due from another customer, bears fixed interest and repayable in February 2024, December 2029 and on demand. The customer has options for early repayment. During the year, the Group recognised an expected credit loss allowance of $75,952,000 (2020: $169,611,000) on the trade receivables as detailed in Note 2.28(b)(ii). As at 1 January 2020, the Group's long term trade receivables amounted to $638,973,000.

Included in other receivables is an unsecured, interest-free advance to an investee which matures on 31 December 2024. In 2020, an allowance for expected credit loss of $21,979,000 was made after taking into account the financial condition of the investee.

Included in other receivables is a secured loan receivable under the revolving credit facility (net of impairment provision) from KrisEnergy Limited ("KrisEnergy"), an associated company under receivership, as disclosed in Note 11(b). In 2020, included in other receivables is a secured loan receivable from KrisEnergy repayable on 30 April 2024 and bears a fixed interest rate of 15.00% per annum.

Included in other receivables are claims receivable which represents claims from customer for long term contracts. During the year, the Group recognised $1,170,000 of allowance for expected credit loss on claims receivable arising from the discounting effects due to changes in the expected timing of receipt (2020: write back of allowance of $3,893,000).

The carrying amount of the long term assets approximates their fair value.

14. Intangibles

	Goodwill $'000	Development Expenditure $'000	Brand $'000	Spectrum Rights $'000	Customer Contracts and Relationships $'000	Others $'000	Total $'000
Group							
2021							
At 1 January	**1,047,558**	**16,749**	**260,601**	**124,553**	**141,652**	**17,711**	**1,608,824**
Additions	**-**	**910**	**-**	**27,504**	**-**	**4,673**	**33,087**
Amortisation	**-**	**(1,662)**	**(9,252)**	**(19,881)**	**(21,957)**	**(133)**	**(52,885)**
Reclassification	**-**	**(2,558)**	**-**	**-**	**2,558**	**-**	**-**
Exchange differences	**-**	**246**	**-**	**-**	**-**	**-**	**246**
At 31 December	**1,047,558**	**13,685**	**251,349**	**132,176**	**122,253**	**22,251**	**1,589,272**
Cost	**1,047,558**	**39,511**	**277,563**	**157,535**	**228,241**	**22,546**	**1,772,954**
Accumulated amortisation	**-**	**(25,826)**	**(26,214)**	**(25,359)**	**(105,988)**	**(295)**	**(183,682)**
	1,047,558	**13,685**	**251,349**	**132,176**	**122,253**	**22,251**	**1,589,272**
2020							
At 1 January	1,047,558	16,811	269,853	141,935	189,025	17,799	1,682,981
Additions	-	1,558	-	301	-	-	1,859
Impairment loss	-	-	-	-	(23,015)	-	(23,015)
Amortisation	-	(1,456)	(9,252)	(17,683)	(24,670)	(88)	(53,149)
Exchange differences	-	(164)	-	-	312	-	148
At 31 December	1,047,558	16,749	260,601	124,553	141,652	17,711	1,608,824
Cost	1,047,558	38,258	277,563	130,031	227,598	17,873	1,738,881
Accumulated amortisation	-	(21,509)	(16,962)	(5,478)	(85,946)	(162)	(130,057)
	1,047,558	16,749	260,601	124,553	141,652	17,711	1,608,824

Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU"s).

Out of the total goodwill of $1,047,558,000, goodwill allocated from the acquisition of M1 Limited amounted to $988,288,000.

The recoverable amount of M1 as a CGU was determined based on its value-in-use using a discounted cash flow model based on cash flow projections by management covering a 5-year period, and cash flows beyond the 5-year period were extrapolated using a terminal growth rate of 1.48% (2020: 1.46%), premised on the estimated long term growth rate for the country where the CGU operates. Cash flows were discounted using a discount rate of 7% (2020: 7%) per annum.

The recoverable amount was estimated to be higher than the carrying value of the M1 CGU. Accordingly, no impairment of goodwill was recognised in 2021 and 2020. The calculation of value-in-use for the CGU is sensitive to the terminal growth rate and the discount rate applied. Any possible reasonable change in the terminal growth rate or discount rate used in the calculation of the value-in-use amount would not cause any impairment to goodwill.

Impairment of other intangibles

In 2020, the Group recognised an impairment loss of $23,015,000 on customer relationship in the Energy & Environment segment. In view that the subsidiary has been making losses since acquisition and the adverse global economic environment which was significantly affected by COVID-19, the recoverability of the intangible asset - customer relationship was uncertain. Accordingly, the intangible asset - customer relationship was fully impaired.

15. Stocks

		Group	
		2021 $'000	2020 $'000
Consumable materials and supplies		227,224	190,370
Finished products for sale		82,651	99,087
Work-in-progress (net of provision)		1,289,838	1,072,890
Properties held for sale	(a)	3,004,272	3,597,080
		4,603,985	4,959,427

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The provision for stocks to write down its carrying value to its net realisable value at the end of the financial year was $177,220,000 (2020: $146,202,000). See Note 2.28(b)(ix) for further disclosures on key estimates made in estimating NRV of the Group's work-in-progress.

(a) Properties held for sale

	Group	
	2021 $'000	2020 $'000
Properties under development		
Land cost	1,688,380	1,988,513
Development cost incurred to date	526,584	622,565
Related overhead expenditure	210,084	196,676
	2,425,048	2,807,754
Completed properties held for sale	600,140	809,313
	3,025,188	3,617,067
Provision for properties held for sale	(20,916)	(19,987)
	3,004,272	3,597,080

Movements in the provision for properties held for sale are as follows:

	Group	
	2021 $'000	2020 $'000
At 1 January	19,987	25,217
Charge to profit and loss account	583	2,252
Exchange differences	452	(127)
Amount written off	(106)	(1,253)
Subsidiary disposed	-	(6,102)
At 31 December	20,916	19,987

The allowance for foreseeable losses is estimated taking into account the net realisable values and estimated total construction costs. The net realisable values are based on recent selling prices for the development project or comparable projects or independent valuation and the prevailing market conditions less costs to be incurred in selling the property. The estimated total construction costs include contracted amounts plus estimated costs to be incurred taking into consideration relevant data and trend. The allowance is progressively reversed for those residential units sold above their carrying amounts.

As at 31 December 2021, properties amounting to $220,556,000 (2020: $274,452,000) in value and included in the above balances were mortgaged to the banks as securities for borrowings as referred to in Note 23.

During the year, the Group reclassified $3,544,000 (2020: $714,733,000) from properties held for sale to investment properties due to change of use of the assets from property trading to holding for capital gain and/or rental yield. The Group also reclassified $29,547,000 (2020: $4,221,000) from fixed asset to properties held for sale due to change of use of the assets. In the prior year, $11,999,000 from properties held for sale were reclassified to fixed asset.

Interest capitalised during the financial year amounted to $17,499,000 (2020: $19,980,000) at rates of 0.79% to 0.95% (2020: 0.80% to 2.50%) per annum for Singapore properties and 1.50% to 7.00% (2020: 3.00% to 7.00%) per annum for overseas properties.

16. Contract assets/liabilities

	Group		
	31 December		1 January
	2021 $'000	2020 $'000	2020 $'000
Contract assets	**3,169,694**	2,657,231	3,497,476
Contract liabilities	**1,002,024**	2,072,303	1,824,965

In 2020, contract assets amounting to $447,337,000 (net of the expected credit loss allowance of $19,301,000) were reclassified to stocks – work-in-progress.

Contract assets relating to certain rig-building contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to $1,707,190,000 (2020: $1,653,547,000). See Note 2.28(b)(ii) – Other contracts for further disclosures on key estimates used in estimating the expected credit loss on these contract assets.

Contract liabilities included proceeds received from sale of properties of $535,334,000 (2020: $971,638,000). Remaining contract liabilities of $466,690,000 (2020: $1,100,665,000) are recorded when receipts from customers exceed the value of work transferred where the customer is invoiced on a milestone payment schedule.

Revenue recognised during the financial year ended 31 December 2021 in relation to contract liability balance at 1 January 2021 was $1,358,302,000 (2020: $816,736,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is $6,047,351,000 (2020: $5,490,832,000) and the Group expects to recognise this revenue over the next 1 to 4 years (2020: 1 to 4 years).

Movements in the allowance for expected credit loss for contract assets are as follows:

	Group		
	31 December		1 January
	2021 $'000	2020 $'000	2020 $'000
At 1 January	**432,541**	21,000	21,000
Charge to profit and loss account (Note 27)	**23,225**	430,842	-
Amount utilised	**(23,225)**	-	-
Reclassified to stocks - work-in-progress (Note 15)	**-**	(19,301)	-
At 31 December	**432,541**	432,541	21,000

17. Amounts due from/to

	Company	
	2021 $'000	2020 $'000
Subsidiaries		
Amounts due from		
- trade	**104,390**	112,547
- advances	**9,893,770**	9,698,763
	9,998,160	9,811,310
Allowance for expected credit loss	**(145,251)**	(6,600)
	9,852,909	9,804,710
Amounts due to		
- trade	**9,820**	4,138
- advances	**165,982**	197,821
	175,802	201,959
Movements in the allowance for expected credit loss are as follows:		
At 1 January	**6,600**	6,600
Charge to profit and loss account	**138,651**	-
At 31 December	**145,251**	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 4.00% (2020: up to 4.00%) per annum on interest-bearing advances.

17. Amounts due from/to (continued)

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Associated Companies and Joint Ventures				
Amounts due from				
- trade	169,612	160,987	32	152
- advances	453,932	349,170	22,078	-
	623,544	510,157	22,110	152
Allowance for expected credit loss	(31,800)	(16,888)	-	-
	591,744	493,269	22,110	152
Amounts due to				
- trade	44,017	49,213	882	-
- advances	242,068	286,695	-	-
	286,085	335,908	882	-
Movements in the allowance for expected credit loss are as follows:				
At 1 January	16,888	16,480	-	-
Charge to profit and loss account	14,912	408	-	-
At 31 December	31,800	16,888	-	-

Advances to and from associated companies and joint ventures are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.05% to 13.00% (2020: 0.09% to 15.00%) per annum on interest-bearing advances.

As at 1 January 2020, the Group's amount due from associated companies and joint ventures relating to trade amounted to $140,502,000.

18. Debtors

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade debtors	1,218,664	1,806,269	26	7
Allowance for expected credit loss	(233,267)	(241,871)	-	-
	985,397	1,564,398	26	7
Service concession receivable	-	8,780	-	-
Sundry debtors	348,227	277,912	726	1,044
Prepayments	129,802	159,834	87	85
Tax recoverable	7,755	5,029	-	-
Value Added Tax receivable	103,382	174,904	32	370
Interest receivable	25,973	17,043	-	21
Deposits paid	251,307	23,995	382	374
Recoverable accounts	62,337	39,142	5,637	8,166
Accrued receivables	361,846	225,951	3,073	2,206
Advances to subcontractors	19,340	48,037	8	-
Advances to non-controlling shareholders of subsidiaries	4,375	3,524	-	-
	1,314,344	984,151	9,945	12,266
Allowance for expected credit loss	(131,129)	(17,474)	-	-
	1,183,215	966,677	9,945	12,266
Total	2,168,612	2,531,075	9,971	12,273
Movements in the allowance for expected credit loss are as follows:				
At 1 January	259,345	277,534	-	-
Charge to profit and loss account	113,379	29,989	-	-
Amount written off	(15,966)	(43,707)	-	-
Subsidiaries disposed	-	(257)	-	-
Exchange differences	7,638	(4,034)	-	-
Reclassified to assets held for sale	-	(180)	-	-
Total	364,396	259,345	-	-

As at 1 January 2020, the Group's net trade debtors amounted to $1,685,857,000.

19. Short term investments

	Group 2021 $'000	Group 2020 $'000
Total investments at fair value through other comprehensive income:		
Quoted equity shares	26,834	35,802
Investments at fair value through profit or loss:		
Quoted equity shares	269	78,492
Unquoted debt instrument	-	20,340
Total investments at fair value through profit or loss	269	98,832
Total short term investments	27,103	134,634

Investments at fair value through other comprehensive income are mainly in the oil and gas industry listed in Singapore.

20. Bank balances, deposits and cash

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Bank balances and cash	1,976,981	1,211,166	810	574
Fixed deposits with banks	1,348,400	933,606	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and other liabilities	72,991	71,242	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	218,261	263,701	-	-
	3,616,633	2,479,715	810	574

Fixed deposits with banks of the Group mature on varying periods, substantially between 3 days to 6 months (2020: 1 day to 6 months). This comprises Singapore Dollars fixed deposits of $268,451,000 (2020: $148,389,000) at interest rates substantially ranging from 0.05% to 0.25% (2020: 0.05% to 0.19%) per annum, and foreign currency fixed deposits of $1,079,949,000 (2020: $785,217,000) at interest rates substantially ranging from 0.10% to 5.40% (2020: 0.01% to 6.80%) per annum.

The bank balances at 31 December 2021 include an amount of $nil (2020: $107,000) pledged to a bank in relation to certain banking arrangement.

Cash and cash equivalents of $1,013,296,000 (2020: $763,958,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

21. Creditors and other non-current liabilities

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Trade creditors	763,233	746,994	1,643	1,433
Customers' advances and deposits	85,277	130,551	-	-
Sundry creditors	924,520	975,910	5,186	3,562
Accrued expenses	2,947,496	2,356,154	57,514	31,620
Advances from non-controlling shareholders	144,971	149,593	-	-
Retention monies	187,078	199,245	-	-
Interest payables	46,213	45,230	28,180	27,193
	5,098,788	4,603,677	92,523	63,808
Other non-current liabilities:				
Accrued expenses	129,986	94,164	32,187	24,114
Derivative liabilities	98,422	224,662	70,777	128,336
	228,408	318,826	102,964	152,450

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.50% to 3.62% (2020: 1.80% to 4.94%) per annum on interest-bearing advances.

The carrying amount of the non-current liabilities approximates their fair value.

22. Provisions for warranties

	Group 2021 $'000	Group 2020 $'000
At 1 January	**39,449**	36,448
(Write-back)/Charge to profit and loss account	**(9,866)**	2,352
Amount utilised	**(252)**	(13)
Exchange differences	**(399)**	662
At 31 December	**28,932**	39,449

23. Term loans

		2021		2020	
		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	(a)	**700,000**	**2,053,710**	-	2,653,932
Keppel Land Medium Term Notes	(b)	**199,978**	**709,403**	-	629,617
Keppel Telecommunications & Transportation Medium Term Notes	(c)	**-**	**100,000**	-	100,000
Keppel Corporation Commercial Paper	(d)	**128,000**	**-**	-	-
Bank loans					
- secured	(e)	**8,852**	**717,559**	110,485	596,215
- unsecured	(f)	**3,622,478**	**3,215,240**	4,322,117	3,626,830
		4,659,308	**6,795,912**	4,432,602	7,606,594
Company					
Keppel Corporation Medium Term Notes	(a)	**700,000**	**2,053,710**	-	2,653,932
Keppel Corporation Commercial Paper	(d)	**128,000**	**-**	-	-
Unsecured bank loans	(f)	**2,498,730**	**2,059,985**	3,406,552	1,875,085
		3,326,730	**4,113,695**	3,406,552	4,529,017

(a) At the end of the financial year, notes issued under the US$5,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to $2,753,710,000 (2020: $2,653,932,000). The notes denominated in Singapore Dollars, US Dollars and Japanese Yen, are unsecured and comprised fixed rate notes due from 2022 to 2042 (2020: from 2022 to 2042) with interest rates ranging from 0.88% to 4.00% (2020: 0.88% to 4.00%) per annum.

(b) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $579,518,000 (2020: $329,767,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2023 to 2026 (2020: 2023), with interest rates ranging from 2.00% to 2.84% (2020: 2.68% to 2.84%) per annum.

At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to $329,863,000 (2020: $299,850,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2022 to 2024 (2020: 2022 to 2024) with interest rates ranging from 3.80% to 3.90% (2020: 3.80% to 3.90%) per annum.

(c) At the end of the financial year, notes issued under the $500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to $100,000,000 (2020: $100,000,000). The fixed rate notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024 (2020: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024).

(d) At the end of the financial year, commercial papers issued under the US$1,000,000,000 Multi-Currency Euro Commercial Paper Programme by the Company amounted to $128,000,000 (2020: $nil). The commercial papers, which are denominated in Singapore Dollars, are unsecured and comprised fixed rate commercial papers due in 2022 (2020: n.a.) with interest rates ranging from 0.58% to 0.64% (2020: n.a.) per annum.

(e) The secured bank loans consist of:

- A term loan of $50,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 0.90% to 2.28% per annum.

- A term loan of $42,732,000 drawn down by a subsidiary. The term loan is repayable in 2032 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- A term loan of $40,448,000 drawn down by a subsidiary. The term loan is repayable in 2033 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- A term loan of $370,536,000 drawn down by a subsidiary. The term loan is repayable in 2035 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 4.31% per annum.

- Other secured bank loans totalling $222,695,000 (2020: $294,745,000) comprised $92,264,000 (2020: $84,088,000) of loans denominated in Singapore Dollars and $130,431,000 (2020: $210,657,000) of foreign currency loans. They are repayable within one to six (2020: one to seven) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 3.90% to 13.25% (2020: 0.70% to 13.25%) per annum.

(f) The unsecured bank loans of the Group totalling $6,837,718,000 (2020: $7,948,947,000) comprised $2,768,820,000 (2020: $4,972,916,000) of loans denominated in Singapore Dollars and $4,068,898,000 (2020: $2,976,031,000) of foreign currency loans. They are repayable within one to ten (2020: one to eleven) years. Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 0.67% to 3.05% (2020: 0.58% to 3.08%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.06% to 10.95% (2020: 0.50% to 8.58%) per annum.

The unsecured bank loans of the Company totalling $4,558,715,000 (2020: $5,281,637,000) comprised $1,280,000,000 (2020: $3,142,000,000) of loans denominated in Singapore Dollars and $3,278,715,000 (2020: $2,139,637,000) of foreign currency loans. They are repayable within one to four years (2020: one to five years). Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 0.71% to 1.28% (2020: 0.58% to 3.08%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.06% to 1.46% (2020: 0.50% to 3.24%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,223,200,000 (2020: $2,220,363,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $11,304,660,000 (2020: $12,014,024,000) and $7,312,908,000 (2020: $7,845,496,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Years after year-end:				
After one but within two years	**1,652,688**	2,036,433	**889,922**	1,000,000
After two but within five years	**3,929,770**	4,038,732	**2,476,893**	2,379,017
After five years	**1,213,454**	1,531,429	**746,880**	1,150,000
	6,795,912	7,606,594	**4,113,695**	4,529,017

24. Deferred taxation

	Group 2021 $'000	Group 2020 $'000
Deferred tax liabilities	**426,891**	443,547
Deferred tax assets	**(212,679)**	(159,427)
Net deferred tax liabilities	**214,212**	284,120

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities arising from same tax jurisdiction. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of $52,622,000 (2020: $61,237,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of $1,035,843,000 (2020: $893,023,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses amounting to $276,311,000 (2020: $214,920,000) can be carried forward for a period of one to ten years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged/ (credited) to profit or loss $'000	Charged/ (credited) to other comprehensive income $'000	Subsidiaries disposed $'000	Reclassification $'000	Exchange differences $'000	At 31 December $'000
Group							
2021							
Deferred Tax Liabilities							
Accelerated tax depreciation	**301,431**	**(101,324)**	**-**	**-**	**-**	**2,399**	**202,506**
Investment properties valuation	**116,697**	**46,223**	**-**	**-**	**-**	**7,237**	**170,157**
Offshore income & others	**82,773**	**5,132**	**(108)**	**(4,224)**	**-**	**3,669**	**87,242**
Total	**500,901**	**(49,969)**	**(108)**	**(4,224)**	**-**	**13,305**	**459,905**
Deferred Tax Assets							
Other provisions	**(113,103)**	**(3,099)**	**-**	**-**	**-**	**(1,323)**	**(117,525)**
Unutilised tax benefits	**(84,213)**	**(20,523)**	**-**	**-**	**-**	**(5,854)**	**(110,590)**
Lease liabilities	**(19,465)**	**1,785**	**-**	**-**	**-**	**102**	**(17,578)**
Total	**(216,781)**	**(21,837)**	**-**	**-**	**-**	**(7,075)**	**(245,693)**
Net Deferred Tax Liabilities	**284,120**	**(71,806)**	**(108)**	**(4,224)**	**-**	**6,230**	**214,212**
2020							
Deferred Tax Liabilities							
Accelerated tax depreciation	295,789	9,906	-	-	(4,197)	(67)	301,431
Investment properties valuation	75,175	38,354	-	-	(148)	3,316	116,697
Offshore income & others	79,430	2,377	73	-	-	893	82,773
Total	450,394	50,637	73	-	(4,345)	4,142	500,901
Deferred Tax Assets							
Other provisions	(18,043)	(94,206)	(212)	-	-	(642)	(113,103)
Unutilised tax benefits	(88,146)	8,972	-	-	(4,701)	(338)	(84,213)
Lease liabilities	(21,631)	(51)	-	-	-	2,217	(19,465)
Total	(127,820)	(85,285)	(212)	-	(4,701)	1,237	(216,781)
Net Deferred Tax Liabilities	322,574	(34,648)	(139)	-	(9,046)	5,379	284,120

25. Revenue

	Group	
	2021 $'000	2020 $'000
Revenue from contracts with customers		
Revenue from construction contracts	**2,269,719**	1,705,056
Sale of property	**1,538,477**	1,176,590
Sale of goods	**462,576**	396,346
Sale of electricity, utilities and gases	**3,050,539**	1,912,901
Revenue from telecommunication services	**702,263**	714,894
Revenue from other services rendered	**526,223**	575,234
	8,549,797	6,481,021
Other sources of revenue		
Rental income from investment properties	**74,916**	93,321
	8,624,713	6,574,342

26. Staff costs

	Group	
	2021 $'000	2020 $'000
Wages and salaries	**910,764**	893,717
Employer's contribution to Central Provident Fund	**81,021**	77,722
Share plans granted to Director and employees	**37,369**	39,882
Other staff benefits	**86,496**	108,807
	1,115,650	1,120,128

27. Operating profit

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

	Group	
	2021 $'000	2020 $'000
Included in materials and subcontract costs:		
Fair value (gain)/loss on		
- forward foreign exchange contracts	**595**	(3,430)
Cost of stocks & contract assets	**1,390,762**	1,051,028
Direct operating expenses		
- investment properties that generated rental income	**32,507**	36,473
Included in staff costs:		
Key management's emoluments		
(including executive directors' remuneration)		
- short-term employee benefits	**11,928**	9,728
- post-employment benefits	**110**	92
- share plans granted	**10,872**	10,203
Included in expected credit loss on debtors & receivables, contract assets and financial guarantee:		
Expected credit loss on debtors and receivables (Note 13 & 18)	**194,356**	219,668
Bad debts written-off	**831**	572
Expected credit loss on contract assets (Note 16)	**23,225**	430,842
Expected credit loss on financial guarantee	**146,024**	-

27. Operating profit (continued)

	Group 2021 $'000	Group 2020 $'000
Included in other operating income - net:		
Government grant income	**(40,718)**	(155,284)
Impairment of associated companies (Note 11)	**35,082**	48,686
Impairment/write-off of fixed and intangible assets	**53,550**	62,075
Provision for stocks	**34,905**	50,502
Fair value gain on investment properties* (Note 8)	**(238,458)**	(265,230)
Fair value (gain)/loss on		
- investments	**(315,540)**	61,023
- forward foreign exchange contracts	**(1,129)**	(11,578)
Gain on differences in foreign exchange	**(6,532)**	(29,806)
(Profit)/Loss on sale of fixed assets	**(9,550)**	1,667
Profit on sale of investments	**(9,833)**	-
Gain on disposal of subsidiaries	**(241,054)**	(63,995)
Gain on disposal of associated companies and joint ventures	**(208,635)**	(34,419)
Gain from sale of units in associated companies	**-**	(48,010)
(Gain)/Loss from change in interest in associated companies	**(8,516)**	1,615
Fair value gain on remeasurement of remaining interest in a joint venture/an associated company	**(69,469)**	(26,034)
Gain from reclassification of associated companies to investments carried at fair value through other comprehensive income	**-**	(124,769)
Fees and other remuneration to Directors of the Company	**2,374**	2,323
Auditors' remuneration		
- auditors of the Company	**3,414**	3,545
- other auditors of subsidiaries	**2,088**	2,099
Non-audit fees paid to		
- auditors of the Company	**1,932**	1,730
- other auditors of subsidiaries	**209**	178

Government grant income of $17,202,000 (2020: $105,327,000) was recognised during the financial year under the Jobs Support Scheme ("JSS"). 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.

Gain on disposal of associated companies and joint ventures was mainly attributable to the divestment of Dong Nai Waterfront City LLC, Nanjing Jinsheng Real Estate Development Co., Ltd., Wuhu Sanshan Port Co., Ltd., and gain from divestment of interest in Keppel Logistics (Foshan) following agreement reached with local authorities on Lanshi port closure compensation. Dong Nai Waterfront City LLC was disposed to an associated company of the Group. In the prior year, gain on disposal of associated companies and joint ventures was mainly attributable to the sale of interest in Business Online Public Company Limited and Taicang Xuchang Property Co., Ltd.

The fair value gain on remeasurement of remaining interest in a joint venture arose from the partial disposal with loss of control over the Group's former wholly-owned subsidiary, Tianjin Fushi Property Development Co., Ltd. In the prior year, the fair value gain on remeasurement of remaining interest in an associated company arose from the partial disposal with loss of control over the Group's former wholly-owned subsidiary, Chengdu Hilltop Development Co Ltd.

* In 2020, the effect of rental guarantee of $3,200,000 to be provided to Keppel REIT, an associated company, as part of the sale consideration for Keppel Bay Tower Pte. Ltd was included in the fair value gain on Keppel Bay Tower.

28. Investment income, interest income and interest expenses

	Group	
	2021 $'000	2020 $'000
Investment income from:		
Shares - quoted	37,766	20,763
Shares / funds - unquoted	73,186	8,583
	110,952	29,346
Interest income from:		
Bonds, debentures, deposits and others	42,304	81,112
Associated companies and joint ventures	53,688	66,745
Service concession arrangement	14,382	14,196
	110,374	162,053
Interest expenses on notes, loans and overdrafts	(221,090)	(260,126)
Interest expenses on lease liabilities	(31,501)	(31,964)
Fair value gain/(loss) on interest rate caps and swaps	1,570	(176)
	(251,021)	(292,266)

29. Taxation

(a) Income tax expense

	Group	
	2021 $'000	2020 $'000
Tax expense comprised:		
Current tax	307,720	181,889
Adjustment for prior year's tax	(34,238)	(14,168)
Others	16,854	14,779
	290,336	182,500
Deferred tax (Note 24):		
Current deferred tax	(70,595)	(57,355)
Adjustment for prior year's tax	(1,211)	22,707
	(71,806)	(34,648)
Land appreciation tax:		
Current year	106,454	105,555
	324,984	253,407

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2021 $'000	2020 $'000
Profit/(Loss) before tax	1,334,996	(254,687)
Share of (profit)/loss of associated companies and joint ventures, net of tax	(466,900)	162,221
Profit/(Loss) before tax and share of profit of associated companies and joint ventures	868,096	(92,466)
Tax calculated at tax rate of 17% (2020: 17%)	147,576	(15,719)
Income not subject to tax	(155,990)	(102,858)
Expenses not deductible for tax purposes	217,497	216,061
Unrecognised tax benefits	26,387	37,444
Effect of different tax rates in other countries	45,128	30,774
Adjustment for prior year's tax	(35,449)	8,539
Land appreciation tax	106,454	105,555
Effect of tax reduction on land appreciation tax	(26,619)	(26,389)
	324,984	253,407

29. Taxation (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	358,802	248,425	29,155	31,523
Exchange differences	14,632	3,528	-	-
Tax expense	307,720	181,889	8,474	5,744
Adjustment for prior year's tax	(34,238)	(14,168)	(5,300)	(13,900)
Land appreciation tax	106,454	105,555	-	-
Net income taxes paid	(259,964)	(177,284)	7,290	5,788
Subsidiaries disposed	(2,182)	-	-	-
Reclassification				
- tax recoverable and others	14,328	19,803	32	-
- deferred tax	-	(4,701)	-	-
- liabilities directly associated with assets classified as held for sale	(73)	(4,245)	-	-
At 31 December	505,479	358,802	39,651	29,155

30. Earnings per ordinary share

	Group			
	2021 $'000		2020 $'000	
	Basic	Diluted	Basic	Diluted
Net profit/(loss) attributable to shareholders of the company	1,022,651	1,022,651	(505,860)	(505,860)
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	1,820,424	1,820,424	1,818,398	1,818,398
Adjustment for dilutive potential ordinary shares	-	10,447	-	9,267
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	1,820,424	1,830,871	1,818,398	1,827,665
Earnings per ordinary share	56.2 cts	55.9 cts	(27.8) cts	(27.7) cts

31. Dividends

A final cash dividend of 21.0 cents per share tax exempt one-tier (2020: final cash dividend of 7.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2021 has been proposed for approval by shareholders at the next annual general meeting to be convened.

Together with the interim cash dividend of 12.0 cents per share tax exempt one-tier (2020: interim cash dividend of 3.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2021 will be 33.0 cents per share (2020: 10.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 7.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	127,402
An interim cash dividend of 12.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	218,350
	345,752

In the prior year, total distributions of $273,078,000 were made.

32. Commitments

(a) Capital commitments

	Group	
	2021 $'000	2020 $'000
Capital expenditure/commitments not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**484,512**	179,635
- for purchase of fixed assets	**252,960**	6,426
- for purchase/subscription of shares	**548,066**	165,437
- for commitments to associated companies and joint ventures	**955,074**	1,011,055
- for commitments to private funds	**60,553**	77,939
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**717,065**	931,732
- for purchase of fixed assets	**261,849**	265,833
- for purchase/subscription of shares mainly in property development companies	**32,015**	58,450
	3,312,094	2,696,507
Less: Non-controlling shareholders' share	**(118,362)**	(36,962)
	3,193,732	2,659,545

There was no significant future capital expenditure/commitment for the Company.

(b) Lessee's lease commitments

The Group has adopted SFRS(I) 16 *Leases* on 1 January 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised on balance sheet. The right-of-use assets and lease liabilities are disclosed in Note 9.

33. Contingent liabilities and guarantees

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	**561,896**	730,002	**655,005**	823,419
Bank guarantees	**348,074**	299,082	**-**	-
Share of lease rental guarantees granted by associated companies and joint ventures	**147,775**	172,518	**-**	-
	1,057,745	1,201,602	**655,005**	823,419

See Note 2.28(b)(vi) for further disclosures relating to the Group's claims and litigations.

Included in the above guarantees is a bilateral agreement between the Group and financial institutions which guaranteed a revolving credit facility granted to Floatel International Limited, an associated company, amounting to $119,386,000 (2020: $nil). The guarantee is secured on the assets of Floatel International Limited. See further details in Note 11(e).

In the prior year, the above guarantees included a bilateral agreement between the Group and a bank which guaranteed a bank loan granted to KrisEnergy Limited, an associated company, amounting to $247,340,000. The guarantee was secured on the assets of KrisEnergy Limited.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

34. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant related party transactions as follows:

	Group	
	2021 $'000	2020 $'000
Sales of goods, services and/or fixed assets to		
- associated companies	138,885	151,134
- joint ventures	592,784	36,574
- other related parties	143,829	77,721
	875,498	265,429
Purchase of goods and/or services from		
- associated companies	266,007	248,820
- joint ventures	14,331	6,527
- other related parties	177,859	130,038
	458,197	385,385
Treasury transactions with		
- associated companies	1,401	15,074
- joint ventures	7,349	7,294
	8,750	22,368

35. 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.

(a) Market Risk

(i) Derivative financial instruments

	Group			
		Fair Value		
	Contract notional amount $'000	Asset $'000	Liability $'000	Notional amount directly impacted by IBOR reform $'000
2021				
Cashflow hedges				
- Forward foreign currency contracts	5,329,496	47,386	21,652	n.a.
- Cross currency swaps	1,200,775	387	55,955	-
- Interest rate swaps	3,912,772	26,343	32,094	2,140,817
- HSFO forward contracts	400,325	113,369	1,710	n.a.
- Dated Brent forward contracts	6,951	24	224	n.a.
- Electricity futures contracts	94,691	27	237,763	n.a.

	Group		
		Fair Value	
	Contract notional amount $'000	Asset $'000	Liability $'000
2020			
Cashflow hedges			
- Forward foreign currency contracts	4,704,600	76,769	36,897
- Cross currency swaps	930,757	15,870	48,822
- Interest rate swaps	3,750,209	583	176,444
- HSFO forward contracts	476,200	70,890	17,517
- Dated Brent forward contracts	37,602	7,253	2,182
- Electricity futures contracts	43,492	1,763	1,950

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of electricity future contracts is determined based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

(ii) **Currency risk**

The Group has receivables and payables denominated in foreign currencies via US Dollars, Renminbi and other currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts, cross currency swap agreements and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts. See Note 35(a)(i) for further details pertaining to the notional amounts and fair value of the forward foreign exchange contracts. These fair value amounts are recognised as derivative assets and derivative liabilities. As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $4,956,170,000 (2020: $4,704,600,000). The net positive fair value of forward foreign exchange contracts is $22,105,000 (2020: net positive fair value of $39,872,000) comprising assets of $43,757,000 (2020: $76,769,000) and liabilities of $21,652,000 (2020: $36,897,000). These fair value amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Group has outstanding cross currency swap agreements. See Note 35(a)(i) for further details pertaining to the notional amounts and fair value of the cross currency swap agreements. These fair value amounts are recognised as derivative assets and derivative liabilities.

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2021				2020			
	USD $'000	**RMB $'000**	**BRL $'000**	**Others $'000**	USD $'000	RMB $'000	BRL $'000	Others $'000
Group								
Financial Assets								
Debtors	**53,890**	**64,300**	**189**	**4,402**	40,209	759	312,242	137,781
Investments	**720,956**	**-**	**-**	**125,455**	410,654	-	-	197,823
Bank balances, deposits & cash	**567,102**	**408,536**	**34**	**210,797**	490,693	613	37	121,781
	1,341,948	**472,836**	**223**	**340,654**	941,556	1,372	312,279	457,385
Financial Liabilities								
Creditors	**111,854**	**603**	**13,903**	**8,189**	40,885	1,105	19,538	11,381
Term loans	**2,610,015**	**-**	**-**	**130,674**	1,787,903	-	-	148,939
Lease liabilities	**-**	**322**	**-**	**1,729**	-	157	-	-
	2,721,869	**925**	**13,903**	**140,592**	1,828,788	1,262	19,538	160,320

	2021			2020		
	USD $'000	**RMB $'000**	**Others $'000**	USD $'000	RMB $'000	Others $'000
Company						
Financial Assets						
Debtors	**1,071**	**58**	**-**	1,274	71	-
Bank balances, deposits & cash	**411,516**	**-**	**193,760**	-	163	6
	412,587	**58**	**193,760**	1,274	234	6
Financial Liabilities						
Creditors	**6,053**	**122**	**107**	4,454	163	75
Term loans	**2,610,015**	**-**	**130,674**	1,784,895	-	97,662
Lease liabilities	**-**	**322**	**-**	-	157	-
	2,616,068	**444**	**130,781**	1,789,349	320	97,737

35. Financial risk management (continued)

Sensitivity analysis for currency risk
If the relevant foreign currency change against SGD by 5% (2020: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Group				
USD against SGD				
- Strengthened	**(77,487)**	(72,729)	**8,315**	8,161
- Weakened	**77,487**	72,729	**(8,315)**	(8,161)
RMB against SGD				
- Strengthened	**23,596**	6	**-**	-
- Weakened	**(23,596)**	(6)	**-**	-
BRL against SGD				
- Strengthened	**(568)**	12,149	**-**	-
- Weakened	**568**	(12,149)	**-**	-
Company				
USD against SGD				
- Strengthened	**(89,827)**	(89,604)	**-**	-
- Weakened	**89,827**	89,604	**-**	-
RMB against SGD				
- Strengthened	**(19)**	(4)	**-**	-
- Weakened	**19**	4	**-**	-

(iii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its Singapore dollar and US dollar variable rate term loans (Note 23). As at the end of the financial year, the Group has interest rate swap agreements. See Note 35(a)(i) for further details pertaining to the notional amounts and fair value of the interest rate swap agreements for the Group. These fair value amounts are recognised as derivative assets and derivative liabilities.

The Group receives variable rates equal to Singapore Swap Offer Rate ("SOR"), Singapore Overnight Rate Average ("SORA") and the United States Dollar London Inter-bank Offer Rate ("USD LIBOR") (2020: SOR and LIBOR) and pays fixed rates of between 0.19% and 3.62% (2020: 0.19% and 3.62%) on the notional amount. These interest rate swap agreements are held for hedging interest rate risk arising from variable rate borrowings, with interest rates ranging from SOR, SORA and USD LIBOR. This amounts to 30% (2020: 26%) of the Group's total amount of borrowings excluding notional amounts of $470,419,000 (2020: $667,720,000) relating to highly probable future borrowings.

During the year, there was a loss of $23,065,000 (2020: $nil) on hedge ineffectiveness in the Energy & Environment segment.

Sensitivity analysis for interest rate risk
If interest rates increase/decrease by 0.5% (2020: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $17,560,000 (2020: $22,950,000) as a result of higher/lower interest expense on floating rate loans.

(iv) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, HSFO 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts. See Note 35(a)(i) for further details pertaining to the notional amounts and fair value of the HSFO and Dated Brent forward contracts for the Group. These fair value amounts are recognised as derivative assets and derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts. See Note 35(a)(i) for further details pertaining to the notional amounts and fair value of the electricity futures contracts. These fair value amounts are recognised as derivative assets and derivative liabilities.

The Group is exposed to equity securities price risk arising from equity investments classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk
If prices for HSFO and Dated Brent increase/decrease by 5% (2020: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $25,601,000 (2020: $26,479,000) and $338,000 (2020: $2,118,000) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (2020: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $16,623,000 (2020: $2,154,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2020: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $3,579,000 (2020: $7,226,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $26,458,000 (2020: $27,021,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

(v) Cash flow and fair value interest rate risk
The Group is exposed mainly to the Singapore Swap Offer Rate ("SOR") and the United States Dollar London Inter-bank Offer Rate ("USD LIBOR"). The greatest change will be amendments to the contractual terms of the SOR-referenced floating-rate loans and the associated swaps, the contractual terms of the USD LIBOR-referenced floating-rate loans and the associated swaps and the corresponding update of the relevant hedge designations. Amendments will also be made to the contractual terms of certain receivables that are IBOR-referenced. There is currently uncertainty around the timing and precise nature of these changes.

Hedging relationships for which 'Phase 1' amendments apply
The 'Phase 1' amendments provided temporary relief from applying specific hedge accounting requirements to hedging relationships directly impacted by IBOR reform. The temporary reliefs would end when the uncertainty arising from IBOR reform is no longer present.

The Group has ascertained that IBOR uncertainty is still present with respect to its cash flow hedge of most SOR-linked borrowings and all USD LIBOR-linked borrowings with interest rate fixing dates falling after 30 June 2023, because the hedging instrument and the hedged item have not yet been transitioned to SORA and SOFR respectively.

The following Phase 1 reliefs are applied to the cash flow hedges linked to SOR and USD LIBOR:

- When considering the 'highly probable' requirement, the Group has assumed that the SOR interest rate and USD LIBOR interest rate on which the Group's respective hedged debts are based do not change as a result of IBOR reform;
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the SOR and USD LIBOR interest rates, on which the cash flows of the hedged debts and interest rate swaps that hedges these debts are based, are not altered by the IBOR reform; and
- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Hedging relationships for which 'Phase 2' amendments apply
The Group has judged that IBOR uncertainty is no longer present with respect to its cash flow hedge of S$200 million SOR-linked borrowings with interest rate fixing dates falling after 30 June 2023, once both the hedging instrument and the hedged item have been amended to the alternative benchmark rate with fixed adjustment spreads.

In the current year, the Group has applied the following hedge accounting reliefs provided by the Phase 2 amendments for its hedging relationships that have already transitioned from SOR to SORA:

- Hedge designation: When the Phase 1 amendments cease to apply, the Group has amended its hedge designation to reflect the following changes which are required by IBOR reform:
  - designating SORA as a hedged risk;
  - the contractual benchmark rate of the hedged SGD borrowing has been amended from SOR to SORA plus an adjustment spread; and
  - the variable rate of the hedging interest rate swap has been amended from SOR to SORA plus an adjustment spread.

  These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

- Amounts accumulated in the cash flow hedge reserve: When the Group amended its hedge designation for changes to its SOR borrowing that is required by IBOR reform, the accumulated amount outstanding in the cash flow hedge reserve was deemed to be based on SORA. The amount is reclassified to profit or loss in the same periods during which the hedged SORA cash flows affect profit or loss.

35. Financial risk management (continued)

(b) Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms that are consistent with market practice. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The Group assesses on a forward-looking basis the ECLs associated with its financial assets which are mainly debtors, amounts due from associated companies and joint ventures and bank balances, deposits and cash.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2021 and 2020 that have not been assessed on a contract-by-contract basis are set out in the provision matrix as follows:

		Trade receivables				
	Contract assets $'000	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
2021						
Energy & Environment						
Expected loss rate	-	1.8%	16.0%	8.7%	17.7%	
Gross carrying amount	-	99,065	10,442	2,862	13,669	126,038
Loss allowance	-	1,801	1,666	249	2,416	6,132
Connectivity						
Expected loss rate	1.7%	0.4%	2.7%	12.0%	35.5%	
Gross carrying amount	145,297	155,142	60,841	8,102	31,636	401,018
Loss allowance	2,402	684	1,664	970	11,245	16,965
2020						
Energy & Environment						
Expected loss rate	-	2.3%	10.0%	21.6%	30.5%	
Gross carrying amount	-	85,649	20,470	1,583	5,893	113,595
Loss allowance	-	1,932	2,052	342	1,798	6,124
Connectivity						
Expected loss rate	1.4%	0.4%	2.7%	19.7%	29.3%	
Gross carrying amount	177,642	123,005	42,643	14,665	24,851	382,806
Loss allowance	2,402	543	1,165	2,894	7,281	14,285

For the remaining subsidiaries which transact with low volume of customers and customers are monitored individually for credit loss assessment, the receivables (including concession service receivable and contract assets) are assessed individually for lifetime expected credit losses at each reporting date. In calculating the expected credit loss, the Group uses a probability-weighted amount that is determined by evaluating a range of possible outcomes. The possible outcomes include an unbiased estimate of the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

Individual customer will be evaluated periodically for its credit risk and the credit risk assessment is based on historical, current and forward-looking information such as:

- Historical financial and default rate of the customer
- Any publicly available information on the customer
- Any macroeconomic or geopolitical information relevant to the customer
- Any other objectively supportable information on the quality and abilities of the customer's management relevant for its performance

Urban Development
For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.

In measuring the ECL, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors and contract assets are written off when there is no reasonable expectation of recovery.

Debtors and amounts due from associated companies and joint ventures that are neither past due nor impaired are substantially companies with good collection track record with the Group or have strong financial capacity.

As at 31 December 2021 and 31 December 2020, there was no significant concentration of credit risks.

Asset Management
The Group minimises credit risk by dealing with companies with good payment track record and by placing cash balances with financial institutions.

In respect of credit exposure to the associated companies and joint ventures, the Group minimises credit risk through regular monitoring of the associated companies and joint ventures' financial standing.

As at 31 December 2021 and 2020, there are no significant financial assets that are past due and/or impaired.

35. Financial risk management (continued)

(c) Liquidity Risk

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury Department also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 23. The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
2021				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,734,239**	**309,972**	**318,068**	**-**
- Payments	**(4,683,873)**	**(306,151)**	**(311,080)**	**-**
Gross-settled cross currency swaps				
- Receipts	**16,035**	**17,960**	**26,006**	**959**
- Payments	**(26,676)**	**(25,890)**	**(31,473)**	**(2,345)**
Net-settled interest rate swaps				
- Receipts	**3,248**	**10,945**	**25,618**	**220**
- Payments	**(37,930)**	**(12,300)**	**(18,119)**	**(22,517)**
Net-settled HSFO forward contracts				
- Receipts	**98,110**	**14,978**	**281**	**-**
- Payments	**(1,424)**	**(286)**	**-**	**-**
Net-settled Dated Brent forward contracts				
- Receipts	**1**	**23**	**-**	**-**
- Payments	**(101)**	**(77)**	**(46)**	**-**
Net-settled electricity futures contracts				
- Receipts	**27**	**-**	**-**	**-**
- Payments	**(213,941)**	**(23,822)**	**-**	**-**
Borrowings	**(4,840,394)**	**(1,800,142)**	**(4,182,515)**	**(1,575,900)**
2020				
Gross-settled forward foreign exchange contracts				
- Receipts	2,609,428	2,029,812	122,527	-
- Payments	(2,604,977)	(1,990,822)	(116,080)	-
Gross-settled cross currency swaps				
- Receipts	12,415	12,399	29,355	-
- Payments	(20,846)	(20,686)	(40,678)	-
Net-settled interest rate swaps				
- Receipts	1,970	960	6,341	142
- Payments	(50,178)	(35,181)	(44,385)	(61,031)
Net-settled HSFO forward contracts				
- Receipts	61,533	9,035	322	-
- Payments	(13,667)	(3,840)	(10)	-
Net-settled Dated Brent forward contracts				
- Receipts	7,253	-	-	-
- Payments	(2,182)	-	-	-
Net-settled electricity futures contracts				
- Receipts	1,685	78	-	-
- Payments	(1,851)	(99)	-	-
Borrowings	(4,664,730)	(2,218,566)	(4,351,381)	(1,924,124)

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Company				
2021				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,330,930**	**309,972**	**318,068**	**-**
- Payments	**(4,310,546)**	**(306,151)**	**(311,080)**	**-**
Gross-settled cross currency swaps				
- Receipts	**16,035**	**17,960**	**26,006**	**959**
- Payments	**(26,676)**	**(25,890)**	**(31,473)**	**(2,345)**
Net-settled interest rate swaps				
- Receipts	**2,238**	**10,290**	**22,338**	**220**
- Payments	**(24,908)**	**(8,305)**	**(10,703)**	**-**
Borrowings	**(3,418,745)**	**(968,075)**	**(2,618,595)**	**(966,128)**
2020				
Gross-settled forward foreign exchange contracts				
- Receipts	2,609,428	2,029,812	122,527	-
- Payments	(2,604,977)	(1,990,822)	(116,080)	-
Gross-settled cross currency swaps				
- Receipts	12,415	12,399	29,355	-
- Payments	(20,846)	(20,686)	(40,678)	-
Net-settled interest rate swaps				
- Receipts	212	292	4,922	142
- Payments	(28,850)	(25,705)	(29,764)	(1,791)
Borrowings	(3,538,694)	(1,106,646)	(2,586,867)	(1,412,822)

In addition to the above, creditors (Note 21) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

(d) Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital undertakings for the financial year ended 31 December 2021. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital risk based on the Group's net gearing. Net gearing is calculated as net debt divided by total equity. Net debt is calculated as total term loans (Note 23) and total lease liabilities (Note 9) less bank balances, deposits & cash (Note 20).

	Group	
	2021 $'000	2020 $'000
Net debt	**8,400,306**	10,123,385
Total equity	**12,441,361**	11,155,904
Net gearing ratio	**0.68x**	0.91x

35. Financial risk management (continued)

(e) 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.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2021				
Financial assets				
Derivative financial instruments	**-**	**186,294**	**-**	**186,294**
Call option	**-**	**-**	**171,520**	**171,520**
Investments				
- Investments at fair value through other comprehensive income	**502,310**	**-**	**226,052**	**728,362**
- Investments at fair value through profit or loss	**71,314**	**20,791**	**627,197**	**719,302**
Short term investments				
- Investments at fair value through other comprehensive income	**26,834**	**-**	**-**	**26,834**
- Investments at fair value through profit or loss	**269**	**-**	**-**	**269**
	600,727	**207,085**	**1,024,769**	**1,832,581**
Financial liabilities				
Derivative financial instruments	**-**	**348,112**	**-**	**348,112**
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	**-**	**-**	**1,495,780**	**1,495,780**
- Commercial, under construction	**-**	**-**	**2,760,648**	**2,760,648**
- Associates at fair value through profit or loss	**-**	**-**	**142,238**	**142,238**
	-	**-**	**4,398,666**	**4,398,666**
Group				
2020				
Financial assets				
Derivative financial instruments	-	173,270	-	173,270
Call option	-	-	156,643	156,643
Investments				
- Investments at fair value through other comprehensive income	504,611	-	317,680	822,291
- Investments at fair value through profit or loss	66,014	102,749	238,438	407,201
Short term investments				
- Investments at fair value through other comprehensive income	35,802	-	-	35,802
- Investments at fair value through profit or loss	78,492	20,340	-	98,832
	684,919	296,359	712,761	1,694,039
Financial liabilities				
Derivative financial instruments	-	283,805	-	283,805
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,166,637	1,166,637
- Commercial, under construction	-	-	2,507,438	2,507,438
- Assets classified as held for sale	-	650,062	-	650,062
- Associates at fair value through profit or loss	-	-	148,529	148,529
	-	650,062	3,822,604	4,472,666

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2021				
Financial assets				
Derivative financial instruments	**-**	**67,499**	**-**	**67,499**
Investments				
- Investments at fair value through other comprehensive income	**-**	**-**	**24,100**	**24,100**
	-	**67,499**	**24,100**	**91,599**
Financial liabilities				
Derivative financial instruments	**-**	**-**	**102,061**	**102,061**
2020				
Financial assets				
Derivative financial instruments	-	77,494	-	77,494
Investments				
- Investments at fair value through other comprehensive income	-	-	22,196	22,196
	-	77,494	22,196	99,690
Financial liabilities				
Derivative financial instruments	-	158,950	-	158,950

During the year, the fair value measurement of certain investments amounting to $82,443,000 were transferred from Level 2 to Level 3 due to use of inputs not based on market observable data in the valuation techniques. In 2020, the fair values of these investments were categorised under Level 2 as they were based on actual transacted prices.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
At 1 January	**712,761**	656,877	**22,196**	19,230
Purchases	**41,002**	73,091	**-**	-
Sales	**(47,625)**	(19,224)	**-**	-
Fair value (loss)/gain recognised in other comprehensive income	**(97,219)**	60,350	**1,904**	2,966
Fair value gain/(loss) recognised in profit or loss	**316,867**	(36,852)	**-**	-
Reclassification				
- Associates/Joint Ventures	**14,139**	(44,750)	**-**	-
- Transfer to Level 3	**82,443**		**-**	
- Others	**235**	(559)	**-**	-
Exchange differences	**2,399**	(978)	**-**	-
Distribution	**(193)**	(1,965)	**-**	-
Return on capital	**(40)**	(3,429)	**-**	-
Capitalisation of interest on advances extended to an investee	**-**	30,200	**-**	-
At 31 December	**1,024,769**	712,761	**24,100**	22,196

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2021 $'000	2020 $'000
At 1 January	**3,674,075**	3,022,091
Development expenditure	**229,581**	266,219
Fair value gain	**238,458**	268,430
Reclassification		
- Assets held for sale (Note 37)	**-**	(650,062)
- Stocks (Note 15)	**3,544**	714,733
Exchange differences	**110,770**	52,664
At 31 December	**4,256,428**	3,674,075

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.

35. Financial risk management (continued)

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 31 December 2021 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	853,249	Net asset value, discounted cash flow and binomial option pricing	Net asset value *	Not applicable
			Discount rate	9.00% - 20.00%
			Growth rate	4.26%
			Discount for lack of control	15.00% - 23.30%
Call option	171,520	Direct comparison method and investment method	Transacted price of comparable properties (psf)	S$1,586 - S$3,520
			Capitalisation rate	3.50%
Associates at fair value through profit or loss	142,238	Net asset value	Net asset value	Not applicable
Investment Properties				
- Commercial and hospitality, completed	1,495,780	Discounted cash flow method and/or direct comparison method; Income capitalisation method	Discount rate	9.50% to 14.50%
			Capitalisation rate	4.25% to 10.50%
			Net initial yield	6.45%
			Transacted price of comparable properties (psm)	$4,690 to $7,504
			Transacted price of comparable properties (psf)	$724 to $3,004
			Terminal capitalisation rate	7.75%
- Commercial, under construction	2,760,648	Direct comparison method, discounted cash flow method, and/or residual value method	Transacted price of comparable land plots (psm)	$7,129 to $9,192
			Gross development value ($'million)	$239 to $2,099
			Discount rate	12.50% to 17.00%
			Capitalisation rate	4.00% to 10.00%
			Transacted price of comparable properties (psf)	$2,468 to $3,171

* 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 (see further details in Note 2.28(b)(x)).

Description	Fair value as at 31 December 2020 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Investments	556,118	Net asset value, discounted cash flow and binomial option pricing, market comparative	Net asset value *	Not applicable
			Discount rate	8.00%
			Growth rate	6.24%
			Cost of equity	15.85%
			Adjusted market multiple	1.4x
Call option	156,643	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$1,600 to $3,721
			Capitalisation rate	3.50%
Associates at fair value through profit or loss	148,529	Net asset value	Net asset value	Not applicable
Investment Properties				
- Commercial and hospitality, completed	1,166,637	Investment method, discounted cash flow method and/or direct comparison method;	Discount rate	7.25% to 12.50%
			Capitalisation rate	4.25% to 10.50%
		Residual method;	Net initial yield	6.20%
		Capitalisation method	Transacted price of comparable properties (psm)	$4,914 to $6,615
			Transacted price of comparable properties (psf)	$2,835 to $3,046
			Terminal capitalisation rate	9.00%
- Commercial, under construction	2,507,438	Direct comparison method, discounted cash flow method, and/or residual value method	Transacted price of comparable land plots (psm)	$7,930 to $18,770
			Gross development value ($'million)	$527 to $2,042
			Discount rate	12.50% to 18.00%

* 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 $853,249,000 as at 31 December 2021 comprises $658,224,000 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 $32,911,000 increase/decrease in fair valuation.

Valuation process of investment properties is described in Note 8.

36. 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 24 June 2021, the Company signed two non-binding MOUs; the first with Sembcorp Marine Ltd ("Sembcorp Marine") to enter into exclusive negotiations with a view to combining Keppel Offshore & Marine ("Keppel O&M") and Sembcorp Marine to form a Combined Entity, and the second, with Kyanite Investment Holdings Pte Ltd ("Kyanite"), a wholly owned subsidiary of Temasek, to sell Keppel O&M's legacy completed and uncompleted rigs and associated receivables to a separate Asset Co, which would be majority owned by external investors which Kyanite intends to procure. These two proposed transactions will be inter-conditional and pursued concurrently.

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 and provision of logistics solutions. The segment has operations in China, Singapore and other countries. Keppel Logistics ("KLOG") contributed about 1% and 2% of the Group's total revenue and net profit respectively for the financial year ended 31 December 2021. KLOG accounted for about 1% of the Group's total assets and total liabilities as at 31 December 2021.

(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.

	Energy & Environment Offshore & Marine $'000	Energy & Environment Infrastructure & Others $'000	Subtotal $'000	Urban Development $'000	Connectivity $'000	Asset Management $'000	Corporate & Others $'000	Elimination $'000	Total $'000
2021									
Revenue									
External sales	2,013,377	3,560,370	5,573,747	1,628,768	1,260,152	162,046	-	-	8,624,713
Inter-segment sales	(110)	13,986	13,876	3,789	6,046	9,868	74,072	(107,651)	-
Total	2,013,267	3,574,356	5,587,623	1,632,557	1,266,198	171,914	74,072	(107,651)	8,624,713
Segment Results									
Operating profit	(229,939)	(292,288)	(522,227)	992,963	86,488	112,880	222,950	4,737	897,791
Investment income	6,091	-	6,091	1,512	270	41,632	61,447	-	110,952
Interest income	23,395	59,064	82,459	36,797	304	147	366,147	(375,480)	110,374
Interest expenses	(178,626)	(9,025)	(187,651)	(52,342)	(19,094)	(30,752)	(331,925)	370,743	(251,021)
Share of results of associated companies and joint ventures	168,328	(15,743)	152,585	93,170	18,528	202,617	-	-	466,900
Profit before tax	(210,751)	(257,992)	(468,743)	1,072,100	86,496	326,524	318,619	-	1,334,996
Taxation	49,369	4,603	53,972	(331,263)	(18,567)	(26,188)	(2,938)	-	(324,984)
Profit for the year	(161,382)	(253,389)	(414,771)	740,837	67,929	300,336	315,681	-	1,010,012
Attributable to:									
Shareholders of Company	(160,394)	(253,451)	(413,845)	762,915	63,953	301,296	308,332	-	1,022,651
Perpetual securities holders	-	-	-	-	-	-	3,401	-	3,401
Non-controlling interests	(988)	62	(926)	(22,078)	3,976	(960)	3,948	-	(16,040)
	(161,382)	(253,389)	(414,771)	740,837	67,929	300,336	315,681	-	1,010,012
External revenue from contracts with customers									
- At a point in time	94,392	12,324	106,716	1,376,396	423,065	23,936	-	-	1,930,113
- Over time	1,918,985	3,548,046	5,467,031	181,183	833,360	138,110	-	-	6,619,684
	2,013,377	3,560,370	5,573,747	1,557,579	1,256,425	162,046	-	-	8,549,797
Other sources of revenue	-	-	-	71,189	3,727	-	-	-	74,916
Total	2,013,377	3,560,370	5,573,747	1,628,768	1,260,152	162,046	-	-	8,624,713
Other Information									
Segment assets	8,596,939	2,769,124	11,366,063	13,954,820	3,606,910	3,989,870	12,321,120	(12,915,856)	32,322,927
Segment liabilities	9,473,919	2,455,766	11,929,685	6,955,468	2,525,065	1,708,088	9,679,116	(12,915,856)	19,881,566
Net assets	(876,980)	313,358	(563,622)	6,999,352	1,081,845	2,281,782	2,642,004	-	12,441,361
Investment in associated companies and joint ventures	462,678	164,170	626,848	2,281,122	151,162	2,991,126	-	-	6,050,258
Additions to non-current assets	24,403	38,595	62,998	274,447	270,856	113,237	6,698	-	728,236
Depreciation and amortisation	115,104	31,364	146,468	42,564	201,430	2,796	13,144	-	406,402
Impairment loss on non-financial assets	33,831	58,294	92,125	53,051	1,586	-	-	-	146,762
Allowance for expected credit loss and bad debt written-off	66,325	115,867	182,192	1,346	11,781	-	(132)	-	195,187
Loss on a financial guarantee on a loan granted to an associated company	-	146,024	146,024	-	-	-	-	-	146,024

Geographical information

	Singapore $'000	China/ Hong Kong $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	6,458,200	1,543,465	73,795	222,502	326,751	-	8,624,713
Non-current assets	7,928,820	3,922,600	160,951	1,803,975	653,202	-	14,469,548

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2021.

Information about a major customer
Revenue of $1,600,705,000 is derived from a single external customer and is attributable to the Energy & Environment segment for the financial year ended 31 December 2021.

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

	Energy & Environment								
	Offshore & Marine $'000	Infrastructure & Others $'000	Subtotal $'000	Urban Development $'000	Connectivity $'000	Asset Management $'000	Corporate & Others $'000	Elimination $'000	Total $'000
2020									
Revenue									
External sales	1,573,455	2,369,889	3,943,344	1,275,473	1,220,011	134,784	730	-	6,574,342
Inter-segment sales	526	10,335	10,861	9,407	5,280	295	76,422	(102,265)	-
Total	1,573,981	2,380,224	3,954,205	1,284,880	1,225,291	135,079	77,152	(102,265)	6,574,342
Segment Results									
Operating profit	(909,633)	87,263	(822,370)	605,488	46,010	273,601	(93,891)	(437)	8,401
Investment income	3,449	-	3,449	1,035	175	23,273	1,414	-	29,346
Interest income	60,429	61,414	121,843	39,518	1,972	6,001	393,668	(400,949)	162,053
Interest expenses	(196,885)	(9,859)	(206,744)	(56,055)	(33,224)	(39,700)	(357,929)	401,386	(292,266)
Share of results of associated companies and joint ventures	(330,421)	(16,594)	(347,015)	129,917	13,689	40,476	712	-	(162,221)
Profit before tax	(1,373,061)	122,224	(1,250,837)	719,903	28,622	303,651	(56,026)	-	(254,687)
Taxation	93,667	(28,262)	65,405	(278,745)	(13,917)	(26,169)	19	-	(253,407)
Profit for the year	(1,279,394)	93,962	(1,185,432)	441,158	14,705	277,482	(56,007)	-	(508,094)
Attributable to:									
Shareholders of Company	(1,274,847)	94,178	(1,180,669)	437,796	13,244	279,525	(55,756)	-	(505,860)
Non-controlling interests	(4,547)	(216)	(4,763)	3,362	1,461	(2,043)	(251)	-	(2,234)
	(1,279,394)	93,962	(1,185,432)	441,158	14,705	277,482	(56,007)	-	(508,094)
External revenue from contracts with customers									
- At a point in time	112,699	10,644	123,343	1,032,449	380,812	12,388	100	-	1,549,092
- Over time	1,460,756	2,359,245	3,820,001	159,962	829,570	122,396	-	-	4,931,929
	1,573,455	2,369,889	3,943,344	1,192,411	1,210,382	134,784	100	-	6,481,021
Other sources of revenue	-	-	-	83,062	9,629	-	630	-	93,321
Total	1,573,455	2,369,889	3,943,344	1,275,473	1,220,011	134,784	730	-	6,574,342
Other Information									
Segment assets	8,777,983	2,484,217	11,262,200	14,516,978	4,020,059	3,974,802	11,359,061	(13,027,221)	32,105,879
Segment liabilities	9,436,503	1,960,318	11,396,821	7,956,375	2,819,371	1,868,694	9,935,935	(13,027,221)	20,949,975
Net assets	(658,520)	523,899	(134,621)	6,560,603	1,200,688	2,106,108	1,423,126	-	11,155,904
Investment in associated companies and joint ventures	360,838	205,170	566,008	2,300,945	203,330	2,920,330	-	-	5,990,613
Additions to non-current assets	61,835	91,090	152,925	537,537	156,757	384,483	1,397	-	1,233,099
Depreciation and amortisation	119,566	31,312	150,878	39,461	213,461	2,655	7,051	-	413,506
Impairment loss/(write-back of impairment loss) on non-financial assets	521,411	42,225	563,636	9,184	27,853	(8,487)	(81)	-	592,105
Allowance for expected credit loss and bad debt written-off	186,818	1,385	188,203	22,902	9,153	-	(18)	-	220,240

Geographical information

	Singapore $'000	China/ Hong Kong $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	4,563,849	1,161,182	47,252	258,109	543,950	-	6,574,342
Non-current assets	8,400,031	3,660,816	240,893	1,878,137	392,094	-	14,571,971

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2020.

Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2020.

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

37. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

(i) Keppel Smit Towage Private Limited ("KST") and Maju Maritime Pte Ltd ("Maju")

On 15 November 2021, the Company announced that its indirect wholly-owned subsidiary, KS Investments Pte. Ltd., is divesting its entire 51% shareholding interest in each of KST and Maju to Rimorchiatori Mediterranei Spa. Completion of the divestments, which is expected to take place in the first half of 2022, is conditional upon the receipt of approval from regulatory authorities in Singapore.

(ii) Subsidiary of Keppel Infrastructure Holdings Pte Ltd ("Keppel Infrastructure's subsidiary")

The Company's wholly-owned subsidiary, Keppel Infrastructure, has commenced non-binding negotiation with an interested buyer relating to Keppel Infrastructure's controlling interest in a subsidiary. The completion of the sale is subject to execution of definitive documentation for the transaction and other conditions, including regulatory approval, being fulfilled.

(iii) Keppel Offshore and Marine Ltd's properties ("Keppel O&M's properties")

The Company's wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("Keppel O&M"), is committed to sell five properties (including its plant and equipment) in Singapore. The sale is expected to be completed within one year. The disposals are part of Keppel O&M's strategic review to streamline and dispose its non-core assets.

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of Keppel Infrastructure's subsidiary and Keppel O&M's properties have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale", and the investments in KST and Maju that are accounted for as associated companies and joint ventures have been presented as "assets classified as held for sale" in the condensed consolidated balance sheet as at 31 December 2021. Details of the assets classified as held for sale and liabilities directly associated with assets classified as held for sale are as follows:

	As at 31 December 2021 $'000
Assets classified as held for sale	
Fixed assets	**74,765**
Associated companies and joint ventures	**60,798**
Right-of-use assets	**32,871**
Long term assets	**353,039**
Debtors	**6,407**
	527,880
Liabilities directly associated with assets classified as held for sale	
Creditors	**3,402**
Derivative liabilities	**34,855**
Taxation	**73**
	38,330

The assets and liabilities classified as held for sale pertaining to KST, Maju, Keppel Infrastructure's subsidiary and Keppel O&M's properties are included in Energy & Environment for the purpose of segmental reporting.

38. New accounting standards and interpretations

At the date of authorisation of these financial statements, the following new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- 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)

  The amendment to SFRS(I) 1-16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

  Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- 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)

  An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2023)

  The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

  The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

39. Subsequent events

On 27 January 2022, the Company established a $500 million Share Buyback Programme, pursuant to the Share Purchase Mandate granted by its shareholders at the Company's Annual General Meeting. The Share Buyback Programme allows the Company to purchase its shares when such shares may be undervalued due to market conditions. Shares repurchased will be held as treasury shares which will be used in part for the annual vesting of employee share plans, and as possible currency for future merger and acquisition (M&A) activities under Vision 2030.

The Company's Share Purchase Mandate, as approved by shareholders at the last Annual General Meeting in April 2021, allows the purchase of up to a maximum of 2% of its issued shares for the duration of the mandate. The duration required to complete the $500 million Share Buyback Programme will depend on the annual review and parameters of the Share Purchase Mandate as approved by shareholders, and the prices at which the shares are purchased.

40. Significant subsidiaries, associated companies and joint ventures

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies and joint ventures whose results are equity accounted for is given in the following pages.