



**Surbana Jurong Private Limited
and its Subsidiaries**

Registration Number: 201428879H

Annual Report
Year ended 31 December 2022

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS101 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Chaly Mah Chee Kheong	
Chiao Chuan-Sheng	(Appointed on 1 April 2023)
Eric Ang Teik Lim	
Desmond Choo Pey Ching	
Fong Heng Boo	
Gan Chee Yen	
Ku Moon Lun	
Tan Gee Paw	
Yaacob bin Ibrahim	
Tham Min Yew	(Appointed on 1 January 2022)
Jonathan E Popper	(Alternate to Tham Min Yew)
	(Appointed on 1 January 2022)

Tan Kong Yam and Wong Heang Fine resigned as a director on 30 June 2022 and 30 September 2022 respectively.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ("the Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Chaly Mah Chee Kheong		
Capitaland Investment Limited		
- ordinary shares		
- deemed interests	121,654	130,367
Eric Ang Teik Lim		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	2,420	2,420
- deemed interests	52,710	52,710
Singapore Airlines Ltd		
- ordinary shares		
- deemed interests	7,000	7,000
Singapore Airlines Ltd		
- S\$700 million 3.035% Notes due 2025		
- deemed interests	250,000	250,000
Mapletree Treasury Services Ltd		
- S\$700 million 3.95% Perpetual Securities		
- deemed interests	250,000	250,000
Temasek Financial (IV) Private Limited		
- S\$500 million 2.7% Bonds due 2023		
- interest held	6,000	6,000
- deemed interests	6,000	6,000
Capitaland Investment Ltd		
- ordinary shares		
- interest held	110,000	110,000
- deemed interests	25,000	25,000
Sembcorp Marine Ltd		
- ordinary shares		
- interest held	217,500	217,500
- deemed interests	123,000	123,000
Astrea VI Pte Ltd		
- S\$382 million 3% Bonds due 2031		
- interest held	10,000	10,000
- deemed interests	10,000	10,000
Astrea 7 Pte Ltd		
- S\$526 million 4.125% Bonds due 2032		
- interest held	—	22,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Fong Heng Boo		
SIA Engineering Company Ltd		
- ordinary shares		
- interest held	5,000	5,000
Singapore Airlines Ltd		
- ordinary shares		
- interest held	30,078	30,078
Singapore Technologies Engineering Ltd		
- ordinary shares		
- interest held	10,000	10,000
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	9,690	9,690
- deemed interests	190	190
- special discount shares		
- interest held	1,610	1,610
- deemed interests	1,360	1,360
Astrea IV Pte Ltd		
- S\$242 million 4.35% Bonds due 2028		
- interest held	5,000	5,000
Astrea VI Pte Ltd		
- S\$382 million 3% Bonds due 2031		
- interest held	15,000	15,000
Olam International Ltd		
- ordinary shares		
- interest held	20,000	—
Olam Group Ltd		
- ordinary shares		
- interest held	—	20,000
Gan Chee Yen		
Capitaland Investment Limited		
- ordinary shares		
- interest held	107,777	107,777
Singapore Technologies Engineering Ltd		
- ordinary shares		
- interest held	336,396	336,396

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Gan Chee Yen (cont'd)		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	1,490	1,490
- deemed interests	1,360	1,360
Starhub Ltd		
- ordinary shares		
- interest held	15,730	15,730
Ku Moon Lun		
Temasek Financial (I) Ltd		
- S\$500 million 3.785% Notes due 2025		
- interest held	250,000	250,000
Olam International Ltd		
- S\$500 million 6% Notes due 2022		
- interest held	750,000	—
- S\$400 million 4% Notes due 2026		
- interest held	750,000	750,000
Singapore Airlines Ltd		
- S\$600 million 3.16% Notes due 2023		
- interest held	250,000	250,000
- S\$300 million 3.75% Notes due 2024		
- interest held	250,000	250,000
- S\$700 million 3.035% Notes due 2025		
- interest held	250,000	250,000
- S\$700 million 3.13% Notes due 2027		
- interest held	500,000	500,000
CapitaMalls Asia Treasury Limited		
- S\$250 million 3.7% Notes due 2022		
- interest held	250,000	—
Optus Finance Pty Ltd		
- A\$500 million 2.5% Medium Term Notes due 2030		
- interest held	500,000	500,000
Ascendas Pte Ltd		
- S\$75 million 3.5% Notes due 2026		
- interest held	—	250,000
CLI Treasury Limited		
- S\$400 million 3.33% Notes due 2027		
- interest held	—	250,000

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Ku Moon Lun (cont'd)		
Starhub Ltd		
- S\$300 million 3.55% Notes due 2026		
- interest held	—	250,000
Desmond Choo Pey Ching		
Singapore Telecommunications Ltd		
- ordinary shares		
- interest held	28,890	28,890
Singapore Airlines Ltd		
- ordinary shares		
- interest held	7,940	7,940
Capitaland Investment Limited		
- ordinary shares		
- interest held	3,000	3,000
Temasek Financial (IV) Pte Ltd		
- S\$500 million 2.7% Bonds due 2023		
- interest held	6,000	6,000
Yaacob bin Ibrahim		
Singapore Airlines Ltd		
- ordinary shares		
- interest held	5,000	5,000
- \$3.496 billion Mandatory Convertible Bonds due 2030		
- interest held	5,900	—
Tham Min Yew		
Astrea IV Pte Ltd		
- S\$242 million 4.35% Bonds due 2028		
- interest held	8,000	8,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (a) no options granted by the Company and its subsidiaries to any person to take up unissued ordinary shares of the Company and its subsidiaries; and
- (b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Chaly Mah Chee Kheong
Director



Fong Heng Boo
Director

14 APR 2023



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Independent auditors' report

Member of the Company
Surbana Jurong Private Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Surbana Jurong Private Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS101.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill (\$313.7 million) (Refer to Note 5 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The assessment of the recoverability of goodwill requires significant judgement in determining the forecast future performance of the cash generating unit ("CGU") to which goodwill is allocated. Management's impairment assessment involves significant estimation, principally relating to the key assumptions for discount rates, terminal value growth rates and average annual revenue growth rates. As the business environment in the next few years remains challenging, the principal assumptions required a significant amount of judgement.	We assessed the appropriateness of management's determination of CGUs. Our work focused on detailed analysis of the Group's value-in-use ("VIU") calculations and we challenged the assumptions used by the Group in conducting the impairment review. Our procedures for challenging management's key assumptions included: ▪ developing independent expectations for the key assumptions driving the cash flow projections, in particular discount rates, and comparing our independent expectations to those used by the Group; ▪ challenging key assumptions for revenue growth rates and terminal growth rates with reference to past track record, economic and industry forecasts; ▪ assessing the historical accuracy of the Group's estimates in the previous period; and ▪ performing sensitivity analysis around the key assumptions to assess the extent of the change that would be required for the assets to be impaired. We also assessed whether the Group's disclosures about the key assumptions used and the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.
Expected credit loss on trade receivables and contract assets (\$54.0 million) (Refer to Notes 11 and 19 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The Group applies expected credit loss ("ECL") model for impairment allowances of trade receivables and contract assets under SFRS(I) 9 <i>Financial Instruments</i>. Trade receivables and contract assets are significant to the Group's consolidated financial statements both in amount and nature, and estimation of expected credit loss entails a significant degree of judgement of the inability of the customers to make the required payments.	We assessed the appropriateness of the ECL model by reviewing the assumptions used in the model and evaluated whether all supportable information were considered. We also tested the mathematical accuracy of the ECL allowance calculations as at 31 December 2022.

Revenue recognition (\$1,968.4 million) (Refer to Note 20 to the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
The Group's revenue from design, architectural and engineering consultancy services is recognised in profit or loss using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total cost for the contract. Project delays have been noted since the outbreak of the COVID-19 pandemic, resulting in prolongation costs being accounted for based on the extension of time needed to complete the affected projects. Significant judgement is applied in assessing the total costs to be incurred and the effect on revenue to be recognised for the current financial year for each of the projects.	We tested the controls over the Group's processes for budgeting contract costs and for determining the dollar amount of revenue attributable to the percentage of work done to be recognised in profit or loss. For selected significant new contracts undertaken during the current financial year, we assessed the appropriateness of the identification, separation and valuation of contract elements and the timing of revenue recognition by management. We challenged and assessed the performance obligations in those selected contracts. We also focused on those contracts with low and negative margins. For contracts with negative margins, we recomputed management's estimation of expected losses and assessed whether such losses have been accounted for. For the projects with less or no adverse impact from the COVID-19 pandemic, we assessed the reliability of management's estimation of contract costs by comparing the final outcome of projects completed during the year to previous estimates made on those projects. We also assessed the adequacy and accuracy of the Group's revenue recognition disclosures as presented in the consolidated financial statements.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Quek Shu Ping.

**KPMG LLP***Public Accountants and
Chartered Accountants***Singapore**

14 April 2023

Statements of financial position
As at 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Assets					
Property, plant and equipment	4	73,371	56,156	61	376
Right-of-use assets	26	216,368	104,417	1	3
Intangible assets and goodwill	5	448,993	488,809	12,232	10,488
Subsidiaries	6	—	—	910,787	821,248
Associates and joint ventures	7	85,971	48,668	—	—
Other investments	8	93	132	—	—
Deferred tax assets	9	43,955	49,073	1,123	707
Derivative financial assets	17	7,942	6,627	1,933	—
Trade and other receivables	11	606	90	5,113	53,769
Loans to subsidiaries	27	—	—	265,003	86,558
Non-current assets		877,299	753,972	1,196,253	973,149
Derivative financial assets	17	14,433	879	—	—
Inventories	10	1,369	1,572	—	—
Contract assets	20	373,838	365,996	—	—
Trade and other receivables	11	499,106	460,483	24,241	12,560
Loans to subsidiaries	27	—	—	7,924	—
Cash and cash equivalents	12	658,377	802,417	52,914	275,896
Current assets		1,547,123	1,631,347	85,079	288,456
Total assets		2,424,422	2,385,319	1,281,332	1,261,605
Equity					
Share capital	13	634,813	634,813	634,813	634,813
Reserves	13	83,804	70,091	(6,027)	(27,944)
Equity attributable to owner of the Company		718,617	704,904	628,786	606,869
Non-controlling interests	6	26,963	29,271	—	—
Total equity		745,580	734,175	628,786	606,869
Liabilities					
Loans and borrowings	14	867,426	876,325	632,513	632,238
Trade and other payables	15	6,771	7,050	—	—
Derivative financial liabilities	17	243	5,537	—	456
Provisions	18	19,584	3,427	—	—
Deferred tax liabilities	9	6,354	27,456	—	—
Non-current liabilities		900,378	919,795	632,513	632,694
Loans and borrowings	14	73,596	67,065	1	2
Trade and other payables	15	423,251	448,499	20,032	22,040
Contract liabilities	20	191,668	140,183	—	—
Derivative financial liabilities	17	688	614	—	—
Provisions	18	37,868	51,849	—	—
Current tax liabilities		51,393	23,139	—	—
Current liabilities		778,464	731,349	20,033	22,042
Total liabilities		1,678,842	1,651,144	652,546	654,736
Total equity and liabilities		2,424,422	2,385,319	1,281,332	1,261,605

The accompanying notes form an integral part of these financial statements.

Consolidated statement of profit or loss
Year ended 31 December 2022

	Note	Group 2022 \$'000	2021 \$'000
Revenue	20	1,968,406	1,839,380
Cost of sales		(1,473,832)	(1,422,252)
Gross profit		<u>494,574</u>	<u>417,128</u>
Other income	21	15,584	86,267
Administrative expenses		(387,876)	(365,159)
Reversal of (impairment loss) on trade receivables and contract assets		757	(1,507)
Other expenses	22	(18,597)	(17,558)
Results from operating activities		<u>104,442</u>	<u>119,171</u>
Finance income		18,378	21,936
Finance costs		(38,915)	(57,647)
Net finance costs	23	<u>(20,537)</u>	<u>(35,711)</u>
Share of profit of associates (net of tax)	7	287	195
Share of profit/(loss) of joint ventures (net of tax)	7	1,956	(2,156)
Profit before tax		<u>86,148</u>	<u>81,499</u>
Tax expense	24	(36,633)	(27,166)
Profit for the year	25	<u>49,515</u>	<u>54,333</u>
Profit attributable to:			
Owner of the Company		48,524	50,922
Non-controlling interests		991	3,411
Profit for the year		<u>49,515</u>	<u>54,333</u>

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income
Year ended 31 December 2022

	Group	
	2022	2021
	\$'000	\$'000
Profit for the year	49,515	54,333
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") – net change in fair value	–	(15)
	–	(15)
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	7,510	5,984
Foreign currency translation differences - foreign operations	(37,740)	(8,307)
Share of foreign currency translation differences - joint ventures	(5,910)	915
Share of foreign currency translation differences - associates	(9)	47
Defined benefit plan remeasurements	(190)	–
	(36,339)	(1,361)
Other comprehensive income for the year, net of tax	(36,339)	(1,376)
Total comprehensive income for the year	13,176	52,957
Total comprehensive income attributable to:		
Owner of the Company	13,717	48,965
Non-controlling interests	(541)	3,992
Total comprehensive income for the year	13,176	52,957

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2022

Group	Note	Share capital \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2021		894,813	(7,092)	(10,500)	(13,409)	575	51,492	915,879	29,971	945,850
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	50,922	50,922	3,411	54,333
Other comprehensive income										
Net change in fair value of equity investments at FVOCI		–	–	–	(15)	–	–	(15)	–	(15)
Effective portion of changes in fair value of cash flow hedges		–	–	5,984	–	–	–	5,984	–	5,984
Foreign currency translation differences		–	(8,888)	–	–	–	–	(8,888)	581	(8,307)
Share of foreign currency translation differences – joint venture		–	915	–	–	–	–	915	–	915
Share of foreign currency translation differences – associate		–	47	–	–	–	–	47	–	47
Total other comprehensive income		–	(7,926)	5,984	(15)	–	–	(1,957)	581	(1,376)
Total comprehensive income for the year		–	(7,926)	5,984	(15)	–	50,922	48,965	3,992	52,957
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Redemption of redeemable convertible preference shares	13	(260,000)	–	–	–	–	–	(260,000)	–	(260,000)
Dividends declared by a subsidiary to non-controlling interests		–	–	–	–	–	–	–	(1,183)	(1,183)
Total contributions by and distributions to owners		(260,000)	–	–	–	–	–	(260,000)	(1,183)	(261,183)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without change in control		–	–	–	–	–	60	60	(3,509)	(3,449)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	60	60	(3,509)	(3,449)
Total transactions with owners		(260,000)	–	–	–	–	60	(259,940)	(4,692)	(264,632)
At 31 December 2021		634,813	(15,018)	(4,516)	(13,424)	575	102,474	704,904	29,271	734,175

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity (cont'd)
Year ended 31 December 2022

Group	Note	Share capital \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Statutory reserve \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2022		634,813	(15,018)	(4,516)	(13,424)	575	102,474	704,904	29,271	734,175
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	48,524	48,524	991	49,515
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedges		–	–	7,510	–	–	–	7,510	–	7,510
Foreign currency translation differences		–	(36,208)	–	–	–	–	(36,208)	(1,532)	(37,740)
Share of foreign currency translation differences – joint venture		–	(5,910)	–	–	–	–	(5,910)	–	(5,910)
Share of foreign currency translation differences – associate		–	(9)	–	–	–	–	(9)	–	(9)
Defined benefit plan remeasurements		–	–	–	–	–	(190)	(190)	–	(190)
Total other comprehensive income		–	(42,127)	7,510	–	–	(190)	(34,807)	(1,532)	(36,339)
Total comprehensive income for the year		–	(42,127)	7,510	–	–	48,334	13,717	(541)	13,176
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Dividends declared by a subsidiary to non-controlling interests		–	–	–	–	–	–	–	(1,159)	(1,159)
Total contributions by and distributions to owners		–	–	–	–	–	–	–	(1,159)	(1,159)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without change in control		–	–	–	–	–	(4)	(4)	(608)	(612)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	(4)	(4)	(608)	(612)
Total transactions with owners		–	–	–	–	–	(4)	(4)	(1,767)	(1,771)
At 31 December 2022		634,813	(57,145)	2,994	(13,424)	575	150,804	718,617	26,963	745,580

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
Year ended 31 December 2022

	Note	Group 2022 \$'000	2021 \$'000
Cash flows from operating activities			
Profit for the year		49,515	54,333
Adjustments for:			
Depreciation of property, plant and equipment	4	12,874	14,657
Amortisation of intangible assets	5	10,440	13,322
Impairment loss on goodwill	5	10,091	–
Intangible assets written off	5	–	1,416
Impairment loss on joint venture	7	–	4,755
Share of profit of associates, net of income tax	7	(287)	(195)
Share of (profit)/loss of joint ventures, net of income tax	7	(1,956)	2,156
Provision for onerous contracts	18	4,093	9,896
(Reversal) of impairment loss on trade receivables and contract assets	19	(757)	1,507
Gain on disposal of property, plant and equipment	21	(43)	(60)
Dividend income	21	(224)	(257)
Finance income	23	(18,378)	(21,936)
Finance costs	23	38,915	57,647
Tax expense	24	36,633	27,166
Loss on derivative financial instruments	25	745	2,762
Depreciation of right-of-use assets	26	37,187	39,900
		178,848	207,069
Changes in:			
- Inventories		203	7
- Contract assets		(14,376)	(26,223)
- Trade and other receivables		(37,757)	48,981
- Trade and other payables		(40,300)	(63,889)
- Contract liabilities		48,487	14,289
- Provisions		(1,917)	2,106
- Derivative financial instruments		(866)	(4,542)
Cash generated from operations		132,322	177,798
Tax paid		(31,292)	(24,945)
Net cash from operating activities		101,030	152,853

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2022

	Note	Group 2022 \$'000	2021 \$'000
Cash flows from investing activities			
Interest received		6,576	4,849
Acquisition of subsidiaries	(ii)	(1,051)	(11,725)
Investment in joint ventures	7	(41,371)	(21,965)
Acquisition of equity investments at fair value through other comprehensive income		—	(15)
Purchase of property, plant and equipment	4	(31,274)	(11,784)
Purchase of intangible assets	5	(5,225)	(6,410)
Proceeds from redemption of debt investment		—	266,496
Proceeds from disposal of property, plant and equipment		1,033	854
Proceeds from disposal of intangible asset		863	167
Dividends received		224	257
Dividends from associates		371	462
Net cash (used in)/from investing activities		(69,854)	221,186
Cash flows from financing activities			
Payments to repurchase shares from non-controlling interests		(612)	(3,449)
Redemption of redeemable convertible preference shares	13	—	(260,000)
Repayment of loans and borrowings	14	(104,660)	(100,000)
Proceeds from loans and borrowings	14	120	250,000
Payment of lease liabilities	14	(35,259)	(37,961)
Interest paid		(34,472)	(32,316)
Dividends paid to non-controlling interests		(1,159)	(1,183)
Net cash used in financing activities		(176,042)	(184,909)
Net (decrease)/increase in cash and cash equivalents		(144,866)	189,130
Cash and cash equivalents at 1 January		797,441	608,716
Effect of exchange rate fluctuations on cash held		(1,163)	(405)
Cash and cash equivalents at 31 December	(i)	651,412	797,441

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2022

(i) Cash and cash equivalents

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

	Note	Group	
		2022	2021
		\$'000	\$'000
Cash and cash equivalents in the consolidated statement of financial position		658,377	802,417
Less: bank overdrafts	14	(6,965)	(4,976)
Cash and cash equivalents in the consolidated statement of cash flows		<u>651,412</u>	<u>797,441</u>

(ii) Acquisition of subsidiaries

	Note	Group	
		2022	2021
		\$'000	\$'000
Deferred consideration paid for:			
Acquisitions in prior years	15	(1,051)	(11,725)
Net cash paid on acquisition of the subsidiaries, including deferred consideration paid for prior year's acquisitions		<u>(1,051)</u>	<u>(11,725)</u>

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 April 2023.

1 Domicile and activities

Surbana Jurong Private Limited (“the Company”) is a company incorporated in the Republic of Singapore. The address of the Company’s registered office is 38 Cleantech Loop, #01-31, Singapore 636741.

The ultimate holding company and the immediate holding company during the financial year are Temasek Holdings (Private) Limited and Glenville Investments Pte Ltd, respectively. Both holding companies are incorporated in the Republic of Singapore.

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as “the Group” and individually as “Group entities”) and the Group’s interests in associates and joint ventures.

The principal activities of the Company are those relating to provision of management services and investment holding. The principal activities of the subsidiaries are those relating to provision of feasibility studies, urban planning, architectural and engineering consultancy services, contract administration services, property consultancy services, land survey, project management, site supervision services, blast consultancy services, environmental design consultancy services, facility management services, quality, environmental, health and safety (“QEHS”) services, integrated estate management services, management advisory services, armed and unarmed guard services, training and consultancy and provision of security services and products.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)"). The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company’s functional currency. The Company has subsidiaries, associates and joint ventures in foreign countries, whose functional currencies include, but not limited to Australian dollar, Indian Rupee, Renminbi, South African Rand, Canadian dollar, British Pound Sterling and US dollar.

All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Notes 3.11 (ii) and 20 – revenue recognition on consultancy contracts;
- Note 5 – impairment test on goodwill: key assumptions underlying recoverable amounts;
- Note 18 – recognition and measurement of provisions; and
- Note 19 – measurement of expected credit loss (“ECL”) allowances for trade receivables and contract assets.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 19 – Financial instruments.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments SFRS(I) 13: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of activities and assets acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (“NCI”) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investment in associates and joint ventures ("equity-accounted investees")

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at fair value through other comprehensive income ("FVOCI");
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Derivative financial instruments, including hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the foreign currency translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation, respectively.

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

(viii) Intra-group financial guarantees in the separate financial statements

Where the Company enters into financial guarantee contracts ("FGC") to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until it becomes probable that the Company will be required to make a payment under the guarantee.

A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land and asset under construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Building and properties	28 to 50 years
Furniture and fittings	2 to 10 years
Office equipment and machinery	1 to 20 years
Plant and equipment	5 to 20 years
Computer equipment	1 to 6 years
Motor vehicles	2 to 8 years
Office renovation	1 to 20 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

(i) Goodwill

For the measurement of goodwill at initial recognition, see Note 3.1 (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate and joint ventures.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, a brand and exclusive licence with indefinite useful lives, from the date that they are available for use. The estimated useful lives for the current financial year and comparative financial period are as follows:

Brands	8 years to Indefinite
Order backlogs	3 to 19 years
Customer relationships	5 to 10 years
Exclusive licence	Indefinite
Software	1 to 9 years
Intellectual property	5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or 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.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of 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.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform (see note 3.3(iii)), the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents lease liabilities in loans and borrowings in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.7 Inventories

Inventories comprise materials and supplies to be consumed in the rendering of services. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

3.8 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit loss (“ECL”) on:

- financial assets measured at amortised cost; and
- contract assets.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the rates attached to the corporate bonds at the reporting date, which have maturity dates approximating to the terms of the Group's obligations.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in the profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(ii) Liquidated damages

A provision for liquidated damages is recognised when the customer has the right to claim for damages when the delivered services do not meet the expected quality. The Group considers liquidated damages as a variable consideration which impacts the amount of consideration under the service contracts. The provision is measured based on management's best estimates and the probability of settlement of the liquidated damages.

(iii) Restoration costs

The Group is required to restore certain offices to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to restore these offices. These costs have been capitalised as part of right-of-use assets to which they are attributable and are amortised over the term of the lease.

(iv) Insurance claims

A provision for insurance claims is recognised in respect of the Group's wholly-owned captive insurance controlled entity, and non-captive insurance. The provision covers claims incurred but not yet paid; claims incurred but not yet reported; and the anticipated direct and indirect costs of settling those claims. The provision for insurance claims is measured at the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The discount rates used are risk-free rates.

3.11 Revenue

(i) Revenue from provision of services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (“PO”) 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 PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Consultancy contracts

Contract revenue from consultancy contracts, which relate to the provision of architectural services, engineering consultancy, quantity surveying and project management, includes the initial amount agreed in the contract plus any variations in the contract work and claims, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the percentage of completion of the contract. Contract costs are recognised as incurred in profit or loss unless they create an asset related to future contract activity.

The percentage of completion is determined by:

- (a) reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; or
- (b) completion of a physical proportion of the contract work.

When the outcome of a consultancy contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.12 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.13 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL;
- net foreign currency gain or loss;
- the fair value gain/(loss) on contingent consideration classified as a financial liability;
- the fair value gain/(loss) on share-based payment liability;
- unwinding of discount on deferred consideration classified as a financial liability and provisions; and
- amortisation of capitalised borrowing transaction costs.

Interest income or expense is recognised using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are recognised separately.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Core Group, comprising the Group Chief Executive Officer (GCEO), Group Chief Finance Officer (GCFO), Group Chief Corporate Officer (GCCO), Group Chief Officer, Integration, M&A (GCO), CEO, New Business and the Chief Executive Officers (CEOs) of the operating units, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Core Group include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate and support costs, finance income, finance costs and non-operating income and expenses such as government grants and impairment loss on goodwill.

3.16 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 32.

4 Property, plant and equipment

Group	Freehold land \$'000	Building and properties \$'000	Furniture and fittings \$'000	Office equipment and machinery \$'000	Plant and equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Office renovation \$'000	Asset under construction \$'000	Total \$'000
Cost										
At 1 January 2021	2,003	31,154	17,062	3,070	13,223	30,840	9,244	11,784	543	118,923
Reclassification	–	–	–	–	232	(232)	–	–	–	–
Additions	–	93	592	299	2,846	3,001	680	2,367	1,906	11,784
Disposals	–	–	(35)	(124)	(150)	(278)	(191)	(233)	(43)	(1,054)
Transfer from/(to) intangibles and right-of-use assets	–	(36)	5	–	36	(316)	362	36	(337)	(250)
Effect of movements in exchange rates	(58)	(54)	(525)	1	(60)	(263)	(85)	39	–	(1,005)
At 31 December 2021	1,945	31,157	17,099	3,246	16,127	32,752	10,010	13,993	2,069	128,398
Reclassification	–	–	1,251	–	(728)	–	–	–	(523)	–
Additions	–	152	4,516	70	2,470	4,352	339	7,335	12,040	31,274
Disposals	–	–	(236)	(98)	(239)	(86)	(66)	(1,213)	(185)	(2,123)
Transfer from/(to) intangibles and right-of-use assets	–	–	–	–	661	4	–	903	–	1,568
Effect of movements in exchange rates	(150)	(321)	(1,784)	(39)	(709)	(1,871)	(566)	(301)	–	(5,741)
At 31 December 2022	1,795	30,988	20,846	3,179	17,582	35,151	9,717	20,717	13,401	153,376
Accumulated depreciation										
At 1 January 2021	–	3,646	9,200	2,211	6,666	23,059	6,969	6,794	–	58,545
Depreciation for the year	–	1,174	2,417	387	2,590	4,492	1,059	2,538	–	14,657
Disposals	–	–	(2)	–	–	(25)	–	(233)	–	(260)
Transfer from/(to) intangibles and right-of-use assets	–	(1)	3	–	1	(259)	256	–	–	–
Effect of movements in exchange rates	–	(21)	(389)	(2)	(32)	(196)	(70)	10	–	(700)
At 31 December 2021	–	4,798	11,229	2,596	9,225	27,071	8,214	9,109	–	72,242
Depreciation for the year	–	1,226	2,310	249	2,939	3,309	691	2,150	–	12,874
Disposals	–	–	–	(85)	(184)	–	–	(864)	–	(1,133)
Transfer from intangibles	–	–	–	–	–	4	–	–	–	4
Effect of movements in exchange rates	–	(211)	(1,200)	(27)	(498)	(1,492)	(477)	(77)	–	(3,982)
At 31 December 2022	–	5,813	12,339	2,733	11,482	28,892	8,428	10,318	–	80,005
Carrying amounts										
At 1 January 2021	2,003	27,508	7,862	859	6,557	7,781	2,275	4,990	543	60,378
At 31 December 2021	1,945	26,359	5,870	650	6,902	5,681	1,796	4,884	2,069	56,156
At 31 December 2022	1,795	25,175	8,507	446	6,100	6,259	1,289	10,399	13,401	73,371

Company	Furniture and fittings \$'000	Office equipment and machinery \$'000	Computer equipment \$'000	Office Renovation \$'000	Asset under construction \$'000	Total \$'000
Cost						
At 1 January 2021	19	52	356	938	—	1,365
Additions	—	—	7	—	—	7
Disposals	—	—	(2)	—	—	(2)
At 31 December 2021	19	52	361	938	—	1,370
Additions	3	—	3	—	48	54
Disposals	(19)	—	(99)	(930)	—	(1,048)
At 31 December 2022	3	52	265	8	48	376
Accumulated depreciation						
At 1 January 2021	4	42	254	342	—	642
Depreciation for the year	4	5	65	279	—	353
Disposals	—	—	(1)	—	—	(1)
At 31 December 2021	8	47	318	621	—	994
Depreciation for the year	1	3	16	—	—	20
Disposals	(8)	—	(78)	(613)	—	(699)
At 31 December 2022	1	50	256	8	—	315
Carrying amounts						
At 1 January 2021	15	10	102	596	—	723
At 31 December 2021	11	5	43	317	—	376
At 31 December 2022	2	2	9	—	48	61

In the prior year, building and properties of the Group with carrying amounts of \$24,683,000 were pledged as security to secure bank loans (see Note 14).

5

Intangible assets and goodwill

Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost										
At 1 January 2021	471,885	51,737	74,933	14,758	58,779	21,569	10,681	704,342		
Additions	–	–	–	–	–	1,731	4,679	6,410		
Write-off	–	–	–	–	–	–	–	(1,416)		
Transfer from property, plant and equipment or right-of-use assets	–	–	–	–	–	250	–	250		
Disposals	–	–	–	–	–	(396)	–	(396)		
Effect of movements in exchange rates	(7,635)	(775)	(478)	54	–	(243)	–	(9,077)		
At 31 December 2021	464,250	50,962	74,455	14,812	58,779	22,911	13,944	700,113		
Additions	–	–	–	–	–	2,056	3,169	5,225		
Transfer to property, plant and equipment	–	–	–	–	–	(665)	–	(665)		
Disposals	–	–	–	–	–	(6,116)	–	(6,116)		
Effect of movements in exchange rates	(23,307)	(2,601)	(1,543)	(131)	–	(734)	–	(28,316)		
At 31 December 2022	440,943	48,361	72,912	14,681	58,779	17,452	17,113	670,241		
Accumulated amortisation and impairment losses										
At 1 January 2021	120,912	7,466	48,432	10,952	–	9,843	2,031	199,636		
Amortisation for the year	–	1,687	4,175	1,338	–	4,697	1,425	13,322		
Disposals	–	–	–	–	–	(229)	–	(229)		
Effect of movements in exchange rates	(765)	–	(478)	31	–	(213)	–	(1,425)		
At 31 December 2021	120,147	9,153	52,129	12,321	–	14,098	3,456	211,304		
Amortisation for the year	–	1,656	3,980	701	–	2,678	1,425	10,440		
Transfer to property, plant and equipment	–	–	–	–	–	(4)	–	(4)		
Disposals	–	–	–	–	–	(5,253)	–	(5,253)		
Impairment loss	10,091	–	–	–	–	–	–	10,091		
Effect of movements in exchange rates	(3,012)	–	(1,543)	(131)	–	(644)	–	(5,330)		
At 31 December 2022	127,226	10,809	54,566	12,891	–	10,875	4,881	221,248		
Carrying amounts										
At 1 January 2021	350,973	44,271	26,501	3,806	58,779	11,726	8,650	504,706		
At 31 December 2021	344,103	41,809	22,326	2,491	58,779	8,813	10,488	488,809		
At 31 December 2022	313,717	37,552	18,346	1,790	58,779	6,577	12,232	448,993		

	Intellectual property \$'000
Company	
Cost	
At 1 January 2021	10,681
Additions	4,679
Write-off	(1,416)
At 31 December 2021	13,944
Additions	3,169
At 31 December 2022	17,113
Accumulated amortisation	
At 1 January 2021	2,031
Amortisation for the year	1,425
At 31 December 2021	3,456
Amortisation for the year	1,425
At 31 December 2022	4,881
Carrying amounts	
At 1 January 2021	8,650
At 31 December 2021	10,488
At 31 December 2022	12,232

In 2017, the Group commenced a development project called Smart City in a Box (“Project” or “SC in a Box”). The Project is a digital application programme that allows monitoring of residential/office buildings, collating and analysing data and deploying solutions to specific problems in a timely manner. The costs incurred on the Project, mainly manpower costs, have been capitalised as intangible asset – intellectual property. As at 31 December 2022, the carrying value of the Project is \$2,242,000 (2021: \$3,667,000).

In 2018, the Group set up a corporate laboratory with Nanyang Technological University, Singapore (“NTU”), supported by the National Research Foundation (“NRF”). Surbana Jurong-NTU Corporate Lab (“SJ-NTU”) is a five-year research collaboration to develop next-generation sustainable solutions, leveraging NTU’s strengths in engineering and sustainability research and the Group’s track record in providing urban, infrastructure and industrial solutions to its global customers. Outputs from the collaboration are expected to be commercialised. As such, costs incurred on SJ-NTU have been capitalised as intangible asset – intellectual property. In the prior year, \$1,416,000 of capitalised costs were written off as three of the projects were not expected to be commercialised.

Impairment loss

Impairment loss of \$10,091,000 (2021: nil) was recognised in relation to the B+H Architects Corp. and B+H International Corp. subgroup (“B+H CGU”) following the Group’s impairment testing. The impairment loss arose as a result of the decline in financial performance of the B+H CGU. Based on management’s assessment, the recoverable amount of the B+H CGU as at 31 December 2022 was \$10,091,000 lower than its carrying amount. The impairment loss was fully allocated to goodwill and included in “other expenses” (see Note 22).

Impairment testing for cash-generating units containing goodwill

The recoverable amounts of all CGUs were determined based on their value in use determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGUs.

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs as follows:

	2022 \$'000	2021 \$'000
KTP Consultants Pte. Ltd. subgroup ("Singapore CGU")	16,245	16,245
SMEC Holdings Pty Ltd and PDR Engineers Pty Ltd subgroup ("SMEC CGU") ⁽ⁱ⁾	209,685	227,063
AETOS Holdings Pte. Ltd. subgroup ("AETOS CGU")	93	93
Robert Bird Group Pty Ltd subgroup ("RBG CGU") ⁽ⁱ⁾	24,306	26,321
B+H CGU ⁽ⁱ⁾	13,814	24,807
SAA Architects Pte. Ltd. ("SAA CGU")	25,694	25,694
Prostruct Consulting Pte. Ltd. ("Prostruct CGU")	60	60
Atelier Ten Ltd. subgroup ("A10 CGU")	23,820	23,820
Carrying amount	<u>313,717</u>	<u>344,103</u>

⁽ⁱ⁾ Including effects of movements in exchange rates during the year totalling -\$20,295,000 (2021: -\$6,870,000).

Key assumptions used in discounted cash flow projection calculations

The key assumptions used in the estimation of recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Singapore CGU		SMEC CGU		AETOS CGU		RBG CGU		B+H CGU		SAA CGU		A10 CGU	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Group														
Forecast years	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Discount rate	11.6%	10.9%	14.9%	11.7%	12.3%	11.4%	16.2%	13.3%	15.1%	13.3%	11.1%	11.5%	14.6%	11.0%
Terminal value growth rate	2.0%	1.0%	3.0%	3.0%	0.0%	1.0%	3.0%	3.0%	2.0%	0.1%	1.0%	1.0%	2.0%	3.0%
Average yearly revenue growth rate	1.5%	2.5%	4.2%	4.0%	5.0%	2.0%	5.1%	5.0%	7.9%	0.2%	3.5%	5.1%	8.5%	4.0%

Discount rate

The discount rate was a pre-tax measure estimated based on industry weighted average cost of capital.

Terminal value growth rate

A long-term growth rate into perpetuity had been determined based on management's estimate of the long-term compound annual growth rate in EBITDA which management believed was consistent with the assumption that a market participant would make.

Average yearly revenue growth rate

Average yearly revenue growth is expressed as the average annual revenue growth rates in the forecast year of the plans used for impairment testing and had been based on past experience.

Sensitivity analysis

Following the impairment loss recognised in relation to the B+H CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment. For the remaining CGUs, management is of the view that reasonably possible changes in the key assumptions, such as an increase in the discount rate by 1%, would not cause the respective recoverable amounts for the Group to fall below the carrying amounts as at the reporting date.

6 Subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
Equity investments at cost	999,383	909,844
Impairment loss	(88,596)	(88,596)
	<u>910,787</u>	<u>821,248</u>

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2022	2021
		%	%
Surbana International Consultants Holdings Pte. Ltd.	Singapore	100	100
Surbana Consultants Pte. Ltd.	Singapore	100	100
Surbana Technologies Pte. Ltd.	Singapore	100	100
Surbana Site Supervisors Pte. Ltd.	Singapore	100	100
Threesixty Cost Management Pte. Ltd.	Singapore	100	100
Surbana Jurong Consultants Pte. Ltd.	Singapore	100	100
SIPM Consultants Pte. Ltd.	Singapore	100	100
CESMA International Private Limited	Singapore	100	100
Threesixty Contract Advisory Pte. Ltd.	Singapore	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2022 %	2021 %
Surbana International Consultants (India) Private Limited	India	100	100
Surbana (Shanghai) Planning & Design Consultants Ltd.	People's Republic of China ("PRC")	100	100
Shanghai Surbana Jurong Entity Management Co., Ltd.	PRC	100	100
Surbana Jurong (China) Entity Management Co., Ltd.	PRC	100	100
Surbana Jurong Investment Holding Co., Ltd.	PRC	100	100
Surbana Jurong Malaysia Sdn. Bhd.	Malaysia	100	100
Surbana Jurong Consultants Sdn. Bhd.	Malaysia	100	100
Surbana International Consultants (Vietnam) Company Limited	Vietnam	100	100
Surbana International Consultants (Myanmar) Company Limited	Myanmar	100	100
PT Surbana Jurong Indonesia	Indonesia	100	100
Surbana Jurong International Holdings Pte. Ltd.	Singapore	100	100
Surbana Jurong Infrastructure Pte. Ltd.	Singapore	100	100
Jurong Overseas Pte. Ltd.	Singapore	100	100
Jurong Aextra Investments Pte. Ltd.	Singapore	100	100
Surbana Jurong Services Pte. Ltd.	Singapore	100	100
Jurong International Constructors (Suzhou) Co., Ltd.	PRC	100	100
Jurong Consultants (India) Private Limited	India	100	100
Jurong International Consulting Pte. Ltd.	Singapore	100	100
Surbana Jurong Campus Pte. Ltd.	Singapore	100	100
SMM Pte. Ltd.	Singapore	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2022 %	2021 %
Jurong Integrated Solutions Pte. Ltd.	Singapore	100	100
MMR Services Pte. Ltd.	Singapore	100	100
SJ Defence Services Pte. Ltd.	Singapore	100	100
SJD Consultants Pte. Ltd. ⁽ⁱ⁾	Singapore	100	—
Surbana Jurong Capital (Holdings) Pte. Ltd.	Singapore	100	100
Surbana Jurong Capital (JID) Pte. Ltd.	Singapore	100	100
Surbana Jurong Capital (Aviation) Pte. Ltd.	Singapore	100	100
Surbana Jurong Capital (Enso Q) Pte. Ltd.	Singapore	100	100
SJ Capital (Funds) Pte. Ltd.	Singapore	100	100
SJ i3 Pte. Ltd.	Singapore	60	60
Surbana Jurong Bangladesh Ltd.	Bangladesh	100	100
Surbana Jurong Lanka (Pvt) Ltd.	Sri Lanka	100	100
Surbana Jurong Holdings (Australia) Pty Ltd	Australia	100	100
SMEC Holdings Pty Ltd	Australia	100	100
Global Maintenance Consulting Pty Ltd	Australia	100	100
PDR Engineers Pty Ltd	Australia	100	100
Robert Bird Group Pty Ltd	Australia	100	100
SMEC Australia Pty Ltd	Australia	100	100
SMEC International Pty Ltd	Australia	100	100
SMEC Services Pty Ltd	Australia	100	100
ACE Consultants Limited	Bangladesh	100	100
SMEC Bangladesh Ltd	Bangladesh	100	100
Engineering Consultants Underwriters Ltd	Bermuda	100	100
VKE Botswana Pty Ltd	Botswana	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2022 %	2021 %
SMEC Chile Limitada	Chile	100	100
SMEC Georgia LLC	Georgia	100	100
Robert Bird Group Hong Kong Ltd	Hong Kong	100	100
SMEC Asia Ltd	Hong Kong	100	100
SMEC Rail India Private Limited	India	100	100
SMEC India (Pvt) Ltd	India	100	100
PT SMEC Denka Indonesia	Indonesia	100	100
SMEC Central Asia LLP	Kazakhstan	100	100
SMEC Kenya Limited	Kenya	100	100
SMEC Macau Engineering Consulting Limited	Macau	100	100
Robert Bird Group (Malaysia) Sdn. Bhd.	Malaysia	100	100
SMEC (Malaysia) Sdn. Bhd.	Malaysia	100	100
SMEC International (Malaysia) Sdn. Bhd.	Malaysia	100	100
Energy Holdings Limited ⁽ⁱⁱ⁾	Mauritius	–	100
SMEC Servicios De Ingenieria De Mexico	Mexico	100	100
SMEC Mongolia LLC ⁽ⁱⁱⁱ⁾	Mongolia	–	100
SMEC Myanmar Company Limited	Myanmar	100	100
VKE Namibia Consulting Engineers Pty Ltd	Namibia	100	100
VKE Infrastructure Services (Pty) Ltd	Namibia	49	49
SMEC Namibia Consulting Engineers (Proprietary) Limited (formerly known as Vincpro (Pty) Ltd)	Namibia	100	100
SMEC New Zealand Ltd	New Zealand	100	100
Robert Bird Group (New Zealand) Limited	New Zealand	100	100
SMEC Nigeria Limited	Nigeria	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2022 %	2021 %
South Asia Middle East Management Company LLC	Oman	100	100
Engineering General Consultants (Pvt) Ltd	Pakistan	100	100
SMEC Oil and Gas (Private) Limited	Pakistan	100	100
SMEC Pakistan (Pvt) Ltd	Pakistan	100	100
SMEC PNG Ltd	Papua New Guinea	100	100
SMEC Philippines Inc	Philippines	100	100
ECCL Singapore Pte. Ltd.	Singapore	100	100
Global Maintenance Consulting Singapore Pte. Ltd.	Singapore	100	100
SMEC South Africa Pty Ltd	South Africa	75	75
SMEC International (Africa) (Pty) Ltd	South Africa	100	100
Soillab Pty Ltd	South Africa	75	75
Ocyana Consultants Pvt Ltd	Sri Lanka	100	100
SMEC (Tanzania) Limited	Tanzania	100	100
SMEC Uganda Limited	Uganda	100	100
Robert Bird & Partners Ltd	United Kingdom	100	100
Robert Bird Group (USA), Inc.	United States of America	100	100
Robert Bird Group Engineers P.C.	United States of America	100	100
SMEC Vietnam Joint Stock Company	Vietnam	100	100
AETOS Holdings Pte. Ltd.	Singapore	100	100
AETOS Security Management Pte. Ltd.	Singapore	100	100
AETOS Guard Services Pte. Ltd.	Singapore	100	100
AETOS Training Academy Pte. Ltd.	Singapore	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2022 %	2021 %
AETOS Integrated Solutions Pte. Ltd.	Singapore	100	100
AETOS Assets Management Pte Ltd	Singapore	100	100
AETOS VP-International Pte. Ltd.	Singapore	100	100
KTP Consultants Pte. Ltd. (“KTPC”)	Singapore	100	100
KTP (Tianjin) Architectural Design Co. Ltd	PRC	100	100
KTP (Beijing) Consultants Co. Pte. Ltd.	PRC	100	100
KTP International Pte. Ltd.	Singapore	100	100
T&T Civil & Structural Pte. Ltd.	Singapore	100	100
KTP Civil & Structural Sdn. Bhd. ^(iv)	Malaysia	100	100
Surbana Jurong Holdings (Canada) Ltd.	Canada	100	100
B+H Architects Corp.	Canada	49	49
B+H Architects Inc.	Canada	70	70
B+H Consulting Holdings Inc.	Canada	70	70
B+H International Corp.	Canada	70	70
B+H Consulting International Inc.	PRC	70	70
B+H Shenzhen Consulting International Inc.	PRC	70	70
B+H Architects (Hong Kong) Limited	Hong Kong	70	70
B+H Architects (Singapore) Pte. Ltd.	Singapore	70	70
B+H Architects Inc.	United States of America	70	70
B+H Architects (Washington) LLC	United States of America	70	70
B+H Architects Vietnam Company Limited	Vietnam	70	70
SAA Architects Pte. Ltd.	Singapore	100	100

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2022 %	2021 %
Prostruct Consulting Pte. Ltd.	Singapore	55	55
Atelier Ten Ltd.	United Kingdom	70	70
Atelier Ten International Limited	United Kingdom	70	70
Atelier Ten (Scotland) Limited	United Kingdom	70	70
Atelier Ten London Ltd.	United Kingdom	70	70
Atelier Ten (Asia) Pte. Ltd.	Singapore	70	70
Atelier Ten Australia Pty Ltd.	Australia	70	70
Atelier Ten USA LLC	United States of America	70	70

(i) Incorporated on 22 February 2022.

(ii) Deregistered on 2 June 2022.

(iii) Deregistered on 10 August 2022.

(iv) On 22 July 2015, two shareholders of KTP Civil & Structural Sdn. Bhd. (“KTPM”), each granted a power of attorney to KTPC in respect of their shareholdings in KTPM, the aggregate of which represents the entire issued share capital of KTPM. As such, KTPM is deemed as a subsidiary of KTPC and the Group. Accordingly, the assets and liabilities of KTPM were consolidated by the Group from 22 July 2015.

Non-controlling interests

As at 31 December 2022, the Group has two (2021: two) subgroups, B+H and A10 that have non-controlling interests (“NCI”) that are material to the Group.

Name	Country of incorporation	Ownership held by NCI	
		2022 %	2021 %
B+H subgroup	Canada	30	30
A10 subgroup	United Kingdom	30	30

The following summarised financial information for B+H and A10 subgroups is prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition.

	B+H \$'000	A10 \$'000	Other individually immaterial subsidiaries \$'000	Total \$'000
2022				
Revenue	67,217	66,104		
Profit for the year	(4,136)	5,236		
Other comprehensive income	(3,738)	(1,318)		
Total comprehensive income	(7,874)	3,918		
Attributable to NCI:				
- Profit	(1,221)	1,571	641	991
- Other comprehensive income	(1,104)	(396)	(32)	(1,532)
Total comprehensive income	(2,325)	1,175	609	(541)
Non-current assets	62,614	12,489		
Current assets	60,105	35,320		
Non-current liabilities	(17,867)	(8,409)		
Current liabilities	(43,473)	(10,821)		
Net assets	61,379	28,579		
Net assets attributable to NCI	18,124	8,574	265	26,963
Cash flows (used in)/from operating activities	(2,125)	6,144		
Cash flows used in investing activities	(542)	(471)		
Cash flows used in financing activities	(2,204)	(4,542)		
Net (decrease)/increase in cash and cash equivalents	(4,871)	1,131		
Dividends paid to NCI	(225)	(934)		

	B+H \$'000	A10 \$'000	Other individually immaterial subsidiaries \$'000	Total \$'000
2021				
Revenue	68,880	54,239		
Profit for the year	5,303	4,279		
Other comprehensive income	1,951	116		
Total comprehensive income	7,254	4,395		
Attributable to NCI:				
- Profit	1,613	1,284	514	3,411
- Other comprehensive income	593	35	(47)	581
Total comprehensive income	2,206	1,319	467	3,992
Non-current assets	73,947	15,120		
Current assets	62,402	33,512		
Non-current liabilities	(27,123)	(10,072)		
Current liabilities	(39,999)	(10,786)		
Net assets	69,227	27,774		
Net assets attributable to NCI	21,057	8,332	(118)	29,271
Cash flows from operating activities	3,551	4,205		
Cash flows used in investing activities	(2,889)	(381)		
Cash flows used in financing activities	(2,371)	(4,756)		
Net decrease in cash and cash equivalents	(1,709)	(932)		
Dividends paid to NCI	(257)	(926)		

7 Associates and joint ventures

	Group	
	2022 \$'000	2021 \$'000
Interests in associates	2,600	2,714
Interests in joint ventures	83,371	45,954
	85,971	48,668

Associates

The Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates that are accounted for using the equity method.

	2022	2021
	\$'000	\$'000
Carrying amount of interest in immaterial associates	2,600	2,714
Group's interest in net assets of associates at beginning of the year	2,714	2,947
Effect of movement in exchange rates	(21)	(13)
Group's share of:		
- Profit from continuing operations	287	195
- Other comprehensive income	(9)	47
- Total comprehensive income	278	242
Dividends received during the year	(371)	(462)
Carrying amount of interest in associates at end of the year	2,600	2,714

Joint ventures

Details of the joint ventures are as follows:

Name of joint venture	Country of incorporation	Effective equity interest held by the Group	
		2022 %	2021 %
Sino-Sun Architects & Engineers Co., Ltd ("Sino-Sun")	PRC	60	60
China Highway-Surbana Jurong Transportation Design and Research Co. Ltd. ("China Highway")	PRC	49	49
Enso Capital Sdn Bhd ("Enso Capital")	Malaysia	48	48
CCCC-SJ Pte Ltd	Singapore	50	50
Arcplus SJ Digital Ltd	PRC	49	49
Mitbana Pte Ltd	Singapore	50	50
Mitbana Urban Development Fund I Pte. Ltd. ("MUDF I")	Singapore	50	50
Great Mekong Consultancy Pte Ltd	Singapore	55	55

Enso Capital Sdn Bhd is an unlisted joint venture in which the Group's wholly owned subsidiary, Surbana Jurong Capital Holdings Pte Ltd ("SJCHPL"), obtained joint control in April 2019. The principal activities of Enso Capital are those relating to investment holding. SJCHPL entered into the joint venture agreement to jointly undertake the acquisition and development of a mixed residential and commercial development in Malaysia through Enso Capital.

Mitbana Urban Development Fund I ("MUDF I") is an unlisted joint venture in which the Group's wholly owned subsidiary, Surbana Jurong Capital Holdings Pte Ltd ("SJCHPL"), obtained joint control in September 2020. The principal activities of MUDF I are those relating to investment holding.

The Group's interests in Enso Capital and MUDF I are structured as separate vehicles and the Group has a residual interest in their net assets respectively. Accordingly, the Group classified its interest in Enso Capital and MUDF I as joint ventures, which are equity-accounted.

The following table summarises the financial information of each of the Group's material joint ventures, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial joint ventures.

	Enso capital \$'000	MUDF I \$'000	Immaterial joint ventures \$'000	Total \$'000
2022				
Revenue	33,804	—		
Profit/(loss) for the year ⁽ⁱ⁾	5,490	(3,848)		
Other comprehensive income	(1,724)	(8,231)		
Total comprehensive income	3,766	(12,079)		
Non-current assets	—	101,595		
Current assets ⁽ⁱⁱ⁾	85,292	13,055		
Non-current liabilities	(47,338)	—		
Current liabilities ⁽ⁱⁱⁱ⁾	(6,602)	(180)		
Net assets	31,352	114,470		
Group's interest in net assets of joint ventures at beginning of the year	13,242	21,904	10,808	45,954
Investment during the year	—	41,371	—	41,371
Group's share of:				
- profit/(loss) for the year	2,635	(1,924)	1,245	1,956
- other comprehensive income	(828)	(4,115)	(967)	(5,910)
- total comprehensive income	1,807	(6,039)	278	(3,954)
Carrying amount of interest in joint ventures at end of the year	15,049	57,236	11,086	83,371

	Enso capital \$'000	MUDF I \$'000	Immaterial joint ventures \$'000	Total \$'000
2021				
Revenue	8,245	–		
Profit/(loss) for the year ⁽ⁱ⁾	(902)	(1,761)		
Other comprehensive income	(270)	638		
Total comprehensive income	(1,172)	(1,123)		
Non-current assets	–	37,426		
Current assets ⁽ⁱⁱ⁾	77,962	6,752		
Non-current liabilities	(49,167)	–		
Current liabilities ⁽ⁱⁱⁱ⁾	(1,210)	(370)		
Net assets	27,585	43,808		
Group's interest in net assets of joint ventures at beginning of the year	11,775	2,530	15,077	29,382
Effect of movement in exchange rates	–	–	603	603
Investment during the year	2,030	19,935	–	21,965
Group's share of:				
- loss for the year	(433)	(880)	(843)	(2,156)
- other comprehensive income	(130)	319	726	915
- total comprehensive income	(563)	(561)	(117)	(1,241)
Impairment charge	–	–	(4,755)	(4,755)
Carrying amount of interest in joint ventures at end of the year	13,242	21,904	10,808	45,954

⁽ⁱ⁾ Includes:

- depreciation and amortisation of \$111,000 (2021: \$138,000)
- interest expense of \$1,000 (2021: \$1,000)
- income tax expense of \$1,397,000 (2021: \$129,000).

⁽ⁱⁱ⁾ Includes cash and cash equivalents of \$32,617,000 (2021: \$15,349,000).

⁽ⁱⁱⁱ⁾ Includes current financial liabilities (excluding trade and other payables and provisions) of \$1,473,000 (2021: \$947,000).

Impairment loss

In the prior year, management performed an impairment assessment on the investment in Sino-Sun based on value in use calculations and recognised an impairment loss of \$4,755,000.

Key assumptions used in discounted cash flow projection calculations

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's estimate of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Sino-Sun CGU 2021
Group	
Discount rate	9.8%
Terminal value growth rate	1.0%
Average yearly revenue growth rate	0%

Discount rate

The discount rate was a pre-tax measure based on industry weighted average cost of capital.

Terminal value growth rate

A long-term growth rate into perpetuity had been determined based on management's estimate of the long-term compound annual growth rate in EBITDA which management believed was consistent with the assumption that a market participant would make.

Average yearly revenue growth rate

Average yearly revenue growth is expressed as the average annual revenue growth rates in the forecast year of the plans used for impairment testing and had been based on past experience.

8 Other investments

	Group	
	2022	2021
	\$'000	\$'000
Equity investments – at FVOCI	93	132
Investment in unquoted warrants – at FVTPL	–	–
	<u>93</u>	<u>132</u>

Equity investments designated as at FVOCI

The Group's equity investments included a 8.5% stake in Helix RE, Inc., a San Francisco-based architecture design software start-up.

The Group elected an irrevocable option to account for the investment in Helix RE, Inc as financial asset at FVOCI because it represents an investment that the Group intends to hold for long-term strategic purpose. As at 31 December 2021, the Group has fully written down the value of its investment based on an indicative valuation of management buy-out option.

Investment in unquoted warrants – at FVTPL

In 2019, the Group, through a wholly owned subsidiary, entered into a subscription agreement to subscribe for up to S\$500,000,000 in aggregate principal amount of fixed rate bonds due 2029 (the "Bonds") and 300,000,000 detachable warrants (the "Warrants") issued by Changi Airports International Pte. Ltd. (the "Issuer").

The Bonds were accounted for as debt investments designated at FVTPL. The Bonds were fully redeemed by the Issuer during the financial year ended 31 December 2021.

The Warrants are issued subject to and with the benefit of a deed poll executed by the Issuer, and are exercisable by the Group to be converted into equity shares in the capital of certain subsidiaries of the Issuer that is worth up to \$400 million. Valuation will be performed and agreed between the Issuer and the Group at each time of conversion to determine the number of shares to be issued or transferred to the Group at the time of exercise.

The fair value of the Warrants was derived using the fair values of the equity stakes of the airport assets held by Changi Airport Group, factoring in the estimated probability of the Group exercising the Warrants as at 31 December 2022. As at 31 December 2022, the Group has estimated the fair value of the Warrants to be nil (2021: nil) as it does not expect to exercise the Warrants.

Refer to Note 19 for fair value measurement of the investments.

9 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1/1/2021 \$'000	Recognised in profit or loss \$'000 (Note 24)	Transfer (to)/ from tax recoverable \$'000	Recognised directly in equity \$'000	Exchange difference \$'000	At 31/12/2021 \$'000
Deferred tax assets						
Trade and other payables	5,501	2,253	–	–	(138)	7,616
Lease liabilities	28,601	(5,686)	–	–	(877)	22,038
Receivables and contract assets	6,518	(918)	–	–	(93)	5,507
Employee benefits	11,486	1,259	–	–	(350)	12,395
Tax loss carry-forwards	4,625	252	–	–	13	4,890
Other items	5,783	(1,816)	855	(1,072)	(66)	3,684
	62,514	(4,656)	855	(1,072)	(1,511)	56,130
Deferred tax liabilities						
Property, plant and equipment	(2,154)	1,144	–	–	(3)	(1,013)
Right-of-use assets	(25,503)	6,072	–	–	749	(18,682)
Intangible assets	(5,930)	559	–	–	54	(5,317)
Trade and other payables	(5,893)	1,670	(569)	–	133	(4,659)
Taxable temporary difference arising from amount due from overseas subsidiary	(1,800)	–	–	–	–	(1,800)
Other items	(6,144)	2,989	–	–	113	(3,042)
	(47,424)	12,434	(569)	–	1,046	(34,513)
Total	15,090	7,778	286	(1,072)	(465)	21,617

Group	At 1/1/2022 \$'000	Recognised in profit or loss \$'000 (Note 24)	Transfer (to)/ from tax recoverable \$'000	Recognised directly in equity \$'000	Exchange difference \$'000	At 31/12/2022 \$'000
Deferred tax assets						
Trade and other payables	7,616	11,622	—	—	(1,096)	18,142
Lease liabilities	22,038	1,090	—	—	(1,636)	21,492
Receivables and contract assets	5,507	553	—	—	(411)	5,649
Employee benefits	12,395	1,211	—	108	(1,018)	12,696
Tax loss carry-forwards	4,890	954	—	—	(201)	5,643
Other items	3,684	2,775	—	(1,439)	(348)	4,672
	56,130	18,205	—	(1,331)	(4,710)	68,294
Deferred tax liabilities						
Property, plant and equipment	(1,013)	(92)	(7)	—	39	(1,073)
Right-of-use assets	(18,682)	3,938	—	—	1,216	(13,528)
Intangible assets	(5,317)	1,981	—	—	(58)	(3,394)
Trade and other payables	(4,659)	1,459	237	—	322	(2,641)
Taxable temporary difference arising from amount due from overseas subsidiary	(1,800)	—	—	—	—	(1,800)
Other items	(3,042)	(5,691)	—	—	476	(8,257)
	(34,513)	1,595	230	—	1,995	(30,693)
Total	21,617	19,800	230	(1,331)	(2,715)	37,601

Company	At 1/1/2021 \$'000	Recognised in profit or loss \$'000	Recognised directly in equity \$'000	At 31/12/2021 \$'000	Recognised in profit or loss \$'000	Recognised directly in equity \$'000	At 31/12/2022 \$'000
Deferred tax assets							
Derivative financial liabilities	263	–	(185)	78	–	(406)	(328)
Trade and other payables	–	193	–	193	401	–	594
Receivables	336	(336)	–	–	–	–	–
Tax loss carry-forwards	535	(35)	–	500	364	–	864
	1,134	(178)	(185)	771	765	(406)	1,130
Deferred tax liability							
Property, plant and equipment	(434)	370	–	(64)	57	–	(7)
	(434)	370	–	(64)	57	–	(7)
Total	700	192	(185)	707	822	(406)	1,123

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Group				
Deferred tax assets/(liabilities)	68,294	56,130	(30,693)	(34,513)
Set off of tax	(24,339)	(7,057)	24,339	7,057
Net deferred tax assets/(liabilities)	43,955	49,073	(6,354)	(27,456)
Company				
Deferred tax assets/(liabilities)	1,130	771	(7)	(64)
Set off of tax	(7)	(64)	7	64
Net deferred tax assets/(liabilities)	1,123	707	–	–

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefit therefrom.

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Deductible temporary differences	446	670	–	–
Tax losses	38,273	39,071	–	–
Tax incentives	34,568	31,442	34,568	31,442
	73,287	71,183	34,568	31,442

Tax losses of \$19,121,000 (2021: \$15,352,000) expire between 1 and 8 years. The remaining tax losses, tax incentives and deductible temporary differences do not expire under current tax legislation. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group entities operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

10 Inventories

	Group	
	2022	2021
	\$'000	\$'000
Consumables	1,112	1,117
Trading goods	257	455
	<u>1,369</u>	<u>1,572</u>

Inventories of \$2,898,000 (2021: \$2,118,000) was recognised as expense during the year and included in “costs of sales”.

11 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables	400,861	392,311	—	—
Impairment losses	(45,769)	(50,692)	—	—
Net trade receivables	<u>355,092</u>	<u>341,619</u>	<u>—</u>	<u>—</u>
Trade amounts due from:				
- related corporations	12,692	7,858	—	—
- related parties	550	347	—	—
Non-trade amounts due from:				
- related corporations	3	3	—	—
- related parties	61	54	1	10
- joint venture	2,049	2,316	—	—
- subsidiaries	—	—	27,893	65,127
Reinsurance receivable	28,698	28,670	—	—
Other receivables	41,511	42,072	813	758
Deposits	<u>5,119</u>	<u>6,942</u>	<u>59</u>	<u>12</u>
	<u>445,775</u>	<u>429,881</u>	<u>28,766</u>	<u>65,907</u>
Prepayments	<u>53,937</u>	<u>30,692</u>	<u>588</u>	<u>422</u>
	<u>499,712</u>	<u>460,573</u>	<u>29,354</u>	<u>66,329</u>
Non-current	606	90	5,113	53,769
Current	<u>499,106</u>	<u>460,483</u>	<u>24,241</u>	<u>12,560</u>
	<u>499,712</u>	<u>460,573</u>	<u>29,354</u>	<u>66,329</u>

Current outstanding balances with subsidiaries, related corporations and related parties are unsecured, interest free and repayable on demand. The Company's amount due from subsidiaries relate to the management services rendered by the Company to the subsidiaries and advances to subsidiaries amounting to \$27,893,000 (2021: \$65,127,000).

Reinsurance receivable amounts from third-party insurers, \$28,698,000 (2021: \$28,670,000), pertain to the Group's captive insurance arrangement, and are recognised when recovery is virtually certain. These amounts are recognised gross of the provision for insurance claims (see Note 18 for more information).

The Group and the Company's exposure to credit and currency risks and impairment losses for trade and other receivables, are disclosed in Note 19.

12 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	524,762	726,504	27,406	200,670
Fixed deposits	133,615	75,913	25,508	75,226
Cash and cash equivalents in the consolidated statement of financial position	658,377	802,417	52,914	275,896
Bank overdraft	(6,965)	(4,976)		
Cash and cash equivalents in the consolidated statement of cash flows	651,412	797,441		

Fixed deposits with financial institutions mature with varying dates between 9 days and 82 days (2021: 3 days and 112 days) from the financial year end.

13 Capital and reserves

Share capital	Ordinary shares		Redeemable convertible preference shares	
	2022	2021	2022	2021
Fully paid, with no par value	No of shares	No of shares	No of shares	No of shares
	'000	'000	'000	'000
Company				
In issue as at 1 January	124,700	124,700	510,633	770,633
Redemption of redeemable convertible preference shares	—	—	—	(260,000)
As at 31 December	124,700	124,700	510,633	510,633

	Group and Company	
	2022	2021
	\$'000	\$'000
Ordinary shares	124,700	124,700
Redeemable convertible preference shares	510,633	510,633
Transaction costs	(520)	(520)
Carrying amount of redeemable convertible preference shares as at 31 December	510,113	510,113
Total share capital as at 31 December	634,813	634,813

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Redeemable convertible preference shares

The redeemable convertible preference shares may be redeemed from time to time at the sole option of the Company at a conversion rate of 1 redeemable convertible preference share to 2 ordinary shares, subject to the written consent of each redeemable convertible preference share holder.

The holders of the redeemable convertible preference shares are entitled to receive, in preference to the holders of ordinary shares, a cumulative dividend to be determined by the Board of Directors from time to time ("Preference Dividend"). So long as any redeemable convertible preference shares are in issue, no dividends shall be declared and/or paid on the ordinary shares except with prior written consent of the holders of redeemable convertible preference shares. The holders of the redeemable convertible preference shares are not entitled to vote at any general meeting of the Company.

In the prior year, the Company redeemed 260,000,000 redeemable convertible preference shares of \$1 each. All redeemed shares were fully paid in cash.

Reserves

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(57,145)	(15,018)	–	–
Hedging reserve	2,994	(4,516)	1,604	(378)
Fair value reserve	(13,424)	(13,424)	–	–
Statutory reserve	575	575	–	–
Accumulated profit/(losses)	150,804	102,474	(7,631)	(27,566)
	<u>83,804</u>	<u>70,091</u>	<u>(6,027)</u>	<u>(27,944)</u>

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign currency differences arising from hedges of net investment in foreign operations.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income until the assets are derecognised or impaired.

Statutory reserve

In accordance with the relevant PRC regulations, certain subsidiaries and a joint venture in the PRC are required to appropriate at least 10% of their profit after tax in their annual statutory financial statements, as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries, to the statutory reserve until such reserve reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders.

14 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Non-current				
Unsecured mid-term notes	600,000	600,000	600,000	600,000
Transaction costs	(1,071)	(1,336)	(1,071)	(1,336)
Carrying amount of notes	598,929	598,664	598,929	598,664
Unsecured bank loans	69,964	182,852	33,583	33,573
Lease liabilities	198,533	94,809	1	1
	867,426	876,325	632,513	632,238
Current				
Bank overdrafts	6,965	4,976	—	—
Secured bank loans	—	35,000	—	—
Unsecured bank loans	36,267	—	—	—
Unsecured loans	120	—	—	—
Lease liabilities	30,244	27,089	1	2
	73,596	67,065	1	2
Total interest-bearing liabilities	941,022	943,390	632,514	632,240

The weighted average effective interest rates of bank overdrafts at the end of the reporting period were as follows:

	Group	
	2022	2021
Bank overdrafts	7.56%	5.32%

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	2022		2021	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Mid-term notes	SGD	2.48% - 4.11%	2025 - 2031	600,000	598,929	600,000	598,664
Secured bank loans	SGD	3-month SOR + 0.83%	2022	—	—	35,000	35,000
Unsecured bank loans	AUD	3-month AUD BBSY + 0.9%	2023	36,267	36,267	112,908	112,908
Unsecured bank loans	SGD	SORA + 0.06%	2024	70,000	69,964	70,000	69,944
Unsecured loans	SGD	4.2%	2023	120	120	—	—
Lease liabilities	SGD	1.66% - 4.17%	2023-2049	210,445	125,984	7,668	5,609
Lease liabilities	AUD	2.25% - 5.01%	2023-2035	60,505	52,821	61,618	52,975
Lease liabilities	CAD	2.52% - 5.71%	2023-2031	9,481	8,151	17,696	16,570
Lease liabilities	USD	4.06% - 6.69%	2023-2031	17,975	14,789	19,713	16,694
Lease liabilities	GBP	2.74% - 4.78%	2023-2027	6,935	6,541	2,816	2,601
Lease liabilities	ZAR	8.08%-11.12%	2023-2028	14,220	10,929	20,047	14,715
Lease liabilities	Others	1.94%-23.82%	2023-2028	10,298	9,562	14,001	12,734
Bank overdrafts	CAD/INR	7.3% - 9.0%	Nil	6,965	6,965	4,976	4,976
				1,043,211	941,022	966,443	943,390

In the prior year, the secured bank loans of the Group are secured over building and properties with carrying amount of \$24,683,000 (Note 4).

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 19.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative (assets)/ liabilities held to hedge long-term borrowings			Total \$'000
	Bank overdrafts \$'000	Other loans and borrowings \$'000	Lease liabilities \$'000	Total loans and borrowings \$'000	Interest rate swaps, currency swaps and forward contracts used for hedging - assets \$'000	Interest rate swaps, currency swaps and forward contracts used for hedging - liabilities \$'000	
Balance at 1 January 2021	3,880	672,016	136,032	811,928	—	13,436	825,364
Changes from financing cash flows							
Proceeds from borrowings	—	250,000	—	250,000	—	—	250,000
Repayment of borrowings	—	(100,000)	—	(100,000)	—	—	(100,000)
Payment of lease liabilities	—	—	(37,961)	(37,961)	—	—	(37,961)
Payment of interest on lease liabilities	—	—	(7,056)	(7,056)	—	—	(7,056)
Other changes							
Effect of movement in exchange rates	45	(3,295)	(2,292)	(5,542)	—	—	(5,542)
Change in bank overdrafts	1,051	—	—	1,051	—	—	1,051
New leases	—	—	26,763	26,763	—	—	26,763
Disposal/ termination of lease liabilities	—	—	(644)	(644)	—	—	(644)
Capitalised borrowing costs	—	(360)	—	(360)	—	—	(360)
Interest expense on lease liabilities	—	—	7,056	7,056	—	—	7,056
Others	—	(1,845)	—	(1,845)	(879)	(7,964)	(10,688)
Balance at 31 December 2021	4,976	816,516	121,898	943,390	(879)	5,472	947,983

	Liabilities			Derivative (assets)/ liabilities held to hedge long-term borrowings				Total \$'000
	Bank overdrafts \$'000	Other loans and borrowings \$'000	Lease liabilities \$'000	Total loans and borrowings \$'000	Interest rate swaps, currency swaps and forward contracts used for hedging - assets \$'000	Interest rate swaps, currency swaps and forward contracts used for hedging - liabilities \$'000		
Balance at 1 January 2022	4,976	816,516	121,898	943,390	(879)	5,472		947,983
Changes from financing cash flows								
Proceeds from borrowings	—	120	—	120	—	—		120
Repayment of borrowings	—	(104,660)	—	(104,660)	—	—		(104,660)
Payment of lease liabilities	—	—	(35,259)	(35,259)	—	—		(35,259)
Payment of interest on lease liabilities	—	—	(7,329)	(7,329)	—	—		(7,329)
Other changes								
Effect of movement in exchange rates	(441)	(6,982)	(8,391)	(15,814)	—	—		(15,814)
Change in bank overdrafts	2,430	—	—	2,430	—	—		2,430
New leases	—	—	156,946	156,946	—	—		156,946
Disposal/ termination of lease liabilities	—	—	(6,417)	(6,417)	—	—		(6,417)
Capitalised borrowing costs	—	286	—	286	—	—		286
Interest expense on lease liabilities	—	—	7,329	7,329	—	—		7,329
Others	—	—	—	—	(4,411)	(5,472)		(9,883)
Balance at 31 December 2022	6,965	705,280	228,777	941,022	(5,290)	—		935,732

15 Trade and other payables

		Group		Company	
	Note	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current					
Contingent consideration for acquisition of:					
- a subsidiary		252	275	—	—
Share-based payment liability		975	908	—	—
Accrued expenses		4,433	5,205	—	—
Defined benefit liability	16	1,111	662	—	—
		<u>6,771</u>	<u>7,050</u>	<u>—</u>	<u>—</u>
Current					
Trade payables		42,943	40,270	—	—
Trade amounts due to:					
- related corporations		101	263	—	—
- a related party		—	11	—	—
Other payables		54,730	46,584	6,335	6,491
Non-trade amounts due to:					
- subsidiaries		—	—	1,939	3,459
- related corporation		20,914	20,045	—	—
- a related party		22	47	—	—
Advance payments received		24,960	76,708	—	—
Accrued project costs and expenses		272,726	255,059	11,758	12,090
Defined benefit liability	16	231	942	—	—
Deferred consideration for acquisition of:					
- subsidiaries		1,624	3,653	—	—
Contingent consideration for acquisition of:					
- a subsidiary		5,000	4,917	—	—
		<u>423,251</u>	<u>448,499</u>	<u>20,032</u>	<u>22,040</u>
		<u>430,022</u>	<u>455,549</u>	<u>20,032</u>	<u>22,040</u>

Non-current accrued expenses relates to long service leave payable upon employees leaving service.

Outstanding balances with subsidiaries, related corporations and a related party are unsecured, interest-free and repayable on demand.

The Group's and Company's exposure to currency and liquidity risks relating to trade and other payables is disclosed in Note 19.

Contingent and deferred consideration for the acquisition of subsidiaries

The Group has agreed to pay the selling shareholders in 1 to 3 years' time contingent consideration up to \$22.8 million if the acquired subsidiary achieves certain EBITDA, new contracts secured, net cash contribution and orderbook targets in each of the financial years between 31 December 2018 and 2023. No contingent consideration was paid in 2022 (2021: nil). The Group has included \$5.3 million (2021: \$5.2 million) as contingent consideration related to the additional consideration, which represents its fair value at 31 December 2022.

The consideration payable also includes deferred consideration of \$25.8 million. Deferred consideration of \$1.1 million was paid in 2022 (2021: \$11.7 million). The Group has included \$1.6 million (2021: \$3.7 million) as deferred consideration payable as at 31 December 2022.

Share-based payment liability

Share-based payment liability pertains to a cash-settled share-based payment transaction that originated in 2017. It is measured at fair value at inception and at the end of the reporting period. Refer to Note 30 for details of the cash-settled share-based payment transaction.

16 Employee benefits

	Group	
	2022	2021
	\$'000	\$'000
Retirement benefits	1,342	1,604
Net defined benefit liability	<u>1,342</u>	<u>1,604</u>
Non-current	1,111	662
Current	231	942
	<u>1,342</u>	<u>1,604</u>

The Group provides retirement benefit plans for its qualifying employees in accordance with the Group's policy. The estimated retirement benefit liabilities/(assets) have been recorded based on actuarial valuation for the year ended 31 December 2022.

The retirement plans are partially funded as at 31 December 2022. The Group expects to pay \$808,000 in contributions to its defined benefit plans in 2023.

Movement in net defined benefit liability/(asset)

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/(asset) and its components.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/ (asset)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Group						
Balance as at 1 January	4,376	2,457	(2,772)	(530)	1,604	1,927
<u>Included in profit or loss</u>						
Current service cost	645	768	—	—	645	768
Past service credit	(466)	—	—	—	(466)	—
Interest cost/(income)	337	498	(2)	(45)	335	453
	516	1,266	(2)	(45)	514	1,221
<u>Included in other comprehensive income</u>						
Remeasurement loss/(gain):						
- Actual loss/(gain) arising from:						
- Demographic assumptions	(19)	—	8	—	(11)	—
- Financial assumptions	357	—	—	—	357	—
- Experience adjustment	35	—	—	—	35	—
- Return on plan assets excluding interest income	(48)	—	(35)	—	(83)	—
Effect of movements in exchange rates	(331)	30	216	(33)	(115)	(3)
	(6)	30	189	(33)	183	(3)
<u>Other</u>						
Contributions paid by employer	—	—	(744)	(785)	(744)	(785)
Benefits paid	(683)	(1,479)	537	850	(146)	(629)
Others	(414)	2,102	345	(2,229)	(69)	(127)
Balance as at 31 December	3,789	4,376	(2,447)	(2,772)	1,342	1,604

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group	
	2022 \$'000	2021 \$'000
Discount rate	6.7%	7.1%
Future salary growth	6.4%	5.8%

At 31 December 2022, the weighted average duration of the defined benefit obligation was 8.8 years (2021: 8.9 years).

Sensitivity analysis

Group	Change in assumption	Increase/(decrease) in defined benefit obligation	
		Increase in assumption \$'000	Decrease in assumption \$'000
31 December 2021			
Discount rate	1%	(309)	362
Future salary growth	1%	369	(309)
31 December 2022			
Discount rate	1%	(266)	311
Future salary growth	1%	317	(275)

17 Derivative financial instruments

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets				
Non-current				
Interest rate swaps used for hedging	3,607	—	1,933	—
Call options	4,335	6,627	—	—
	<u>7,942</u>	<u>6,627</u>	<u>1,933</u>	<u>—</u>
Current				
Forward exchange contracts used for hedging	1,683	879	—	—
Call options	12,750	—	—	—
	<u>14,433</u>	<u>879</u>	<u>—</u>	<u>—</u>
Liabilities				
Non-current				
Interest rate swaps used for hedging	—	4,858	—	456
Put options	243	679	—	—
	<u>243</u>	<u>5,537</u>	<u>—</u>	<u>456</u>
Current				
Interest rate swaps used for hedging	—	483	—	—
Forward exchange contracts used for hedging	—	131	—	—
Put options	688	—	—	—
	<u>688</u>	<u>614</u>	<u>—</u>	<u>—</u>
Total	<u>21,444</u>	<u>1,355</u>	<u>1,933</u>	<u>(456)</u>

Derivative financial instruments, measured at fair value, include:

- (1) interest rate swaps entered into by the Group to manage the interest rate risk on the AUD-denominated and SGD-denominated floating rate bank loans;
- (2) forward exchange contracts;
- (3) put-and-call options to purchase the remaining equity interest in B+H and A10 subgroups at a price to be determined by their respective financial performance from 2018 to 2025.

Fair values of (1) to (2) are based on broker's quote. Fair values of (3) are based on independent valuations. The notional amounts and the fair value measurement are disclosed in Note 19.

18 Provisions

	Onerous contracts \$'000	Liquidated damages \$'000	Restoration costs \$'000	Insurance claims \$'000	Total \$'000
Group					
At 1 January 2021	5,897	250	6,111	31,018	43,276
Provisions made/(reversed) during the year	9,896	268	(1,422)	18,967	27,709
Provisions used during the year	(18)	(250)	(159)	(14,117)	(14,544)
Unwinding of discount	–	–	134	–	134
Effect of movement in exchange rates	(63)	–	(77)	(1,159)	(1,299)
At 31 December 2021	15,712	268	4,587	34,709	55,276
Provisions made/(reversed) during the year	4,093	3,364	237	19,294	26,988
Provisions used during the year	(508)	(268)	(167)	(20,452)	(21,395)
Unwinding of discount	–	–	119	–	119
Effect of movement in exchange rates	(665)	–	(278)	(2,593)	(3,536)
At 31 December 2022	18,632	3,364	4,498	30,958	57,452
2021					
Non-current	–	–	3,427	–	3,427
Current	15,712	268	1,160	34,709	51,849
	15,712	268	4,587	34,709	55,276
2022					
Non-current	–	–	2,297	17,287	19,584
Current	18,632	3,364	2,201	13,671	37,868
	18,632	3,364	4,498	30,958	57,452

Onerous contracts

Provision for onerous contracts on long-term consultancy contracts are made when cost estimates to complete such contracts exceed revenue derived from these contracts.

A subsidiary of the Group has entered into non-cancellable contracts for the provision of qualified resident engineers to assist in the supervision of civil and structural works for various construction contracts for a client. The costs of employing the resident engineers are higher than the revenue derived from the contracts. The Group expects to incur the majority of the liability over the next year. A provision for the obligation for the future payments, net of expected revenue from the contracts, has been provided for.

Another subsidiary of the Group sublets its office space at an amount lower than its rental cost. A provision for the rental shortfall up to the end of the lease period, has been provided for.

Liquidated damages

Provision for liquidated damages is in respect of accrual for contractual obligations, and is expected to be utilised in the following financial year.

Restoration costs

The Group is required to restore certain offices to their original condition at the end of the respective lease terms.

Insurance claims

A provision for insurance claims is recognised in respect of the Group's wholly-owned captive insurance controlled entity. The provision covers claims incurred but not yet paid; claims incurred but not yet reported; and the anticipated direct and indirect costs of settling these claims (see Note 11 for related reinsurance receivable).

19 Financial instruments

Overview

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee is responsible for setting the objectives, policies and procedures of financial risk management for the Group. The Audit and Risk Committee and management establish the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed before entering into agreements with new customers. The reinsurance receivable of \$28,698,000 (2021: \$28,670,000) is with a leading global reinsurer and is considered not to include any amounts owing with significant credit risk.

The carrying amounts of financial assets and contract assets represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets. The Group does not require collateral in respect of trade receivables.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographical region was as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	172,321	156,828	22,151	57,669
Australia and New Zealand	63,199	57,282	2,075	1,170
South Asia and Middle East	83,751	70,223	19	2,875
Africa	36,439	34,032	703	462
Americas	29,520	53,788	3,060	3,047
Others	60,545	57,728	758	684
	445,775	429,881	28,766	65,907

Impairment

The ageing of trade and other receivables (excluding prepayments) at the reporting date was:

	Gross	Impairment	Gross	Impairment
	2022	losses	2021	losses
	\$'000	\$'000	\$'000	\$'000
Group				
Not past due	293,433	(2,991)	261,760	(2,392)
Past due < 3 months	83,165	(1,276)	89,820	(2,039)
Past due 3 to 6 months	29,160	(3,200)	29,684	(1,189)
Past due 6 to 12 months	11,978	(1,629)	19,460	(6,888)
Past due 1 to 2 years	21,698	(8,974)	20,299	(5,536)
Past due 2 to 3 years	11,904	(3,046)	21,674	(6,985)
Past due more than 3 years	40,206	(24,653)	37,876	(25,663)
	<u>491,544</u>	<u>(45,769)</u>	<u>480,573</u>	<u>(50,692)</u>
Company				
Not past due	24,940	—	61,341	—
Past due < 3 months	2,281	—	314	—
Past due 3 to 6 months	334	—	6	—
Past due 6 to 12 months	509	—	2,476	—
Past due 1 to 2 years	405	—	983	—
Past due 2 to 3 years	232	—	518	—
Past due more than 3 years	65	—	269	—
	<u>28,766</u>	<u>—</u>	<u>65,907</u>	<u>—</u>

Impairment losses in respect of the trade receivables of the Group related to customers where there is an indication that the customers may not be able to pay their outstanding balances, mainly due to economic circumstances.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables, as those amounts mainly relate to customers that have good payment record with the Group.

No aging analysis of contract assets is presented as the balance as at 31 December 2022 and 31 December 2021 are current.

The credit quality of trade and other receivables is assessed based on the credit policy established by the management. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics.

A summary of the Group's and the Company's exposures to credit risk for trade and other receivables are as follows:

	Group			
	2022		2021	
	Not credit- impaired \$'000	Credit- impaired \$'000	Not credit- impaired \$'000	Credit- impaired \$'000
Singapore *	175,254	—	160,701	—
Australia and New Zealand *	63,823	—	57,465	—
South Asia and Middle East *	84,243	—	71,492	—
Africa *	36,804	—	34,677	—
Americas *	29,828	—	54,325	—
Others *	61,804	—	59,448	—
High risk	—	39,788	—	42,465
	451,756	39,788	438,108	42,465
Loss allowance	(5,981)	(39,788)	(8,227)	(42,465)
	445,775	—	429,881	—

* excluding higher risk

Expected credit loss assessment for customers

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from customers, which comprise a very large number of balances.

The allowance matrix is based on actual credit loss experience over the past three to four years. The ECL computed is mainly derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets as at 31 December 2022:

	Weighted average loss rate	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Group				
2022				
Not past due (including contract assets)	1.7%	675,470	(11,190)	No
Past due < 3 months	1.5%	83,165	(1,276)	Yes
Past due 3 to 6 months	11.0%	29,160	(3,200)	Yes
Past due 6 to 12 months	13.6%	11,978	(1,629)	Yes
Past due 1 to 2 years	41.4%	21,698	(8,974)	Yes
Past due 2 to 3 years	25.6%	11,904	(3,046)	Yes
Past due more than 3 years	61.3%	40,206	(24,653)	Yes
		873,581	(53,968)	

	Weighted average loss rate	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Group				
2021				
Not past due (including contract assets)	1.8%	636,938	(11,574)	No
Past due < 3 months	2.3%	89,820	(2,039)	Yes
Past due 3 to 6 months	4.0%	29,684	(1,189)	Yes
Past due 6 to 12 months	35.4%	19,460	(6,888)	Yes
Past due 1 to 2 years	27.3%	20,299	(5,536)	Yes
Past due 2 to 3 years	32.2%	21,674	(6,985)	Yes
Past due more than 3 years	67.8%	37,876	(25,663)	Yes
		<u>855,751</u>	<u>(59,874)</u>	
Company				
2022				
Not past due	0%	24,940	—	No
Past due < 3 months	0%	2,281	—	No
Past due 3 to 6 months	0%	334	—	No
Past due 6 to 12 months	0%	509	—	No
Past due 1 to 2 years	0%	405	—	No
Past due 2 to 3 years	0%	232	—	No
Past due more than 3 years	0%	65	—	No
		<u>28,766</u>	<u>—</u>	
2021				
Not past due	0%	61,341	—	No
Past due < 3 months	0%	314	—	No
Past due 3 to 6 months	0%	6	—	No
Past due 6 to 12 months	0%	2,476	—	No
Past due 1 to 2 years	0%	983	—	No
Past due 2 to 3 years	0%	518	—	No
Past due more than 3 years	0%	269	—	No
		<u>65,907</u>	<u>—</u>	

Movements in allowance for impairment in respect of trade and other receivables and contract assets during the year was as follows:

	Group \$'000
Trade and other receivables	
At 1 January 2021	53,523
Effect of movement in exchange rates	(374)
Impairment loss reversed	(2,223)
Amounts written off	(234)
At 31 December 2021	<u>50,692</u>
At 1 January 2022	50,692
Effect of movement in exchange rates	(2,669)
Impairment loss reversed	(1,441)
Amounts written off	(813)
At 31 December 2022	<u>45,769</u>

	Group \$'000
Contract assets	
At 1 January 2021	5,486
Effect of movement in exchange rates	(34)
Impairment loss recognised	3,730
At 31 December 2021	<u>9,182</u>
At 1 January 2022	9,182
Effect of movement in exchange rates	(687)
Impairment loss recognised	684
Amounts written off	(980)
At 31 December 2022	<u>8,199</u>

Non-trade amounts due from subsidiaries

The Company held loans to subsidiaries and non-trade amounts due from its subsidiaries of \$300,820,000 (2021: \$151,685,000). These balances comprise mainly loans to subsidiaries for investments as well as amounts loaned to subsidiaries to satisfy their working capital requirements. The Company applies the general approach for assessment of ECLs on these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are Baa1 to Aa1, based on Moody's ratings.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of \$658,377,000 and \$52,914,000 (2021: \$802,417,000 and \$275,896,000) as at 31 December 2022, respectively. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Baa1 to Aa1, based on Moody's ratings. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact in extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	1 to 3 years \$'000	More than 3 years \$'000
Group					
31 December 2022					
<i>Non-derivative financial instruments</i>					
Loans and borrowings	941,022	1,134,872	100,795	513,741	520,336
Trade and other payables ⁽ⁱ⁾	403,720	403,726	395,332	2,140	6,254
	<u>1,344,742</u>	<u>1,538,598</u>	<u>496,127</u>	<u>515,881</u>	<u>526,590</u>
<i>Derivative financial instruments</i>					
Interest rate swaps used for hedging (net-settled) - Asset	(3,607)	(2,196)	(1,368)	(828)	—
Forward exchange contracts used for hedging	(1,683)	(1,683)	(1,683)	—	—
Put options	931	931	688	243	—
	<u>(4,359)</u>	<u>(2,948)</u>	<u>(2,363)</u>	<u>(585)</u>	
31 December 2021					
<i>Non-derivative financial instruments</i>					
Loans and borrowings	943,390	1,094,500	97,978	270,848	725,674
Trade and other payables ⁽ⁱ⁾	377,237	381,042	376,168	2,018	2,856
	<u>1,320,627</u>	<u>1,475,542</u>	<u>474,146</u>	<u>272,866</u>	<u>728,530</u>
<i>Derivative financial instruments</i>					
Interest rate swaps used for hedging (net-settled) - Liability	5,341	3,421	2,648	773	—
Forward exchange contracts used for hedging	(748)	(748)	(748)	—	—
Put options	679	679	—	435	244
	<u>5,272</u>	<u>3,352</u>	<u>1,900</u>	<u>1,208</u>	<u>244</u>

⁽ⁱ⁾ Excluding advance payments received and defined benefit liability

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	1 to 3 years \$'000	More than 3 years \$'000
Company					
31 December 2022					
<i>Non-derivative financial instruments</i>					
Loans and borrowings	632,514	724,882	21,371	421,815	281,696
Trade and other payables ⁽ⁱ⁾	20,032	20,032	20,032	—	—
	<u>652,546</u>	<u>744,914</u>	<u>41,403</u>	<u>421,815</u>	<u>281,696</u>
<i>Derivative financial instruments</i>					
Interest rate swaps used for hedging (net-settled) - Asset	(1,933)	(906)	(508)	(398)	—
31 December 2021					
<i>Non-derivative financial instruments</i>					
Loans and borrowings	632,240	752,490	21,370	42,546	688,574
Trade and other payables ⁽ⁱ⁾	22,040	22,040	22,040	—	—
	<u>654,280</u>	<u>774,530</u>	<u>43,410</u>	<u>42,546</u>	<u>688,574</u>
<i>Derivative financial instruments</i>					
Interest rate swaps used for hedging (net-settled) - Liability	456	449	336	113	—

⁽ⁱ⁾ Excluding advance payments received

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

It is not expected that the cash flows included in the maturity analyses above could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD), US dollar (USD), Indian Rupee (INR) and Renminbi (RMB).

The Group's centralised treasury unit manages intra-group foreign exchange transactions by netting off the foreign exchange exposures within the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward exchange contracts and to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments.

As at the end of the financial year, the Group has outstanding forward exchange contracts with notional amounts totalling \$90,433,000 (2021: \$58,315,000). The net positive fair value of forward exchange contracts is \$1,683,000 (2021: \$748,000) comprising assets of \$1,683,000 (2021: \$879,000) and liabilities of \$nil (2021: \$131,000). These amounts are recognised as derivative financial instruments under assets and liabilities respectively (Note 17).

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	SGD \$'000	USD \$'000	INR \$'000	RMB \$'000
Group				
2022				
Financial assets				
Trade and other receivables ⁽ⁱ⁾	4,247	48,092	12,550	10,985
Cash and cash equivalents	328	27,463	1,350	2,051
	<u>4,575</u>	<u>75,555</u>	<u>13,900</u>	<u>13,036</u>
Financial liabilities				
Trade and other payables	(12,195)	(15,969)	(9,812)	(1,230)
Net exposure	<u>(7,620)</u>	<u>59,586</u>	<u>4,088</u>	<u>11,806</u>
2021				
Financial assets				
Trade and other receivables ⁽ⁱ⁾	5,184	62,066	16,428	11,570
Cash and cash equivalents	170	20,469	1,806	1,157
	<u>5,354</u>	<u>82,535</u>	<u>18,234</u>	<u>12,727</u>
Financial liabilities				
Trade and other payables	(22,414)	(27,675)	(10,009)	(2,157)
Net exposure	<u>(17,060)</u>	<u>54,860</u>	<u>8,225</u>	<u>10,570</u>

⁽ⁱ⁾ *Excluding prepayments*

The Company is not exposed to significant foreign currency exposure.

Sensitivity analysis

A 10% weakening of the following currencies against the functional currency of each of the Group entities at the reporting date would increase/(decrease) profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 31 December 2021, as indicated below:

	Profit or loss	
	2022	2021
Group	\$'000	\$'000
SGD	762	1,706
USD	(5,959)	(5,486)
INR	(409)	(823)
RMB	(1,181)	(1,057)

A 10% strengthening of the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises primarily from the interest-bearing financial instruments. Interest rate risk is managed by management on an ongoing basis with the primary objective of limiting the extent to which interest income/expenses could be affected by movements in interest rates. The Group uses interest rate swaps as hedges for the variability in cash flows attributable to interest rate risk.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see "Managing interest rate benchmark reform and associated risks" below.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (“IBORs”) with alternative nearly risk-free rates (referred to as “IBOR reform”). The Group had exposures to IBORs on its financial instruments that have been replaced or reformed as part of these market-wide initiatives. In Singapore, the Steering Committee for SOR and SIBOR transition to SORA (“SC-STs”) together with the Association of Banks in Singapore (“ABS”) and Singapore Foreign Exchange Market Committee (“SFEMC”), has identified the Singapore Overnight Rate Average (“SORA”) as the alternative interest rate benchmark to replace Singapore Interbank Offered Rates (“SIBOR”) and Singapore Swap Offer Rate (“SOR”) in Singapore. The timeline for SORA to replace SOR and SIBOR is by the end of June 2023 and December 2024 respectively. In 2022, the Group has undertaken amendments to its financial instruments with contractual terms indexed to SOR such that they incorporate the new benchmark rate (i.e. SORA). As at 31 December 2022, the Group does not have any remaining IBOR exposure.

The Group’s centralised treasury unit monitors and manages the Group’s transition to alternative rates. The centralised treasury unit evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The centralised treasury unit provides periodic reports to management of interest rate risk and risks arising from interest rate benchmark reform.

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SORA. The Group’s derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (“ISDA”)’s master agreements.

Hedge accounting

The Group’s hedged items and hedging instruments as at the reporting date are indexed to SORA.

The Group replaced its SOR interest rate derivatives used in cash flow hedging relationships with economically equivalent interest rate derivatives referencing SORA by the end of 2022. Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, the Group no longer applies the amendments to SFRS(I) 9 issued in December 2019 (Phase 1) to those hedging relationships directly affected by IBOR reform.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management was as follows:

	Group		Company	
	Nominal amount		Nominal amount	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial assets	133,615	75,913	25,508	75,226
Financial liabilities	(827,826)	(755,562)	(598,931)	(598,667)
Effect of interest rate swaps	(106,231)	(217,852)	(33,583)	(33,573)
	<u>(800,442)</u>	<u>(897,501)</u>	<u>(607,006)</u>	<u>(557,014)</u>
Variable rate instruments				
Financial assets	399,987	483,488	16,896	48,707
Financial liabilities	(113,196)	(222,828)	(33,583)	(33,573)
Effect of interest rate swaps	106,231	217,852	33,583	33,573
	<u>393,022</u>	<u>478,512</u>	<u>16,896</u>	<u>48,707</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity	
	100 bp	100 bp	100 bp	100 bp
	increase	decrease	increase	decrease
	\$'000	\$'000	\$'000	\$'000
Group				
31 December 2022				
Variable rate instruments	2,868	(2,868)	—	—
Interest rate swap	—	—	1,062	(1,062)
Cash flow sensitivity (net)	<u>2,868</u>	<u>(2,868)</u>	<u>1,062</u>	<u>(1,062)</u>
31 December 2021				
Variable rate instruments	2,607	(2,607)	—	—
Interest rate swap	—	—	2,179	(2,179)
Cash flow sensitivity (net)	<u>2,607</u>	<u>(2,607)</u>	<u>2,179</u>	<u>(2,179)</u>

	Profit or loss		Equity	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
Company				
31 December 2022				
Variable rate instruments	(167)	167	—	—
Interest rate swap	—	—	336	(336)
Cash flow sensitivity (net)	(167)	167	336	(336)
31 December 2021				
Variable rate instruments	151	(151)	—	—
Interest rate swap	—	—	336	(336)
Cash flow sensitivity (net)	151	(151)	336	(336)

Derivative assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss and the fair value of the related hedging instruments.

	Carrying amount \$'000	Expected cash flows \$'000	Within 1 year \$'000	1-3 years \$'000	More than 3 years \$'000
2022					
Group					
Interest rate swaps					
Assets	(3,607)	2,196	1,368	828	—
Company					
Interest rate swaps					
Assets	(1,933)	906	508	398	—
2021					
Group					
Interest rate swaps					
Liabilities	5,341	(3,421)	(2,648)	(773)	(527)
Company					
Interest rate swaps					
Liabilities	456	(449)	(336)	(113)	—

Capital management

The Group defines “Capital” as including all components of equity. 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 or issue new shares.

There were no changes in the Group’s approach to capital management during the year.

The Group is required to maintain minimum consolidated net worth ranging between \$250 million to \$500 million at all times, as a condition for bank facilities offered by several banks to the Group.

Certain subsidiaries are required to maintain a minimum tangible net worth up to \$70 million at all times.

Apart from maintaining minimum net worth as mentioned above, several Group entities have a requirement to maintain certain ratios such as interest coverage ratio of at least 2 times, debt not exceeding consolidated net worth by more than 0.8 times to 3 times, debt to capital ratio not exceeding 50%, leverage ratio not exceeding 2 times and debt service coverage ratio of at least 125% for operations in a certain region.

A subsidiary is subject to externally imposed capital requirements by the Monetary Authority of Singapore (“Authority”) to maintain at least \$0.25 million of base capital at all times pursuant to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licenses) Regulations (Rg13) of the Securities and Futures Act (Cap. 289). The Authority defines base capital as the sum of all paid-up capital, reserve funds, any unappropriated profit or loss in the latest audited accounts, and less any interim loss in the latest accounts of the Group entity.

The Group had complied with the above capital requirement conditions throughout the year.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Carrying amount				Fair value			
	Amortised cost \$'000	FVOCI – equity instruments \$'000	Mandatorily at fair value \$'000	Fair value – hedging instrument \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000
31 December 2022								
Financial assets measured at fair value								
Equity investments – at FVOCI	–	93	–	–	–	93	–	–
Forward exchange contracts used for hedging	–	–	–	1,683	–	1,683	–	1,683
Interest rate swaps used for hedging	–	–	–	3,607	–	3,607	–	3,607
Call options	–	–	17,085	–	–	17,085	–	–
	–	93	17,085	5,290	–	22,468	–	17,085
Financial assets not measured at fair value								
Cash and cash equivalents	658,377	–	–	–	–	658,377	–	–
Trade and other receivables ⁽ⁱ⁾	445,775	–	–	–	–	445,775	–	–
	1,104,152	–	–	–	–	1,104,152	–	–
Financial liabilities measured at fair value								
Contingent consideration payable	–	–	(5,252)	–	–	(5,252)	–	–
Put options	–	–	(931)	–	–	(931)	–	–
	–	–	(6,183)	–	–	(6,183)	–	–
Financial liabilities not measured at fair value								
Loans and borrowings ⁽ⁱⁱ⁾	–	–	–	–	(712,245)	(712,245)	–	–
Trade and other payables ⁽ⁱⁱⁱ⁾	–	–	–	–	(397,493)	(397,493)	–	–
	–	–	–	–	(1,109,738)	(1,109,738)	–	–

⁽ⁱ⁾ Excluding prepayments and defined benefit asset

⁽ⁱⁱ⁾ Excluding lease liabilities

⁽ⁱⁱⁱ⁾ Excluding advance payments received, contingent consideration payable, defined benefit liability and share-based payment liability.

Group	Carrying amount					Fair value				
	Amortised cost \$'000	FVOCI – equity instruments \$'000	Mandatorily at fair value \$'000	Fair value – hedging instrument \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2021										
Financial assets measured at fair value										
Equity investments – at FVOCI	–	132	–	–	–	132	–	–	132	132
Forward exchange contracts used for hedging	–	–	–	879	–	879	–	879	–	879
Call options	–	–	6,627	–	–	6,627	–	–	6,627	6,627
	–	132	6,627	879	–	7,638				
Financial assets not measured at fair value										
Cash and cash equivalents	802,417	–	–	–	–	802,417				
Trade and other receivables ⁽ⁱ⁾	429,881	–	–	–	–	429,881				
	1,232,298	–	–	–	–	1,232,298				
Financial liabilities measured at fair value										
Contingent consideration payable	–	–	(5,192)	–	–	(5,192)	–	–	(5,192)	(5,192)
Forward exchange contracts used for hedging	–	–	–	(131)	–	(131)	–	(131)	–	(131)
Interest rate swaps used for hedging	–	–	–	(5,341)	–	(5,341)	–	(5,341)	–	(5,341)
Put options	–	–	(679)	–	–	(679)	–	–	(679)	(679)
	–	–	(5,871)	(5,472)	–	(11,343)				
Financial liabilities not measured at fair value										
Loans and borrowings ⁽ⁱⁱ⁾	–	–	–	–	(821,492)	(821,492)	–	(845,414)	–	(845,414)
Trade and other payables ⁽ⁱⁱⁱ⁾	–	–	–	–	(371,137)	(371,137)				
	–	–	–	–	(1,192,629)	(1,192,629)				

⁽ⁱ⁾ Excluding prepayments

⁽ⁱⁱ⁾ Excluding lease liabilities

⁽ⁱⁱⁱ⁾ Excluding advance payments received, contingent consideration payable, defined benefit liability and share-based payment liability.

Company	----- Carrying amount -----				Fair value
	Amortised cost \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 2 \$'000
31 December 2022					
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	–	1,933	–	–	1,933
Financial assets not measured at fair value					
Cash and cash equivalents	52,914	–	–	52,914	
Trade and other receivables ⁽ⁱ⁾	28,766	–	–	28,766	
Loans to subsidiaries	272,927	–	–	272,927	
	354,607	–	–	354,607	
Financial liabilities not measured at fair value					
Loans and borrowings	–	–	(632,512)	(632,512)	
Trade and other payables ⁽ⁱⁱ⁾	–	–	(20,032)	(20,032)	
	–	–	(652,544)	(652,544)	
31 December 2021					
Financial assets not measured at fair value					
Cash and cash equivalents	275,896	–	–	275,896	
Trade and other receivables ⁽ⁱ⁾	65,907	–	–	65,907	
Loans to subsidiaries	86,558	–	–	86,558	
	428,361	–	–	428,361	
Financial liabilities measured at fair value					
Interest rate swaps used for hedging	–	(456)	–	(456)	(456)
Financial liabilities not measured at fair value					
Loans and borrowings ⁽ⁱⁱ⁾	–	–	(632,237)	(632,237)	
Trade and other payables ⁽ⁱⁱⁱ⁾	–	–	(22,040)	(22,040)	
	–	–	(654,277)	(654,277)	

⁽ⁱ⁾ Excluding prepayments

⁽ⁱⁱ⁾ Excluding lease liabilities

⁽ⁱⁱⁱ⁾ Excluding advance payment received

Measurement of fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Equity investments - FVOCI

The fair value is determined by indicative pricing of a management buy-out option.

Debt investment and investment in unquoted warrants – FVTPL

The fair value is determined based on fair value of equity stakes in airport assets held by Issuer, factoring probabilities of the Group exercising the detachable warrants.

Derivatives

In respect of interest rate swaps and foreign exchange contracts, the fair values are determined by reference to brokers' quote at the end of the reporting period.

In respect of put-and-call options relating to purchase of the remaining equity interest in a subsidiary, the fair value is determined using a binomial option pricing model.

Level 3 fair values

Level 3 fair values relate to equity investments designated at fair value through other comprehensive income, contingent consideration and put-and-call options which have no observable market prices.

During the financial years presented, there have been no transfers between level 1, 2 and 3.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of fair value hierarchy:

	Equity investment - FVOCI \$'000	Debt investment – FVTPL \$'000	Contingent consideration \$'000	Put-and call- options \$'000
At 1 January 2022	132	–	(5,192)	5,948
Effect of movement in exchange rates	(39)	–	29	(813)
Unwinding of discount	–	–	(89)	–
Change in fair value	–	–	–	11,019
At 31 December 2022	93	–	(5,252)	16,154
At 1 January 2021	110	288,691	(10,334)	(3,877)
Additions	15	–	–	–
Proceeds	–	(266,496)	–	–
Effect of movement in exchange rates	22	–	(7)	(7)
Unwinding of discount	–	–	(326)	–
Change in fair value	(15)	(22,195)	5,475	9,832
At 31 December 2021	132	–	(5,192)	5,948

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Interest rate swaps used for hedging	Reference to broker's quote	Not applicable.	Not applicable.
Forward exchange contracts			
Equity investment - FVOCI	The fair value is determined based on indicative valuation of management buy-out option.	Price of management buy-out option	The estimated fair value would increase/decrease if there is an increase/decrease in the price of management buy-out option.
Debt investment - FVTPL	The fair value is determined based on fair value of equity stakes in airport assets held by Issuer, factoring a probability of the Group exercising the detachable warrants.	Equity value of airport assets held by Issuer and probability of exercising detachable warrants 2021: Discount rate of 10.63%	The estimated fair value would increase/decrease if there is an increase/decrease in the equity value of airport assets and an increase/decrease in probability of exercising the warrants. The estimated fair value would increase/decrease if there was a decrease/increase in the discount rate.
Contingent consideration	The fair value is determined considering the probability of the acquiree meeting the specified earn-out targets.	Expected cash flows of \$5,260,000 (2021: \$5,291,000) Discount rate of 2.30% - 4.11% (2021: 2.30% - 4.11%)	The estimated fair value would increase/decrease if there is an increase/decrease in expected cash flows and decrease/increase in the discount rate.
Put-and-call options	The fair value is determined using a binomial option pricing model, with path dependency features.	Enterprise Value ("EV") of CAD88m and GBP34m (2021: CAD59m and GBP38m) and volatility rate of 32% - 36% (2021: 19% -35%) in share price	The estimated net fair value would increase/ decrease if there is an increase/decrease in the EV and decrease/increase in volatility rate.

20 Revenue

	Group	
	2022 \$'000	2021 \$'000
Consultancy fees income	1,338,635	1,325,107
Revenue from other services rendered	629,771	514,273
	<u>1,968,406</u>	<u>1,839,380</u>

The Group provides feasibility studies, urban planning, architectural and engineering consultancy services, contract administration services, property consultancy services, land survey, project management, site supervision services, blast consultancy services, environmental design consultancy services, facility management services, quality, environmental, health and safety (“QEHS”) services, integrated estate management services, management advisory services, armed and unarmed guard services, training and consultancy and provision of security services and products.

The Group has assessed that the consultancy contracts qualify for over time revenue recognition as there is no alternative use for the consultancy services provided to the customer, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. Revenue from rendering other services, which includes land survey services, site supervision service, facility management services, integrated estate management services, armed and unarmed guard services is recognised over time when the service is rendered and all criteria for acceptance have been satisfied.

Progress billings to the customer for consultancy contracts are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the consultancy services rendered exceeds payments received from the customer, a contract asset is recognised. Invoices for rendering of other services are issued upon completion of services and payable within the agreed credit term days given to the customer. The period between satisfaction of performance obligation and payment by customer is not expected to exceed a year. Hence, the Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component.

No adjustment is made to the transaction price for time value of money as the contracts do not include significant financing component.

The estimation of the allowance for expected losses on long-term consultancy contracts requires management to prepare cost estimates to complete such contracts, and in making such estimates, judgments are required to evaluate contingencies such as potential variance in scheduling, staff costs, and the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. These estimates are based on management’s business practices as well as historical experience and contractual arrangements with suppliers. The estimated total costs for each contract are reviewed on a regular basis by management in order to determine the cost to be recognised in profit or loss at each reporting date and to assess whether allowance for expected losses is required to be set up. Actual costs could differ from the estimates.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

		Group	
	Note	2022	2021
		\$’000	\$’000
Trade receivables	11	368,334	349,824
Contract assets		373,838	365,996
Contract liabilities		191,668	140,183

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on consultancy contracts and services rendered. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for consultancy contracts.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows.

	Contract assets		Contract liabilities	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	—	—	91,220	96,732
Increases due to cash received, excluding amounts recognised as revenue during the year	—	—	(151,291)	(108,174)
Recognition of receivables from prior year balance	(173,676)	(246,739)	—	—
Contract assets recognised, net of reclassification to trade receivables	195,466	271,421	—	—
Impairment loss on contract assets	(684)	(3,731)	—	—
Cumulative catch-up as a result of :				
- Changes in measurement of progress	(1,337)	(3,599)	321	163
- Changes in transaction price	2,974	4,110	(67)	(100)
- Contract modifications	(4,659)	2,850	1,144	(4,011)

As at 31 December 2022, amounts of \$3,000,000,000 (2021: \$2,600,000,000) were allocated to the performance obligations that are unsatisfied, or partially unsatisfied.

Variable consideration that is constrained and therefore not included in the transaction price is excluded from the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

21 Other income

	Group	
	2022	2021
	\$'000	\$'000
Reinsurance recoveries and claims	—	5,082
Government grants	7,943	76,636
Dividend income	224	257
Management fee income	212	205
Gain on disposal of property, plant and equipment	43	60
Income from range and equipment rental	1,203	671
Recovery of expenses from clients	499	836
Others	5,460	2,520
	<u>15,584</u>	<u>86,267</u>

Government grants

In the prior year, the Group received government grants from the governments in the various jurisdictions in which the Group operates, with the intention to defray manpower costs during the COVID-19 global pandemic. In Singapore, the Group received wage support of \$62,961,000 for local employees under the JSS from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. JSS was recognised in profit or loss in "other income" on a systematic basis over the period impacted by COVID-19 in which the related salary costs for which the grant intended to compensate was recognised as expenses.

In 2022, the Group also received various government grants such as support under the Progressive Wage Credit Scheme ("PWCS") and Jobs Growth Incentive ("JGI") in Singapore. The PWCS was introduced to provide transitional wage support for employers to adjust to mandatory wage increases for lower wage workers covered by the Progressive Wage and Local Qualifying Salary requirements as well as for employers to voluntarily raise wages of lower wage workers. On the other hand, JGI supports employers to expand local hiring from September 2020 to March 2023.

22 Other expenses

	Group	
	2022	2021
	\$'000	\$'000
Amortisation of intangible assets (excluding computer software)	7,761	8,625
Impairment loss on goodwill	10,091	—
Intangible assets written off	—	1,416
Loss on derivative financial instruments	745	2,762
Impairment loss on investment in joint venture	—	4,755
	<u>18,597</u>	<u>17,558</u>

23 Finance income and finance costs

	Note	Group 2022 \$'000	2021 \$'000
Interest income from banks		6,576	2,236
Interest income from debt investment at FVTPL		—	2,613
Change in fair value of contingent consideration payable		783	5,475
Change in fair value of put-and-call options		11,019	9,832
Change in fair value of share-based payment liability	30	—	260
Net foreign exchange gain		—	1,520
Finance income		<u>18,378</u>	<u>21,936</u>
Interest and finance charges paid or payable for financial liabilities		(27,345)	(27,440)
Interest on lease liabilities		(7,329)	(7,056)
Unwinding of discount of contingent consideration payable		(110)	(541)
Unwinding of discount of provisions		(119)	(134)
Amortisation of capitalised borrowing transaction costs		(286)	(281)
Change in fair value of share-based payment liability	30	(145)	—
Change in fair value of debt investment at FVTPL		—	(22,195)
Net foreign exchange loss		(3,581)	—
Finance costs		<u>(38,915)</u>	<u>(57,647)</u>
Net finance costs recognised in profit or loss		<u>(20,537)</u>	<u>(35,711)</u>

24 Tax expense

	Group 2022 \$'000	2021 \$'000
Current tax expense		
Current year	50,133	29,005
Withholding tax	8,975	6,542
Over provision in respect of prior years	(2,675)	(603)
	<u>56,433</u>	<u>34,944</u>
Deferred tax credit		
Origination and reversal of temporary differences	(23,761)	(9,519)
Under provision in respect of prior years	3,961	1,741
	<u>(19,800)</u>	<u>(7,778)</u>
Total tax expense	<u>36,633</u>	<u>27,166</u>

	Group	
	2022	2021
	\$'000	\$'000
<i>Reconciliation of effective tax rate</i>		
Profit before tax	86,148	81,499
Tax using Singapore tax rate of 17% (2021: 17%)	14,645	13,855
Effect of tax rates in foreign jurisdictions	8,862	6,435
Income not subject to tax	(5,503)	(15,178)
Non-deductible expenses	10,631	15,317
Withholding tax	8,975	6,542
Utilisation of previously unrecognised tax losses and temporary differences	(905)	(1,411)
Deferred tax assets not recognised	730	2,563
Tax effect on share of profit of associates	(63)	(33)
Tax effect on share of (profit)/loss of joint ventures	(332)	366
Tax incentives	(1,693)	(2,428)
Under provision in respect of prior years	1,286	1,138
	<u>36,633</u>	<u>27,166</u>

In the current financial year, the Group benefitted from various tax incentives such as the Mergers and Acquisitions Allowance (“M&A”) scheme and tax deductions on qualifying R&D expenditure.

Under the M&A scheme, an allowance will be granted to a company that acquires the ordinary shares of another company during the period 1 April 2010 to 31 December 2025. The M&A allowance rate is 25% of the value of acquisition and the maximum allowance is capped at \$10 million for all qualifying share acquisitions in the basis period for each year of assessment.

25 Profit for the year

The following items have been included in arriving at profit for the year:

		Group	
	Note	2022	2021
		\$'000	\$'000
Gain on disposal of property, plant and equipment		43	60
Loss on derivative financial instruments		(745)	(2,762)
Amortisation of intangible assets, included in other expenses	5	(7,762)	(8,625)
Amortisation of intangible assets, included in administrative expenses	5	(2,678)	(4,697)
Depreciation of property, plant and equipment and right-of-use assets	4, 26	(50,061)	(54,557)
Intangible assets written off	5	—	(1,416)
Impairment loss on intangible assets and goodwill	5	(10,091)	—
Staff costs		(1,199,838)	(1,117,535)
Contributions to defined contribution plans, included in staff costs		<u>(52,539)</u>	<u>(50,963)</u>

26

Leases

Leases as lessee

The Group leases a number of offices in the countries it operates in. These leases run for a period between 1 and 28 years, with an option to renew the lease after that date. The Group also has lease contracts for various items of plant and equipment, furniture and fittings, office equipment and machinery and motor vehicles used in its operations. These leases generally have lease terms between 2 and 6 years.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Group	Land \$'000	Building and property \$'000	Plant and equipment \$'000	Furniture and fittings \$'000	Office equipment and machinery \$'000	Computer equipment \$'000	Motor vehicle \$'000	Total \$'000
At 1 January 2021	2,265	110,875	56	472	518	2,643	3,377	120,206
Additions to right-of-use assets	–	23,544	–	–	–	1,908	1,311	26,763
Derecognition of right-of-use assets	–	(693)	(1)	–	–	(443)	(146)	(1,283)
Depreciation charge for the year	(89)	(35,076)	(21)	(292)	(144)	(1,994)	(2,284)	(39,900)
Effect of movement in exchange rates	–	(1,344)	–	9	8	(2)	(40)	(1,369)
At 31 December 2021	2,176	97,306	34	189	382	2,112	2,218	104,417
At 1 January 2022	2,176	97,306	34	189	382	2,112	2,218	104,417
Additions to right-of-use assets	–	158,183	–	–	68	1,549	2,980	162,780
Derecognition of right-of-use assets	–	(6,082)	–	–	(10)	(2)	(169)	(6,263)
Transfers to property, plant & equipment	–	(1,454)	–	551	–	–	–	(903)
Depreciation charge for the year	(89)	(32,894)	(19)	(293)	(126)	(1,621)	(2,145)	(37,187)
Effect of movement in exchange rates	–	(6,119)	–	(12)	(4)	(145)	(196)	(6,476)
At 31 December 2022	2,087	208,940	15	435	310	1,893	2,688	216,368

Company	Office equipment and machinery \$'000
At 1 January 2021	9
Depreciation charge for the year	(6)
At 31 December 2021	3
At 1 January 2022	3
Depreciation charge for the year	(2)
At 31 December 2022	1

Amounts recognised in profit or loss

	2022 \$'000	2021 \$'000
Depreciation charge of right-of-use assets	37,187	39,900
Interest expense on lease liabilities	7,329	7,056
Expenses relating to short-term leases	8,651	8,262
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2,502	2,889

Amounts recognised in statement of cash flows

	2022 \$'000	2021 \$'000
Total cash outflow for leases	42,588	45,017

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

In respect of those whose extension options were not included in the initial recognition of lease liabilities up to 31 December 2022, the Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$56,156,000 (2021: \$68,975,000).

27 Loans to subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
Current	7,924	–
Non-current	265,003	86,558
	<u>272,927</u>	<u>86,558</u>

In 2022, the Company entered into loan agreements with a subsidiary amounting to \$3,069,000. The loans are secured on the subsidiary's trade receivables and other assets, bear interest at Canadian prime rate plus 0.85%. The loans are classified as current as they are repayable in 2023.

The remaining loans to subsidiaries are unsecured, bear interest ranging from 0% to 3% (2021: 0% to 0.4%) and are repayable up to 17 years. \$4,855,000 of these loans are classified as current as they are repayable in 2023 while the balance is classified as non-current as the Company does not expect to receive payment within the next 12 months.

28 Contingencies

Guarantees

The Group provided corporate guarantee including performance bonds of up to \$162,677,000 (2021: \$148,685,000) in favour of certain customers and landlords.

At the reporting date, the Group does not consider it probable that a claim will be made against the Group under the guarantees.

Australian Federal Police (“AFP”) Investigation and Australian Securities and Investments Commission (“ASIC”) Investigations

Since April 2015, the Group has become aware that the AFP had commenced investigations regarding a small number of institutionally funded projects in which SMEC subgroup was involved, in relation to suspected misconduct. Since April 2015, the Group also became aware that ASIC is investigating suspected breaches of certain sections of the Corporations Act and the ASIC Act 2001.

The AFP and ASIC investigations are ongoing, however matters of this nature may take some time to resolve. SMEC subgroup retained an external law firm to conduct an independent investigation into the project activities in question, and also to provide legal advice. The Group continues to cooperate with the AFP and ASIC in their investigations.

Based on its ongoing review of the matter, management has concluded that there is no obligation to recognise a provision in the statement of financial position as at 31 December 2022.

Costs totalling \$700,000 in relation to the above independent investigation are included in administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2022 (2021: \$900,000).

29 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and senior executive officers of the Group. Key management personnel compensation comprised:

	Group	
	2022	2021
	\$'000	\$'000
Short-term employee benefits	37,447	34,867
Post-employment benefits (including CPF)	657	1,091
Other long-term benefits	610	442
	<u>38,714</u>	<u>36,400</u>

Other related party transactions

Other than disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out by the Group with its related parties at terms agreed between the parties:

	Group	
	2022	2021
	\$'000	\$'000
Related corporations		
Purchases	(1,776)	(1,532)
Sales	<u>49,483</u>	<u>43,072</u>

30 Cash-settled share-based payment transaction

In February 2017, a subsidiary of the Group issued shares to a third party entity that resulted in the dilution of the Group's interest in the Group subsidiary without loss of control. The immediate holding company of the Group subsidiary also entered into put-and-call options to acquire equity of the third party in 7 years or in the event of certain triggering events.

This transaction was accounted for as a cash-settled share-based payment transaction. A share-based payment liability associated with the put-and-call options was initially recognised at fair value of \$2,488,000 and share-based payment expense of \$800,000 was recognised in profit or loss at the transaction date. The share-based payment liability was remeasured at fair value of \$975,000 (2021: \$908,000) as at 31 December 2022. The fair value change of -\$145,000 (2021: \$260,000) was recognised in profit or loss.

The fair value of the share-based payment liability is measured using the Black-Scholes formula.

The inputs used in the measurement of the fair values at transaction date and measurement date are as follows:

	Transaction date 23 February 2017	Measurement date 31 December 2020	Measurement date 31 December 2021	Measurement date 31 December 2022
Fair value	2,488	1,195	908	975
Spot price	10,335	6,770	5,206	5,417
Strike price	4,274	10,734	7,035	6,430
Time to maturity (in years)	10	6	5	4
Volatility	15%	43%	37%	36%
Risk-free rate	7.73%	5.40%	6.80%	8.40%
Dividend yield (ave)	8.46%	6.40%	6.00%	7.00%

31 Operating segments

The Group has the following strategic divisions, which are its reportable segments. These divisions are managed separately as they operate in different geographical segments and offer different services. The Core Group, comprising Group Chief Executive Officer (GCEO), Group Chief Finance Officer (GCFO), Group Chief Corporate Officer (GCCO), Group Chief Officer, Integration, M&A (GCO), CEO, New Business and the Chief Executive Officers (CEOs) of the different segments, reviews internal management reports of these operating segments on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Consultancy services offered in different geographical segments based on resources deployed:

- ASEAN and North Asia
- Australia and New Zealand
- Africa
- South Asia and Middle East
- Europe and Americas

Global Managed Services: Includes facilities management services, integrated estate management services, armed and unarmed guard services.

Global Initiatives: Includes the investment arm of the Group as well as other global initiatives such as innovation program office that collaborates with external partners on research and development.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit/(loss) before tax, as included in the internal management reports that are reviewed by the Core Group.

Information about reportable segments

		2022					
		Consultancy Services			Global Managed Services		
		Australia and New Zealand	Africa	South Asia and Middle East	Europe & Americas	Global Initiatives	Eliminations/ Others
Group		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue		414,715	549,612	88,838	167,972	142,601	1,363,738
						578,504	78,348
							(52,184)
							1,968,406
Operating Profit/(loss)		26,263	61,888	4,993	19,934	8,587	121,665
						38,960	(6,185)
							(2,121)
							152,319
		2021					
		Consultancy Services			Global Managed Services		
		Australia and New Zealand	Africa	South Asia and Middle East	Europe & Americas	Global Initiatives	Eliminations/ Others
Group		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue		413,569	478,208	91,057	124,107	134,768	1,241,709
						564,511	79,119
							(45,959)
							1,839,380
Operating Profit/(loss)		15,259	42,725	3,558	17,538	14,085	93,165
						40,042	(8,178)
							3,359
							128,388

Reconciliations of reportable segment profit or loss to SFRS(I) measures

	Group	
	2022	2021
	\$'000	\$'000
Operating profit	152,319	128,388
Unallocated corporate or support costs	(43,900)	(45,511)
Net finance costs	(20,537)	(35,711)
Amortisation of intangibles arising from acquisitions	(6,337)	(7,200)
Net non-operating (expense)/income	(1,307)	41,373
Others	5,910	160
Net profit before tax	<u>86,148</u>	<u>81,499</u>

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of projects and segment non-current assets are based on the geographical location of the assets.

	Group	
	2022	2021
	\$'000	\$'000
Revenue		
Singapore	919,296	909,424
Australia	486,667	422,541
United Kingdom	75,852	68,148
South Africa	51,584	48,775
Bangladesh	50,800	50,835
India	29,643	26,826
Canada	27,448	26,309
Other countries	327,116	286,522
Consolidated revenue	<u>1,968,406</u>	<u>1,839,380</u>

Non-current assets ⁽ⁱ⁾

Singapore	410,671	286,889
Australia	308,357	330,445
Other countries	106,281	80,806
	<u>825,309</u>	<u>698,140</u>

(i) Non-current assets exclude other investments, deferred tax assets and derivative financial assets.

32 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

(i) Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

There is no impact to the presentation of deferred tax assets and deferred tax liabilities in the Group's financial statements with the adoption of these amendments.

(ii) Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-Current

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

(iii) Others

The Group is still assessing the impact of the following amendments to SFRS(I)s on the Group's consolidated financial statements and the Company's statement of financial position:

- SFRS(I) 17 *Insurance Contracts* and Amendments to SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*