Notes to the Financial Statements

For the financial year ended 31 December 2023

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

1. GENERAL

With effect from 1 January 2024, the name of the Company has been changed from "Keppel Corporation Limited" to "Keppel Ltd.".

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:

- management of private funds and listed real estate investment and business trusts, focusing in areas of infrastructure, real estate and connectivity.
- provision of energy and environmental solutions and services that are essential for sustainable development, including commercial power generation, renewables, environmental engineering and construction and infrastructure operation and maintenance;
- property development and investment, as well as master development, and provision of sustainable and innovative urban space solutions, including sustainable urban renewal and senior living; and
- development and operation of data centres, provision of telecommunications services, sale of telecommunications and information technology equipment, and provision of system integration solutions and services.

The financial statements of the Group for the financial year ended 31 December 2023 and the balance sheet and statement of changes in equity of the Company at 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 1 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 2023. 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:

- SFRS(I) 17 *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2023)
- Amendments to SFRS(I) 1-12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective for annual periods beginning on or after 1 January 2023)
- Amendments to SFRS(I) 1-12 I*ncome Taxes: International Tax Reform – Pillar Two Model Rules* (effective for annual periods beginning on or after 1 January 2023)

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.

For the financial year ended 31 December 2023, the Group had applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS (I)1-12 issued in May 2023. The Group accounts for Pillar Two income taxes as current tax when it is incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 or 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 or 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 or 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 or loss account. For loss of control transactions where the retained interest in the former subsidiary is an associate or joint venture accounted for using the equity method, any previously unrecognised profit/loss arising from intra-group transactions are recognised only to the extent of the equity interest divested.

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 or 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.

2.4 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 or 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	30 to 50 years
Buildings on leasehold land	Over period of lease (ranging from 10 to 50 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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Associated Companies and Joint Ventures (continued)

When the Group's investment in an associated company or a joint venture is held by, or is held indirectly through, a subsidiary or 'organisation' 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. The 'organisation' does not have to be a separate legal entity or special purpose vehicle. However, the 'organisation' does have to be a division or a branch that is clearly separated and managed independently from the entity's other business activities and undertake a venture capital business, or a mutual fund, unit trust and similar types of businesses that is managed with the objective of earning a return on its investments.

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 or 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 or 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. 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 2 to 17 years.

Other Intangible Assets

Other intangible assets include 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 15 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.

2.10 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 or loss account.

Where the transaction price is not representative of the fair value of the financial asset, the Group assesses the fair value of the financial asset. For transactions when the fair value is based on quoted price in an active market (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference if any, between the fair value at initial recognition and the transaction price is recognised directly in profit or loss. Otherwise the difference, if any, between the fair value at initial recognition and the transaction price is deferred and recognised on a systematic basis over time in profit or loss.

i. Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade, intercompany and other receivables (excluding prepayments), notes receivables 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 or loss account when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the profit or 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 or loss account in the period in which it arises. For notes receivables carried at FVPL, such movement in fair values and interest income is recognised in the profit or loss account in the period which it arises and presented on net basis as fair value gain or loss. For foreign currency denominated debt instruments measured at FVPL, the Group presents the exchange gain or loss arising from such instruments separately from the movements in fair values, and as part of total exchange gains or losses.

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 or loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit or loss account. Interest income from these financial assets is recognised in the profit or loss account using the effective interest rate method.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Financial Assets (continued)

ii. **Equity investments**
The Group 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 or 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 or loss account.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in the profit or 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.

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.

Investments include equity investments classified as FVPL and FVOCI and debt investments classified as FVPL. 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.

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 or 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 or loss account. Amounts taken to other comprehensive income are reclassified to the profit or loss account when the hedged transaction affects the profit or loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit or 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 or loss account.

For net investment hedges, the Group designates certain foreign currency borrowings as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges.

When foreign currency borrowings are designated as net investments hedges of foreign operations, the effective portion of currency translation differences is recognised in other comprehensive income and presented in the translation reserve within equity. Any ineffective portion of the currency translation differences is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss on disposal of the foreign operation.

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 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.

2.13 Contract Assets and Contract Liabilities

For contracts 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.

2.14 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 36 sets out 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 or 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.

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 or 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 or loss account.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.15 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 2.21).

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.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair values plus transaction costs in the balance sheet. Financial guarantees are subsequently amortised to the profit or loss account over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss account.

2.16 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 onerous contracts is recognised when a contract is onerous. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision for onerous contract represents the present value of the management's best estimate of the future outflow of economic benefits that the Group is presently obliged to make under its obligations.

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.

2.17 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.

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.

Finance leases
Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet and included in debtors and long-term receivables. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

2.18 Assets (or disposal groups) classified as Held for Sale and Discontinued Operations
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. The assets are not depreciated or amortised while they are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset (or disposal groups) 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.18 Assets (or disposal groups) classified as Held for Sale and Discontinued Operations (continued)

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

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2.19 Revenue

Revenue from continuing operations consists of:

- Revenue recognised on property construction and long-term engineering contracts;
- Sale of goods;
- Rendering of services; and
- Rental income from investment properties.

Revenue from discontinued operations consists of revenue recognised on rigbuilding, shipbuilding and repairs.

Revenue recognition

The Group enters into rigbuilding, shipbuilding and repairs (as classified within discontinued operations in Note 38(i)), property construction and long term construction 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 sale of electricity, utilities and gas, logistic services, operations and maintenance under service concession arrangements, asset management, 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.

2.20 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.

2.21 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 or 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.

2.22 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 or 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 or 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.

2.23 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.23 Income Taxes (continued)

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 or 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.

2.24 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 or 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.

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, or 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.

2.25 Share Capital and Perpetual Securities

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

Treasury shares
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
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.

Distribution of non-cash assets to owners of the Company
The Group measures a liability to distribute non-cash assets as a dividend to owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

2.26 Segment Reporting
The Group has four main segments, namely Infrastructure, Real Estate, Connectivity and Corporate Activities. Management monitors the results of each of the main segments for the purpose of making decisions on resource allocation and performance assessment.

2.27 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 37% (2022: approximately 47%) gross ownership interest of units in Keppel REIT as at 31 December 2023. 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.

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. 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 11), investments in associated companies and joint ventures (Note 12), and intangibles (Note 10) as at 31 December 2023.

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 10.

ii. Revenue recognition and contract cost
The Group recognises contract revenue over time for long term construction 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 2.19. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately. Revenue from construction contracts is disclosed in Note 26.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.27 Critical Accounting Judgments and Estimates (continued)

b. Key sources of estimation uncertainty (continued)

ii. Revenue recognition and contract cost (continued)
Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the 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, the work of engineers as well as quotations and references from other projects. These estimations are also made with due consideration of the circumstances and relevant events that were known to management at the date of these financial statements.

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

i. estimation of the expected completion dates of each project, including expectations of any potential delays;
ii. additional costs that will be required to complete the projects; and
iii. impact of potential cost escalations.

As at 31 December 2023, management has assessed that for some projects, total contract costs for each project would exceed the total contract sum, resulting in the recognition of expected loss as an expense immediately. Costs yet to be incurred for these projects as at 31 December 2023 and 2022 have been included in provision for onerous contracts as detailed in Note 24.

iii. 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.

iv. Revaluation of investment properties
The Group carries its investment properties at fair value with changes in fair value being recognised in the profit or 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 2023, valuations were obtained from the valuers for the Group's investment properties, and the resultant fair value changes were recognised in the profit or 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.

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 36.

v. Valuation of properties held for sale
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 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.

vi. *Fair value measurement of unquoted investments*

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; and
ii. Valuation techniques 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.

For other unquoted investments, the Group uses various valuation techniques including the income and market approaches to determine the fair value. 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 36.

vii. *Fair value measurement of notes receivables*

Arising from the completion of the Asset Co Transaction on 27 February 2023, the Group subscribed to notes ("vendor notes") amounting to approximately $4,251,144,000 issued by Rigco Holding Pte Ltd ("Rigco"). Details of the Asset Co Transaction are disclosed in Note 38.

The transaction price of the Asset Co Transaction agreed with Rigco was based on the carrying values of the underlying assets as of 27 February 2023. Given the unique business and risk profile of Rigco, the transaction price was assessed to be not representing the fair value of the vendor notes. As the fair value of vendor notes is neither evidenced by a quoted price in an active market (i.e. Level 1 input) nor based on a valuation technique that uses only data from observable markets and as such, in accordance with SFRS(I) 9, paragraph B5.1.2A(b), the difference between the fair value at initial recognition and the transaction price was deferred. The deferred loss will be recognised as a loss on a systematic basis over time.

Management engaged an independent professional advisor to assist in the determination of the fair value of the vendor notes issued by Rigco, which is based on the Discounted Cash Flow ("DCF") calculations using the estimated cash flows available for repayment of the vendor notes, derived based on a probability weighted range of scenarios per Rigco's business plan and financial projections. In addition to the independent professional firm responsible for estimating the fair value based on the DCF calculations and calculating the discount rates, management has also relied on inputs provided by an independent industry expert engaged separately by Rigco that were used in the financial projections, taking into consideration the market outlook, assumptions and industry parameters.

As at 31 December 2023, the carrying value of the vendor notes, measured at fair value, amounted to $4,286,354,000 which included an unamortised deferred loss amounting to $1,107,501,000 (Note 16).

The determination of the fair value of the vendor notes require significant judgement as the inputs to the DCF calculations are not market observable. Such inputs used in the valuation include estimated future asset sale values, dayrates, cost assumptions, utilisation rates, discount rates, duration of charters and estimated timing of future asset sales. These inputs are subject to risk and uncertainty. The valuation of the vendor notes based on the DCF calculations was most sensitive to discount rates and the estimated future asset sale values. With all other variables held constant, the following demonstrates the sensitivity to a reasonably possible change in discount rates and the estimated future asset sale values on the fair value of vendor notes:

- Discount rates of 5.62% to 10.04% as computed by the independent professional advisor were used in the valuation as at 31 December 2023. A 1% increase in discount rate would lead to approximately $129,217,000 decrease in fair value.
- Estimated future oil rig sale values of $174 million to $602 million as provided by an independent industry expert engaged by Rigco were used in the valuation as at 31 December 2023. A 10% decrease in estimated future asset sale values would lead to approximately $260,932,000 decrease in fair value.

Further details on these unobservable key inputs that require significant judgement are disclosed in Note 36(e).

3. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2023	2022	**2023**	2022
Balance at 1 January	**1,820,557,767**	1,820,557,767	**(68,597,849)**	(943,259)
Treasury shares transferred pursuant to share plans	**–**	–	**10,334,248**	8,209,410
Treasury shares purchased	**–**	–	**–**	(75,864,000)
Balance at 31 December	**1,820,557,767**	1,820,557,767	**(58,263,601)**	(68,597,849)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2023	2022	**2023**	2022
Balance at 1 January	**1,305,668**	1,305,668	**(456,015)**	(4,624)
Treasury shares transferred pursuant to share plans	**–**	–	**68,699**	48,602
Treasury shares purchased	**–**	–	**–**	(499,993)
Balance at 31 December	**1,305,668**	1,305,668	**(387,316)**	(456,015)

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 10,334,248 (2022: 8,209,410) treasury shares to employees upon vesting of Shares released under the Keppel Share Plans. There were no treasury shares purchased (2022: 75,864,000) during the year. The total amount paid for the purchase of shares was $499,993,000 in prior year. Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2023.

Keppel Share Plans
The Keppel Performance Share Plan ("Keppel PSP") and Keppel Restricted Share Plan ("Keppel RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The Keppel Performance Share Plan 2020 ("Keppel PSP 2020") and Keppel Restricted Share Plan 2020 ("Keppel RSP 2020") were approved by the Company's shareholders at the Annual General Meeting held on 2 June 2020, replacing the Keppel PSP and Keppel RSP respectively with effect from 2 June 2020. The Keppel PSP and Keppel 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
Penny Goh
Shirish Moreshwar Apte (appointed on 1 January 2024)

Executive Directors who are eligible for the Keppel 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.

During the financial year, the following were vested:

- Nil (2022: 1,566,518) Shares under the Keppel Restricted Share Plan – Deferred Shares ("Keppel RSP-Deferred Shares");
- 8,220,265 (2022: 3,802,557) Shares under the Keppel Restricted Share Plan 2020 – Deferred Shares ("Keppel RSP 2020-Deferred Shares");
- 1,966,359 (2022: 495,600) Shares under the Keppel Performance Share Plan ("Keppel PSP");
- 147,624 (2022: nil) Shares under the Keppel PSP – M1 Transformation Incentive Plan ("Keppel PSP-M1 TIP"); and
- Nil (2022: 2,344,735) Shares under the Keppel PSP – Transformation Incentive Plan ("Keppel PSP-TIP").

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

	Keppel RSP 2020-Deferred Shares	**Keppel PSP & Keppel PSP 2020**
Plan Description	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	–	PSP awards from Year 2019 to 2021 a. Absolute Total Shareholder’s Return b. Return on Capital Employed c. Net Profit PSP awards from Year 2022 onwards a. Reduction in Carbon Emission b. Net Profit c. Return on Equity d. Absolute Total Shareholder’s Return
Final Award	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	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

	Keppel PSP-M1 TIP	**Keppel PSP 2020-TIP**
Plan Description	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. 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
Vesting Condition and Schedule	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

3. SHARE CAPITAL (continued)

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

	2023					
	Keppel RSP 2020-Deferred Shares	**Keppel PSP**	**Keppel PSP-TIP**	**Keppel PSP-M1 TIP**	**Keppel PSP 2020**	**Keppel PSP 2020-TIP**
Contingent awards/Awards (Keppel RSP 2020-Deferred Shares)						
Balance at 1 January	**–**	**2,841,880**	**–**	**379,900**	**3,115,000**	**11,220,000**
Granted	**10,647,140**	**–**	**–**	**–**	**1,845,000**	**–**
Adjustments upon released	**(4,510,021)**	**1,096,496**	**–**	**146,388**	**1,229,745**	**4,146,018**
Released	**(6,137,119)**	**(1,966,359)**	**–**	**(147,624)**	**–**	**–**
Cancelled	**–**	**–**	**–**	**–**	**(255,128)**	**(2,259,267)**
Balance at 31 December	**–**	**1,972,017**	**–**	**378,664**	**5,934,617**	**13,106,751**

	2022					
	Keppel RSP 2020-Deferred Shares	Keppel PSP	Keppel PSP-TIP	Keppel PSP-M1 TIP	Keppel PSP 2020	Keppel PSP 2020-TIP
Contingent awards/Awards (Keppel RSP-Deferred Shares & Keppel RSP 2020-Deferred Shares)						
Balance at 1 January	–	4,171,880	6,166,706	423,500	1,490,000	11,140,000
Granted	6,317,893	–	–	–	1,775,000	840,000
Adjustments upon released	(8,862)	(684,400)	(3,796,628)	–	–	–
Released	(6,309,031)	(495,600)	(2,344,735)	–	–	–
Cancelled	–	(150,000)	(25,343)	(43,600)	(150,000)	(760,000)
Balance at 31 December	–	2,841,880	–	379,900	3,115,000	11,220,000

At the end of the financial year, the number of contingent award of Shares granted but not released was:

- 1,972,017 (2022: 2,841,880) under the Keppel PSP;
- 378,664 (2022: 379,900) under the Keppel PSP-M1 TIP, out of which nil (2022: 115,100) is to be vested in three years and 378,664 (2022: 264,800) is to be vested in six years;
- 5,934,617 (2022: 3,115,000) under the Keppel PSP 2020; and
- 13,106,751 (2022: 11,220,000) under the Keppel 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 2,958,026 under the Keppel PSP, zero to a maximum of 567,996 under the Keppel PSP-M1 TIP, zero to a maximum of 8,901,926 under the Keppel PSP 2020, and zero to a maximum of 19,660,127 under the Keppel PSP 2020-TIP.

	2023		2022	
	Keppel RSP-Deferred Shares	**Keppel RSP 2020-Deferred Shares**	Keppel RSP-Deferred Shares	Keppel RSP 2020-Deferred Shares
Awards released but not vested:				
Balance at 1 January	**–**	**5,254,348**	1,576,649	3,231,494
Released	**–**	**6,137,119**	–	6,309,031
Vested	**–**	**(8,220,265)**	(1,566,518)	(3,802,557)
Cancelled	**–**	**(329,253)**	(10,131)	(483,620)
Other adjustments	**–**	**4,508,077**	–	–
Balance at 31 December	**–**	**7,350,026**	–	5,254,348

As at 31 December 2023 and 2022, there were no awards released but not vested under the Keppel RSP-Deferred Shares and 7,350,026 (2022: 5,254,348) under the Keppel RSP 2020-Deferred Shares.

The fair values of the contingent award of Shares under the Keppel RSP-Deferred Shares, Keppel RSP 2020-Deferred Shares, Keppel PSP, Keppel PSP-TIP, Keppel PSP-M1 TIP, Keppel PSP 2020 and the Keppel 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.

On 8 February 2023, 15 February 2023 and 1 March 2023, the Company granted total awards of 6,137,119 Shares under the Keppel RSP 2020-Deferred Shares and the estimated fair value of the Shares granted were $6.69, $6.73 and $5.13 respectively. On 28 April 2023, the Company granted contingent awards of 1,845,000 Shares under the Keppel PSP 2020 and the estimated fair value of the Shares granted was $5.10.

In the prior year, on 15 February 2022, the Company granted awards of 6,317,893 Shares under the Keppel RSP 2020-Deferred Shares and the estimated fair value of the Shares granted were $5.84. On 29 April 2022, the Company granted contingent awards of 1,775,000 Shares under the Keppel PSP 2020 and the estimated fair value of the Shares granted was $6.07. On 29 April 2022, the Company granted contingent awards of 840,000 Shares under the Keppel PSP 2020-TIP and the estimated fair value of the Shares granted was $3.53.

Following the dividend *in specie* of the Seatrium Limited (formerly, Sembcorp Marine Ltd) shares ("Consideration Shares") to the Company's shareholders, adjustments have been made on 27 March 2023 to certain unvested shares under the Keppel Share Plans. The increase in unvested shares due to the adjustments were:

- 1,222,008 unvested shares under the Keppel PSP;
- 163,357 unvested shares under the Keppel PSP-M1 TIP;
- 1,229,745 unvested shares under the Keppel PSP 2020;
- 4,146,018 unvested shares under the Keppel PSP 2020-TIP; and
- 4,510,021 unvested shares under the Keppel RSP 2020-Deferred Shares.

The significant inputs into the model are as follows:

	2023		
	Keppel RSP 2020-Deferred Shares	**Keppel RSP 2020-Deferred Shares**	**Keppel PSP 2020**
Date of grant	**08.02.2023** **15.02.2023**	**01.03.2023**	**28.04.2023**
Prevailing share price at date of grant	**$7.08**	**$5.48**	**$6.17**
Expected volatility of the Company	**22.09%**	**21.41%**	**23.84%**
Expected term	**0.17 – 2.08 years** **0.00 – 2.00 years**	**0.08 – 2.00 years**	**2.83 years**
Risk free rate	**3.0% - 3.7%** **3.2% - 3.4%**	**3.7% - 4.0%**	**2.93%**
Expected dividend yield	*	*	*

	2022		
	Keppel RSP 2020-Deferred Shares	Keppel PSP 2020	Keppel PSP 2020-TIP
Date of grant	15.02.2022	29.04.2022	29.04.2022
Prevailing share price at date of grant	$6.05	$6.87	$6.87
Expected volatility of the Company	26.92%	26.05%	26.05%
Expected term	0.00 – 2.00 years	2.83 years	3.83 years
Risk free rate	0.90% – 1.26%	2.17%	2.27%
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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Capital reserves				
Share option and share plans reserve	**203,980**	205,342	**203,979**	205,342
Fair value reserve	**(208,448)**	(60,911)	**18,013**	19,430
Hedging reserve	**57,728**	239,457	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Statutory reserves	**155,593**	146,987	**–**	–
Others	**(52,774)**	(25,966)	**(34,295)**	(7,736)
	196,079	544,909	**187,697**	217,036
Revenue reserves	**9,971,301**	10,632,860	**6,157,804**	9,361,110
Foreign exchange translation account	**(778,291)**	(849,163)	**–**	–
	9,389,089	10,328,606	**6,345,501**	9,578,146

Exchange differences arises from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gain for 2023 arose from the discontinued operations, largely from the strengthening of foreign currencies, such as United States dollar against Singapore dollar, offset by translation losses from weakening of foreign currencies, such as Renminbi against Singapore dollar. In 2022, the translation losses arose largely from weakening of Renminbi against Singapore Dollar.

Movements in the Group's and the Company's reserves are set out in the respective 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				
2023				
As at 1 January	**66,518**	**256,505**	**(83,566)**	**239,457**
Fair value changes arising during the year, net of tax	**(8,755)**	**(69,736)**	**(4,215)**	**(82,706)**
Realised and transferred to profit or loss account				
– Materials, subcontract and other costs	**4,474**	**–**	**60,946**	**65,420**
– Other operating loss – net	**(74,022)**	**–**	**–**	**(74,022)**
– Interest expenses	**–**	**(49,880)**	**–**	**(49,880)**
– Other gains and losses	**–**	**(558)**	**–**	**(558)**
Share of associated companies and joint ventures' fair value changes	**(646)**	**(39,337)**	**–**	**(39,983)**
As at 31 December	**(12,431)**	**96,994**	**(26,835)**	**57,728**
2022				
As at 1 January	2,396	(33,943)	(148,851)	(180,398)
Fair value changes arising during the year, net of tax	(16,329)	224,247	(52,147)	155,771
Realised and transferred to profit or loss account				
– Materials, subcontract and other costs	(1,895)	–	117,432	115,537
– Other operating income – net	80,464	–	–	80,464
– Interest expenses	–	(3,253)	–	(3,253)
– Other gains and losses	–	2,830	–	2,830
Share of associated companies and joint ventures' fair value changes	1,882	66,624	–	68,506
As at 31 December	66,518	256,505	(83,566)	239.457

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.

5. 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.

As at 31 December 2023, the perpetual securities of $401,521,000 (2022: $401,521,000) recognised within equity include the accrued distributions for the perpetual securities and distributions paid to perpetual securities holders for the year.

6. 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	
	2023	2022	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Konnectivity Pte. Ltd.	**20%**	20%	**286,448**	280,725	**12,382**	10,041
Other subsidiaries with immaterial NCI			**21,150**	52,835	**14,446**	(15,453)
Total			**307,598**	333,560	**26,828**	(5,412)

6. NON-CONTROLLING INTERESTS (continued)

Summarised financial information before inter-group elimination

	Konnectivity Pte. Ltd.	
	2023 $'000	2022 $'000
Non-current assets	**1,954,623**	1,935,283
Current assets	**487,973**	459,086
Non-current liabilities	**231,436**	143,409
Current liabilities	**429,712**	489,427
Net assets	**1,781,448**	1,761,533
Less: NCI	**(349,207)**	(357,907)
	1,432,241	1,403,626
Revenue	**1,254,714**	1,182,413
Profit for the year	**70,761**	65,313
Total comprehensive income	**65,182**	56,091
Net cash generated from operations	**135,271**	155,663
Net cash used in investing activities	**(152,958)**	(148,946)
Net cash from/(used in) financing activities	**9,732**	(178,765)
Total comprehensive income allocated to NCI	**12,667**	12,629
Dividends paid to NCI	**7,141**	38,640

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:

	2023 $'000	2022 $'000
Amounts paid on changes in ownership interest in subsidiaries	**(14,316)**	(28,600)
Amounts paid on acquisition of additional interest made in prior year	**–**	3,996
Non-controlling interest acquired	**14,316**	13,138
Total amount recognised in equity reserves	**–**	(11,466)

7. FIXED ASSETS

	Freehold Land & Buildings $'000	Buildings on Leasehold Land $'000	Networks & Related Application Systems $'000	Plant, Machinery, Equipment & Others[1] $'000	Capital Work-in-Progress $'000	Total $'000
GROUP						
2023						
Cost						
At 1 January	45,236	539,472	154,025	1,031,694	169,744	1,940,171
Additions	307	35,527	66,001	127,169	126,109	355,113
Disposals	–	(59)	(300)	(12,895)	(7,574)	(20,828)
Write-off	–	(278)	–	(19,094)	(721)	(20,093)
Subsidiaries disposed	–	(151,203)	–	(106,366)	(211,426)	(468,995)
Reclassification						
– Investment properties	–	(2,861)	–	–	–	(2,861)
– Other fixed assets categories	347	–	–	7,636	(7,983)	–
Exchange differences	(722)	(8,126)	–	(5,243)	(1,153)	(15,244)
At 31 December	45,168	412,472	219,726	1,022,901	66,996	1,767,263
Accumulated depreciation and impairment losses						
At 1 January	32,183	246,784	50,291	613,237	20,879	963,374
Depreciation charge						
– from continuing operations	860	27,496	18,161	89,135	–	135,652
Disposals		(59)	(68)	(10,496)	–	(10,623)
Write-off	–	(278)	–	(13,060)	–	(13,338)
Subsidiaries disposed	–	(98,199)	–	(102,555)	–	(200,754)
Reclassification						
– Investment properties	–	(527)	–	–	–	(527)
Exchange differences	(599)	(3,726)	–	(3,754)	(591)	(8,670)
At 31 December	32,444	171,491	68,384	572,507	20,288	865,114
Net Book Value	12,724	240,981	151,342	450,394	46,708	902,149

Included in freehold land & buildings are freehold land amounting to $2,689,000 (2022: $2,655,000). Certain fixed assets with carrying amount of $4,476,000 (2022: $4,751,000) are mortgaged to banks to secure banking facilities (Note 25). There was no interest capitalised during the financial years 2023 and 2022.

7. FIXED ASSETS (continued)

	Freehold Land & Buildings $'000	Buildings on Leasehold Land $'000	Vessels & Floating Docks $'000	Networks & Related Application Systems $'000	Plant, Machinery, Equipment & Others[1] $'000	Capital Work-in-Progress $'000	Total $'000
GROUP							
2022							
Cost							
At 1 January	83,916	1,883,539	455,186	80,825	2,231,360	160,344	4,895,170
Additions	321	1,237	6	73,200	104,601	100,048	279,413
Disposals	(267)	(159)	(13)	–	(43,443)	(5,396)	(49,278)
Write-off	–	–	–	–	(890)	(52)	(942)
Subsidiaries acquired	3,409	–	–	–	420	–	3,829
Subsidiaries disposed	–	(249,852)	–	–	(43,053)	(791)	(293,696)
Reclassification							
– ROU asset	–	(303)	–	–	–	–	(303)
– Contract assets	–	–	–	–	–	753,612	753,612
– Other fixed assets categories	38	5,450	(877)	–	24,184	(28,795)	–
– Disposal group and assets classified as held for sale (Note 38)	(40,124)	(1,078,608)	(448,773)	–	(1,232,094)	(810,811)	(3,610,410)
Exchange differences	(2,057)	(21,832)	(5,529)	–	(9,391)	1,585	(37,224)
At 31 December	45,236	539,472	–	154,025	1,031,694	169,744	1,940,171
Accumulated depreciation and impairment losses							
At 1 January	57,039	956,228	171,115	37,083	1,586,668	42,663	2,850,796
Depreciation charge							
– from continuing operations	919	17,516	–	13,208	84,560	–	116,203
– from discontinued operations	446	7,496	4,992	–	12,560	–	25,494
Disposals	(256)	(155)	(13)	–	(39,884)	–	(40,308)
Subsidiaries disposed	–	(157,231)	–	–	(37,844)	–	(195,075)
Reclassification							
– ROU asset	–	(155)	–	–	–	–	(155)
– Other fixed assets categories	–	(96)	–	–	96	–	–
– Disposal group and assets classified as held for sale (Note 38)	(24,308)	(568,868)	(172,040)	–	(985,456)	(19,555)	(1,770,227)
Exchange differences	(1,657)	(7,951)	(4,054)	–	(7,463)	(2,229)	(23,354)
At 31 December	32,183	246,784	–	50,291	613,237	20,879	963,374
Net Book Value	13,053	292,688	–	103,734	418,457	148,865	976,797

[1] Others comprise furniture, fittings and office equipment and cranes.

	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others[2] $'000	Total $'000
COMPANY			
2023			
Cost			
At 1 January	**1,233**	**23,144**	**24,377**
Additions	**–**	**316**	**316**
Disposals	**–**	**(517)**	**(517)**
Write-off	**–**	**(1,058)**	**(1,058)**
At 31 December	**1,233**	**21,885**	**23,118**
Accumulated depreciation and impairment losses			
At 1 January	**1,233**	**17,503**	**18,736**
Depreciation charge	**–**	**2,419**	**2,419**
Disposals	**–**	**(515)**	**(515)**
Write-off	**–**	**(375)**	**(375)**
At 31 December	**1,233**	**19,032**	**20,265**
Net Book Value	**–**	**2,853**	**2,853**
2022			
Cost			
At 1 January	1,233	23,661	24,894
Additions	–	146	146
Disposals	–	(663)	(663)
At 31 December	1,233	23,144	24,377
Accumulated depreciation and impairment losses			
At 1 January	1,233	15,199	16,432
Depreciation charge	–	2,582	2,582
Disposals	–	(278)	(278)
At 31 December	1,233	17,503	18,736
Net Book Value	–	5,641	5,641

[2] Others comprise furniture, fittings and office equipment.

8. INVESTMENT PROPERTIES

	GROUP	
	2023 $'000	2022 $'000
At 1 January	**4,283,093**	4,256,428
Development expenditure	**327,402**	216,799
Fair value gain (Note 28)	**149,532**	131,711
Disposal	**(17,000)**	(41,204)
Reclassification		
– Fixed assets (Note 7)	**2,334**	–
– Stocks (Note 18)	**548**	–
Exchange differences	**(80,845)**	(280,641)
At 31 December	**4,665,064**	4,283,093

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.

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 professional valuers as at 31 December 2023:

- Cushman & Wakefield VHS Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- PA International Property Consultants (KL) Sdn Bhd. for a property in Malaysia;
- Cushman & Wakefield Limited and Colliers Appraisal & Advisory Services Co., Ltd for properties in China;
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- Cushman & Wakefield Vietnam Ltd. and VAS Valuation Co., Ltd (in association with CBRE (Vietnam) Co., Ltd) for properties in Vietnam;
- Cushman & Wakefield India Private Limited for a property in India; and
- Cushman & Wakefield V.O.F. for a property in the Netherlands.

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

Interest capitalised within development expenditure during the financial year amounted to $58,697,000 (2022: $41,249,000).

The Group has mortgaged certain investment properties of carrying value amounting to $1,968,052,000 as at 31 December 2023 (2022: $1,913,364,000) to banks for loan facilities (Note 25).

During the year, the Group reclassified $548,000 (2022: $nil) from properties held for sale to investment properties upon change of use of the asset from property trading to holding for rental yield.

During the year, the Group reclassified $2,334,000 (2022: $nil) from fixed assets to investment properties for the change in use of the asset from owner occupied 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 and retail stores for use in its operations.

Plant, machinery, equipment & others
The Group leases equipment and vehicles for office and operation use, mainly in the Infrastructure 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				
2023				
Net Book Value				
At 1 January	**213,628**	**3,157**	**24,267**	**241,052**
Additions	**18,700**	**2,614**	**1,375**	**22,689**
Depreciation				
– from continuing operations	**(30,823)**	**(1,585)**	**(5,047)**	**(37,455)**
Subsidiaries disposed	**(10,336)**	**–**	**–**	**(10,336)**
Write-off	**(323)**	**–**	**–**	**(323)**
Remeasurement	**940**	**–**	**–**	**940**
Exchange differences	**(2,542)**	**(39)**	**(256)**	**(2,837)**
At 31 December	**189,244**	**4,147**	**20,339**	**213,730**
2022				
Net Book Value				
At 1 January	501,956	5,230	22,030	529,216
Additions	24,045	952	6,885	31,882
Subsidiaries acquired	226	–	–	226
Depreciation				
– from continuing operations	(35,806)	(2,057)	(4,234)	(42,097)
– from discontinued operations	(9,594)	(95)	–	(9,689)
Subsidiaries disposed	(32,753)	(727)	–	(33,480)
Write-off	(524)	–	–	(524)
Remeasurement	17,375	–	–	17,375
Reclassification				
– Fixed assets (Note 7)	148	–	–	148
– Disposal group and assets classified as held for sale (Note 38)	(253,063)	(57)	–	(253,120)
– Other right-of-use assets categories	408	6	(414)	–
Exchange differences	1,210	(95)	–	1,115
At 31 December	213,628	3,157	24,267	241,052

[1] Others comprise furniture, fittings, office equipment and motor vehicles.

As at 31 December 2022, the right-of-use asset relating to the leasehold land presented under investment properties (Note 8) was stated at fair value and had a carrying amount of $58,000. In 2023, such lease agreements have expired and no right-of-use asset related to leasehold property is presented under investment properties.

Total cash outflow for all the leases was $41,644,000 (2022: $106,546,000), comprising repayment of principal of $35,139,000 (2022: $82,641,000) and interest payment of $6,505,000 (2022: $23,905,000).

9. RIGHT-OF-USE ASSETS (LEASES) (continued)

	Leasehold Land & Buildings $'000	Plant, Machinery, Equipment & Others[2] $'000	Total $'000
COMPANY			
2023			
Net Book Value			
At 1 January	**11,580**	**79**	**11,659**
Depreciation	**(3,672)**	**(71)**	**(3,743)**
Additions	**–**	**7**	**7**
At 31 December	**7,908**	**15**	**7,923**
2022			
Net Book Value			
At 1 January	15,102	129	15,231
Depreciation	(3,669)	(72)	(3,741)
Additions	147	22	169
At 31 December	11,580	79	11,659

[2] Others comprise office equipment.

Total cash outflow for all the leases was $4,206,000 (2022: $4,225,000), comprising repayment of principal of $3,949,000 (2022: $3,875,000) and $257,000 interest payment (2022: $350,000).

	GROUP	
	2023 $'000	2022 $'000
Lease expense not capitalised in lease liabilities		
Short-term leases	**12,070**	12,559
Low-value leases	**308**	212
Variable lease payments which do not depend on an index or rate	**415**	404

As at 31 December 2023, future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities include variable lease payments, $25,452,000 (2022: $24,890,000) for extension options and $55,341,000 (2022: $55,243,000) for committed leases which have yet to commence.

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

	GROUP		COMPANY	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Within one year	**38,060**	38,111	**4,032**	4,205
Within one to two years	**46,304**	33,085	**3,957**	4,031
Within two to five years	**68,743**	55,781	**989**	4,945
After five years	**124,192**	154,365	**–**	–
Total	**277,299**	281,342	**8,978**	13,181

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	
	2023 $'000	2022 $'000
Within one year	**67,932**	70,734
In the second year	**49,167**	62,569
In the third year	**36,236**	42,880
In the fourth year	**16,855**	24,002
In the fifth year	**13,243**	15,852
After the fifth year	**34,717**	47,388
Total	**218,150**	263,425

The Group entered into leasing arrangement with customers for certain equipment as a manufacturer lessor and built-to-suit data centre for a customer. The lease is classified as finance lease as the customers have an option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised.

The asset relating to the finance lease is derecognised and the net investment in the lease is recognised under lease receivables (Note 17).

In 2022, the Group had 6 jack-up oil rigs within the disposal group held for sale which has entered into bareboat charter contracts for a period of three to five years with total undiscounted lease receivable of $268,460,000 (Note 38).

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	GROUP	
	2023 $'000	2022 $'000
Within one year	**12,966**	11,418
In the second year	**13,053**	11,602
In the third year	**73,750**	11,697
In the fourth year	**3,949**	76,797
In the fifth year	**3,947**	1,937
After the fifth year	**30,674**	15,106
Total	**138,339**	128,557

10. INTANGIBLES

	Goodwill $'000	Development Expenditure $'000	Brand $'000	Spectrum Rights $'000	Customer Contracts and Relationships $'000	Others $'000	Total $'000
GROUP							
2023							
At 1 January	**1,042,488**	**5,008**	**242,097**	**142,742**	**110,497**	**21,882**	**1,564,714**
Additions	**–**	**316**	**–**	**–**	**–**	**–**	**316**
Acquisition of subsidiaries	**15,205**	**–**	**–**	**–**	**–**	**–**	**15,205**
Amortisation							
– from continuing operations	**–**	**(203)**	**(9,252)**	**(15,686)**	**(22,792)**	**(400)**	**(48,333)**
Exchange differences	**–**	**(21)**	**–**	**–**	**(555)**	**(2)**	**(578)**
Others	**2,978**	**–**	**–**	**–**	**–**	**–**	**2,978**
At 31 December	**1,060,671**	**5,100**	**232,845**	**127,056**	**87,150**	**21,480**	**1,534,302**
Cost	**1,060,671**	**13,092**	**277,563**	**183,787**	**209,871**	**22,575**	**1,767,559**
Accumulated amortisation	**–**	**(7,992)**	**(44,718)**	**(56,731)**	**(122,721)**	**(1,095)**	**(233,257)**
	1,060,671	**5,100**	**232,845**	**127,056**	**87,150**	**21,480**	**1,534,302**
2022							
At 1 January	1,047,558	13,685	251,349	132,176	122,253	22,251	1,589,272
Additions	–	424	–	26,252	–	–	26,676
Acquisition of subsidiaries	–	–	–	–	10,767	32	10,799
Disposal of a subsidiary	–	(1,275)	–	–	–	–	(1,275)
Disposals	–	(52)	–	–	–	–	(52)
Amortisation							
– from continuing operations	–	(777)	(9,252)	(15,686)	(22,143)	(400)	(48,258)
– from discontinued operations	–	(216)	–	–	–	–	(216)
Reclassification							
– Disposal group and assets classified as held for sale	(5,070)	(6,685)	–	–	–	–	(11,755)
Exchange differences	–	(96)	–	–	(380)	(1)	(477)
At 31 December	1,042,488	5,008	242,097	142,742	110,497	21,882	1,564,714
Cost	1,042,488	12,723	277,563	183,787	210,517	22,577	1,749,655
Accumulated amortisation	–	(7,715)	(35,466)	(41,045)	(100,020)	(695)	(184,941)
	1,042,488	5,008	242,097	142,742	110,497	21,882	1,564,714

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 $1,060,671,000, 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 2.00% (2022: 1.48%), premised on the estimated long term growth rate for the country where the CGU operates. Cash flows were discounted using a discount rate of 7.2% (2022: 7.9%) per annum.

The recoverable amount was estimated to be higher than the carrying value of the M1 Limited CGU. Accordingly, no impairment of goodwill was recognised in 2023 and 2022. 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 used in the calculation of the value-in-use amount would not cause any impairment to goodwill. If the terminal rate were to decrease from 2.0% to 1.5%, the recoverable amount would decrease and would not result in impairment for the financial year ended 31 December 2023. If the discount rate were to increase by 1.6% and holding all other variables constant, the recoverable amount would decrease and equate the carrying amount, and any further increase in discount rate would result in impairment for the financial year ended 31 December 2023.

11. SUBSIDIARIES

	COMPANY	
	2023 $'000	2022 $'000
Quoted shares, at cost		
Market value: $7,814,000 (2022: $6,111,000)	**493**	493
Unquoted shares, at cost	**7,630,493**	7,633,512
	7,630,986	7,634,005
Provision for impairment	**(447,128)**	(445,612)
	7,183,858	7,188,393

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

	COMPANY	
	2023 $'000	2022 $'000
At 1 January	**445,612**	449,056
Charge to profit or loss	**1,516**	–
Disposal	**–**	(3,000)
Write-back	**–**	(444)
At 31 December	**447,128**	445,612

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

During the financial year ended 31 December 2022,

a. the perpetual securities amounting to $2,364,876,000 have been novated from Kepinvest Holdings Pte Ltd to the Company and were classified as an investment in subsidiaries by the Company; and
b. unquoted shares in Keppel Offshore & Marine Ltd ("KOM") amounting to $801,720,000 and perpetual securities relating to the KOM group as described above, amounting to a total of $3,166,596,000, have been reclassified to "Disposal group and assets classified as held for sale" on the balance sheet of the Company.

The above transactions were for the purposes of undertaking an internal restructuring of KOM (the "KOM Pre-Combination Restructuring") to effect the Proposed Combination as mentioned in Note 38.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 41.

12. ASSOCIATED COMPANIES AND JOINT VENTURES

	GROUP	
	2023 $'000	2022 $'000
Quoted shares, at cost		
Market value: $2,087,338,000 (2022: $2,302,422,000)	**1,940,562**	2,304,848
Unquoted shares, at cost	**3,533,820**	3,454,664
	5,474,382	5,759,512
Provision for impairment	**(94,159)**	(112,004)
	5,380,223	5,647,508
Share of reserves post acquisition	**389,618**	476,094
Carrying amount	**5,769,841**	6,123,602
Unquoted shares, at fair value through profit or loss	**398,272**	246,677
Notes issued by and long-term receivable from an associated company (notional)	**260,541**	245,000
Advances to associated companies and joint ventures	**173,199**	176,583
	6,601,853	6,791,862

Notes issued by and long-term receivables from an associated company amounted to $260,541,000 (2022: 245,000,000). The notes issued are unsecured and will mature in 2040. Interest is charged at 17.5% (2022: 17.5%) per annum. The long-term receivables are non-interest bearing and not repayable on demand. Including share of net liabilities and other adjustments, the carrying amount of the associated company amounted to approximately $41,375,000 (2022: $67,637,000).

12. ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

Advances to associated companies and joint ventures are unsecured and are not repayable within the next 12 months. Interest is charged at 3.0% to 11.0% (2022: 3.0% to 11.0%) per annum on interest-bearing advances.

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

	GROUP	
	2023 $'000	2022 $'000
At 1 January	**112,004**	144,005
Impairment loss	**–**	1,000
Disposal and liquidation	**(17,845)**	(26,900)
Reclassification to		
– Disposal group and assets classified as held for sale	**–**	(6,101)
At 31 December	**94,159**	112,004

Impairment loss made mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of an associated company.

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

		2023 $'000	2022 $'000
Keppel REIT	a	**1,633,309**	2,085,919
Keppel DC REIT	b	**480,349**	496,454
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	c	**660,983**	618,968
Other associated companies and joint ventures		**3,827,212**	3,590,521
		6,601,853	6,791,862

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

	2023 $'000	2022 $'000
Current assets	**169,101**	795,861
Non-current assets	**8,090,227**	8,085,514
Total assets	**8,259,328**	8,881,375
Current liabilities	**337,930**	714,266
Non-current liabilities	**2,170,333**	2,301,805
Total liabilities	**2,508,263**	3,016,071
Net assets	**5,751,065**	5,865,304
Less: Non-controlling interests	**(746,444)**	(746,388)
	5,004,621	5,118,916
Proportion of the Group's ownership	**37%**	47%
Group's share of net assets	**1,861,219**	2,390,022
Other adjustments	**(227,910)**	(304,103)
Carrying amount of equity interest	**1,633,309**	2,085,919
Revenue	**233,071**	219,286
Profit after tax	**196,479**	448,403
Other comprehensive (loss)/income	**(101,792)**	18,690
Total comprehensive income	**94,687**	467,093
Fair value of ownership interest (if listed)**	**1,308,426**	1,590,158
Dividends received	**102,204**	101,123

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

As at 31 December 2023 and 31 December 2022, the fair value of Keppel REIT was below the carrying amount of the Group's effective ownership interest. Management is of the view that no impairment is required as it is held for long term and its recoverable amount approximates the carrying amount.

b. Keppel DC REIT

	2023 $'000	2022 $'000
Current assets	**209,432**	262,606
Non-current assets	**3,797,119**	3,845,057
Total assets	**4,006,551**	4,107,663
Current liabilities	**148,614**	244,640
Non-current liabilities	**1,503,976**	1,406,105
Total liabilities	**1,652,590**	1,650,745
Net assets	**2,353,961**	2,456,918
Less: Non-controlling interests	**(42,981)**	(42,800)
	2,310,980	2,414,118
Proportion of the Group's ownership	**20%**	20%
Group's share of net assets	**467,742**	485,721
Other adjustments	**12,607**	10,733
Carrying amount of equity interest	**480,349**	496,454
Revenue	**281,207**	277,322
Profit after tax	**122,204**	234,174
Other comprehensive (loss)/income	**(51,445)**	29,804
Total comprehensive income	**70,759**	263,978
Fair value of ownership interest (if listed)**	**679,304**	612,172
Dividends received	**27,298**	22,380

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

12. ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

c. Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited

	2023 $'000	2022 $'000
Current assets	**1,388,680**	1,243,193
Non-current assets	**451,898**	503,634
Total assets	**1,840,578**	1,746,827
Current liabilities	**487,512**	460,153
Non-current liabilities	**10,216**	17,747
Total liabilities	**497,728**	477,900
Net assets	**1,342,850**	1,268,927
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**671,425**	634,464
Other adjustments	**(10,442)**	(15,496)
Carrying amount of equity interest	**660,983**	618,968
Revenue	**538,663**	32,077
Profit after tax	**113,004**	6,482
Other comprehensive income	**–**	–
Total comprehensive income	**113,004**	6,482
Dividends received	**–**	–

d. Other associated companies and joint ventures

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

	2023 $'000	2022 $'000
Share of results – continuing operations	**165,965**	282,877
Share of results – discontinued operations	**–**	4,420
Share of other comprehensive loss	**(24,777)**	(150,579)
Share of total comprehensive income	**141,188**	136,718

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 set out in Note 41.

13. INVESTMENTS

	GROUP		COMPANY	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Investments at fair value through other comprehensive income ("OCI"):				
– Quoted equity units in a public infrastructure trust managed by a related company	**512,180**	490,886	**–**	–
– Quoted equity shares in other industries	**3,466**	3,820	**–**	–
– Unquoted equity shares in real estate industry	**68,319**	78,561	**18,013**	19,430
– Unquoted equity shares and funds in other industries	**116,512**	109,381	**–**	–
– Unquoted real estate funds managed by a related company	**84,791**	90,746	**–**	–
Total investments at fair value through OCI	**785,268**	773,394	**18,013**	19,430
Investments at fair value through profit or loss:				
– Quoted equity shares	**20,053**	34,618	**–**	–
– Unquoted equity shares and funds	**762,796**	622,449	**–**	–
– Unquoted bonds and debentures	**50,769**	52,258	**–**	–
Total investments at fair value through profit or loss	**833,618**	709,325	**–**	–
Total investments	**1,618,886**	1,482,719	**18,013**	19,430

Unquoted investments at fair value through profit or loss included compulsorily convertible debentures amounting to $44,592,000 (2022: $46,821,000). In the prior year, the Group has converted 5,035,464 of the compulsorily convertible debentures held into equity shares at a conversion rate of 1:1 amounting to approximately $23 million (equivalent to Rs 1,280 million Indian Rupee). The remaining compulsorily convertible debentures bear interest at 10.0% per annum which is maturing in 2040.

14. DEFERRED TAXATION

	GROUP	
	2023 $'000	2022 $'000
Deferred tax liabilities	**411,815**	368,031
Deferred tax assets	**(78,520)**	(87,624)
Net deferred tax liabilities	**333,295**	280,407

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 $10,200,000 (2022: $13,434,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries 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 unrecognised deferred tax liabilities of $14,261,000 (2022: $11,938,000) for taxes that would be payable on the undistributed earnings of certain associated companies and joint ventures as these earnings would not be distributed in the foreseeable future.

The Group has unutilised tax losses and capital allowances of $838,327,000 (2022: $766,605,000) 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 $478,963,000 (2022: $422,151,000) can be carried forward for a period of one to nine years (2022: one to nine years) subsequent to the year of the loss, while the remaining tax losses have no expiry date.

14. DEFERRED TAXATION (continued)

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	Net subsidiaries acquired/ disposed $'000	Reclassification to liabilities directly associated with assets classified as held for sale $'000	Exchange Differences $'000	At 31 December $'000
GROUP							
2023							
Deferred Tax Liabilities							
Accelerated tax depreciation	**144,183**	**4,291**	**–**	**–**	**–**	**(5,977)**	**142,497**
Investment properties valuation	**183,977**	**25,214**	**–**	**–**	**–**	**(4,974)**	**204,217**
Offshore income & others	**38,472**	**13,450**	**3,200**	**–**	**–**	**4,343**	**59,465**
Total	**366,632**	**42,955**	**3,200**	**–**	**–**	**(6,608)**	**406,179**
Deferred Tax Assets							
Other provisions	**(25,579)**	**6,613**	**–**	**–**	**–**	**588**	**(18,378)**
Unutilised tax benefits	**(62,726)**	**4,239**	**–**	**–**	**–**	**1,100**	**(57,387)**
Lease liabilities	**2,080**	**1,682**	**–**	**–**	**–**	**(881)**	**2,881**
Total	**(86,225)**	**12,534**	**–**	**–**	**–**	**807**	**(72,884)**
Net Deferred Tax Liabilities	**280,407**	**55,489**	**3,200**	**–**	**–**	**(5,801)**	**333,295**
2022							
Deferred Tax Liabilities							
Accelerated tax depreciation	202,506	(1,065)	–	803	(56,962)	(1,099)	144,183
Investment properties valuation	170,157	32,162	–	–	–	(18,342)	183,977
Offshore income & others	87,242	(6,782)	–	(32,801)	(6,156)	(3,031)	38,472
Total	459,905	24,315	–	(31,998)	(63,118)	(22,472)	366,632
Deferred Tax Assets							
Other provisions	(117,525)	(9,462)	–	546	100,412	450	(25,579)
Unutilised tax benefits	(110,590)	10,314	–	–	32,941	4,609	(62,726)
Lease liabilities	(17,578)	765	–	3,557	16,574	(1,238)	2,080
Total	(245,693)	1,617	–	4,103	149,927	3,821	(86,225)
Net Deferred Tax Liabilities	214,212	25,932	–	(27,895)	86,809	(18,651)	280,407

15. CONTRACT ASSETS/LIABILITIES

	GROUP		
	31 December		1 January
	2023 $'000	2022 $'000	2022 $'000
Non-current	**18,674**	86,411	99,109
Current	**405,715**	255,900	3,169,694
Contract assets	**424,389**	342,311	3,268,803
Contract liabilities	**165,494**	209,770	1,002,024

Contract assets relate to the construction of facilities and fabrication of equipment, and the right to consideration for handset and equipment delivered and accepted by customers but not yet billed at the reporting date. In the financial year ended 31 December 2022, 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 $572,179,000 has been reclassified to disposal group and assets classified as held for sale.

Contract liabilities included proceeds received from sale of properties of $59,382,000 (2022: $153,487,000). Remaining contract liabilities of $106,112,000 (2022: $56,283,000) 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 2023 in relation to the contract liabilities balance at 1 January 2023 was $180,316,000 (2022: $882,597,000).

The aggregate amount of the transaction price allocated to the remaining performance obligations is $1,395,625,000 (2022: $1,001,841,000) and the Group expects to recognise this revenue over the next 1 to 3 years (2022: 1 to 3 years).

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

	GROUP	
	31 December	
	2023 $'000	2022 $'000
At 1 January	–	432,541
Reclassification		
– Disposal group and assets classified as held for sale	–	(432,541)
At 31 December	–	–

16. NOTES RECEIVABLES

Arising from the completion of the Asset Co Transaction on 27 February 2023 (Note 38), the Group subscribed to notes ("vendor notes") issued by Rigco Holding Pte Ltd ("Rigco") which bear interest of 4.0% per annum and the interest is payable annually in arrears for a tenure of 12 years, with an option held by Rigco to extend the maturity date by an additional 3 years. The vendor notes amounting to $4,251,144,000 included USD denominated notes of US$1,878,388,000 with the remaining notes being SGD denominated. Rigco could elect to pay interest due entirely in cash, entirely in additional vendor notes or a combination of cash and additional vendor notes. The vendor notes may be redeemed at the outstanding principal amount together with unpaid accrued interest and a redemption premium equal to 5.0% of the outstanding principal amount of vendor notes being redeemed.

Vendor notes issued by Rigco are debt instruments that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income and are classified as financial assets carried at fair value through profit or loss. As described in Note 2.27(b)(vii), the transaction price was assessed to be not representing the fair value of the vendor notes.

Initial recognition

The vendor notes are required to be measured at fair value on initial recognition as described in Note 2.27(b)(vii), the transaction price was assessed to be not representing the fair value of the vendor notes. Management had engaged an independent professional advisor to assist in the determination of the fair value of the vendor notes issued by Rigco, which is based on the Discounted Cash Flow ("DCF") calculations using the estimated cash flows available for repayment of the vendor notes derived based on a probability weighted range of scenarios per Rigco's business plan and financial projections received in May 2023. In addition to the independent professional firm responsible for estimating the fair value based on the DCF calculations and calculating the discount rates, management has engaged an independent industry expert to provide the estimated future asset sale values used in the financial projections, taking into consideration the market outlook, assumptions and industry parameters. Based on the above, the fair value of the vendor notes amounted to $3,003,599,000 at initial recognition. As this fair value was derived using unobservable inputs that are subject to significant estimates and judgement, the difference of $1,247,545,000 between the fair value at initial recognition and the transaction price was accounted as a deferred loss as required under SFRS(I) 9, paragraph B5.1.2A(b). The deferred loss is amortised using a straight-line method over the expected tenor of 7 years based on the projected repayment of the vendor notes in Rigco's business plan, or recognised in the profit or loss when there are observable market inputs, or when there is a redemption of vendor notes. If the valuation of the vendor notes continue to be based on data that is not observable in the market and there is no redemption of vendor notes until the end of 7 years, the amortisation of deferred loss would amount to approximately $178,220,000 per annum. Interest income would be recognised using an effective interest rate method on the latest fair value.

16. NOTES RECEIVABLES (continued)

Subsequent measurement
As of 31 December 2023, the carrying amount of the vendor notes, measured at fair value, was $4,286,354,000 which included an unamortised deferred loss amounting to $1,107,501,000.

Movements in the notes receivables for the full year ended 31 December 2023 are as follows:

	Fair value $'000	Deferred loss $'000	Carrying value $'000
At 27 February 2023	3,003,599	1,247,545	4,251,144
Fair value changes, including Interest income[1]	150,659	–	150,659
Amortisation to profit or loss[1] (from 27 February to 31 December 2023)	–	(149,694)	(149,694)
Exchange differences[2]	24,595	9,650	34,245
At 31 December 2023	3,178,853	1,107,501	4,286,354

[1] The fair value changes, including interest income and amortisation of the deferred loss are recognised in the profit or loss and presented as "fair value (gain)/loss – Notes receivables" in Note 28.
[2] The foreign exchange gain arising from the USD denominated vendor notes and the USD denominated unamortised deferred loss are recognised in the profit or loss and presented as "foreign exchange (gain)/loss" in Note 28.

17. LONG TERM ASSETS

	GROUP		COMPANY	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Call option	203,898	192,522	–	–
Finance lease receivables	101,982	93,339	–	–
Other receivables	146,218	212,675	58,744	70,252
	452,098	498,536	58,744	70,252

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 2023, 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 838-year leasehold and 87-year leasehold (2022: based on the remaining 839-year leasehold and 88-year leasehold). Based on these valuations, the fair value gain of $11,376,000 (2022: $21,002,000) was taken to profit or loss account (Note 28). The details of the valuation techniques and inputs used for the call option are disclosed in Note 36.

Included in other receivables is a secured loan receivable due from KrisEnergy Asia Limited ("KAL"), a company under receivership. The Company had provided a guarantee, which was in relation to a bilateral agreement between the Company and a bank, on a revolving credit facility (RCF) granted to KAL. KAL defaulted on the repayment of the RCF on 30 June 2021, upon which the Company had made payment to the bank and recorded a loan receivable (net of impairment provision) from KAL. As at 31 December 2023, the loan receivable under the RCF amounted to $107,132,000 (31 December 2022: $109,601,000). In addition, the Company had extended a short term interest free bridging facility to KAL (in receivership) for the purpose of its cash flow requirements and receivership expenses which amounted to $5,080,000 as at 31 December 2023 (31 December 2022: $5,197,000). The non-current portion of the loan receivable and advances amounted to $58,411,000 (31 December 2022: $69,657,000) while the current portion amounted to $53,801,000 (31 December 2022: $45,141,000) which is included under Debtors (Note 20).

The Group had a comprehensive first ranking security package over the assets of the KrisEnergy Limited group ("KrisEnergy") through the RCF. With KrisEnergy Limited in liquidation, the Group has implemented detailed recovery plans which were developed in consultation with its financial advisor, Kroll (formerly known as Borrelli Walsh "Kroll"), and legal advisor to preserve KrisEnergy's assets and to maximise recoveries for the Group. The Group had appointed Kroll in 2021 as receiver over the assets of a number of members of the KrisEnergy group under the security package.

In assessing expected credit loss, management reviewed the cash flow projections prepared by Kroll, based on the estimated amount of cash available from producing assets to be held over the remaining lives of the concession period of 6.5 to 10 years (2022: 7.5 to 11 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$75 to US$85 per barrel for 2024 to 2032 (December 2022: US$80 to US$97 per barrel for 2023 to 2032). 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, oil prices and discount rates used in assessing recoverable amounts are subject to risk and uncertainty.

Based on the assessment, no additional expected credit loss provision was required for the year ended 31 December 2023 and 2022. The assessment took into account the rights to the cash flows from the secured assets on a receivership basis.

Management reviewed the cash flow projections prepared by Kroll and determined that the cash flow projections were most sensitive to the production profile of the largest producing asset for the financial year ended 31 December 2023. The headroom in the recoverable amount over the carrying amount would be eliminated, holding other variables constant, if the production profile of the largest producing asset were to decrease by 5% across the forecasted period of 2024 to 2032, and any further decline in the production profile would result in an additional expected credit loss provision for the financial year ended 31 December 2023.

For the financial year ended 31 December 2022, Management reviewed the cash flow projections prepared by Kroll and determined that the cash flow projections were most sensitive to oil prices. The headroom in the recoverable amount over the carrying amount would be eliminated, holding other variables constant, if oil prices were to decrease by 9.1% across the forecasted period of 2023 to 2032, and any further decline in oil prices would result in an additional expected credit loss provision for the financial year ended 31 December 2022.

Included in other receivables is claims receivable which represents claims from customer for long term contracts. During the year, the Group recognised $5,140,000 (2022: $9,089,000) of allowance for expected credit loss on claims receivable arising from the discounting effects due to changes in the expected timing of receipt.

In the prior year, included in other receivables was an unsecured, interest-free advance to an investee of $19,804,000, which and has been reclassified to debtors (Note 20) during the year as it is due in 2024.

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

18. STOCKS

		GROUP	
		2023 **$'000**	2022 $'000
Consumable materials and supplies (net of provision)		**21,854**	24,521
Finished products for sale (net of provision)		**35,515**	40,954
Properties held for sale	a	**2,052,572**	2,235,475
		2,109,941	2,300,950

The provision for stocks to write down its carrying value to its net realisable value at the end of the financial year was $12,719,000 (2022: $12,080,000).

18. STOCKS (continued)

a. Properties held for sale

	GROUP	
	2023 $'000	2022 $'000
Properties under development		
Land cost	**558,887**	1,035,952
Development cost incurred to date	**181,565**	370,187
Related overhead expenditure	**195,181**	201,881
	935,633	1,608,020
Completed properties held for sale	**1,136,148**	646,795
	2,071,781	2,254,815
Provision for properties held for sale	**(19,209)**	(19,340)
	2,052,572	2,235,475

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

	GROUP	
	2023 $'000	2022 $'000
At 1 January	**19,340**	20,916
Charge to profit or loss account	**6,137**	76
Company disposed	**(4,790)**	–
Exchange differences	**(328)**	(1,823)
Amount written off	**(1,150)**	171
At 31 December	**19,209**	19,340

See Note 2.27(b)(v) for further disclosures on estimating the net realisable values of the Group's properties held for sale.

As at 31 December 2023, properties amounting to $273,480,000 (2022: $248,990,000) in value and included in the above balances were mortgaged to the banks as securities for borrowings as referred to in Note 25.

Interest capitalised during the financial year amounted to $11,410,000 (2022: $10,646,000) at rates of 4.26% to 4.71% (2022: 0.95% to 4.71%) per annum for Singapore properties and 4.00% to 7.00% (2022: 2.00% to 7.00%) per annum for overseas properties.

19. AMOUNTS DUE FROM/TO

	COMPANY	
	2023 $'000	2022 $'000
Subsidiaries		
Amounts due from		
– trade	**7,402**	143,837
– advances	**9,323,584**	7,543,926
	9,330,986	7,687,763
Allowance for expected credit loss	**(830,324)**	(141,143)
	8,500,662	7,546,620
Amounts due to		
– trade	**3,339**	3,555
– non-trade	**2,613**	–
– advances	**204,971**	269,508
	210,923	273,063

	COMPANY	
	2023 $'000	2022 $'000
Movements in the allowance for expected credit loss are as follows:		
At 1 January	**141,143**	145,251
Charge to profit or loss account	**695,978**	279
Write-off	**(6,600)**	(4,387)
Exchange differences	**(197)**	–
At 31 December	**830,324**	141,143

As at 31 December 2023, the Company recognised allowances for expected credit loss based on the lifetime expected credit loss as certain amounts due from subsidiaries have been determined to be credit impaired due to a significant increase in credit risk in the subsidiaries.

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 6.91% (2022: up to 5.84%) per annum on interest-bearing advances.

	GROUP		COMPANY	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Associated Companies and Joint Ventures				
Amounts due from				
– trade	**143,703**	38,835	**–**	–
– non-trade	**64**	202	**64**	202
– advances	**139,049**	239,254	**–**	–
	282,816	278,291	**64**	202
Allowance for expected credit loss	**(25,883)**	(16,223)	**–**	–
	256,933	262,068	**64**	202
Amounts due to				
– trade	**34,254**	33,692	**872**	900
– advances	**67,010**	36,171	**25**	–
	101,264	69,863	**897**	900
Movements in the allowance for expected credit loss are as follows:				
At 1 January	**16,223**	31,800	**–**	–
Charge to profit or loss account	**9,660**	1,506	**–**	–
Reclassified to disposal group and assets classified as held for sale	**–**	(17,083)	**–**	–
At 31 December	**25,883**	16,223	**–**	–

Advances to and from associated companies and joint ventures are unsecured and are repayable on demand. Interest is charged at rates ranging from 7.00% to 12.00% (2022: 3.00% to 8.00%) per annum on interest-bearing advances. As at 1 January 2022, the Group's amount due from associated companies and joint ventures relating to trade amounted to $169,612,000.

20. DEBTORS

	GROUP		COMPANY	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade debtors	**819,848**	661,671	**15**	20
Allowance for expected credit loss	**(30,794)**	(29,163)	**–**	–
	789,054	632,508	**15**	20
Sundry debtors	**254,618**	74,553	**14,597**	654
Prepayments	**67,941**	78,428	**70**	12
Tax recoverable	**2,762**	1,237	**–**	–
Value Added Tax receivable	**90,839**	75,519	**549**	179
Interest receivable	**1,187**	1,712	**1,098**	–
Deposits paid	**100,199**	44,559	**387**	385
Recoverable accounts	**84,978**	81,683	**55,808**	49,990
Accrued receivables	**344,211**	357,787	**–**	7,671
Advances to investee	**42,819**	–	**–**	–
Advances to subcontractors	**44,678**	604	**–**	–
Advances to non-controlling shareholders of subsidiaries	**6,033**	6,583	**–**	–
	1,040,265	722,665	**72,509**	58,891
Allowance for expected credit loss	**(135,356)**	(115,875)	**–**	–
	904,909	606,790	**72,509**	58,891
Total	**1,693,963**	1,239,298	**72,524**	58,911
Movements in the allowance for expected credit loss are as follows:				
At 1 January	**145,038**	364,396	**–**	–
Charge to profit or loss account	**13,470**	26,986	**–**	–
Amount written off	**(11,775)**	(10,998)	**–**	–
Subsidiaries acquired	**–**	1,265	**–**	–
Subsidiaries disposed	**(3)**	(1,801)	**–**	–
Exchange differences	**(1,812)**	810	**–**	–
Reclassified from provision for long-term receivables	**21,232**	–	**–**	–
Reclassified to disposal group and assets classified as held for sale	**–**	(235,620)	**–**	–
Total	**166,150**	145,038	**–**	–

As at 1 January 2022, the Group's net trade debtors amounted to $985,397,000.

Advance to an investee is unsecured, interest-free advance and maturing in 2024.

On 29 November 2023, the Group entered into an agreement to acquire an initial 50% stake in a real estate asset manager in 2024 (Phase 1) with full acquisition in 2028 (Phase 2). The maximum consideration payable to the Seller for the Phase 1 and Phase 2 is approximately $517 million (equivalent to €357 million) and $834 million (equivalent to €575 million) respectively, which can be funded through a combination of cash and treasury shares. A deposit amount of $45 million was paid and is recorded as "Deposits paid" within "Debtors" in the consolidated balance sheet as of 31 December 2023. Accordingly, remaining amounts of approximately $1,306,086,000 expected to be paid on completion of Phase 1 and Phase 2 is disclosed in Note 33 as a capital commitment.

21. SHORT TERM INVESTMENTS

	GROUP		COMPANY	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Investments at fair value through other comprehensive income:				
Quoted equity shares	**83,261**	48,097	**–**	–
Investments at fair value through profit or loss:				
Quoted equity shares	**164,220**	685	**161,896**	–
Unquoted equity shares	**5,628**	–	**5,628**	–
	169,848	685	**167,524**	–
Total short term investments	**253,109**	48,782	**167,524**	–

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

Arising from the completion of the Proposed Combination on 28 February 2023 (as described in Note 38), the Group received 3,411,858,604 Seatrium Limited ("Seatrium" and formerly, Sembcorp Marine Ltd) shares, amounting to approximately $392 million, as Retained Consideration Shares. The cash proceeds arising from the sale of these Retained Consideration Shares are placed in the segregated account, together with the remaining Retained Consideration Shares, for a duration not exceeding 48 months from 28 February 2023 for the purpose of satisfying identified contingent liabilities which Seatrium may have against the Company in connection with the Proposed Combination as described in Note 38. For the year ended 31 December 2023, an amount of approximately $264,298,000 was received from the sale of 2,039,859,000 Retained Consideration Shares (Note 38) by an institutional financial services provider appointed by the Company to manage the Retained Consideration Shares, pursuant to a programme that has predefined sale parameters.

As at 31 December 2023, the related cash and remaining Retained Consideration Shares amounted to approximately $267,105,000 and $161,896,000 and are recorded within "Bank balances, deposits & cash" and "Short term investments" respectively.

22. BANK BALANCES, DEPOSITS & CASH

	GROUP		COMPANY	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Bank balances and cash	**431,070**	657,790	**5,499**	1,232
Fixed deposits with banks	**814,991**	369,653	**267,102**	–
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost, claims and other liabilities	**569**	6,290	**–**	–
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**19,030**	108,611	**–**	–
	1,265,660	1,142,344	**272,601**	1,232

Fixed deposits with banks by the Group mature on varying periods, substantially between 11 days to 2 years (2022: 1 day to 6 months). These comprise Singapore Dollars fixed deposits of $341,874,000 (2022: $81,303,000) at interest rates substantially ranging from 2.40% to 3.95% (2022: 2.61% to 3.93%) per annum, and foreign currency fixed deposits of $473,117,000 (2022: $288,350,000) at interest rates substantially ranging from 0.80% to 7.45% (2022: 0.32% to 9.20%) per annum.

Fixed deposits with a bank by the Company comprise Singapore Dollars fixed deposits and mature on varying periods between 2 months to 12 months (2022: nil). These fixed deposits are at interest rate of 2.78% (2022: nil) per annum.

Cash and cash equivalents of $252,848,000 (2022: $328,052,000) 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.

Included within fixed deposits with banks and bank balances and cash are related cash held under a segregated account (Note 38) in relation to the proceeds from sale of the Retained Consideration Shares amounting to $267,102,000 and $3,000 respectively.

23. CREDITORS AND OTHER NON-CURRENT LIABILITIES

	GROUP		COMPANY	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Trade creditors	**404,072**	372,380	**7,130**	1,005
Customers' advances and deposits	**74,039**	104,535	**–**	–
Sundry creditors	**245,356**	322,887	**70,104**	4,273
Accrued expenses	**1,679,670**	1,787,731	**65,124**	60,654
Advances from non-controlling shareholders	**13,804**	17,735	**–**	–
Retention monies	**126,442**	122,092	**–**	–
Interest payables	**43,047**	41,460	**26,223**	23,153
	2,586,430	2,768,820	**168,581**	89,085
Other non-current liabilities:				
Accrued expenses and other payables	**207,185**	301,563	**29,562**	29,228
Advances from non-controlling shareholders	**268,938**	255,975	**–**	–
	476,123	557,538	**29,562**	29,228

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 4.29% to 7.14% (2022: 1.65% to 5.24%) per annum on interest-bearing advances.

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

24. PROVISIONS

	GROUP					
	2023			2022		
	Warranties $'000	**Onerous Contracts $'000**	**Total $'000**	Warranties $'000	Onerous Contracts $'000	Total $'000
At 1 January	**4,178**	**54,267**	**58,445**	28,932	37,831	66,763
(Write-back)/Charge to profit or loss account	**(81)**	**(1,500)**	**(1,581)**	(5,986)	63,457	57,471
Amount utilised	**(12)**	**(6,535)**	**(6,547)**	(6,871)	(27,887)	(34,758)
Exchange differences	**127**	**353**	**480**	(931)	(303)	(1,234)
Reclassified to disposal group and liabilities classified as held for sale	**–**	**–**	**–**	(10,966)	(18,831)	(29,797)
At 31 December	**4,212**	**46,585**	**50,797**	4,178	54,267	58,445

25. TERM LOANS

		2023		2022	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000
GROUP					
Keppel Medium Term Notes	a	**150,000**	**1,845,968**	200,000	1,817,864
Keppel Management Ltd. Medium Term Notes	b	**129,966**	**279,783**	299,979	409,619
Keppel Commercial Papers	c	**–**	**–**	35,996	–
Bank loans					
– secured	d	**85,515**	**686,256**	127,393	554,291
– unsecured	e	**2,056,199**	**5,725,951**	2,914,290	3,821,412
		2,421,680	**8,537,958**	3,577,658	6,603,186
COMPANY					
Keppel Medium Term Notes	a	**150,000**	**1,845,968**	200,000	1,817,864
Keppel Commercial Papers	c	**–**	**–**	35,996	–
Unsecured bank loans	e	**1,397,129**	**4,659,416**	2,553,305	2,226,120
		1,547,129	**6,505,384**	2,789,301	4,043,984

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 $1,995,968,000 (2022: $2,017,864,000). The notes denominated in Singapore Dollars, US Dollars and Japanese Yen, are unsecured and comprised both variable and fixed rate notes due from 2024 to 2042 (2022: from 2023 to 2042) with interest rates ranging from 0.88% to 4.52% (2022: 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 Management Ltd. (formerly known as Keppel Land Limited) and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $279,783,000 (2022: $579,672,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due in 2026 (2022: 2023 to 2026), with interest rates of 2.00% (2022: ranging of 2.00% 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 Management Ltd. (formerly known as Keppel Land Limited) amounted to $129,966,000 (2022: $129,926,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due in 2024 (2022: 2024) with interest rates of 3.90% (2022: 3.90%) per annum.

c. For the financial year ended 31 December 2022, commercial papers issued under the US$1,000,000,000 Multi-Currency Euro Commercial Paper Programme by the Company amounted to $35,996,000. The commercial papers, which are denominated in Singapore Dollars, are unsecured and comprised fixed rate commercial papers due in 2023 with interest rate of 0.90% per annum. These commercial papers have been repaid during the financial year ending 31 December 2023.

25. TERM LOANS (continued)

d. The secured bank loans consist of:

- A term loan of $110,000,000 drawn down by a subsidiary. The term loan is repayable in 2026 and is secured on certain assets of the subsidiary and bear interest at rate of 3.54% to 4.71% per annum.
- A term loan of $84,791,000 drawn down by a subsidiary. The term loan is repayable in 2024 and is secured on certain assets of the subsidiary and bear interest at rate of 4.58% to 4.68% per annum.
- A term loan of $550,301,000 drawn down by a subsidiary. The term loan is repayable in 2034 and is secured on certain assets of the subsidiary and bear interest at rates of 3.86% to 3.96% per annum.
- Other secured bank loans totaling $26,679,000 (2022: $60,231,000) comprised $25,919,000 (2022: $38,572,000) of loans denominated in Singapore Dollars and $760,000 (2022: $21,659,000) of foreign currency loans. They are repayable within one to four (2022: one to six) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans ranges from 3.86% to 5.56% (2022: 3.80% to 16.00%) per annum.

e. The unsecured bank loans of the Group totaling $7,782,150,000 (2022: $6,735,702,000) comprised $2,945,870,000 (2022: $2,973,178,000) of loans denominated in Singapore Dollars and $4,836,280,000 (2022: $3,762,524,000) of foreign currency loans. They are repayable within one to five (2022: one to six) years. Interest on loans denominated in Singapore Dollars ranges from 1.77% to 5.34% (2022: 0.71% to 5.05%) per annum. Interest on foreign currency loans ranges from 0.69% to 10.62% (2022: 0.50% to 7.85%) per annum.

The unsecured bank loans of the Company totaling $6,056,545,000 (2022: $4,779,425,000) comprised $1,645,000,000 (2022: $1,360,000,000) of loans denominated in Singapore Dollars and $4,411,545,000 (2022: $3,419,425,000) of foreign currency loans. They are repayable within one to five years (2022: one to five years). Interest on loans denominated in Singapore Dollars ranges from 3.76% to 4.82% (2022: 0.71% to 5.03%) per annum. Interest on foreign currency loans ranges from 0.69% to 6.91% (2022: 0.50% to 5.84%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,242,773,000 (2022: $2,165,003,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $10,699,937,000 (2022: $9,805,129,000) and $7,820,223,000 (2022: $6,498,043,000) 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	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Years after year-end:				
After one but within two years	**2,403,516**	1,859,527	**2,386,096**	842,710
After two but within five years	**4,757,920**	3,671,418	**3,269,288**	2,551,274
After five years	**1,376,522**	1,072,241	**850,000**	650,000
	8,537,958	6,603,186	**6,505,384**	4,043,984

26. REVENUE

	GROUP	
	2023 $'000	2022 $'000
Revenue from contracts with customers		
Revenue from construction contracts	**381,575**	410,181
Sale of property	**523,025**	809,744
Sale of goods	**475,898**	456,207
Sale of electricity, utilities and gases	**4,177,977**	3,637,267
Revenue from telecommunication services	**770,286**	738,233
Revenue from other services rendered	**536,577**	494,579
	6,865,338	6,546,211
Other sources of revenue		
Rental income from investment properties	**100,790**	73,507
	6,966,128	6,619,718

27. STAFF COSTS

	GROUP	
	2023 $'000	2022 $'000
Wages and salaries	**553,315**	515,838
Employer's contribution to Central Provident Fund	**59,855**	57,892
Share plans granted to Director and employees	**36,827**	43,403
Other staff benefits	**54,136**	50,745
	704,133	667,878

28. OPERATING PROFIT

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

	GROUP	
	2023 $'000	2022 $'000
Included in materials and subcontract costs:		
Cost of stocks & contract assets	**745,928**	948,116
Direct operating expenses		
– investment properties that generated rental income	**60,770**	32,669
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
– short-term employee benefits	**14,667**	15,182
– post-employment benefits	**86**	89
– share plans granted	**12,775**	11,826
Included in expected credit loss on debtors & receivables, contract assets and financial guarantee:		
Expected credit loss on debtors and receivables (Note 17, 19 & 20)	**23,838**	32,999
Bad debts written-off	**281**	1,011

28. OPERATING PROFIT (continued)

	GROUP	
	2023 $'000	**2022 $'000**
Included in other operating income – net:		
Impairment of a joint venture (Note 12)	**–**	1,000
Impairment/write-off of right-of-use assets and fixed assets	**1,023**	1,171
Provision for stocks	**6,777**	6,939
Fair value gain on investment properties (Note 8)	**(149,532)**	(131,711)
Fair value gain on		
– investments, associated companies and joint ventures	**(69,028)**	(57,801)
– notes receivables, comprising of:	**(965)**	–
a. Fair value changes including interest income	***(150,659)***	–
b. Amortisation of deferred loss	***149,694***	–
– forward foreign exchange contracts	**21**	–
– call option (Note 17)	**(11,376)**	(21,002)
(Gain)/loss on differences in foreign exchange	**21,147**	(704)
(Gain)/loss on sale of fixed assets and investment properties	**(15,756)**	639
Gain on disposal of subsidiaries	**(28,338)**	(22,498)
Gain on disposal of associated companies and joint ventures	**(69,774)**	(358)
(Gain)/loss on sale of interests in associated companies and joint ventures	**(36,636)**	40,168
(Gain)/loss from change in interest in associated companies	**1,427**	(10,933)
Gain on acquisition of subsidiaries	**–**	(6,795)
Loss from dividend *in specie*	**110,816**	–
Fees and other remuneration to Directors of the Company	**2,659**	2,487
Auditors' remuneration		
– auditors of the Company	**3,634**	3,037
– other auditors of subsidiaries	**2,233**	2,105
Non-audit fees paid to		
– auditors of the Company	**153**	603
– other auditors of subsidiaries	**160**	193

29. INVESTMENT INCOME, INTEREST INCOME AND INTEREST EXPENSES

	GROUP	
	2023 $'000	**2022 $'000**
Investment income from:		
Shares – quoted	**73,533**	38,320
Shares/funds – unquoted	**4,858**	10,221
	78,391	48,541
Interest income from:		
Bonds, debentures, deposits and others	**28,992**	22,221
Associated companies and joint ventures	**21,794**	54,646
Service concession arrangement	**14,100**	14,481
	64,886	91,348
Interest expenses on notes, loans and overdrafts	**(318,300)**	(137,098)
Interest expenses on lease liabilities	**(9,663)**	(10,262)
Fair value gain/(loss) on interest rate caps and swaps	**(90)**	1,173
	(328,053)	(146,187)

30. TAXATION

a. Income tax expense

	GROUP	
	2023 $'000	2022 $'000
Tax expense comprised:		
Current tax – continuing operations	**237,385**	156,382
Adjustment for prior year's tax	**(14,647)**	(13,105)
Others	**11,653**	19,988
	234,391	163,265
Deferred tax (Note 14):		
Current deferred tax – continuing operations	**55,597**	21,040
Land appreciation tax:		
Current year	**(282)**	60,844
Taxation – continuing operations	**289,706**	245,149
Taxation – discontinued operations (Note 38(i)(a))	**(12,799)**	33,212
	276,907	278,361

The income tax expense on the results of the Group differs 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	
	2023 $'000	2022 $'000
Profit before tax – continuing operations	**1,213,554**	1,094,888
Profit before tax – discontinued operations	**3,168,433**	116,278
Share of profit/(loss) of associated companies and joint ventures, net of tax – continuing operations	**(322,418)**	(535,979)
Share of profit/(loss) of associated companies and joint ventures, net of tax – discontinued operations	**–**	(4,420)
Profit before tax and share of profit of associated companies and joint ventures	**4,059,569**	670,767
Tax calculated at tax rate of 17% (2022: 17%)	**690,127**	114,030
Income not subject to tax	**(509,294)**	(105,735)
Expenses not deductible for tax purposes	**66,336**	180,037
Unrecognised tax benefits	**21,439**	82,901
Effect of different tax rates in other countries	**23,157**	(1,817)
Adjustment for prior year's tax	**(14,647)**	(36,687)
Land appreciation tax	**(282)**	60,844
Tax effect of land appreciation tax	**71**	(15,212)
	276,907	278,361
Income tax expense – continuing operations	**289,706**	245,149
Income tax expense – discontinued operations (Note 38(i)(a))	**(12,799)**	33,212
	276,907	278,361

30. TAXATION (continued)

a. Income tax expense (continued)

Pillar Two income taxes

The Base Erosion and Profit Shifting (BEPS) Pillar Two model rules is applicable to the Group as the Group's consolidated revenues is of EUR 750 million or more. As at the balance sheet date, the Pillar Two legislation has been enacted or substantively enacted, but not yet in effect, in certain jurisdictions the Group operates. Some of these legislations will be effective for the Group's financial year beginning on or after 1 January 2024. The Group is in the process of assessing the potential exposure arising from Pillar Two legislation.

The assessment that is being carried out is based on the latest available tax filings and country-by-country reporting for 2022, and the latest financial information for 2023. In certain jurisdictions, information required for the assessment is still being gathered and, therefore, the assessment is not complete.

Based on the assessment carried out so far, the Group has identified potential exposure to Pillar Two income taxes on profits earned in The Netherlands where the expected Pillar Two effective tax rate is likely to be lower than 15%. The potential exposure is expected to come from the constituent entities (mainly operating subsidiaries) in these jurisdictions. However, exposure may also exist in other jurisdictions where the assessment is in progress.

Due to the uncertainties surrounding when and how each jurisdiction will enact the legislations, quantitative information to indicate potential exposure to Pillar Two income taxes is currently not known or reasonably estimable. The Group continues to progress on the assessment and expects to complete the assessment in due course.

b. Movement in current income tax liabilities

	GROUP		COMPANY	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
At 1 January	**258,990**	505,479	**43,513**	39,651
Exchange differences	**(3,546)**	(28,708)	**–**	–
Tax expense	**237,385**	171,589	**5,684**	7,356
Adjustment for prior year's tax	**(14,647)**	(15,412)	**1,300**	(6,512)
Land appreciation tax	**(282)**	60,844	**–**	–
Net income taxes paid	**(113,372)**	(444,462)	**2,258**	2,974
Subsidiaries acquired	**–**	2,204	**–**	–
Subsidiaries disposed	**37**	600	**–**	–
Reclassification				
– tax recoverable and others	**12,975**	19,020	**7**	44
– liabilities directly associated with assets classified as held for sale	**(66)**	(12,164)	**–**	–
At 31 December	**377,474**	258,990	**52,762**	43,513

31. EARNINGS PER ORDINARY SHARE

	GROUP			
	2023 $'000		2022 $'000	
	Basic	**Diluted**	Basic	Diluted
Profit for the year from continuing operations	**885,219**	**885,219**	838,959	838,959
Profit for the year from discontinued operations	**3,181,433**	**3,181,433**	87,658	87,658
Net profit attributable to shareholders of the company	**4,066,652**	**4,066,652**	926,617	926,617
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,786,608**	**1,786,608**	1,777,509	1,777,509
Adjustment for dilutive potential ordinary shares	**–**	**16,324**	–	17,785
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,786,608**	**1,802,932**	1,777,509	1,795,294
Earnings per ordinary share – continuing operations	**49.5 cts**	**49.1 cts**	47.2 cts	46.7 cts
Earnings per ordinary share – discontinued operations	**178.1 cts**	**176.5 cts**	4.9 cts	4.9 cts
Earnings per ordinary share	**227.6 cts**	**225.6 cts**	52.1 cts	51.6 cts

32. DIVIDENDS

A final cash dividend of 19.0 cents per share tax exempt one-tier (2022: final cash dividend of 18.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2023 has been proposed for approval by shareholders at the next annual general meeting to be convened.

Together with the interim cash dividend of 15.0 cents per share tax exempt one-tier (2022: interim cash dividend of 15.0 cents per share tax exempt one-tier), special dividend *in specie* of 19.1 Seatrium Limited (formerly, Sembcorp Marine Ltd) shares for every 1 share in the Company equivalent to 219.0 cents per share (Note 38) and special dividend *in specie* of 1 Keppel REIT units for every 5 share in the Company equivalent to 16.7 cents per share, total distributions paid and proposed in respect of the financial year ended 31 December 2023 will be 269.7 cents per share (2022: 33.0 cents per share).

During the financial year, the following distributions were made:

	$'000
Cash dividends paid	
A final cash dividend of 18.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	317,190
An interim cash dividend of 15.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	264,330
	581,520
Dividends *in specie* paid	
A dividend *in specie* of 19.1 Seatrium Limited (formerly, Sembcorp Marine Ltd) shares for every 1 share in the Company, equivalent to 219.0 cents per share, in respect of the current financial year	3,845,162
A special dividend *in specie* of 1 Keppel REIT units for every 5 share in the Company, equivalent to 16.7 cents per share, in respect of the current financial year	294,294
	4,139,456
	4,720,976

In the prior year, total distributions of $643,233,000 were made.

33. COMMITMENTS

a. Capital commitments

	GROUP 2023 $'000	2022 Continuing Operations $'000	2022 Discontinued Operations $'000
Capital expenditure/commitments not provided for in the financial statements:			
In respect of contracts placed:			
– for purchase and construction of investment properties	**204,465**	379,342	–
– for purchase of fixed assets	**65,376**	936,048	3,197
– for purchase/subscription of shares	**206,601**	275,861	–
– for commitments to associated companies and joint ventures	**1,016,256**	1,055,105	–
– for commitments to private funds	**20,709**	65,598	2,259
– for acquisition of a real estate asset manager (Note 20)	**1,306,086**	–	–
Amounts approved by Directors in addition to contracts placed:			
– for purchase and construction of investment properties	**509,770**	674,065	–
– for purchase of fixed assets	**272,423**	242,905	46,181
– for purchase/subscription of shares mainly in property development companies	**97,302**	140,609	–
	3,698,988	3,769,533	51,637
Less: Non-controlling shareholders' share	**(43,969)**	(39,205)	–
	3,655,019	3,730,328	51,637

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

b. Lessee's lease commitments

Under the SFRS(I) 16 *Leases*, 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.

34. CONTINGENT LIABILITIES AND GUARANTEES

	GROUP 2023 $'000	GROUP 2022 Continuing Operations $'000	GROUP 2022 Discontinued Operations $'000	COMPANY 2023 $'000	COMPANY 2022 $'000
Guarantees in respect of banks and other loans granted to subsidiaries, associated companies and joint ventures	**320,795**	156,787	–	**369,761**	462,579
Bank guarantees	**365,642**	382,630	61,364	**–**	–
Share of lease rental guarantees granted by associated companies and joint ventures	**90,882**	101,072	–	**–**	–
Performance guarantees issued for contracts awarded to customers and third parties	**–**	–	784,712	**–**	–
Guarantees in favour of a non-related company in respect of performance by a subsidiary, and related guarantees in respect of a bank loan granted to a related party and payment of contract sum to a third party (Note 34(i))	**517,342**	424,640	–	**–**	–
	1,294,661	1,065,129	846,076	**369,761**	462,579

i. The Group has entered into a separate indemnification contract with a related party at the point the guarantees were entered. The Group will be fully indemnified for losses which may incur in relation to the guarantees amounted to $517,342,000 (2022: $424,640,000).

ii. Included in the above guarantees in 2022 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 $82,551,000. The guarantee is secured on the assets of Floatel International Limited. In 2023, the revolving credit facility has been repaid and the guarantee has been terminated.

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.

35. 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	
	2023 $'000	2022 $'000
Sales of goods, services and/or fixed assets to		
– associated companies	**248,962**	196,399
– joint ventures	**46,803**	8,108
– other related parties	**147,194**	135,797
	442,959	340,304
Purchase of goods and/or services from		
– associated companies	**236,861**	255,653
– joint ventures	**93,471**	57,705
– other related parties	**195,119**	209,060
	525,451	522,418
Treasury transactions with		
– associated companies	**15,151**	3,207
– joint ventures	**7,171**	7,822
	22,322	11,029

36. FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to various financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Keppel Central Finance Committee has oversight of financial risk management which is carried out by the Keppel Treasury department in accordance with established Keppel policies and guidelines that are updated from time to time to take into account changes in the operating environment. The Keppel Central Finance committee is chaired by the Chief Financial Officer of the Company and includes senior finance management personnel and support function specialists.

36. FINANCIAL RISK MANAGEMENT (continued)

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
2023				
Cashflow hedges				
– Forward foreign currency contracts	**1,099,229**	**3,947**	**28,444**	**n.a.**
– Cross currency swaps	**1,835,714**	**5,999**	**143,859**	**–**
– Interest rate swaps	**4,601,496**	**97,860**	**17,787**	**–**
– HSFO forward contracts	**37,542**	**1,609**	**1,623**	**n.a.**
– Dated Brent forward contracts	**322,105**	**7,883**	**12,701**	**n.a.**
– ICE Brent Crude forward contracts	**72,502**	**1,555**	**1,429**	**n.a.**
– Electricity futures contracts	**983**	**442**	**–**	**n.a.**
Total		**119,295**	**205,843**	
2022				
Cashflow hedges				
– Forward foreign currency contracts[1]	2,589,650	14,384	27,480	n.a.
– Cross currency swaps	1,466,863	17,300	121,836	–
– Interest rate swaps	3,378,334	186,983	–	170,950
– HSFO forward contracts	165,978	23,897	40,480	n.a.
– Dated Brent forward contracts	344,615	20,436	6,973	n.a.
– JKM forward contracts	124,232	–	55,840	n.a.
– ICE Brent Crude forward contracts	63,530	13,214	159	n.a.
– Electricity futures contracts	28,815	1,998	17,090	n.a.
Total[1]		278,212	269,858	

[1] Included discontinued operations' forward foreign currency contracts asset $5,161,000 and liabilities $13,654,000.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date and are expected to occur at various dates within 37 months (2022: 28 months). 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 counterparties and are expected to occur at various dates within 12 months (2022: 17 months) and within 36 months (2022: 27 months). The fair value of JKM forward contracts is determined using forward Japan/Korea Marker prices provided by the Group's key counterparties and are expected to occur at various dates within 12 months as of 31 December 2022. The fair value of ICE Brent Crude forward contracts is determined using Intercontinental Exchange Brent Crude prices provided by the Group's key counterparties and are expected to occur at various dates within 11 months (2022: 24 months). The fair value of electricity future contracts is based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange and are expected to occur within 3 months (2022: 15 months). The fair value of financial derivatives instruments, including cross currency swap agreements and interest rate swap agreements is based on valuations provided by the Group's respective bank counterparties which the financial derivatives instruments are entered against, have maturity dates from April 2024 to December 2028 (2022: October 2023 to March 2028) and March 2024 to January 2043 (2022: January 2023 to January 2043).

ii. **Currency risk**

The Group has receivables and payables denominated in foreign currencies via US Dollars, Renminbi, Euro 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 and cross currency swap agreements to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. The Group monitors its current and projected foreign currency cash flows and aims to reduce the exposure of the net position in each foreign currency by borrowing in the respective foreign currency where practicable.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts. See Note 36(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 $1,096,954,000 (2022: $1,639,730,000). The net negative fair value of forward foreign exchange contracts is $24,472,000 (2022: net negative fair value of $8,983,000) comprising assets of $3,946,000 (2022: $9,533,000) and liabilities of $28,418,000 (2022: $18,515,000). 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 with weighted average forex rate of USD:SGD 1.370 and EUR:SGD 1.478, and other currencies. See Note 36(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 forward foreign exchange contracts and cross currency swap agreements, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2023				2022			
	USD $'000	**RMB $'000**	**EUR $'000**	**Others $'000**	USD $'000	RMB $'000	EUR $'000	Others $'000
GROUP								
Financial Assets								
Notes receivables	**2,410,051**	**–**	**–**	**–**	–	–	–	–
Debtors	**231,072**	**5,449**	**45,341**	**8,899**	224,114	48,866	–	2,620
Investments	**817,044**	**–**	**107,041**	**68,437**	801,896	–	97,197	68,522
Bank balances, deposits & cash	**30,511**	**16,100**	**45**	**13,255**	158,726	32,227	531	8,744
	3,488,678	**21,549**	**152,427**	**90,591**	1,184,736	81,093	97,728	79,886
Financial Liabilities								
Creditors	**133,169**	**26,034**	**147**	**7,772**	189,401	107,477	816	8,736
Term loans	**3,212,374**	**4,692**	**104,024**	**43,956**	2,742,038	–	9,171	34,290
Lease liabilities	**–**	**134**	**–**	**–**	–	227	–	–
	3,345,543	**30,860**	**104,171**	**51,728**	2,931,439	107,704	9,987	43,026
COMPANY								
Financial Assets								
Amounts due from subsidiaries	**3,163,187**	**4,694**	**104,271**	**46,779**	2,729,037	–	9,173	38,311
Debtors	**113,109**	**85**	**–**	**–**	114,798	15	–	–
Bank balances, deposits & cash	**2,882**	**277**	**–**	**–**	15	174	–	4
	3,279,178	**5,056**	**104,271**	**46,779**	2,843,850	189	9,173	38,315
Financial Liabilities								
Amounts due to subsidiaries	**216**	**–**	**–**	**–**	736	–	–	–
Creditors	**4,117**	**275**	**–**	**–**	14,752	114	–	–
Term loans	**3,212,374**	**4,692**	**104,024**	**43,663**	2,742,038	–	9,171	34,290
Lease liabilities	**–**	**134**	**–**	**–**	–	227	–	–
	3,216,707	**5,101**	**104,024**	**43,663**	2,757,526	341	9,171	34,290

36. FINANCIAL RISK MANAGEMENT (continued)

a. Market Risk (continued)

ii. Currency risk (continued)

Sensitivity analysis for currency risk
If the relevant foreign currency changes against SGD by 5% (2022: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
GROUP				
USD against SGD				
– Strengthened	**1,066**	(94,781)	**6,130**	7,419
– Weakened	**(1,066)**	94,781	**(6,130)**	(7,419)
RMB against SGD				
– Strengthened	**(467)**	(1,331)	**–**	–
– Weakened	**467**	1,331	**–**	–
EUR against SGD				
– Strengthened	**(2,956)**	(473)	**5,383**	4,859
– Weakened	**2,956**	473	**(5,383)**	(4,859)
COMPANY				
USD against SGD				
– Strengthened	**3,140**	4,317	**–**	–
– Weakened	**(3,140)**	(4,317)	**–**	–
RMB against SGD				
– Strengthened	**(3)**	(8)	**–**	–
– Weakened	**3**	8	**–**	–
EUR against SGD				
– Strengthened	**10,474**	917	**–**	–
– Weakened	**(10,474)**	(917)	**–**	–

iii. Interest rate risk
The Group is exposed to interest rate risk which arises primarily from its debt obligations. 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 has entered into interest rate swap agreements to hedge the interest rate risk arising from its Singapore dollar and US dollar variable rate term loans (Note 25). As at the end of the financial year, the Group has interest rate swap agreements. See Note 36(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 Overnight Rate Average ("SORA") and United States Dollar Secured Overnight Financing Rate ("USD SOFR") (2022: Singapore Swap Offer Rate ("SOR"), SORA, USD SOFR and United States Dollar London Inter-bank Offer Rate ("USD LIBOR")) and pays fixed rates of between 0.12% and 3.49% (2022: 0.06% and 3.62%) on the notional amounts. These interest rate swap agreements are held for hedging interest rate risk arising from variable rate borrowings, with interest rates ranging from SORA and USD SOFR. This amounts to 38% (2022: 32%) of the Group's total amount of borrowings excluding notional amounts of $433,940,000 (2022: $nil) relating to highly probable future borrowings.

Sensitivity analysis for interest rate risk
If interest rates increase/decrease by 0.5% (2022: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $19,622,000 (2022: $19,548,000) as a result of higher/lower interest expense on variable 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, Dated Brent, JKM and ICE Brent Crude. As at the end of the financial year, the Group has outstanding HSFO, Dated Brent, JKM and ICE Brent Crude forward contracts. See Note 36(a)(i) for further details pertaining to the notional amounts and fair value of the HSFO, Dated Brent, JKM and ICE Brent Crude 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 36(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. The performance of these investments is monitored regularly, together with an assessment of their relevance to the Group's strategic plans.

Sensitivity analysis for price risk

If prices for Dated Brent, JKM, ICE Brent Crude and electricity futures contracts increase/decrease by 5% (2022: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $15,724,000 (2022: $17,934,000), $nil (2022: $3,420,000), $3,625,000 (2022: $3,829,000) and $27,000 (2022: lower/higher by $2,164,000) respectively as a result of fair value changes on cash flow hedges.

If prices for HSFO increase/decrease by 5% (2022: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $1,878,000 (2022: higher/lower by $7,324,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2022: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $9,214,000 (2022: $1,765,000) 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 $29,861,000 (2022: $27,296,000) 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**

IBOR reform

The Group had variable rate borrowings and derivatives that were linked to SOR and USD LIBOR. The Group has completed the process of amending the financial instruments with contractual terms indexed to SOR and USD LIBOR. All affected financial instruments that the Group and Company held as at 31 December 2023 have effectively transitioned to the new benchmark rates during the year and have no material impact on the financial statements.

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 expected credit losses ("ECLs") associated with its financial assets which are mainly debtors, amounts due from associated companies and joint ventures and bank balances, deposits and cash.

36. FINANCIAL RISK MANAGEMENT (continued)

b. Credit Risk (continued)

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 2023 and 2022 that have not been assessed on a contract-by-contract basis are set out in the provision matrix as follows:

		Trade receivables				
	Contract assets	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
2023						
Infrastructure						
Expected loss rate	**–**	**0.7%**	**17.2%**	**70.4%**	**78.9%**	
Gross carrying amount	**–**	**361,065**	**8,978**	**795**	**1,338**	**372,176**
Loss allowance	**–**	**2,684**	**1,548**	**560**	**1,056**	**5,848**
Connectivity						
Expected loss rate	**1.7%**	**0.4%**	**2.2%**	**15.4%**	**10.5%**	
Gross carrying amount	**76,000**	**184,673**	**75,739**	**53,464**	**24,171**	**414,047**
Loss allowance	**1,303**	**659**	**1,679**	**8,220**	**2,550**	**14,411**
2022						
Infrastructure						
Expected loss rate	–	0.5%	6.7%	64.1%	17.2%	
Gross carrying amount	–	342,861	27,102	669	8,845	379,477
Loss allowance	–	1,883	1,828	429	1,521	5,661
Connectivity						
Expected loss rate	2.2%	0.5%	2.4%	9.1%	19.9%	
Gross carrying amount	109,055	173,869	52,192	20,019	56,742	411,877
Loss allowance	2,402	834	1,239	1,815	11,294	17,584

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

Real Estate
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 2023 and 31 December 2022, there was no significant concentration of credit risks.

Fund Management & Investment
As part of the Group's horizontally integrated model with three platforms comprising the Fund Management Platform, Investment Platform and Operating Platform (forming one integrated business focusing in the areas of Infrastructure, Real Estate and Connectivity), the Fund Management & Investment Platforms focus on raising capital and forging strong relationships with investors by bringing to them the best of Keppel's solutions, investments and operating teams, as well as in driving capital deployment decisions in the areas of infrastructure, real estate and connectivity.

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 2023 and 2022, there are no significant financial assets that are past due and/or impaired.

c. Liquidity Risk
The Group actively manages its debt term-out profile, operating cash flows and availability of funding resources to ensure that all its financial obligations and funding needs are met. Funding resources include short-term money market facilities, committed revolving credit facilities as well as commercial paper and debt capital market programmes. Due to the dynamic nature of its underlying businesses, the Group maintains adequate cash reserves and sufficient undrawn credit facilities to ensure it is able to support its current operations as well as investing activities.

36. FINANCIAL RISK MANAGEMENT (continued)

c. Liquidity Risk (continued)

Information relating to the maturity profile of loans is given in Note 25. 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				
2023				
Gross-settled forward foreign exchange contracts				
– Receipts	**955,386**	**96,765**	**23,538**	**–**
– Payments	**(978,813)**	**(97,234)**	**(23,346)**	**–**
Gross-settled cross currency swaps				
– Receipts	**67,606**	**43,824**	**70,966**	**–**
– Payments	**(50,566)**	**(37,786)**	**(66,350)**	**–**
Net-settled interest rate swaps				
– Receipts	**74,765**	**33,841**	**13,521**	**–**
– Payments	**(1,577)**	**(9,769)**	**(25,948)**	**(9,888)**
Net-settled HSFO forward contracts				
– Receipts	**1,609**	**–**	**–**	**–**
– Payments	**(1,623)**	**–**	**–**	**–**
Net-settled Dated Brent forward contracts				
– Receipts	**7,081**	**800**	**2**	**–**
– Payments	**(9,620)**	**(3,072)**	**(9)**	**–**
Net-settled ICE Brent Crude forward				
– Receipts	**1,555**	**–**	**–**	**–**
– Payments	**(1,429)**	**–**	**–**	**–**
Net-settled electricity futures contracts				
– Receipts	**442**	**–**	**–**	**–**
– Payments	**–**	**–**	**–**	**–**
Borrowings	**(2,850,078)**	**(2,599,012)**	**(5,403,732)**	**(1,695,152)**
Financial guarantees	**(675,206)**	**–**	**–**	**–**
2022				
Gross-settled forward foreign exchange contracts				
– Receipts	2,239,200	340,320	1,989	–
– Payments	(2,245,274)	(348,948)	(1,979)	–
Gross-settled cross currency swaps				
– Receipts	40,823	42,137	54,162	1,511
– Payments	(34,464)	(31,116)	(44,748)	(1,260)
Net-settled interest rate swaps				
– Receipts	96,204	65,152	55,964	–
– Payments	(1,808)	(1,879)	(4,493)	(3,208)
Net-settled HSFO forward contracts				
– Receipts	23,578	319	–	–
– Payments	(40,480)	–	–	–
Net-settled Dated Brent forward contracts				
– Receipts	19,414	1,022	–	–
– Payments	(3,196)	(3,573)	(204)	–
Net-settled JKM forward contracts				
– Receipts	–	–	–	–
– Payments	(51,074)	(4,766)	–	–
Net-settled ICE Brent Crude forward				
– Receipts	10,707	2,507	–	–
– Payments	(159)	–	–	–
Net-settled electricity futures contracts				
– Receipts	1,855	143	–	–
– Payments	(17,090)	–	–	–
Borrowings	(4,227,532)	(2,084,210)	(4,014,400)	(1,496,071)
Financial guarantees	(747,134)	–	–	–

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
COMPANY				
2023				
Gross-settled forward foreign exchange contracts				
– Receipts	**953,073**	**96,765**	**23,538**	**–**
– Payments	**(976,501)**	**(97,234)**	**(23,346)**	**–**
Gross-settled cross currency swaps				
– Receipts	**67,606**	**43,824**	**70,966**	**–**
– Payments	**(50,566)**	**(37,786)**	**(66,350)**	**–**
Net-settled interest rate swaps				
– Receipts	**60,734**	**28,805**	**9,910**	**–**
– Payments	**(1,491)**	**(7,612)**	**(19,683)**	**(83)**
Borrowings	**(1,883,419)**	**(2,606,756)**	**(3,701,702)**	**(1,026,950)**
Financial guarantees	**(369,761)**	**–**	**–**	**–**
2022				
Gross-settled forward foreign exchange contracts				
– Receipts	1,284,472	340,320	1,989	–
– Payments	(1,291,652)	(348,948)	(1,979)	–
Gross-settled cross currency swaps				
– Receipts	40,823	42,137	54,162	1,511
– Payments	(34,464)	(31,116)	(44,748)	(1,260)
Net-settled interest rate swaps				
– Receipts	75,884	52,798	43,665	–
– Payments	(1,344)	(1,728)	(2,962)	–
Borrowings	(2,973,264)	(987,162)	(2,778,095)	(843,721)
Financial guarantees	(462,579)	–	–	–

In addition to the above, creditors (Note 23) 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 2023. 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 25) and total lease liabilities (Note 9) less bank balances, deposits & cash (Note 22).

	GROUP	
	2023 $'000	2022 $'000
Net debt	**9,873,441**	9,237,629
Total equity	**11,016,560**	11,913,340
Net gearing ratio	**0.90x**	0.78x

36. 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				
2023				
Financial assets				
Derivative financial instruments				
– from continuing operations	–	119,295	–	119,295
Notes receivables	–	–	4,286,354	4,286,354
Call option	–	–	203,898	203,898
Investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	513,959	1,687	269,622	785,268
– Investments at fair value through profit or loss				
– from continuing operations	20,053	–	813,565	833,618
Short term investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	83,261	–	–	83,261
– Investments at fair value through profit or loss				
– from continuing operations	164,220	–	5,628	169,848
	781,493	120,982	5,579,067	6,481,542
Financial liabilities				
Derivative financial instruments				
– from continuing operations	–	205,843	–	205,843
Non-financial assets				
Investment Properties				
– Commercial, completed	–	–	1,343,719	1,343,719
– Commercial, under construction	–	–	3,321,345	3,321,345
Associates and joint venture at fair value through profit or loss	–	–	398,251	398,251
	–	–	5,063,315	5,063,315

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
GROUP				
2022				
Financial assets				
Derivative financial instruments				
– from continuing operations	–	273,051	–	273,051
– from discontinued operations	–	5,143	–	5,143
Call option	–	–	192,522	192,522
Investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	493,297	1,409	278,688	773,394
– from discontinued operations	–	–	26,603	26,603
– Investments at fair value through profit or loss				
– from continuing operations	34,618	–	674,707	709,325
– from discontinued operations	–	16,745	55,350	72,095
Short term investments				
– Investments at fair value through other comprehensive income				
– from continuing operations	48,097	–	–	48,097
– from discontinued operations	3,118	–	–	3,118
– Investments at fair value through profit or loss				
– from continuing operations	685	–	–	685
	579,815	296,348	1,227,870	2,104,033
Financial liabilities				
Derivative financial instruments				
– from continuing operations	–	256,204	–	256,204
– from discontinued operations	–	13,639	–	13,639
	–	269,843	–	269,843
Non-financial assets				
Investment Properties				
– Commercial and hospitality, completed	–	–	1,349,265	1,349,265
– Commercial, under construction	–	–	2,933,828	2,933,828
Associates and joint venture at fair value through profit or loss	–	–	246,677	246,677
	–	–	4,529,770	4,529,770

36. FINANCIAL RISK MANAGEMENT (continued)

e. Fair Value of Financial Instruments and Investment Properties (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
COMPANY				
2023				
Financial assets				
Derivative financial instruments	**–**	**87,217**	**–**	**87,217**
Investments				
– Investments at fair value through other comprehensive income	**–**	**–**	**18,013**	**18,013**
Short term investments				
– Investments at fair value through profit or loss	**161,896**	**–**	**5,628**	**167,524**
	161,896	**87,217**	**23,641**	**272,754**
Financial liabilities				
Derivative financial instruments	**–**	**188,300**	**–**	**188,300**
2022				
Financial assets				
Derivative financial instruments	-	173,642	-	173,642
Investments				
– Investments at fair value through other comprehensive income	-	-	19,430	19,430
	-	173,642	19,430	193,072
Financial liabilities				
Derivative financial instruments	-	140,354	-	140,354

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

	GROUP		COMPANY	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
At 1 January	**1,145,917**	1,024,769	**19,430**	24,100
Purchases	**292,167**	131,668	**–**	–
Sales	**(6,793)**	(11,374)	**–**	–
Notes receivables				
– Initial recognition	**3,003,599**	–	**–**	–
– Deferred loss	**1,247,545**	–	**–**	–
– Fair value gain recognised in profit or loss, including interest income	**150,659**	–	**–**	–
– Amortisation to profit of loss	**(149,694)**	–	**–**	–
– Exchange differences	**34,245**	–	**–**	–
Fair value (loss)/gain recognised in other comprehensive income				
– from continuing operations	**(149,111)**	(29,785)	**(1,417)**	(4,670)
– from discontinued operations	**–**	(488)	**–**	–
Fair value gain recognised in profit or loss				
– from continuing operations[1]	**10,575**	113,379	**2,608**	–
– from discontinued operations	**–**	28,043	**–**	–
Reclassification				
– Subsidiaries	**5,554**	–	**3,020**	–
– Disposal group and assets classified as held for sale	**–**	(82,649)	**–**	–
– Associates/Joint Ventures	**–**	(22,671)	**–**	–
Exchange differences	**(5,596)**	(4,975)	**–**	–
At 31 December	**5,579,067**	1,145,917	**23,641**	19,430

[1] As at 31 December 2023, the fair value gain recognised in profit or loss from continuing operations of $10,575,000 (2022: $113,379,000) comprises $14,937,000 (2022: $76,363,000) fair value gain attributable to an unquoted investment fund which primarily invests in high-performance batteries for electric vehicles and energy storage systems business.

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

	GROUP	
	2023 $'000	**2022 $'000**
At 1 January	**4,283,093**	4,256,428
Development expenditure	**327,402**	216,799
Fair value gain	**149,532**	131,711
Disposal	**(17,000)**	(41,204)
Reclassification		
– Fixed assets (Note 7)	**2,334**	–
– Stocks (Note 18)	**548**	–
Exchange differences	**(80,845)**	(280,641)
At 31 December	**4,665,064**	4,283,093

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.

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 2023 $'000**	**Valuation Techniques**	**Significant unobservable Inputs**	**Range of unobservable Inputs**
Investments				
– from continuing operations	**1,088,815**	Net asset value, discounted cash flow, binomial option pricing method and revenue multiple	Net asset value*	Not applicable
			Discount rate	15.25% to 28.00%
			Growth rate	1.09% to 4.10%
			Discount for lack of control	15.00% – 23.30%
			Discount for lack of marketability	10.70%
Notes receivables (Vendor notes)	**4,286,354**	Discounted cash flow method	Discount rate	5.62% to 10.04%
			Estimated future asset sale values of Rigco's rigs ($'million)	$174 to $602
Call option	**203,898**	Discounted cash flow method and investment method	Transacted price of comparable properties (psf)	$2,781 to $3,617
			Capitalisation rate	3.30% to 3.40%
			Discount rate	6.75%
Associates and joint venture at fair value through profit or loss	**398,251**	Net asset value	Net asset value	Not applicable
Investment properties				
– Commercial, completed	**1,343,719**	Discounted cash flow method and/or direct comparison method; Income capitalisation method	Discount rate	7.25% to 14.50%
			Capitalisation rate	4.25% to 7.50%
			Net initial yield	5.80%
			Offering price of comparable land plots (psm)	$4,862 to $6,188
			Transacted price of comparable properties in different geographical/cities (psf)	$159 to $3,274
– Commercial, under construction	**3,321,345**	Discounted cash flow method, direct comparison method and/or residual value method	Discount rate	7.00% to 17.00%
			Capitalisation rate	4.00% to 8.50%
			Offering price of comparable land plots (psm)	$10,829 to $11,492
			Transacted price of comparable properties (psf)	$2,781 to $3,617
			Gross development value ($'million)	$199 to $1,891

* 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 2.27(b)(vi)).

36. FINANCIAL RISK MANAGEMENT (continued)

e. Fair Value of Financial Instruments and Investment Properties (continued)

Description	Fair value as at 31 December 2022 $'000	Valuation Techniques	Significant unobservable Inputs	Range of unobservable Inputs
Investments				
– from continuing operations	953,395	Net asset value, discounted cash flow and binomial option pricing	Net asset value*	Not applicable
			Discount rate	15.71% to 20.00%
			Growth rate	1.10% to 4.32%
			Discount for lack of control	15.00% - 23.30%
– from discontinued operations	81,953	Net asset value and discounted cash flow	Net asset value*	Not applicable
			Discount rate	9.00% - 19.00%
Call option	192,522	Discounted cash flow method and investment method	Transacted price of comparable properties (psf)	$1,586 - $3,617
			Capitalisation rate	3.40%
			Discount rate	6.25% to 6.50%
Associates and joint venture at fair value through profit or loss	246,677	Net asset value	Net asset value	Not applicable
Investment properties				
– Commercial, completed	1,349,265	Investment method, discounted cash flow method and/or direct comparison method; Income capitalisation method	Discount rate	7.25% to 14.50%
			Capitalisation rate	4.25% to 10.00%
			Net initial yield	5.70%
			Transacted price of comparable land plots (psm)	$3,974 to $5,610
			Transacted price of comparable properties in different geographical/cities (psf)	$239 to $1,304
– Commercial, under construction	2,933,828	Direct comparison method, discounted cash flow method, and/or residual value method	Discount rate	7.00% to 17.00%
			Capitalisation rate	4.00% to 10.00%
			Transacted price of comparable land plots (psm)	$6,569 to $9,163
			Transacted price of comparable properties (psf)	$2,376 to $3,617
			Gross development value ($'million)	$216 to $1,949

* 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 2.27(b)(vi)).

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.

As at 31 December 2023, the total fair value on investments of $1,088,815,000 (2022: $1,035,348,000) comprises $992,394,000 (2022: $753,350,000) valued based on net asset value, of which $423,707,000 (2022: $409,500,000) is attributable to an unquoted investment fund which primarily invests in high-performance batteries for electric vehicles and energy storage systems business. A reasonably possible alternative assumption is when the net asset value of investments increase/decrease by 5%, which would lead to a $49,620,000 (2022: $37,668,000) increase/decrease in fair value.

The notes receivables under Level 3 of the fair value hierarchy are 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 notes receivables. A reasonably possible alternative assumption is when the discount rate increase/decrease by 1%, which would lead to $129,217,000 decrease/ $136,718,000 increase in fair value. Another reasonably possible alternative assumption is when the estimated future asset sale values of Rigco's rigs increase/decrease by 10%, which would lead to $248,798,000 increase/ $260,932,000 decrease in fair value.

As at 31 December 2023, management assessed that the $120,000,000 10.0% perpetual securities issued by Rigco (Note 38), which is measured at fair value through other comprehensive income, may be unrecoverable based on Rigco's business plan and financial projections received in December 2023. Accordingly, the carrying amount of the perpetual securities was reduced to $nil with the fair value changes recognised within other comprehensive income.

Valuation process of investment properties is described in Note 8.

37. SEGMENT ANALYSIS

On 3 May 2023, the Group announced the next phase of Vision 2030 plans, embarking on a major reorganisation to accelerate the transformation into a global alternative real asset manager and operator. The Group reorganised its operations into a simplified horizontally integrated model with four reportable segments, namely Infrastructure, Real Estate, Connectivity and Corporate Activities. The objective of the reorganisation was for the Group to streamline and be a one integrated company.

i. Infrastructure
The Infrastructure segment business provide energy and environmental solutions and services that are essential for sustainable development. Principal activities include commercial power generation, renewables, environmental engineering, construction, and infrastructure operation and maintenance. The operating segment has operations in China, Singapore, Switzerland, the United Kingdom, and other countries.

ii. Real Estate
The Real Estate segment business provide sustainable and innovative urban space solutions, focusing on sustainable urban renewal and senior living. 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 development and operation of data centres, provision of telecommunications services, sale of telecommunications and information technology equipment and provision of system integration solutions and services. The segment has operations in China, Singapore and other countries.

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

Management monitors the results of each of the above 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, with the segment information for the prior year ended 31 December 2022 restated to reflect the change in the reportable segments.

37. SEGMENT ANALYSIS (continued)

	Infrastructure $'000	Real Estate $'000	Connectivity $'000	Corporate Activities $'000	Elimination $'000	Total $'000
2023						
Revenue						
External sales	4,845,450	763,663	1,351,068	5,947	–	6,966,128
Inter-segment sales	129,137	7,262	14,883	53,392	(204,674)	–
Total	4,974,587	770,925	1,365,951	59,339	(204,674)	6,966,128
Segment Results						
Operating profit						
– Loss from dividend *in specie* of Keppel REIT units	–	(110,816)	–	–	–	(110,816)
– Other operating profit	721,838	441,029	103,253	(76,546)	(2,846)	1,186,728
Investment income	69,507	5,770	334	2,780	–	78,391
Interest income	52,680	31,276	14,120	664,698	(697,888)	64,886
Interest expenses	(52,714)	(146,612)	(28,066)	(801,395)	700,734	(328,053)
Share of results of associated companies and joint ventures	18,079	254,494	70,200	(20,355)	–	322,418
Profit before tax	809,390	475,141	159,841	(230,818)	–	1,213,554
Taxation	(122,904)	(130,717)	(23,104)	(12,981)	–	(289,706)
Profit from continuing operations for the year	686,486	344,424	136,737	(243,799)	–	923,848
Attributable to:						
Shareholders of Company	699,226	314,623	127,231	(255,861)	–	885,219
Perpetual securities holders	–	–	–	11,600	–	11,600
Non-controlling interests	(12,740)	29,801	9,506	462	–	27,029
	686,486	344,424	136,737	(243,799)	–	923,848
Profit from discontinued operations, net of tax and NCI						3,181,433
Profit for the year attributable to shareholders of the Company						4,066,652
External revenue from contracts with customers						
– At a point in time	23,173	336,473	469,328	–	–	828,974
– Over time	4,822,277	329,972	878,207	5,908	–	6,036,364
	4,845,450	666,445	1,347,535	5,908	–	6,865,338
Other sources of revenue	–	97,218	3,533	39	–	100,790
Total	4,845,450	763,663	1,351,068	5,947	–	6,966,128
Other Information						
Segment assets	4,951,077	13,480,053	4,165,341	12,546,696	(8,305,265)	26,837,902
Segment liabilities	3,100,431	7,125,042	2,890,377	11,010,757	(8,305,265)	15,821,342
Net assets	1,850,646	6,355,011	1,274,964	1,535,939	–	11,016,560
Investment in associated companies and joint ventures	1,172,102	4,322,587	878,576	228,588	–	6,601,853
Additions to non-current assets	242,238	619,851	238,290	1,609	–	1,101,988
Depreciation and amortisation	38,983	45,528	125,711	11,218	–	221,440
Impairment loss on non-financial assets	676	6,138	661	325	–	7,800
Allowance for expected credit loss and bad debt written-off	14,578	297	9,240	4	–	24,119

Geographical information

	Singapore $'000	China/ Hong Kong $'000	Other Far East & ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	6,210,349	503,756	194,895	57,128	–	6,966,128
Non-current assets	7,801,486	3,618,276	1,708,774	788,562	–	13,917,098

Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2023.

Information about a major customer

Revenue of $1,988,863,000 is derived from a single external customer and is attributable to the Infrastructure segment for the year ended 31 December 2023.

	Infrastructure $'000	Real Estate $'000	Connectivity $'000	Corporate Activities $'000	Elimination $'000	Total $'000
2022						
Revenue						
External sales	4,290,435	996,386	1,332,419	478	–	6,619,718
Inter-segment sales	34,841	2,898	9,464	91,865	(139,068)	–
Total	4,325,276	999,284	1,341,883	92,343	(139,068)	6,619,718
Segment Results						
Operating profit	143,454	320,023	81,276	9,724	10,730	565,207
Investment income	34,817	9,937	273	3,514	–	48,541
Interest income	64,367	36,447	7,062	425,355	(441,883)	91,348
Interest expenses	(24,835)	(95,243)	(20,515)	(436,747)	431,153	(146,187)
Share of results of associated companies and joint ventures	126,915	345,590	71,023	(7,549)	–	535,979
Profit before tax	344,718	616,754	139,119	(5,703)	–	1,094,888
Taxation	(49,265)	(163,093)	(28,459)	(4,332)	–	(245,149)
Profit from continuing operations for the year	295,453	453,661	110,660	(10,035)	–	849,739
Attributable to:						
Shareholders of Company	297,985	463,994	98,497	(21,517)	–	838,959
Perpetual securities holders	–	–	–	11,600	–	11,600
Non-controlling interests	(2,532)	(10,333)	12,163	(118)	–	(820)
	295,453	453,661	110,660	(10,035)	–	849,739
Profit from discontinued operations, net of tax and NCI						87,658
Profit for the year attributable to shareholders of the Company						926,617
External revenue from contracts with customers						
– At a point in time	55,860	686,781	395,829	–	–	1,138,470
– Over time	4,234,575	239,567	933,124	475	–	5,407,741
	4,290,435	926,348	1,328,953	475	–	6,546,211
Other sources of revenue	–	70,038	3,466	3	–	73,507
Total	4,290,435	996,386	1,332,419	478	–	6,619,718
Other Information						
Segment assets*	4,168,133	13,648,104	4,068,395	16,145,874	(6,965,529)	31,064,977
Segment liabilities*	2,962,473	6,942,564	2,833,479	13,378,650	(6,965,529)	19,151,637
Net assets*	1,205,660	6,705,540	1,234,916	2,767,224	–	11,913,340
Investment in associated companies and joint ventures	1,051,679	4,687,211	798,469	254,503	–	6,791,862
Additions to non-current assets	696,713	383,119	317,087	61,483	–	1,458,402
Depreciation and amortisation	33,163	34,294	124,801	14,300	–	206,558
Impairment loss on non-financial assets	7,052	107	1,953	–	–	9,112
Allowance/(write-back) for expected credit loss and bad debt written-off	22,549	(776)	10,917	1,320	–	34,010

* Inclusive of disposal group classified as held for sale

Geographical information

	Singapore $'000	China/ Hong Kong $'000	Other Far East & ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	5,465,913	916,228	172,458	65,119	–	6,619,718
Non-current assets	8,192,941	3,503,743	1,695,069	465,765	–	13,857,518

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2022.

Information about a major customer
Revenue of $2,045,861,000 is derived from a single external customer and is attributable to the Infrastructure segment for the financial year ended 31 December 2022.

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

i. Discontinued operations and disposal group held for sale and liabilities directly associated with disposal group classified as held for sale

Keppel Offshore & Marine Ltd ("Keppel O&M")
On 27 April 2022, the Company and Sembcorp Marine Ltd ("Sembcorp Marine" and now known as Seatrium Limited "Seatrium") entered into definitive agreements for the proposed combination of Keppel Offshore & Marine Ltd ("Keppel O&M") and Sembcorp Marine Ltd (the "Proposed Combination").

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

On 27 October 2022, the structure and terms of the Proposed Combination and the Asset Co Transfer were amended such that, 1) the merger of Keppel O&M and Sembcorp Marine will be effected by way of the acquisition by Sembcorp Marine (and not through the establishment of a new holding company) of all the Keppel O&M Shares held by the Company (the "KOM Share Transfer") in consideration for the issuance by Sembcorp Marine of such number of new ordinary shares in the capital of Sembcorp Marine ("SCM Shares") representing 54% of the total number of SCM Shares ("Consideration Shares") and 2) the completion of the Asset Co Transfer will proceed regardless of whether the Keppel O&M Share Transfer takes place. Of which, the Company will distribute 49% of the total number of SCM Shares to its shareholders and remaining 5% of SCM shares (the "Retained Consideration Shares") transfer to a segregated account ("Proposed Distribution"). Post acquisition Sembcorp Marine will be the "Combined Entity" owning a combination of its current business and KOM.

Based on the carrying values of Keppel O&M's legacy rigs and associated receivables, the Asset Co Transaction was completed on 27 February 2023 for a consideration of approximately $4,372 million satisfied in the following manner:

a. issuance of 499,000 new ordinary shares in the capital of Rigco Holding Pte Ltd at the issue price of $1.00 per share;
b. issuance of $120 million 10.0% perpetual securities by Rigco Holding Pte Ltd; and
c. issuance of vendor notes of 4% per annum for a maximum tenure of 12 years in the same aggregate principal amount by Rigco Holding Pte Ltd of approximately $4,251 million.

No gain or loss was recognised in the profit or loss on the date of completion from the Asset Co Transaction as the agreed transaction price with Rigco was based on carrying values of the legacy rigs and associated receivables.

The Proposed Combination was completed on 28 February 2023 and the Company has received:

I. 36,848,072,918 Consideration Shares amounting to approximately $4,237 million. Of which, 33,436,214,314 Consideration Shares (representing 49% of the enlarged capital of Seatrium) amounting to approximately $3,845 million has been distributed as dividend *in specie* to the Company's shareholders and the remaining 3,411,858,604 Consideration Shares (representing 5% of the enlarged capital of Seatrium) amounting to approximately $392 million, as Retained Consideration Shares placed into a segregated account for purposes of satisfying any of the identified contingent liabilities (as defined below); and

II. a Cash Component of $500,000,000 from Keppel O&M in settlement of interests and redemption amount for a partial redemption of intercompany perpetual securities.

Arising from the completion of the Asset Co Transaction and the Proposed Combination, the effects of the disposal on the Group were:

	GROUP
	At 28.02.2023 $'000
Carrying amounts of assets and liabilities as at the date of disposal:	
Fixed assets	**2,564,293**
Right-of-use assets	**258,302**
Intangible assets	**11,562**
Investments	**100,068**
Stocks	**1,844,759**
Contract assets	**2,653,674**
Debtors and other assets	**1,045,393**
Associated companies and joint ventures	**204,159**
Bank balances and cash	**968,026**
Amount due from associated companies and joint ventures	**60,219**
Total assets	**9,710,455**
Creditors and other liabilities	**2,449,371**
Contract liabilities	**703,671**
Borrowings	**938,399**
Lease liabilities	**291,266**
Taxation	**9,060**
Deferred tax liabilities	**46,424**
Total liabilities	**4,438,191**
Less: Non-controlling interests	**(14,295)**
Realisation of foreign currency translation reserve and cashflow hedge reserves upon disposal	**59,339**
Net assets disposed, including transaction costs and adjustments	**5,317,308**
Consideration	**8,609,171**
Gain on disposal of discontinued operations – net	**3,291,863**
Cash flows arising from disposal:	
Cash proceeds on disposal	**–**
Less: Cash and cash equivalents in subsidiary disposed of	**(968,026)**
Net cash outflow on disposal	**(968,026)**

The gain on disposal is subject to necessary adjustments including any reimbursement by the Company to Keppel O&M for certain expenditures incurred by Keppel O&M before the completion of the combination, relating to assets sold by Keppel O&M to Rigco Holding Pte Ltd to the extent that such expenditures are in excess of an agreed sum.

The Company has entered into an agreement pursuant to which Consideration Shares representing 5% of Seatrium Shares on a fully diluted basis immediately after Closing has been transferred to a segregated account for the purpose of satisfying identified contingent liabilities which Seatrium may have against the Company in connection with the Combination (capitalised terms unless otherwise defined herein shall bear the meanings given to them in the Company's circular to shareholders dated 23 November 2022 in relation to, among other things, the Combination). The Company has not received any claim in this regard. There is no certainty that a claim will be made in this regard. Accordingly, the Company does not consider any settlement amount to be material to the financial statements as at the end of the reporting period.

38. DISCONTINUED OPERATIONS AND DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)

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

The financial performance and cash flow information presented are for the period from 1 January to 28 February 2023 and the full year ended 31 December 2022.

a. The results of the discontinued operations are as follows:

	Period 28.02.2023 $'000	Full Year 2022 $'000
Revenue	**630,460**	2,799,418
Expenses*	**(753,890)**	(2,683,140)
Profit/(Loss) before tax from discontinued operations	**(123,430)**	116,278
Taxation (Note 30(a))	**12,799**	(33,212)
Non-controlling interests	**201**	4,592
Profit/(Loss) from discontinued operations, net of tax and non-controlling interests	**(110,430)**	87,658
Gain on disposal of discontinued operations – net	**3,291,863**	–
Profit from discontinued operations	**3,181,433**	87,658

* In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, following the classification as disposal group classified as held for sale, the Group has ceased depreciation since 27 April 2022 for the relevant assets classified under disposal group held for sale up to 28 February 2023. Ceased depreciation amounted to $17,618,000 for 2023 (2022: $71,185,000). The 2022 results also include a partial writeback of $292,838,000 (before reversal of deferred tax credit of $38,919,000 recognised in taxation) impairment made in 2020 for certain legacy rig assets and a gain from divestment of Keppel Smit Towage Pte Limited and Maju Maritime Pte Ltd of $74,495,000.

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

	Period 28.02.2023 $'000	Full Year 2022 $'000
Operating cash flow	**(72,050)**	115,472
Investing cash flow	**(12,042)**	92,204
Financing cash flow	**(47,446)**	260,362
Net cash inflows/(outflows)	**(131,538)**	468,038

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

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

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

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of MEW have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" in the condensed consolidated balance sheet as at 31 December 2023.

	GROUP 31.12.2023 $'000
Assets classified as held for sale	
Long term assets	**324,642**
Debtors	**16,419**
Bank balances, deposits & cash	**20,595**
	361,656
Liabilities directly associated with assets classified as held for sale	
Creditors	**2,374**
Derivative liabilities	**12,433**
Current term loans	**9,675**
Non-current term loans	**282,453**
Taxation	**66**
	307,001

39. NEW ACCOUNTING STANDARDS

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

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2024)

  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 amendments 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.

- Amendments to SFRS(I) 16 *Leases: Lease liability in a Sale and Leaseback* (effective for annual periods beginning on or after 1 January 2024)

  The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

  The management is currently assessing the impact of the adoption of the above amendments in future periods and anticipates that the above amendments will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

40. SUBSEQUENT EVENTS

On 26 February 2024, Seatrium Limited (formerly known as SembCorp Marine Ltd) ("Seatrium") announced ("Seatrium's Announcement") that Seatrium has agreed to a settlement payment of approximately $182 million (equivalent to a total of R$670,699,731.73) and the in-principle settlement agreements are subject to various approval or ratification processes by the Brazilian Authorities, including ratification by the Fifth Chamber for Coordination and Review of the MPF, which has no statutory period by which it must complete its process.

Pursuant to the Proposed Combination as disclosed in Note 38 of the financial statements, it was agreed that for a period of up to 24 months from the completion of the Proposed Combination, Seatrium would indemnify the Company for claims against Seatrium in respect of certain identified contingent liabilities. As stated in Seatrium's Announcement, such contingent liabilities relate to Seatrium's discussions with the Brazilian Authorities on the Operation Car Wash investigations.

The Company is monitoring the developments closely and its impact on the financial statements, and working with its external legal advisor to determine the appropriate actions to be taken.

41. 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.