DIRECTORS' STATEMENT & FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The Directors present their statement together with the audited consolidated financial statements of the Group, and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the directors, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company as set out on pages 129 to 134, 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 2019, and the financial performance, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. Directors

The Directors of the Company in office at the date of this statement are:

Lee Boon Yang (Chairman)
Loh Chin Hua (Chief Executive Officer)
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Till Bernhard Vestring
Veronica Eng
Jean-François Manzoni
Teo Siong Seng (appointed on 1 November 2019)
Tham Sai Choy (appointed on 1 November 2019)
Penny Goh (appointed on 2 January 2020)

2. Audit Committee

The Audit Committee of the Board of Directors comprises six independent non-executive Directors. Members of the Committee are:

Danny Teoh (Chairman)
Alvin Yeo Khirn Hai
Tan Ek Kia
Veronica Eng
Tham Sai Choy (appointed on 1 February 2020)
Penny Goh (appointed on 1 February 2020)

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

- Reviewed financial statements and announcements relating to financial performance, and significant financial reporting issues and judgments contained in them;
- Reviewed the adequacy and effectiveness of financial, operational, compliance and information technology controls, as well as risk management in relation to financial reporting and other financial-related risks;
- Reviewed the Board's comment on the adequacy and effectiveness of the Group's internal control systems, and state whether it concurs with the Board's comments; and if there are material weaknesses identified in the Group's internal controls, to consider and recommend the necessary steps to be taken to address them;
- Reviewed the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's internal control systems;
- Reviewed audit scopes, plans and reports of the Company's external and internal auditors and considered effectiveness of actions taken by management on the recommendations and observations;
- Reviewed the adequacy, effectiveness, independence and objectivity of the external auditors and internal auditors annually;
- Reviewed the scope and results of the external audit function and internal audit function;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors and internal auditors, without the presence of management, at least annually;
- Ensured that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Company, at least annually;
- Reviewed the whistle-blower policy and the Company's procedures for detecting and preventing fraud and other arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- Reviewed interested person transactions;
- Investigated any matters within the Audit Committee's terms of reference, whenever it deemed necessary;
- Reported to the Board on material matters, findings and recommendations;
- Reviewed the Audit Committee's terms of reference annually and recommended proposed changes to the Board for approval; and
- Ensured the Head of Internal Audit and external auditors have direct and unrestricted access to the Chairman of the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditors and approved the remuneration and terms of engagement at the forthcoming Annual General Meeting of the Company.

3. **Arrangements to enable directors to acquire shares or debentures**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Restricted Share Plan, KCL Performance Share Plan and Remuneration Shares to Directors of the Company.

4. **Directors' interests in shares and debentures**

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings At		
	1.1.2019 or date of appointment, if later	**31.12.2019**	**21.1.2020**
Keppel Corporation Limited			
(No. of ordinary shares)			
Lee Boon Yang	290,000	322,000	322,000
Loh Chin Hua	895,341	1,310,592	1,310,592
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Alvin Yeo Khirn Hai	44,225	51,225	51,225
Alvin Yeo Khirn Hai (deemed interest)	42,000	42,000	42,000
Tan Ek Kia	42,825	51,825	51,825
Danny Teoh	73,825	83,825	83,825
Till Bernhard Vestring	74,000	81,000	81,000
Veronica Eng	19,000	28,000	28,000
Jean-François Manzoni	-	1,000	1,000
Tham Sai Choy	155,570	155,570	155,570
Penny Goh	-	-	30,000
(Unvested restricted shares to be delivered after 2016)			
Loh Chin Hua	60,000	-	-
(Unvested restricted shares to be delivered after 2017)			
Loh Chin Hua	181,568	90,784	90,784
(Unvested restricted shares to be delivered after 2018)			
Loh Chin Hua	-	174,936	174,936
(Contingent award of performance shares issued in 2016 to be delivered after 2018)[1]			
Loh Chin Hua	300,000	-	-
(Contingent award of performance shares issued in 2017 to be delivered after 2019)[1]			
Loh Chin Hua	330,000	330,000	330,000
(Contingent award of performance shares issued in 2018 to be delivered after 2020)[1]			
Loh Chin Hua	320,000	320,000	320,000
(Contingent award of performance shares issued in 2019 to be delivered after 2021)[1]			
Loh Chin Hua	-	365,000	365,000
(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2021)[1]			
Loh Chin Hua	750,000	750,000	750,000

1 Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

5. Share options of the Company

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were 44,000 Shares issued by virtue of exercise of options and options to take up 935,285 Shares were cancelled during the financial year. At the end of the financial year, there were 910,900 Shares under option as follows:

	Number of Share Options					
Date of grant	**Balance at 1.12019**	**Exercised**	**Cancelled**	**Balance at 31.12.2019**	**Exercise Price**	**Date of expiry**
05.02.09	68,600	(44,000)	(24,600)	-	$3.07	04.02.19
06.08.09	688,385	-	(688,385)	-	$6.86	05.08.19
09.02.10	1,133,200	-	(222,300)	910,900	$6.89	08.02.20
	1,890,185	(44,000)	(935,285)	910,900		

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

6. Share plans of the Company

The KCL Performance Share Plan ("KCL PSP") and KCL Restricted Share Plan ("KCL RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL PSP, KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP"), KCL RSP and KCL RSP-Deferred Shares are disclosed in Note 3 to the financial statements and as follows:

Contingent awards:

	Number of Shares					
Date of Grant	**Balance at 1.1.2019**	**Contingent awards granted**	**Adjustments upon release**	**Released**	**Cancelled**	**Balance at 31.12.2019**
KCL PSP						
29.4.2016	645,000	-	(264,400)	(380,600)	-	-
28.4.2017	1,070,000	-	-	-	-	1,070,000
30.4.2018	1,180,000	-	-	-	-	1,180,000
30.4.2019	-	1,635,000	-	-	-	1,635,000
	2,895,000	1,635,000	(264,400)	(380,600)	-	3,885,000
KCL PSP-TIP						
29.4.2016	3,935,967	-	-	-	(350,000)	3,585,967
28.4.2017	2,030,000	-	-	-	(30,000)	2,000,000
	5,965,967	-	-	-	(380,000)	5,585,967

Awards:

	Number of Shares					
Date of Grant	**Balance at 1.1.2019**	**Awards granted**	**Adjustments upon release**	**Released**	**Cancelled**	**Balance at 31.12.2019**
KCL RSP-Deferred shares						
15.2.2019	-	3,908,536	-	(3,908,536)	-	-
18.4.2019	-	325,635	-	(325,635)	-	-
	-	4,234,171	-	(4,234,171)	-	-

Awards released but not vested:

Date of Grant	Balance at 1.1.2019	Released	Vested	Cancelled	Other adjustments	Balance at 31.12.2019
	Number of Shares					
KCL PSP						
29.4.2016	-	380,600	(380,600)	-	-	-
	-	380,600	(380,600)	-	-	-
KCL RSP						
31.3.2014	4,200	-	-	(600)	-	3,600
31.3.2015	11,000	-	-	(3,700)	-	7,300
29.4.2016	1,614,918	-	(1,565,032)	(34,545)	-	15,341
	1,630,118	-	(1,565,032)	(38,845)	-	26,241
KCL RSP-Deferred shares						
23.2.2018	2,586,237	-	(1,276,901)	(94,045)	(492)	1,214,799
15.2.2019	-	3,908,536	(1,312,115)	(106,166)	(2,165)	2,488,090
18.4.2019	-	325,635	(112,660)	(3,300)	-	209,675
	2,586,237	4,234,171	(2,701,676)	(203,511)	(2,657)	3,912,564

No Director of the Company received any contingent award of Shares granted under the KCL RSP and KCL PSP except for the following:

Contingent awards:

	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP					
Executive Director					
Loh Chin Hua	-	644,757	-	(644,757)	-
KCL PSP					
Executive Director					
Loh Chin Hua	365,000	1,885,814	(624,014)	(246,800)	1,015,000
KCL PSP-TIP					
Executive Director					
Loh Chin Hua	-	750,000	-	-	750,000

Awards:

	Awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP-Deferred shares					
Executive Director					
Loh Chin Hua	262,403	534,755	-	(534,755)	-

DIRECTORS' STATEMENT

6. Share plans of the Company (continued)

Awards released but not vested:

	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
KCL RSP			
Executive Director			
Loh Chin Hua	644,757	(644,757)	-
KCL RSP-Deferred shares			
Executive Director			
Loh Chin Hua	534,755	(269,035)	265,720
KCL PSP			
Executive Director			
Loh Chin Hua	246,800	(246,800)	-

No Director or employee received 5% or more of the total number of contingent award of Shares granted during the financial year and aggregated to date, except for the following:

	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
Executive Director		
Loh Chin Hua	10.7%	6.5%

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP, KCL RSP-Deferred shares, the KCL PSP and the KCL PSP-TIP.

7. Independent auditor
The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board

LEE BOON YANG
Chairman

LOH CHIN HUA
Chief Executive Officer

Singapore, 27 February 2020

INDEPENDENT AUDITOR'S REPORT

to the Shareolders of Keppel Corporation Limited
For the financial year ended 31 December 2019

Report on the audit of the financial statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Keppel Corporation Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") 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 2019, the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Group and of the Company comprise:

- the balance sheets of the Group and of the Company as at 31 December 2019;
- the consolidated profit and loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of changes in equity of the Group and of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Recoverability of contract assets and stocks (work-in-progress) in relation to the Offshore and Marine ("O&M") business unit *(Refer to Notes 2.27(iii), 14 and 15 to the financial statements)*	
As at 31 December 2019, the Group has: (i) Stocks (work-in-progress) ("WIP") amounting to $599 million (after a provision of $50 million made in prior year); and (ii) contract assets relating to certain rigbuilding contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, amounting to $1,432 million (after a provision for expected credit loss of $21 million made in prior year). We focused on this area because significant judgment and assumptions are required in: (i) estimating the net realisable values ("NRV") of the WIP balance; and (ii) estimating the expected credit loss of the contract asset balance.	We reviewed management's assessment of the NRV of the WIP and the recovery of the contract assets balance. We assessed the most significant inputs to the Discounted Cash Flow ("DCF") calculations and engaged our valuation specialists to review the discount rates applied. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's judgment around the NRV of the WIP and the recovery of contract assets to be appropriate.

INDEPENDENT AUDITOR'S REPORT
to the Shareolders of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
In determining whether the NRV of the WIP exceeds its carrying amount, management has considered arrangements to market the WIP and estimated its NRV based on the DCF model. NRV of the WIP was estimated to be above the carrying value at the balance sheet date. For contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, in the event that the customers are unable to fulfil their contractual obligations, the Group can exercise its right to retain payments received to date and take legal possession of the rigs under construction. Management has assessed if the values of the rigs would exceed the carrying values of the contract assets. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using DCF calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include dayrates and discount rates. Arising from management's assessment, no additional expected credit loss provision was required against contract assets in 2019.	In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in the assessment of the valuation. We also found the disclosures in the financial statements in respect of the critical judgment and sources of estimation uncertainty to be adequate.
2. Impairment assessment of investments in associated companies *(Refer to Note 10 to the financial statements)* As at 31 December 2019, the Group has investments in associated companies with a carrying value amounting to $6,351 million. Significant associated companies where impairment indicators exist included KrisEnergy Limited and Floatel International Limited. *Investment in KrisEnergy and related exposures* The Group has a 40% equity interest in KrisEnergy Limited ("KrisEnergy"), an associated company listed on the Singapore Exchange. KrisEnergy is an independent upstream company focused on the production and development of oil and gas in the basins of Southeast Asia. As at 31 December 2019, the carrying amount of the Group's investment in KrisEnergy amounted to $74 million (after a full impairment write down of $37 million in the current year on equity shares), comprising zero-coupon notes. In addition, the Group also has $21 million of contract assets in relation to a construction contract for a production barge for KrisEnergy and, through a bilateral agreement between the Group and a bank, guaranteed $263 million in respect of the bank loan granted to KrisEnergy (Note 10). The zero-coupon notes and guarantee are secured on the assets of KrisEnergy. On 14 August 2019, KrisEnergy requested for a suspension of trading of its shares on the Singapore Exchange and applied for a debt moratorium. The High Court of Republic of Singapore approved the application for an initial period of three months up to 14 November 2019. At the date of these financial statements, the debt moratorium was extended to 27 May 2020.	We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy and its ability to repay its debt obligations. For cash flows estimated by KrisEnergy from an asset under development, we evaluated the reasonableness of the estimates and assumptions in the cash flow projections, with focus on the estimates of reserves available and estimated future oil prices of US$63 to US$70 per barrel for 2020 to 2028. For cash flows relating to producing assets, we evaluated the reasonableness of the estimates by assessing historical performance. For non-performing or underperforming assets, we obtained an understanding on the progress of each proposed sale transaction and the bid prices received. In respect of the financial advisor for the Group, we assessed that it possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of KrisEnergy.

Key Audit Matter	How our audit addressed the Key Audit Matter
In November 2019, KrisEnergy announced that a restructuring plan was in the process of being developed by KrisEnergy's management together with its consultants. Management performed an impairment assessment to estimate the recoverable amount of the Group's exposure in KrisEnergy as at 31 December 2019. With assistance from its financial advisor, management estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. Based on the result of the assessment, an impairment loss of $37 million was recognised in 2019 to fully write down the carrying amount of the investment. No impairment allowances were made against the zero-coupon notes and contract assets and no liabilities were recorded for the Group's guarantee given to the bank for the loan granted to KrisEnergy as the Group has priority over the cash flows on the assets of KrisEnergy. Management will continue to evaluate the above assessment when a restructuring plan is presented by KrisEnergy in due course, which may give rise to adjustments to be made. We focused on this area as the assessment of the recoverable amount required management to make projections of cash flows arising from producing assets and assets under development in which several estimates and key assumptions were applied.	We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found the significant estimates and key assumptions in determining the available cash flows for the Group's investment in KrisEnergy to be reasonable and the related disclosures to be adequate.
Investments in Floatel International Limited The Group has a 49.92% equity interest in Floatel International Limited ("Floatel"). Floatel operates a fleet of five semisubmersible accommodation and construction support vessels for the offshore oil and gas industry. The carrying amount of the Group's investment in Floatel amounted to $477 million as at 31 December 2019 (2018: $524 million), comprising $311 million in equity shares (2018: $362 million), $10 million in preference shares (2018: $22 million) and $156 million in long term receivables (2018: $140 million). During the financial year ended 31 December 2019, the Group had equity accounted for $51 million as their share of loss of Floatel's results (2018: profit of $11 million) which included impairment losses on the carrying value of Floatel's three vessels amounting to $20 million (2018: $nil). The recoverable amount of the vessels were determined on their value-in-use, using a DCF model. In November 2019, credit rating agencies downgraded Floatel's credit rating, citing market environment for accommodation vessels remaining difficult with limited activity and pressure on dayrates. The rating agencies also commented that if Floatel fails to contract work for its idle vessels in the near future, it may not be able to meet its leverage covenant at its first test at the year-end 2020.	We evaluated the appropriateness of the key inputs used in the estimation of the recoverable amount of Floatel's vessels as part of the impairment review of the vessels. We read recent public announcements made by the credit rating agencies to obtain an understanding of circumstances and impact arising from the credit downgrading. We read the public announcement made by Floatel on its financial results for the year ended 31 December 2019. We discussed with management to obtain an understanding of the basis of the going concern assumption, as well as the cash flow projections. We corroborated the information obtained to the cash flow projections used in the vessel impairment review, reports and analyses from advisors, as well as our understanding of the business environment that Floatel is operating in. We discussed with management their evaluation of the going concern assessment made by Floatel. We also assessed the adequacy of the disclosures in the financial statements in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

to the Shareolders of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment of investments in associated companies (continued) *Investments in Floatel International Limited (continued)* Floatel subsequently reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which cast significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation and Floatel management has initiated discussions with key creditors, in which, in the view of Floatel's board of directors, there is reasonable expectations of success. In a situation where going concern for Floatel no longer can be assumed, there is a risk for significant write down of its assets. Based on information currently available, the Group's management concurred with the judgment made by Floatel's management and board of directors in relation to this matter. If Floatel could not continue to be a going concern, the carrying amount of the Group's investment in Floatel may be subject to significant write down. We focused on this area as the assessment of the going concern of Floatel required management to evaluate the basis used by Floatel management in which several estimates and key assumptions were applied.	Based on the procedures performed, we found management's assessment to be consistent with the results of the audit procedures performed. We also found the disclosures in the financial statements in respect of this matter to be adequate.
3. Financial exposure in relation to contracts with Sete Brasil ***(Refer to Note 12 to the financial statements)*** The Group's customer, Sete Brasil ("Sete") filed for bankruptcy protection on 21 April 2016. The Group had previously entered into Engineering, Procurement and Construction ("EPC") contracts with Sete for the construction of six semisubmersible drilling rigs. Sete stopped making payments to the Group under these contracts since November 2014. The Group suspended construction of these six rigs in November 2015. The total cumulative expected losses recognised on these contracts amounted to $476 million. On 3 October 2019, Sete's creditors approved a settlement agreement between the Group and Sete, as well as a proposal by Magni Partners (Bermuda) Ltd ("Magni") to purchase Sete's four subsidiaries, of which two have EPC contracts with the Group. Under the settlement agreement with Sete, which is subject to fulfilment of certain conditions precedent, the Group would take over ownership of four uncompleted rigs arising from the performance of the above EPC contracts. When the settlement agreement comes into effect, the EPC contracts and related agreements entered for these uncompleted rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US$260 million included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.	We reviewed the terms of each contract and correspondences with Sete or its authorised representatives to validate the assumptions applied by management. For the two impending EPC contracts with Magni, we assessed the amount and timing of gross cash inflows from Magni to the term sheet. We also assessed the total cost of completing the construction of the rigs through discussions with project managers and corroborating the amounts to an approved budget plan. We obtained management's calculation of the discount rate used and evaluated its reasonableness based on our understanding of the settlement agreement with Magni. For the remaining four undelivered rigs, we reviewed management's computation of the provisions recognised during the year and corroborated the inputs against supporting documents and externally available information. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's assessment in respect of the provisions for expected credit loss and contract related costs from these contracts to be reasonable. We also found that the disclosures in the financial statements in respect of this matter to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
As at the date of these financial statements, management is in discussions with Magni on the terms to complete the construction of the two rigs with EPC contracts with the Group. Management estimated the net present value of the cash flows relating to the impending construction contracts for the two rigs with Magni. In addition, management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts for four undelivered rigs, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan. Arising from the above assessment, management is of the opinion that the provision of $183 million (included in provision for loss allowance in trade debtors (Note 12) (2018: $183 million) and $245 million (included in sundry creditors, Note 20) (2018: $245 million) are adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to these EPC contracts.	
4. Global resolution with criminal authorities in relation to corrupt payments *(Refer to Note 2.27(iii) to the financial statements)* In December 2017, a wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("KOM") reached a global resolution with the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, the U.S. Department of Justice ("DOJ"), and the Public Prosecutor's Office in Brazil, Ministério Público Federal ("MPF") in relation to corrupt payments made in Brazil by Zwi Skornicki, a former agent of certain Keppel subsidiaries in the O&M division. As part of the global resolution with the authorities, the Group had also committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. As of the date of these financial statements, Keppel O&M entities in Singapore, Brazil, Bulgaria, China, India, Philippines, UAE and USA had secured certification of the ISO 37001 Anti-Bribery Management System. Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended. The audits performed in 2018 had, however, identified certain matters relating to contracts entered into several years ago which required follow-up actions and further review. The follow-up actions and further review were concluded in 2019. Based on currently available information, management is of the opinion that no additional provisions is required. We focused on this area because of the management judgment required in determining whether additional provision is required.	We obtained understanding of management's compliance and governance regime, including the progress of its implementation, through enquiries of appropriate personnel within the Group and attendance at the board of directors' meetings. We read the reporting by KOM to DOJ and CPIB and sighted the ISO 37001 certificate. We discussed with management to understand the results of the anti-bribery and corruption compliance audits performed during the year. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found that the disclosures in the financial statements to be adequate. Based on our procedures and representations obtained from management, we found management's assessment of the matter to be appropriate.

INDEPENDENT AUDITOR'S REPORT

to the Shareolders of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
5. Revenue recognition based on measurement of progress towards performance obligation *(Refer to Note 2.20 and 24 to the financial statements)* During the year, the Group recognised $2,419 million of revenue relating to its rigbuilding, shipbuilding and repairs, and long-term engineering contracts ("construction contracts"). The Group recognises revenue over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion was measured by reference to either the percentage of the physical proportion of the contract work completed or the proportion of contract costs incurred to date to the estimated total contract costs. We focused on this area because of the significant management judgment required in: • the estimation of the physical proportion of the contract work completed for the contracts; and • the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims.	In respect of construction contracts where progress was measured based on the percentage of the physical proportion of the contract work completed, we sighted certified progress reports from engineers, performed site visits, and obtained confirmations from project owners to assess the appropriateness of management's estimates of the physical proportion of work completed. In respective of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, we evaluated the effectiveness of management's controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred. We then recomputed the revenues recognised for the current financial year based on the respective percentage of completion and traced these to the accounting records. We also considered the adequacy of the Group's disclosures in respect of this matter. Based on our procedures, we found that assumptions made in the measurement of the progress of construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.
6. Valuation of properties held for sale *(Refer to Note 14 to the financial statements)* At 31 December 2019, the Group had residential properties held for sale of $4,632 million mainly in China, Singapore, Indonesia and Vietnam. Properties held for sale are stated at the lower of cost and net realisable values. The determination of the carrying value and whether to recognise any foreseeable losses for properties held for sale is highly dependent on the estimated cost to complete each development and the estimated selling price. For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties. We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties.	We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information. Management applied their knowledge of the business in their regular review of these estimates. We corroborated the Group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale. We compared management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated cost to complete and corroborated the underlying assumptions made with our understanding of past completed projects.

Key Audit Matter	How our audit addressed the Key Audit Matter
Continued unfavourable market conditions in certain of the markets in which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is, therefore, a risk that the estimates of carrying values at the date of these financial statements exceed future selling prices, resulting in losses when the properties are sold.	For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuer and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computations of the foreseeable losses. We also considered the adequacy of the disclosures in the financial statements, in describing the allowance for foreseeable losses made for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.
7. Valuation of investment properties *(Refer to Note 7 and Note 34 to the financial statements)* At 31 December 2019, the Group owns a portfolio of investment properties of $3,022 million comprising office buildings, hotels, retail malls and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. Investment properties are stated at their fair values based on independent external valuations. We focused on this area as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such as the capitalisation rate, discount rate, net initial yield and price of comparable plots and properties.	We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the reliability of inputs of the projected cash flows used in the valuation to supporting lease agreements and other documents. We corroborated the inputs such as the capitalisation rate, net initial yield, discount rate and price of comparable plots used in the valuation methodology by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates. The valuers are members of recognised professional bodies for external valuers. We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.

INDEPENDENT AUDITOR'S REPORT

to the Shareolders of Keppel Corporation Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
8. Purchase price allocation ("PPA") and impairment assessment of goodwill arising from acquisition of subsidiary – M1 Limited ("M1") *(Refer to Note 2.27(ii) and Note 36 to the financial statements)*	
Purchase price allocation On 15 February 2019, the Group obtained controlling interest in M1 for a purchase consideration of $1,232 million through an 80% owned subsidiary. The Group performed a PPA exercise for the acquisition, where the purchase consideration was allocated to the fair value of the identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill of $988 million on the investment in M1. As part of the PPA exercise, management identified intangible assets relating to brand, and subscriber relationships and contracts, and performed an estimation of the fair value of the identifiable assets acquired and liabilities assumed. In this exercise, management engaged independent valuers to perform the valuation of certain assets of M1, including spectrum rights and licenses, network assets, application systems and leasehold buildings. We focused on this area as the determination of fair values of the identifiable assets acquired and liabilities assumed, including the identification of intangible assets, required significant management judgment in estimating the underlying assumptions to be applied.	We obtained and read the Sales and Purchase Agreement and identified critical terms with accounting impact, including the purchase consideration and determined the acquisition date to be 15 February 2019. We engaged our valuation specialists in assessing the methodology applied in the PPA exercise and the appropriateness of the key assumptions used in determining the valuation of intangible assets, including brand and subscriber relationships. In respect of the independent professional firms engaged by the Group, we found that they possessed the requisite competency and experience to assist management in the valuation of the spectrum rights and licenses, network assets, application systems and leasehold buildings of M1. We also assessed the appropriateness of the disclosures in the financial statements in respect of this matter. Based on our audit procedures, we found management's basis of estimating the fair value to allocate the purchase consideration of the Group's investment in M1 to be reasonable. We also found the disclosures in the financial statements to be adequate.
Impairment assessment – Goodwill on acquisition An annual impairment assessment was performed on the goodwill of $988 million, which represented the amount of purchase consideration in excess of the fair value of the identifiable assets acquired and liabilities assumed on acquisition date. The recoverable value of the investment in M1 was determined on a value-in-use basis using a DCF model. The assessment by the Group required significant judgment in estimating the underlying assumptions including the revenue growth rate, long term growth rate and discount rate. Based on management's assessment, no impairment was required as the recoverable amount was higher than the carrying value (including goodwill) of the investment in M1.	We involved our valuation specialists in evaluating the valuation methodology and the key assumptions applied by management. We assessed the appropriateness of the underlying assumptions made by management in their cash flow projections, including the revenue growth rate, long term growth rate and discount rate based on the economic and industry conditions relevant to M1's business. We checked whether the cash flow projections were based on the approved business plan. We assessed the sensitivity of the cash flow projections and other key assumptions including discount rate and long term growth rate on the impairment assessment and the impact on the headroom over the carrying value. Based on the audit procedures performed, we found management's assessment to be appropriate.

Other information

Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and other sections of the Keppel Corporation Limited Report to Shareholders 2019 ("Other Sections of the Annual Report") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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, SFRS(I)s and IFRSs, 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.

Auditor's 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 auditor's 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 judgment and maintain professional skepticism 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 control.

  Obtain an understanding of internal control 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 control.

- 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 auditor's 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 auditor's 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 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 control 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 to 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 auditor's report unless law or regulation precludes 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.

INDEPENDENT AUDITOR'S REPORT

to the Shareolders of Keppel Corporation Limited

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 auditor's report is Yeoh Oon Jin.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 February 2020

BALANCE SHEETS

As at 31 December 2019

	Note	Group 31 December 2019 $'000	Group 31 December 2018 $'000	Group 1 January 2018 $'000	Company 31 December 2019 $'000	Company 31 December 2018 $'000	Company 1 January 2018 $'000
Share capital	3	**1,291,722**	1,291,722	1,291,310	**1,291,722**	1,291,722	1,291,310
Treasury shares	3	**(14,009)**	(45,073)	(74)	**(14,009)**	(45,073)	(74)
Reserves	4	**9,933,140**	10,021,113	9,901,249	**6,772,318**	6,396,589	6,341,656
Share capital & reserves		**11,210,853**	11,267,762	11,192,485	**8,050,031**	7,643,238	7,632,892
Non-controlling interests	5	**435,178**	308,930	529,970	**-**	-	-
Total equity		**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238	7,632,892
Represented by:							
Fixed assets	6	**2,901,845**	2,372,560	2,432,963	**7,273**	6,676	296
Investment properties	7	**3,022,091**	2,851,380	3,460,608	**-**	-	-
Right-of-use assets	8	**759,929**	-	-	**12,833**	-	-
Subsidiaries	9	**-**	-	-	**7,962,528**	7,867,959	7,972,849
Associated companies	10	**6,350,845**	6,239,053	5,915,379	**-**	-	-
Investments	11	**649,069**	449,515	417,792	**19,230**	16,957	15,012
Long term assets	12	**1,656,362**	679,464	603,792	**23,469**	8,801	14,346
Intangibles	13	**1,682,981**	129,007	132,594	**-**	-	-
		17,023,122	12,720,979	12,963,128	**8,025,333**	7,900,393	8,002,503
Current assets							
Stocks	14	**5,542,755**	5,495,904	5,755,725	**-**	-	-
Contract assets	15	**3,497,476**	3,212,712	3,643,495	**-**	-	-
Amounts due from:							
- subsidiaries	16	**-**	-	-	**7,280,724**	4,043,121	3,498,920
- associated companies	16	**563,578**	291,729	342,960	**705**	548	733
Debtors	17	**2,748,484**	2,702,300	3,062,683	**8,844**	6,229	4,590
Derivative assets		**41,050**	45,976	181,226	**18,544**	23,217	93,530
Short term investments	18	**121,581**	136,587	202,776	**-**	27,400	-
Bank balances, deposits & cash	19	**1,783,514**	1,981,406	2,273,788	**1,047**	370	2,213
		14,298,438	13,866,614	15,462,653	**7,309,864**	4,100,885	3,599,986
Current liabilities							
Creditors	20	**4,604,544**	4,391,023	5,720,165	**78,725**	76,172	68,585
Derivative liabilities		**119,481**	119,405	37,969	**19,988**	27,796	29,528
Contract liabilities	15	**1,824,965**	1,918,547	1,950,151	**-**	-	-
Provisions for warranties	21	**36,448**	69,614	115,972	**-**	-	-
Amounts due to:							
- subsidiaries	16	**-**	-	-	**156,867**	162,611	236,403
- associated companies	16	**490,286**	115,824	253,331	-	-	-
Term loans	22	**4,555,237**	1,480,757	1,714,084	**3,400,430**	460,657	551,530
Lease liabilities	8	**67,387**	-	-	**4,154**	-	-
Taxation	28	**248,425**	297,922	220,761	**31,523**	43,519	33,955
		11,946,773	8,393,092	10,012,433	**3,691,687**	770,755	920,001
Net current assets		**2,351,665**	5,473,522	5,450,220	**3,618,177**	3,330,130	2,679,985
Non-current liabilities							
Term loans	22	**6,504,394**	6,067,752	6,078,919	**3,498,203**	3,495,610	2,939,800
Lease liabilities	8	**530,052**	-	-	**11,498**	-	-
Deferred taxation	23	**399,028**	188,340	325,359	**-**	-	-
Other non-current liabilities	20	**295,282**	361,717	286,615	**83,778**	91,675	109,796
		7,728,756	6,617,809	6,690,893	**3,593,479**	3,587,285	3,049,596
Net assets		**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238	7,632,892

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	24	**7,579,703**	5,964,781
Materials and subcontract costs		**(5,266,594)**	(4,175,035)
Staff costs	25	**(1,163,231)**	(987,830)
Depreciation and amortisation		**(375,294)**	(182,386)
Impairment loss on financial assets		**(74,367)**	(99,713)
Other operating income - net		**176,284**	535,345
Operating profit	26	**876,501**	1,055,162
Investment income	27	**64,594**	9,991
Interest income	27	**177,675**	164,260
Interest expenses	27	**(312,716)**	(204,824)
Share of results of associated companies	10	**147,413**	220,895
Profit before tax		**953,467**	1,245,484
Taxation	28	**(192,329)**	(284,776)
Profit for the year		**761,138**	960,708
Attributable to:			
Shareholders of the Company		**706,975**	948,392
Non-controlling interests	5	**54,163**	12,316
		761,138	960,708
Earnings per ordinary share	29		
- basic		**38.9 cts**	52.3 cts
- diluted		**38.7 cts**	52.0 cts

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	2019 $'000	2018 $'000
Profit for the year	761,138	960,708
Items that may be reclassified subsequently to profit and loss account:		
Cash flow hedges		
- Fair value changes arising during the year, net of tax	(91,161)	(238,794)
- Realised and transferred to profit and loss account	115,750	132,017
Foreign exchange translation		
- Exchange difference arising during the year	(100,310)	(132,866)
- Realised and transferred to profit and loss account	7,345	5,574
Share of other comprehensive income of associated companies		
- Cash flow hedges	(18,898)	20,031
- Foreign exchange translation	(76,952)	(42,821)
	(164,226)	(256,859)
Items that will not be reclassified subsequently to profit and loss account:		
Financial assets, at FVOCI		
- Fair value changes arising during the year	(78,459)	(31,566)
Foreign exchange translation		
- Exchange difference arising during the year	(1,936)	(3,545)
Share of other comprehensive income of associated companies		
- Financial assets, at FVOCI	342	581
	(80,053)	(34,530)
Other comprehensive expense for the year, net of tax	(244,279)	(291,389)
Total comprehensive income for the year	516,859	669,319
Attributable to:		
Shareholders of the Company	462,946	660,866
Non-controlling interests	53,913	8,453
	516,859	669,319

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
Group								
2019								
As previously reported at 31 December 2018	1,291,722	(45,073)	194,943	10,330,287	(493,669)	11,278,210	308,930	11,587,140
Effects of change in accounting policy on capitalisation of borrowing costs	-	-	-	(10,448)	-	(10,448)	-	(10,448)
As restated at 31 December 2018	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692
Adoption of SFRS(I) 16	-	-	-	(78,201)	-	(78,201)	(2,797)	(80,998)
As adjusted at 1 January 2019	1,291,722	(45,073)	194,943	10,241,638	(493,669)	11,189,561	306,133	11,495,694
Total comprehensive income for the year								
Profit for the year	-	-	-	706,975	-	706,975	54,163	761,138
Other comprehensive income *	-	-	(74,112)	-	(169,917)	(244,029)	(250)	(244,279)
Total comprehensive income for the year	-	-	(74,112)	706,975	(169,917)	462,946	53,913	516,859
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 30)	-	-	-	(417,938)	-	(417,938)	-	(417,938)
Share-based payment	-	-	34,991	-	-	34,991	125	35,116
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(11,623)	(11,623)
Purchase of treasury shares	-	(4,543)	-	-	-	(4,543)	-	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,607	(35,472)	-	-	135	-	135
Transfer of statutory, capital and other reserves from revenue reserves	-	-	9,821	(9,821)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	1,207	1,207
Contributions to defined benefits plans	-	-	(4,041)	-	-	(4,041)	(415)	(4,456)
Other adjustments	-	-	(31)	-	-	(31)	-	(31)
Total contributions by and distributions to owners	-	31,064	5,268	(427,759)	-	(391,427)	(10,706)	(402,133)
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	-	-	-	-	-	-	308,001	308,001
Acquisition of additional interest in subsidiaries	-	-	-	(50,227)	-	(50,227)	(173,390)	(223,617)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(50,864)	(50,864)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	2,091	2,091
Total change in ownership interests in subsidiaries	-	-	-	(50,227)	-	(50,227)	85,838	35,611
Total transactions with owners	-	31,064	5,268	(477,986)	-	(441,654)	75,132	(366,522)
As at 31 December 2019	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031

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

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

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
	Attributable to owners of the Company							
Group								
2018								
As previously reported at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Effects of change in accounting policy on capitalisation of borrowing costs	-	-	-	(15,011)	-	(15,011)	-	(15,011)
As restated at 1 January 2018	1,291,310	(74)	281,407	10,178,636	(323,556)	11,427,723	530,225	11,957,948
Adoption of SFRS(I) 9	-	-	1,058	(236,296)	-	(235,238)	(255)	(235,493)
As adjusted at 1 January 2018	1,291,310	(74)	282,465	9,942,340	(323,556)	11,192,485	529,970	11,722,455
Total comprehensive income for the year								
Profit for the year	-	-	-	948,392	-	948,392	12,316	960,708
Other comprehensive income *	-	-	(117,413)	-	(170,113)	(287,526)	(3,863)	(291,389)
Total comprehensive income for the year	-	-	(117,413)	948,392	(170,113)	660,866	8,453	669,319
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 30)	-	-	-	(526,152)	-	(526,152)	-	(526,152)
Share-based payment	-	-	33,073	-	-	33,073	481	33,554
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(20,321)	(20,321)
Shares issued	412	-	-	-	-	412	-	412
Purchase of treasury shares	-	(90,758)	-	-	-	(90,758)	-	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	-	45,759	(40,435)	-	-	5,324	-	5,324
Transfer of statutory, capital and other reserves from revenue reserves	-	-	44,771	(44,771)	-	-	-	-
Contributions to defined benefits plans	-	-	814	-	-	814	-	814
Other adjustments	-	-	-	30	-	30	4,442	4,472
Total contributions by and distributions to owners	412	(44,999)	38,223	(570,893)	-	(577,257)	(15,398)	(592,655)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	-	-	(8,332)	-	-	(8,332)	(1,426)	(9,758)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(210,166)	(210,166)
Other adjustments	-	-	-	-	-	-	(2,503)	(2,503)
Total change in ownership interests in subsidiaries	-	-	(8,332)	-	-	(8,332)	(214,095)	(222,427)
Total transactions with owners	412	(44,999)	29,891	(570,893)	-	(585,589)	(229,493)	(815,082)
As at 31 December 2018	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692

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

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

STATEMENTS OF CHANGES IN EQUITY

	Share Capital $000	Treasury Shares $000	Capital Reserves $000	Revenue Reserves $000	Total $000
Company					
2019					
As at 1 January 2019	1,291,722	(45,073)	202,141	6,194,448	7,643,238
Total comprehensive income for the year					
Profit for the year	-	-	-	790,696	790,696
Other comprehensive income	-	-	2,273	-	2,273
Total comprehensive income for the year	-	-	2,273	790,696	792,969
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(417,938)	(417,938)
Share-based payment	-	-	36,170	-	36,170
Purchase of treasury shares	-	(4,543)	-	-	(4,543)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,607	(35,472)	-	135
Total transactions with owners	-	31,064	698	(417,938)	(386,176)
As at 31 December 2019	1,291,722	(14,009)	205,112	6,567,206	8,050,031
Company					
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Total comprehensive income for the year					
Profit for the year	-	-	-	588,420	588,420
Other comprehensive income	-	-	1,945	-	1,945
Total comprehensive income for the year	-	-	1,945	588,420	590,365
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(526,152)	(526,152)
Share-based payment	-	-	31,125	-	31,125
Shares issued	412	-	-	-	412
Purchase of treasury shares	-	(90,758)	-	-	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	-	45,759	(40,435)	-	5,324
Other adjustments	-	-	-	30	30
Total transactions with owners	412	(44,999)	(9,310)	(526,122)	(580,019)
As at 31 December 2018	1,291,722	(45,073)	202,141	6,194,448	7,643,238

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Operating activities			
Operating profit		876,501	1,055,162
Adjustments:			
Depreciation and amortisation		375,294	182,386
Share-based payment expenses		37,255	34,885
Profit on sale of fixed assets and an investment property		(6,277)	(2,795)
Gain on disposal of subsidiaries		(64,469)	(604,638)
Loss/(gain) on disposal of associated companies		22	(48,783)
Impairment of fixed assets		8,432	6,911
Impairment of associated companies		35,915	60,782
Fair value gain on investment properties		(101,020)	(84,886)
Profit on sale of investments		-	(2,232)
Gain from change in interest in associated companies		(27,114)	(63,622)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		(158,376)	-
Unrealised foreign exchange differences		17,434	27,622
Operational cash flow before changes in working capital		993,597	560,792
Working capital changes:			
Stocks		(72,104)	(408,506)
Contract assets		(159,551)	357,046
Debtors		(806,164)	543,245
Creditors		(15,610)	(694,363)
Contract liabilities		(77,990)	12,430
Investments		(274,421)	(5,448)
Intangibles		(662)	(561)
Amount due to/from associated companies		(30,093)	177
		(442,998)	364,812
Interest received		179,503	154,482
Interest paid		(298,099)	(198,637)
Net income taxes paid		(263,856)	(195,904)
Net cash (used in)/from operating activities		(825,450)	124,753
Investing activities			
Acquisition of a subsidiary	A	(1,143,012)	(38,052)
Acquisition and further investment in associated companies		(652,576)	(365,818)
Acquisition of fixed assets and investment properties		(516,794)	(254,511)
Disposal of subsidiaries	B	27,117	1,085,671
Proceeds from disposal of associated companies and return of capital		106,117	179,342
Proceeds from disposal of fixed assets		16,094	5,524
Advances to/from associated companies		96,625	(216,636)
Dividends received from investments and associated companies		378,422	281,375
Net cash (used in)/from investing activities		(1,688,007)	676,895
Financing activities			
Acquisition of additional interest in subsidiaries		(223,652)	(3,337)
Proceeds from share issues		-	412
Proceeds from reissuance of treasury shares pursuant to share option scheme		135	5,324
Proceeds from non-controlling shareholders of subsidiaries		1,178	-
Proceeds from term loans		4,392,341	1,549,445
Repayment of term loans		(1,342,450)	(1,939,475)
Principal element of lease payments		(47,306)	-
Purchase of treasury shares		(4,543)	(90,758)
Dividend paid to shareholders of the Company		(417,938)	(526,152)
Dividend paid to non-controlling shareholders of subsidiaries		(11,623)	(20,321)
Net cash from/(used in) financing activities		2,346,142	(1,024,862)
Net decrease in cash and cash equivalents		(167,315)	(223,214)
Cash and cash equivalents as at beginning of year		1,971,844	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		(27,285)	(46,390)
Cash and cash equivalents as at end of year	C	1,777,244	1,971,844

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

2019

	1 January 2019 $'000	Net proceeds/ (payment) of principal $'000	Non-cash changes Adoption SFRS(I) 16 $'000	Addition during the year $'000	Acquisition of subsidiaries $'000	Disposal of subsidiaries $'000	Foreign exchange movement $'000	31 December 2019 $'000
Term loans	7,548,509	3,049,891	-	-	451,418	-	9,813	11,059,631
Lease liabilities	-	(47,306)	573,363	47,508	44,771	(6,713)	(14,184)	597,439

2018

	1 January 2018 $'000	Principal payments (net of proceeds) $'000	Non-cash changes Acquisition of subsidiaries $'000	Disposal of subsidiaries $'000	Foreign exchange movement $'000	31 December 2018 $'000
Term loans	7,793,003	(390,030)	297,923	(171,380)	18,993	7,548,509

Notes to Consolidated Statement of Cash Flows

A. Acquisition of a subsidiary

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

	2019 $'000	2018 $'000
Fixed assets	772,654	47
Investment properties	-	360,000
Right-of-use assets	44,324	-
Intangible assets	610,516	-
Stocks	34,745	-
Contract assets	163,121	-
Debtors and other assets	197,211	530
Bank balances and cash	88,991	18,521
Creditors and other liabilities	(241,555)	(6,778)
Borrowings and lease liabilities	(496,189)	(297,923)
Current and deferred taxation	(251,498)	(3,827)
Non-controlling interests consolidated	(2,091)	-
Total identifiable net assets at fair value	920,229	70,570
Non-controlling interests measured at fair value	(308,001)	-
Amount previously accounted for as associated companies	(210,137)	(32,484)
Goodwill arising from acquisition	988,288	-
(Gain)/loss on remeasurement of previously held equity interest at fair value at acquisition date	(158,376)	18,487
Net assets acquired	1,232,003	56,573
Total purchase consideration	1,232,003	56,573
Less: Bank balances and cash acquired	(88,991)	(18,521)
Cash outflow on acquisition	1,143,012	38,052

During the year, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications & Transportation Ltd, holds the remaining 19% equity interest in M1 Limited.

Acquisition in prior year relates to the acquisition of 77.6% interest in PRE 1 Investments Pte Ltd on 20 December 2018.

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

B. Disposal of Subsidiaries

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

	2019 $'000	2018 $'000
Fixed assets	(80,973)	(4,272)
Investment properties	-	(948,613)
Right-of-use assets	(4,433)	-
Stocks	(95,065)	(692,651)
Debtors and other assets	(17,350)	(7,939)
Bank balances and cash	(26,053)	(39,194)
Creditors and other liabilities	41,357	446,973
Borrowings and lease liabilities	6,713	171,380
Current and deferred taxation	1,891	139,863
Non-controlling interests	50,099	210,166
	(123,814)	(724,287)
Amount accounted for as associated company	26,984	-
Net assets disposed of	(96,930)	(724,287)
Net profit on disposal	(64,469)	(604,638)
Realisation of foreign currency translation reserve	(7,335)	(7,575)
Sale proceeds	(168,634)	(1,336,500)
Less: Advance payments received in prior year	-	174,538
Less: Bank balances and cash disposed	26,053	39,194
Less: Proceeds receivables	115,464	37,097
Cash inflow on disposal	(27,117)	(1,085,671)

During the year, disposal relates to the sale of 70% interest in Dong Nai Waterfront City LLC, Keppel Logistics (Foshan Sanshui Port) Company Ltd and Keppel Logistics (Hong Kong) Ltd.

Significant disposal in the prior year relates to the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd and Aether Limited.

C. Cash and Cash Equivalents

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

	2019 $'000	2018 $'000
Bank balances, deposits and cash	1,783,514	1,981,406
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(6,270)	(9,562)
	1,777,244	1,971,844

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

1. General

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

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

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

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment;
- investments and asset management; and
- telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, as well as customer services.

The financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet and statement of changes in equity of the Company at 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2020.

2. Significant accounting policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of New and Revised Standards

The Group adopted the new/revised SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s.

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

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 3 and 11 *Previously held interest in a joint operation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalisation*

The adoption of the above new or amended SFRS(I)s, SFRS (I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the adoption of SFRS(I) 16 *Leases* and Amendments to SFRS (I) 1-23 *Borrowing costs eligible for capitalisation*.

<u>Adoption of SFRS(I) 16</u>

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. Adoption of SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis. Following the adoption, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Lease liabilities are included as part of net debt and are taken into consideration when deriving the net gearing ratio.

The Group's accounting policy on leases after adoption of SFRS(I) 16 is as disclosed in Note 2.18.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

ii) On a lease-by-lease basis, the Group has:

a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
b) Relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
c) Accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
d) Excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
e) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019. For ROU assets which meet the definition of an investment property, the Group had measured the ROU assets at their fair values at 1 January 2019.

ii) The difference between carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

There are no material changes to accounting by the Group as a lessor.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

Group Balance Sheets	**01.01.2019 $'000**
Increase in right-of-use assets	592,126
Increase in investment properties	5,765
Decrease in fixed assets	(127,120)
Decrease in debtors	(14,213)
Increase in lease liabilities	(573,363)
Decrease in creditors	14,687
Increase in deferred tax assets	21,120
Decrease in net assets	(80,998)
Decrease in revenue reserves	(78,201)
Decrease in non-controlling interests	(2,797)
Decrease in total equity	(80,998)

The difference between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 of $909,035,000 and the lease liabilities recognised in the balance sheet as at 1 January 2019 of $573,363,000, was due mainly to the discounting effect using weighted average incremental borrowing rate of $316,532,000, the committed non-cancellable leases with lease terms commencing after 1 January 2019 of $39,352,000 and other adjustments of $1,501,000, partially offset by adjustments relating to changes in the index or rate affecting variable payments of $21,713,000.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the balance sheet on 1 January 2019 ranges from 1.5% to 12.8% per annum.

Clarification on SFRS(I) 1-23 *Borrowing Costs*
In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognises revenue over time for the sale of individual units in the development based on IFRS 15 *Revenue from Contracts with Customers*.

In November 2018, the Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 *Borrowing Costs* apply to the fact pattern in the submission. The Interpretations Committee tentatively concluded that such an entity should not capitalised borrowing costs. This tentative agenda decision was finalised in its original form on 20 March 2019.

2. Significant accounting policies (continued)

As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Following this Agenda Decision, borrowing costs on portion of property where control is capable of being transferred to customers are expensed off as incurred to the profit and loss account. Borrowing costs on the portion of the property not ready for transfer of control to customers are capitalised until the time when control is capable of being transferred to customers. As this constitutes a change in accounting policy, comparatives were restated accordingly.

Impact on the comparatives for the 31 December 2019 Financial Statements

The financial effects of the change in accounting policy:

Group Profit and Loss Account	31.12.2018 $'000
Decrease in materials & subcontract costs	12,596
Increase in interest expenses	(6,381)
Decrease in share of results of associated companies	(623)
Increase in taxation	(1,029)
Increase in profit for the period attributable to shareholders of the Company	4,563
Increase in basic EPS	0.3 cts
Increase in diluted EPS	0.3 cts

Group Balance Sheets	31.12.2018 $'000	01.01.2018 $'000
Decrease in associated companies	(632)	(9)
Decrease in stocks	(18,102)	(24,317)
Decrease in deferred taxation	8,286	9,315
Decrease in net assets	(10,448)	(15,011)
Decrease in revenue reserves	(10,448)	(15,011)
Decrease in total equity	(10,448)	(15,011)

2.3 Basis of Consolidation

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

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

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

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

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

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

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

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

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

2.4 Fixed Assets

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

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

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

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

2.5 Investment Properties

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

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

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

2.6 Subsidiaries

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

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

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

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

2. Significant accounting policies (continued)

2.7 Associated Companies

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

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

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

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

2.8 Intangibles

Goodwill

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

Spectrum Rights

These comprise expenditure relating to one-time charges paid to acquire spectrum rights and telecommunications licenses or access codes. These intangible assets are measured initially at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Spectrum rights are amortised on a straight-line basis over the estimated economic useful life of 4 to 17 years.

Brand

The brand was acquired as part of a business combination completed during the financial year. The brand value will be amortised over the useful life which is estimated to be 30 years based on the purchase price allocation exercise finalised during the year.

Customer Contracts and Customer Relationships

Customer contracts and customer relationships are identified and recognised separately from goodwill. The cost of customer contracts and relationships is at their fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight-line basis over their useful lives, ranging from 2 to 20 years.

Other Intangible Assets

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

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

2.9 Service Concession Arrangement

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

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

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

2.10 Investments

Investments are classified as fair value through other comprehensive income or fair value through profit or loss.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments at fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the investments. Investments at fair value through profit or loss are initially measured at fair value with the related transaction costs recognised immediately as expenses in the profit and loss account.

Investments are subsequently carried at fair value. For investments at fair value through other comprehensive income, gains or losses arising from changes in fair value are included in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the revenue reserves. For investments at fair value through profit or loss, gains or losses arising from changes in fair value are included in the profit and loss account.

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

2.11 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

2.12 Financial Assets

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

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

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

2. Significant accounting policies (continued)

2.13 Stocks

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

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

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

2.14 Contract Assets and Contract Liabilities

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

2.15 Impairment of Assets

Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

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

Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (“CGU”s) expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU’s fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

Tangible and intangible assets are tested for impairment whenever there is any indication that these assets may be impaired.

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

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

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

2.16 Financial Liabilities and Equity Instruments

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

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

2.17 Provisions

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

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

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

2.18 Leases

(i) Before 1 January 2019

When a group company is the lessee
Operating leases
Leases of assets in which the Group does not transfer substantially all the risks and rewards of ownership of the assets by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

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

(ii) From 1 January 2019

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

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

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

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

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

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

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

2. Significant accounting policies (continued)

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

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

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

Variable lease payments
Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises these lease payments in profit or loss in the periods that triggered such lease payments. Details of the variable lease payments are disclosed in Note 8.

When a group company is the lessor
Operating leases
The accounting policy applicable to the Group as a lessor in the comparative period was the same under SFRS(I) 16.

2.19 Assets classified as held for sale

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

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

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

2.20 Revenue

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

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

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

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

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

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

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

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

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

Dividend income is recognised in the profit and loss account when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

2.21 Borrowing Costs

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

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

2.22 Employee Benefits

Defined Contribution Plan

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

Employee Leave Entitlement

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

Share Option Scheme and Share Plans

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

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

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

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued, or to the treasury shares account when treasury shares are re-issued to the employee.

2. Significant accounting policies (continued)

2.23 Income Taxes

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

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

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

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

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

2.24 Foreign Currencies

Functional Currency

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

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

Foreign Currency Transactions

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

Foreign Currency Translation

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

Disposal or partial disposal of a foreign operation

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

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

2.25 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

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

2.26 Segment Reporting

The Group has four reportable segments, namely Offshore & Marine, Property, Infrastructure and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

2.27 Critical Accounting Estimates and Judgments

(i) Critical judgments in applying the Group's accounting policies

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

<u>Control over Keppel REIT</u>

The Group has approximately 49% (2018: approximately 47%) gross ownership interest of units in Keppel REIT as at 31 December 2019. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it does not have control over Keppel REIT but continues to have significant influence over the investment.

<u>Control over KrisEnergy Limited</u>

The Group has approximately 40% gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2019. The management assessed whether the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgment, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 20% interest held by two other shareholders of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy but continues to have significant influence over the investment.

(ii) Acquisition of M1 Limited – purchase price allocation ("PPA")

Accounting of business combinations requires the purchase consideration to be allocated to the fair value of the identifiable assets acquired and liabilities assumed at their fair values, with the unallocated portion being recognised as goodwill. The Group makes judgments on the identification of assets acquired and liabilities assumed and significant estimates in relation to the fair valuation of these identifiable assets and liabilities. The result of the purchase price allocation exercise is disclosed in Note 36.

(iii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

<u>Expected credit loss on financial assets measured at amortised cost and fair value through other comprehensive income</u>

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income ("FVOCI"). The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

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

The carrying amounts of trade, intercompany and other receivables, and financial assets at FVOCI are disclosed in the balance sheet.

2. Significant accounting policies (continued)

Recoverability of contract asset and receivable balances in relation to Offshore & Marine construction contracts

Contracts with Sete Brasil ("Sete")

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("Magni") to purchase four Sete subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. The EPC Contracts and related agreements entered into in relation to these four rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US$260 million from Sete and this amount has been included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

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

Arising from the above assessment, management is of the opinion that the loss allowance for trade debtors of $183,000,000 (Note 12) (2018: $183,000,000) and the provision for related contract costs of $245,000,000 (Note 20) (2018: $245,000,000) are adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to these EPC contracts.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000 (2018: $476,000,000).

Other contracts

As at 31 December 2019, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years. See Note 15 on contract assets balances.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the ECL on contract assets and trade receivables of deferred projects to determine if a provision for expected loss is necessary.

In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise their right to retain payments received to date and the legal possession of the rigs under construction. Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using Discounted Cash Flow ("DCF") calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include dayrates and discount rates.

During the financial year ended 31 December 2019, no further (2018: $21,000,000) ECL on contract assets was recognised.

Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the CGUs. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investments in subsidiaries, investment in associated companies and joint ventures, and intangibles are disclosed in the balance sheet. Management performed impairment tests on these non-financial assets as at 31 December 2019. Refer to Notes 6, 9, 10 and 13 for more details.

Revenue recognition and contract cost

The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion and significant judgment is required in the estimation of the physical proportion of the contract work completed for the contracts; and the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms and claims. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24.

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

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

Civil action by EIG funds
In February 2018, the Company's subsidiary, Keppel Offshore & Marine Ltd ("KOM") was served a summons by eight investment funds ("plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. The plaintiffs seek damages for its loss of investment of US$221 million in Sete, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the United States District Court, District of Columbia against, among others, the Company and KOM. The case was dismissed by the Court on 30 March 2017.

Management is of the view that the reported cause of action by the plaintiffs is without merit and KOM will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of the action and hence, the potential amount of any loss cannot currently be assessed. KOM has filed a motion to dismiss EIG's complaint.

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

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

Pursuant to the DPA, KOM paid a monetary penalty of US$105,554,245, of which US$4,725,000 was paid as a criminal fine by KOM USA, to the United States Treasury in 2018. In addition, KOM paid a monetary penalty of US$211,108,490 to MPF and a monetary penalty of US$52,777,122.50 to CPIB in 2018. A further US$52,777,122.50, which amount payable has been included as accrued expenses since FY2017, will be payable to CPIB within three years (or an extended period as approved by CPIB and DOJ) from the date of the Conditional Warning (less any penalties that KOM may pay to specified Brazilian authorities during this period, for which discussions with the specified authorities are ongoing).

As part of the global resolution with the authorities, the Group had also committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. As of the date of these financial statements, KOM entities in Singapore, Brazil, Bulgaria, China, India, Philippines, UAE and USA had secured certification of the ISO 37001 Anti-Bribery Management System.

Anti-bribery and corruption compliance audits were also performed on entities within the KOM Group. These audits revealed enhanced policies and procedures put in place to-date were, in general, functioning as intended. The audits performed in 2018 had, however, identified certain matters relating to contracts entered into several years ago which required follow-up actions and further review. The follow-up actions and further reviews were concluded in 2019.

Based on currently available information, management is of the opinion that no additional provision is required.

2. Significant accounting policies (continued)

Useful lives of network and related application systems
The cost of network and related application systems is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimated the useful lives of these fixed assets to be within 5 to 25 years. These are common life expectancies applied in the telecommunications industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's network and related application systems at the end of the reporting period are disclosed in Note 6 to the financial statements.

Revaluation of investment properties
The Group carries its investment properties at fair value with changes in fair value being recognised in profit and loss account. In determining fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield and discount rate.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions. The carrying amount of investment properties and the key assumptions used to determine the fair value of the investment properties are disclosed in Notes 7 and 34.

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

For construction projects under work-in-progress, the Group determines the estimated selling price based on recent sale transactions for similar assets or discounted cash flow models where recent sale transactions for similar assets were not available. For properties held for sale, provision is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

The Group has stocks (work-in-progress) amounting to $598,800,000 (after a provision of $50,000,000 made in prior year) (Note 14). The carrying amount represented the estimated net realisable value of the stocks. Management has determined the NRV of the stocks based on arrangements to market the asset and a DCF model.

3. Share capital

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2019	2018	**2019**	2018
Balance at 1 January	**1,818,394,180**	1,818,334,180	**(5,936,044)**	(10,788)
Issue of shares under the share option scheme	**-**	60,000	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**44,000**	731,500
Treasury shares transferred pursuant to share plans	**-**	-	**4,647,308**	4,643,244
Treasury shares purchased	**-**	-	**(770,000)**	(11,300,000)
Balance at 31 December	**1,818,394,180**	1,818,394,180	**(2,014,736)**	(5,936,044)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2019	2018	**2019**	2018
Balance at 1 January	**1,291,722**	1,291,310	**(45,073)**	(74)
Issue of shares under the share option scheme	**-**	412	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**334**	6,253
Treasury shares transferred pursuant to share plans	**-**	-	**35,273**	39,506
Treasury shares purchased	**-**	-	**(4,543)**	(90,758)
Balance at 31 December	**1,291,722**	1,291,722	**(14,009)**	(45,073)

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

In the prior year, the Company issued 60,000 Shares at an average weighted price of $6.86 per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 4,266,708 (2018: 4,643,244) Shares under the KCL Restricted Share Plan ("KCL RSP") and 380,600 (2018: Nil) Shares under the KCL Performance Share Plan ("KCL PSP") were vested.

During the financial year, the Company transferred 4,691,308 (2018: 5,374,744) treasury shares to employees under vesting of Shares released under the KCL Share Option Scheme and KCL Share Plans. The Company also purchased 770,000 (2018: 11,300,000) treasury shares in the Company in the open market during the financial year. The total amount paid was $4,543,000 (2018: $90,758,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)
Lee Boon Yang
Danny Teoh
Teo Siong Seng (appointed on 1 February 2020)

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average closing prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2019		2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**1,890,185**	**$6.74**	6,088,785	$7.83
Exercised	**(44,000)**	**$3.07**	(791,500)	$7.25
Cancelled	**(935,285)**	**$6.77**	(3,407,100)	$8.57
Balance at 31 December	**910,900**	**$6.89**	1,890,185	$6.74
Exercisable at 31 December	**910,900**	**$6.89**	1,890,185	$6.74

The weighted average share price at the date of exercise for options exercised during the financial year was $6.03 (2018: $8.15). The options outstanding at the end of the financial year had a weighted average exercise price of $6.89 (2018: $6.74) and a weighted average remaining contractual life of 0.1 year (2018: 0.9 year).

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

3. Share capital (continued)

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

	KCL RSP	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a six-year performance period
Performance Conditions	Return on Equity	-	(a) Economic Value Added (b) Absolute Total Shareholder's Return (c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN) (2016 awards) (a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit (2017, 2018 and 2019 awards)	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement
Final Award	0% to 100% of the contingent award granted, depending on achievement of pre-determined targets	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements

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

	2019			2018		
	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP	KCL RSP	KCL PSP	KCL PSP-TIP
Contingent awards/Awards (KCL RSP-Deferred Shares)						
Balance at 1 January	-	2,895,000	5,965,967	-	2,525,000	6,747,491
Granted	4,234,171	1,635,000	-	4,099,369	1,180,000	-
Adjustments upon released	-	(264,400)	-	-	(575,000)	-
Released	(4,234,171)	(380,600)	-	(4,097,507)	-	-
Cancelled	-	-	(380,000)	(1,862)	(235,000)	(781,524)
Balance at 31 December	-	3,885,000	5,585,967	-	2,895,000	5,965,967

	2019		2018	
	KCL RSP	KCL RSP-Deferred Shares	KCL RSP	KCL RSP-Deferred Shares
Awards released but not vested:				
Balance at 1 January	1,630,118	2,586,237	5,102,365	-
Released	-	4,234,171	-	4,097,507
Vested	(1,565,032)	(2,701,676)	(3,278,043)	(1,365,201)
Cancelled	(38,845)	(203,511)	(178,604)	(111,969)
Other adjustments	-	(2,657)	(15,600)	(34,100)
Balance at 31 December	26,241	3,912,564	1,630,118	2,586,237

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

As at 31 December 2019, there were 26,241 (2018: 1,630,118) Shares under the KCL RSP and 3,912,564 (2018: 2,586,237) Shares under the KCL RSP-Deferred Shares that were released but not vested. At the end of the financial year, the number of contingent award of Shares granted but not released was 3,885,000 (2018: 2,895,000) under the KCL PSP and 5,585,967 (2018: 5,965,967) under the KCL PSP-TIP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 5,827,500 under the KCL PSP and zero to a maximum of 8,378,951 under the KCL PSP-TIP.

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

On 15 February 2019 and 18 April 2019 (2018: 23 February 2018), the Company granted awards of 3,908,536 and 325,635 (2018: 4,099,369) Shares respectively under the KCL RSP-Deferred Shares and the estimated fair values of the Shares granted were $5.84 and $6.51 respectively (2018: $7.76). On 30 April 2019 (2018: 30 April 2018), the Company granted contingent awards of 1,635,000 (2018: 1,180,000) Shares under the KCL PSP and the estimated fair value of the Shares granted was $5.60 (2018: $6.59).

The significant inputs into the model are as follows:

	2019		
	KCL RSP-Deferred Shares	**KCL RSP-Deferred Shares**	**KCL PSP**
Date of grant	**15.02.2019**	**18.04.2019**	**30.04.2019**
Prevailing share price at date of grant	**$6.08**	**$6.74**	**$6.77**
Expected volatility of the Company	**21.29%**	**21.24%**	**21.29%**
Expected term	**0.00 - 2.00 years**	**0.00 - 1.86 years**	**2.84 years**
Risk free rate	**1.94% - 1.95%**	**1.90% - 1.93%**	**1.92%**
Expected dividend yield	*****	*****	*****

	2018	
	KCL RSP-Deferred Shares	KCL PSP
Date of grant	23.02.2018	30.04.2018
Prevailing share price at date of grant	$7.96	$8.19
Expected volatility of the Company	26.88%	27.00%
Expected term	0.00 - 2.00 years	2.83 years
Risk free rate	1.52% - 1.70%	2.05%
Expected dividend yield	*	*

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

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

4. Reserves

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Capital reserves						
Share option and share plan reserve	**210,412**	203,926	202,048	**187,032**	177,529	177,599
Fair value reserve	**(17,300)**	69,700	100,227	**19,230**	16,957	15,012
Hedging reserve	**(192,864)**	(198,816)	(111,930)	**-**	-	-
Bonus issue by subsidiaries	**40,000**	40,000	40,000	**-**	-	-
Others	**85,851**	80,133	52,120	**(1,150)**	7,655	16,895
	126,099	194,943	282,465	**205,112**	202,141	209,506
Revenue reserves	**10,470,627**	10,319,839	9,942,340	**6,567,206**	6,194,448	6,132,150
Foreign exchange translation account	**(663,586)**	(493,669)	(323,556)	**-**	-	-
	9,933,140	10,021,113	9,901,249	**6,772,318**	6,396,589	6,341,656

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

	Foreign exchange risk $'000	Interest rate risk $'000	Price risk $'000	Total $'000
Group				
2019				
As at 1 January	**(27,498)**	**(18,628)**	**(152,690)**	**(198,816)**
Fair value changes arising during the year, net of tax	**7,474**	**(84,976)**	**(13,659)**	**(91,161)**
Realised and transferred to profit and loss account				
- Revenue	**18,700**	**-**	**-**	**18,700**
- Materials and subcontract costs	**(2,301)**	**-**	**73,146**	**70,845**
- Other operating income – net	**(8,274)**	**-**	**-**	**(8,274)**
- Interest expenses	**-**	**34,479**	**-**	**34,479**
Share of associated companies' fair value gains	**1,213**	**(20,111)**	**-**	**(18,898)**
Less: Non-controlling interests	**261**	**-**	**-**	**261**
As at 31 December	**(10,425)**	**(89,236)**	**(93,203)**	**(192,864)**
2018				
As at 1 January	(174,557)	(30,052)	92,679	(111,930)
Fair value changes arising during the year, net of tax	(53,261)	(23,137)	(162,396)	(238,794)
Realised and transferred to profit and loss account				
- Revenue	94,440	-	-	94,440
- Materials and subcontract costs	18,903	-	(82,973)	(64,070)
- Other operating income – net	86,400	-	-	86,400
- Interest expenses	-	15,247	-	15,247
Share of associated companies' fair value gains	717	19,314	-	20,031
Less: Non-controlling interests	(140)	-	-	(140)
As at 31 December	(27,498)	(18,628)	(152,690)	(198,816)

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognised in profit or loss. Fair value loss arising from hedge ineffectiveness for cash flow hedges of $15,877,000 (2018: $16,513,000) was recognised in profit or loss during the year.

5. Non-controlling interests

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

	NCI percentage of ownership interest and voting interest			Carrying amount of NCI			Profit after tax allocated to NCI	
	31 December		1 January	31 December		1 January	31 December	
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000
Konnectivity Pte. Ltd.	**20%**	-	-	**310,858**	-	-	**9,308**	-
Beijing Aether Property Development Limited	**-**	-	49%	**-**	-	199,716	**-**	(277)
Keppel Telecommunications & Transportation Ltd	**-**	21%	21%	**-**	184,067	174,572	**739**	12,728
Other subsidiaries with immaterial NCI				**124,320**	124,863	155,682	**44,116**	(135)
Total				**435,178**	308,930	529,970	**54,163**	12,316

Summarised financial information before inter-group elimination

	Konnectivity Pte. Ltd.		Keppel Telecommunications & Transportation Ltd [1]
	31 December		31 December
	2019 $'000	2018 $'000	2018 $'000
Non-current assets	**2,433,048**	-	1,360,166
Current assets	**488,817**	-	326,630
Non-current liabilities	**481,089**	-	490,930
Current liabilities	**508,007**	-	194,919
Net assets	**1,932,769**	-	1,000,947
Less: NCI	**(378,477)**	-	(115,160)
	1,554,292	-	885,787
Revenue	**950,002**	-	183,223
Profit for the year	**62,306**	-	69,236
Total comprehensive income	**77,305**	-	61,326
Net cash flow from operations	**194,903**	-	4,123
Total comprehensive income allocated to NCI	**11,729**	-	11,387
Dividends paid to NCI	**8,900**	-	6,804

(1) During the financial year, the Group acquired all non-controlling interest in Keppel Telecommunications & Transportation Ltd, bringing the Group's ownership to 100%.

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

	2019 $'000	2018 $'000
Amounts paid/payable on changes in ownership interest in subsidiaries	**(223,617)**	(9,758)
Non-controlling interest acquired	**173,390**	1,426
Total amount recognised in equity reserves	**(50,227)**	(8,332)

6. Fixed assets

	Freehold Land & Buildings $'000	Buildings on Leasehold Land $'000	Vessels & Floating Docks $'000	Networks and Related Application Systems $'000	Plant, Machinery, Equipment & Others [1] $'000	Capital Work-in-Progress $'000	Total $'000
Group							
2019							
Cost							
At 1 January	114,301	2,054,952	355,159	-	2,037,569	347,618	4,909,599
Adoption of SFRS(I) 16	-	(177,261)	-	-	-	-	(177,261)
Additions	247	5,723	333	57,575	76,791	71,322	211,991
Disposals	(165)	(2,549)	(393)	(11,069)	(24,388)	(16)	(38,580)
Write-off	-	(120)	-	-	(3,883)	-	(4,003)
Subsidiaries acquired	-	73,042	-	546,496	103,805	49,311	772,654
Subsidiaries disposed	-	(102,844)	-	-	(31,349)	(200)	(134,393)
Reclassification							
- Investment properties	-	58,764	-	-	-	-	58,764
- Other fixed assets categories	210	72,534	184,778	52,961	17,359	(327,842)	-
Exchange differences	198	(13,430)	(6,273)	-	(13,786)	(2,621)	(35,912)
At 31 December	114,791	1,968,811	533,604	645,963	2,162,118	137,572	5,562,859
Accumulated Depreciation							
At 1 January	62,927	906,189	151,155	-	1,369,949	46,819	2,537,039
Adoption of SFRS(I) 16	-	(50,141)	-	-	-	-	(50,141)
Depreciation charge	3,167	54,820	12,097	68,606	127,315	-	266,005
Disposals	(160)	(1,627)	(393)	(5,130)	(22,287)	-	(29,597)
Impairment	-	7,456	-	-	893	75	8,424
Write-off	-	(120)	-	-	(3,875)	-	(3,995)
Subsidiaries disposed	-	(30,597)	-	-	(22,823)	-	(53,420)
Reclassification							
- Other fixed assets categories	(135)	2,357	-	-	(2,222)	-	-
Exchange differences	236	(3,997)	(2,982)	-	(6,110)	(448)	(13,301)
At 31 December	66,035	884,340	159,877	63,476	1,440,840	46,446	2,661,014
Net Book Value	48,756	1,084,471	373,727	582,487	721,278	91,126	2,901,845

Included in freehold land & buildings are freehold land amounting to $7,295,000 (31 December 2018: $7,812,000, 1 January 2018: $8,726,000).

Certain fixed assets with carrying amount of $123,940,000 (31 December 2018: $159,996,000, 1 January 2018: $155,748,000) are mortgaged to banks for loan facilities (Note 22).

Interest capitalised during the financial year amounted to $436,000 (2018: $2,009,000).

Each rigbuilding, shipbuilding and repair facilities in the Offshore & Marine Division has been identified as individual CGUs. The recoverable amounts of these CGUs were determined using value-in-use models that incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 11% (31 December 2018: 6% to 11%, 1 January 2018: 6% to 13%) per annum, depending on the location of the facilities.

During the year, the Group recognised an impairment loss of $4,910,000 for fixed assets in the Property Division in China, which was based on the difference between the recoverable amount and the net book value of the fixed assets. The recoverable amount was based on fair value determined using the income approach.

The Group also recognised an impairment loss of $3,514,000 on certain buildings and equipment in the Infrastructure Division in China, due to lower recoverable amounts subsequent to sustained losses generated from these assets, as a result of weaker economic outlook which adversely affected fair values and expected returns of these assets. The recoverable amounts were assessed to be fair value less costs of disposal.

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others [1] $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2018						
Cost						
At 1 January	115,711	2,068,595	292,682	2,015,487	368,501	4,860,976
Additions	202	1,269	174	54,633	104,134	160,412
Disposals	(18)	(7,946)	(8,248)	(32,845)	-	(49,057)
Write-off	-	-	-	(6,184)	(4,388)	(10,572)
Subsidiaries acquired	-	-	-	47	-	47
Subsidiaries disposed	-	-	(4,191)	(1,601)	(557)	(6,349)
Reclassification						
- Stocks	-	-	-	(319)	-	(319)
- Other fixed assets categories	812	14,076	71,135	30,693	(116,716)	-
Exchange differences	(2,406)	(21,042)	3,607	(22,342)	(3,356)	(45,539)
At 31 December	114,301	2,054,952	355,159	2,037,569	347,618	4,909,599
Accumulated Depreciation						
At 1 January	60,077	865,244	139,400	1,303,505	59,787	2,428,013
Depreciation charge	3,597	54,324	9,667	110,111	-	177,699
Disposals	(18)	(7,474)	(8,234)	(30,262)	-	(45,988)
Write-off	-	-	-	(3,661)	-	(3,661)
Subsidiaries disposed	-	-	(979)	(1,098)	-	(2,077)
Reclassification						
- Other fixed assets categories	(170)	10	12,410	160	(12,410)	-
Exchange differences	(559)	(5,915)	(1,109)	(8,806)	(558)	(16,947)
At 31 December	62,927	906,189	151,155	1,369,949	46,819	2,537,039
Net Book Value	51,374	1,148,763	204,004	667,620	300,799	2,372,560

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

	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others [2] $'000	Capital Work-in-Progress $'000	Total $'000
Company				
2019				
Cost				
At 1 January	**1,233**	**8,791**	**6,139**	**16,163**
Additions	**-**	**2,617**	**-**	**2,617**
Disposals	**-**	**(9)**	**-**	**(9)**
Reclassification to other fixed asset categories	**-**	**6,139**	**(6,139)**	**-**
At 31 December	**1,233**	**17,538**	**-**	**18,771**
Accumulated Depreciation				
At 1 January	**1,233**	**8,254**	**-**	**9,487**
Depreciation charge	**-**	**2,020**	**-**	**2,020**
Disposals	**-**	**(9)**	**-**	**(9)**
At 31 December	**1,233**	**10,265**	**-**	**11,498**
Net Book Value	**-**	**7,273**	**-**	**7,273**
2018				
Cost				
At 1 January	1,233	8,693	-	9,926
Additions	-	550	6,139	6,689
Disposals	-	(452)	-	(452)
At 31 December	1,233	8,791	6,139	16,163
Accumulated Depreciation				
At 1 January	1,231	8,399	-	9,630
Depreciation charge	2	307	-	309
Disposals	-	(452)	-	(452)
At 31 December	1,233	8,254	-	9,487
Net Book Value	-	537	6,139	6,676

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

7. Investment properties

	Group 31 December 2019 $'000	Group 31 December 2018 $'000
At 1 January	**2,851,380**	3,460,608
Adoption of SFRS(I) 16	**5,765**	-
Development expenditure	**304,803**	94,099
Fair value gain (Note 26)	**101,020**	84,886
Disposal	**(834)**	(2,870)
Subsidiary acquired	**-**	360,000
Subsidiary disposed	**-**	(948,613)
Reclassification		
- Stocks (Note 14)	**-**	(158,300)
- Fixed assets (Note 6)	**(58,764)**	-
- Right-of-use assets (Note 8)	**(158,357)**	-
Exchange differences	**(22,922)**	(38,430)
At 31 December	**3,022,091**	2,851,380

The Group's investment properties (including integral plant and machinery) are stated at management's assessments based on the following valuations (open market value basis), performed on an annual basis, by independent firms of professional valuers as at 31 December 2019:

- Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Cushman & Wakefield Valuation Advisory Services (HK) Limited and Vincorn Consulting and Appraisal Limited for properties in China;
- Savills Vietnam Co. Ltd for properties in Vietnam;
- Cushman & Wakefield VOF for a property in the Netherlands;
- Knight Frank LLP for a property in United Kingdom; and
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia.

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

Interest capitalised within development expenditure during the financial year amounted to $12,751,000 (2018: $3,408,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $828,355,000 (31 December 2018: $905,656,000, 1 January 2018: $552,684,000) to banks for loan facilities (Note 22).

In 2019, the Group reclassified from investment properties to fixed assets and right-of-use assets for the owner-occupied portion of the property amounting to $58,764,000 and $158,357,000 respectively.

In 2018, the Group reclassified $158,300,000 from investment properties to properties held for sale upon change of use of the asset from holding for capital gain and/or rental yield to property trading.

8. Right-of-use assets (leases)

Leases

The Group as lessee

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

Plant, machinery, equipment & others
The Group leases equipment and vehicles for office and operation use, mainly in the Offshore & Marine and Infrastructure Divisions.

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

There are no externally imposed covenants on these lease arrangements.

Right-of-use assets

	Leasehold Land & Buildings $'000	Plant, Machinery, Equipment & Others [1] $'000	Base Station Site $'000	Total $'000
Group				
2019				
Net Book Value				
At 1 January	-	-	-	-
Adoption of SFRS(I) 16	583,181	8,945	-	592,126
Additions	43,522	3,669	760	47,951
Depreciation	(55,054)	(3,453)	(5,538)	(64,045)
Subsidiaries acquired	24,101	240	19,983	44,324
Subsidiaries disposed	(4,433)	-	-	(4,433)
Reclassification				
- Investment properties (Note 7)	158,357	-	-	158,357
Exchange differences	(14,326)	(25)	-	(14,351)
At 31 December	735,348	9,376	15,205	759,929

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

The right-of-use asset relating to the leasehold land presented under investment properties (Note 7) is stated at fair value and has a carrying amount at balance sheet date of $5,765,000.

Total cash outflow for all the leases in 2019 was $83,038,000, comprising repayment of principal of $47,306,000 and interest payment of $35,732,000.

Certain right-of-use assets with carrying amount of $11,689,000 are mortgaged to banks for loan facilities (Note 22).

	Leasehold Land & Buildings $'000	Plant, Machinery, Equipment & Others [1] $'000	Total $'000
Company			
2019			
Net Book Value			
At 1 January	-	-	-
Adoption of SFRS(I) 16	15,902	279	16,181
Depreciation	(3,282)	(66)	(3,348)
At 31 December	12,620	213	12,833

[1] Others comprise office equipment.

Total cash outflow for all the leases in 2019 was $4,197,000, comprising repayment of principal of $3,822,000 and interest payment of $375,000.

	Group 31 December 2019 $'000
Lease expense not capitalised in lease liabilities	
Short-term leases	29,987
Low-value leases	1,992
Variable lease payments which do not depend on an index or rate	327

As at 31 December 2019, future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities include variable lease payments and $623,194,000 for extension options. The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.3% to 3.0%, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to $327,000 for the financial year ended 31 December 2019. The extension options are for certain properties of the Group. The Group negotiates extension options to optimise operational flexibility in terms of managing these assets in the Group's operations.

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

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

	Group	Company
	31 December 2019 $'000	31 December 2019 $'000
Within one year	79,224	4,140
Within one to two years	116,712	4,047
Within two to five years	209,894	8,021
After five years	452,642	-
Total	858,472	16,208

The Group as lessor

The Group leases out commercial space to non-related parties under non-cancellable operating leases. At the end of the reporting period, the Group's undiscounted future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	Group
	31 December 2019 $'000
Within one year	92,565
In the second year	76,988
In the third year	37,549
In the fourth year	30,409
In the fifth year	24,071
After the fifth year	50,821
Total	312,403

9. Subsidiaries

	Company		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Quoted shares, at cost			
Market value: $6,204,000 (2018: $829,294,000)	493	398,140	398,140
Unquoted shares, at cost	8,442,604	7,821,604	7,821,594
	8,443,097	8,219,744	8,219,734
Provision for impairment	(480,569)	(351,785)	(246,885)
	7,962,528	7,867,959	7,972,849

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

	Company		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
At 1 January	351,785	246,885	163,070
Charge to profit and loss account	128,784	104,900	83,815
At 31 December	480,569	351,785	246,885

Impairment of $128,784,000 (2018: $104,900,000) made during the year mainly relates to an investment holding subsidiary that holds equity investments in the Oil & Gas segment. Impairment loss was made arising from the impairment exercise performed (Note 10). Due to the economic downturn in that segment, recoverable amount of the equity investments was projected to be below the Company's cost of investment. Management had performed an assessment on the recoverable amount based on the cash flow estimates of the underlying assets. In 2018, recoverable amount of the equity investments, based on a value-in-use ("VIU") calculation, was projected to be below the Company's cost of investment. Cash flows in the 2018 VIU calculation was discounted at 11.7% per annum.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 38.

10. Associated companies

	Group		
	31 December		1 January
	2019 **$'000**	2018 $'000	2018 $'000
Quoted shares, at cost			
Market value: $3,508,132,000			
(31 Dec 2018: $3,149,785,000;			
1 Jan 2018: $3,484,189,000)	**2,878,117**	3,149,917	3,105,919
Unquoted shares, at cost	**2,773,439**	2,096,656	1,784,809
	5,651,556	5,246,573	4,890,728
Provision for impairment	**(197,392)**	(161,367)	(100,297)
	5,454,164	5,085,206	4,790,431
Share of reserves	**238,251**	533,474	528,184
Carrying amount of equity interest	**5,692,415**	5,618,680	5,318,615
Notes issued by associated companies	**319,284**	315,787	310,242
Advances to associated companies	**339,146**	304,586	286,522
	6,350,845	6,239,053	5,915,379

Notes issued by an associated company of $245,000,000 are unsecured and will mature in 2040. The remaining Notes are denominated in SGD, secured and will mature in 2024. Interest is charged at rates ranging from 0% to 17.5% (31 December 2018 and 1 January 2018: 0% to 17.5%) per annum.

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 2.5% to 7.0% (31 December 2018 and 1 January 2018: 3.0% to 7.0%) per annum on interest-bearing advances.

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

	Group	
	2019 **$'000**	2018 $'000
At 1 January	**161,367**	100,297
Impairment loss	**35,915**	60,782
Exchange differences	**110**	288
At 31 December	**197,392**	161,367

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

	Group	
	2019 **$'000**	2018 $'000
The Group's share of net profit of associated companies is as follows:		
Share of profit before tax	**262,127**	317,076
Share of taxation	**(114,714)**	(96,181)
Share of net profit	**147,413**	220,895

10. Associated companies (continued)

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

		31 December		1 January
		2019 $'000	2018 $'000	2018 $'000
Keppel REIT	(a)	1,960,518	1,972,303	1,850,409
Keppel Infrastructure Trust	(b)	301,669	254,035	267,169
KrisEnergy Limited	(c)	74,284	196,311	321,562
Keppel DC REIT	(d)	449,964	377,616	396,152
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	(e)	570,384	560,818	541,837
Floatel International Limited	(f)	311,000	362,760	342,694
Other associated companies		2,683,026	2,515,210	2,195,556
		6,350,845	6,239,053	5,915,379

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

	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
(a) Keppel REIT			
Current assets	142,317	274,529	208,307
Non-current assets	7,307,046	7,509,922	7,395,981
Total assets	7,449,363	7,784,451	7,604,288
Current liabilities	159,690	134,156	492,865
Non-current liabilities	2,125,893	2,314,699	2,196,165
Total liabilities	2,285,583	2,448,855	2,689,030
Net assets	5,163,780	5,335,596	4,915,258
Less: Non-controlling interests	(578,931)	(578,311)	(151,834)
	4,584,849	4,757,285	4,763,424
Proportion of the Group's ownership	49%	47%	45%
Group's share of net assets	2,245,659	2,255,429	2,146,723
Other adjustments	(285,141)	(283,126)	(296,314)
Carrying amount of equity interest	1,960,518	1,972,303	1,850,409
Revenue	164,053	165,858	164,516
Profit after tax	141,670	154,588	180,154
Other comprehensive (loss)/income	(82,772)	3,028	(49,789)
Total comprehensive income	58,898	157,616	130,365
Fair value of ownership interest (if listed) **	2,044,903	1,834,206	1,914,043
Dividends received	90,144	87,247	80,011

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

	31 December		1 January
	2019 **$'000**	2018 $'000	2018 $'000
(b) Keppel Infrastructure Trust			
Current assets	**1,029,248**	521,616	488,154
Non-current assets	**3,974,027**	3,283,391	3,468,262
Total assets	**5,003,275**	3,805,007	3,956,416
Current liabilities	**1,706,097**	1,233,598	919,010
Non-current liabilities	**1,583,009**	1,393,153	1,725,512
Total liabilities	**3,289,106**	2,626,751	2,644,522
Net assets	**1,714,169**	1,178,256	1,311,894
Less: Non-controlling interests	**(389,763)**	(125,780)	(158,959)
	1,324,406	1,052,476	1,152,935
Proportion of the Group's ownership	**18%**	18%	18%
Group's share of net assets	**241,042**	191,761	209,949
Other adjustments	**60,627**	62,274	57,220
Carrying amount of equity interest	**301,669**	254,035	267,169
Revenue	**1,566,715**	637,387	632,476
Profit/(loss) after tax	**10,194**	(2,358)	13,776
Other comprehensive (loss)/income	**(92,591)**	13,876	(10,051)
Total comprehensive (loss)/income	**(82,397)**	11,518	3,725
Fair value of ownership interest (if listed) **	**490,886**	341,023	403,858
Dividends received	**30,134**	26,134	26,126

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

	31 December		1 January
	2019 **$'000**	2018 $'000	2018 $'000
(c) KrisEnergy Limited *			
Current assets	**174,986**	147,702	191,987
Non-current assets	**699,330**	761,267	869,374
Total assets	**874,316**	908,969	1,061,361
Current liabilities	**878,467**	103,342	74,604
Non-current liabilities	**82,323**	671,960	653,172
Total liabilities	**960,790**	775,302	727,776
Net (liabilities)/assets	**(86,474)**	133,667	333,585
Less: Non-controlling interests	**-**	-	-
	(86,474)	133,667	333,585
Proportion of the Group's ownership	**40%**	40%	40%
Group's share of net assets	**-**	53,213	133,067
Other adjustments	**-**	72,311	123,253
Carrying amount of equity interest	**-**	125,524	256,320
Notes issued by associated company	**74,284**	70,787	65,242
	74,284	196,311	321,562
Revenue	**148,591**	216,454	196,612
Loss after tax	**(220,060)**	(201,924)	(293,277)
Other comprehensive income/(loss)	**176**	(132)	32
Total comprehensive loss	**(219,884)**	(202,056)	(293,245)
Fair value of ownership interest (if listed) **	**n.a.**	43,673	60,425
Dividends received	**-**	-	-

* As at the date of approval of these financial statements, the most recent available financial information on which equity accounting for the current year can be practically applied are those financial information from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy). KrisEnergy Limited had suspended trading of its securities on the Singapore Exchange Securities Ltd with effect from 14 August 2019 (the last closing price before trading suspension was $0.03 per share). Therefore, the Level 1 fair value hierarchy is no longer applicable as at 31 December 2019.

10. Associated companies (continued)

Investments in KrisEnergy Limited and related exposures

		31 December	
		2019 $'000	2018 $'000
Equity interest	Note 10(c)	**-**	125,524
Zero-coupon notes	Note 10(c)	**74,284**	70,787
Warrants	Note 11	**-**	29,332
Carrying amount		**74,284**	225,643
Other related exposures:			
Contract assets [1]	Note 15	**20,541**	1,216
Guarantee [2]	Note 32	**262,825**	223,680

1 In relation to a construction contract for a production barge for KrisEnergy.
2 In relation to a bilateral agreement between the Group and a bank, on the bank loan granted to KrisEnergy.

On 14 August 2019, KrisEnergy has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on Singapore Exchange Securities Trading Ltd. The High Court of Republic of Singapore approved the application for an initial period of 3 months up to 14 November 2019. At the date of these financial statements, the debt moratorium was extended to 27 May 2020. As at the end of the current financial year, KrisEnergy has not presented a restructuring plan.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposure in KrisEnergy as at 31 December 2019. With assistance from its financial advisor, management estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. Management will evaluate the above assessment when a restructuring plan is presented by KrisEnergy in due course which may give rise to adjustments to be made. The estimates and assumptions used are subject to risk and uncertainty.

Based on the assessment, the Group recognised an impairment loss of $37,000,000 during the financial year, and the carrying value of the Group's equity investment has been reduced to zero. In 2018, management had performed an assessment on the recoverable amount using a discounted cash flow model based on a cash flow projection and recognised an impairment charge of $53,000,000.

(d) Keppel DC REIT

	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Current assets	**279,952**	220,244	178,078
Non-current assets	**2,648,042**	2,032,687	1,585,204
Total assets	**2,927,994**	2,252,931	1,763,282
Current liabilities	**108,157**	186,779	53,224
Non-current liabilities	**917,289**	590,158	593,556
Total liabilities	**1,025,446**	776,937	646,780
Net assets	**1,902,548**	1,475,994	1,116,502
Less: Non-controlling interests	**(34,530)**	(31,155)	(26,786)
	1,868,018	1,444,839	1,089,716
Proportion of the Group's ownership	**23%**	25%	35%
Group's share of net assets	**434,688**	364,244	380,617
Other adjustments	**15,276**	13,372	15,535
Carrying amount of equity interest	**449,964**	377,616	396,152
Revenue	**194,826**	175,535	139,050
Profit after tax	**111,108**	146,009	70,274
Other comprehensive (loss)/income	**(33,789)**	(4,628)	21,044
Total comprehensive income	**77,319**	141,381	91,318
Fair value of ownership interest (if listed) **	**709,231**	459,925	562,990
Dividends received	**31,898**	27,876	20,958

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

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

	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Current assets	**1,073,996**	889,954	816,431
Non-current assets	**478,339**	438,662	458,652
Total assets	**1,552,335**	1,328,616	1,275,083
Current liabilities	**324,787**	190,317	165,498
Non-current liabilities	**29,261**	16,668	25,912
Total liabilities	**354,048**	206,985	191,410
Net assets	**1,198,287**	1,121,631	1,083,673
Less: Non-controlling interests	**-**	-	-
	1,198,287	1,121,631	1,083,673
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**599,144**	560,815	541,836
Other adjustments	**(28,760)**	3	1
Carrying amount of equity interest	**570,384**	560,818	541,837
Revenue	**475,001**	492,503	1,247,882
Profit after tax	**155,705**	111,222	267,163
Other comprehensive income	**-**	-	-
Total comprehensive income	**155,705**	111,222	267,163
Dividends received	**27,351**	22,493	-

(f) **Floatel International Limited**

	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Current assets	**137,367**	186,613	334,668
Non-current assets	**1,655,424**	1,771,181	1,818,093
Total assets	**1,792,791**	1,957,794	2,152,761
Current liabilities	**79,669**	104,714	48,606
Non-current liabilities	**1,105,306**	1,141,620	1,432,657
Total liabilities	**1,184,975**	1,246,334	1,481,263
Net assets	**607,816**	711,460	671,498
Less: Non-controlling interests	**-**	-	-
	607,816	711,460	671,498
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**303,422**	355,161	335,212
Other adjustments	**7,578**	7,599	7,482
Carrying amount of equity interest	**311,000**	362,760	342,694
Revenue	**250,286**	393,535	443,442
(Loss)/profit after tax	**(100,572)**	22,225	48,829
Other comprehensive (loss)/income	**(1,039)**	6,796	7,728
Total comprehensive (loss)/income	**(101,611)**	29,021	56,557
Dividends received	**-**	-	-

Investments in Floatel International Limited

		31 December	
		2019 $'000	2018 $'000
Equity interest	Note 10(f)	**311,000**	362,760
Preference shares	Note 11	**10,449**	21,845
Loan receivable	Note 12	**155,425**	139,799
Carrying amount		**476,874**	524,404

10. Associated companies (continued)

In November 2019, credit rating agencies downgraded Floatel's credit rating, citing market environment for accommodation vessels remaining difficult with limited activity and pressure on dayrates. The rating agencies also commented that if Floatel fails to contract work for its idle vessels in the near future, it may not be able to meet its leverage covenant at its first test at the year-end 2020.

Floatel subsequently reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which cast significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation and Floatel management has initiated discussions with key creditors, in which, in the view of Floatel's board of directors, there is reasonable expectations of success. In a situation where going concern for Floatel no longer can be assumed, there is a risk for significant write down of its assets.

Management performed an impairment assessment of the recoverability of the Group's total exposure in Floatel by first performing an assessment to ascertain whether Floatel would reasonably continue as a going concern in the next 12 months. If Floatel cannot reasonably continue as a going concern in the next 12 months, the carrying amount of the Group's investment in Floatel may be subject to significant write down.

Management conducted a review of the business and cash flow projections through discussions with Floatel's management and corroborated those information based on management's understanding of the business environment that Floatel operates in. Management also discussed with Floatel's management to understand the on-going dialogue with Floatel's lenders and advisers. Based on the results of the review, discussions and information currently available, management concurred with the judgment made by Floatel's management and board of directors in relation to the going concern matter.

In assessing impairment of the equity shares, management had focused on whether Floatel's vessels were stated at their appropriate recoverable amounts. The Group's carrying value of investment in Floatel's equity shares was reduced by its share of loss of $50,724,000 which included impairment loss on the carrying value of three vessels amounting to $19,642,000. The recoverable amounts of the vessels were determined on their value-in-use, using a discounted cash flow model. Management reviewed the appropriateness of key inputs used in the estimation of the recoverable amount of Floatel's vessels.

With respect to preference shares, management had performed an estimation of its fair value as at 31 December 2019 using a dividend discount model and recognised a fair value loss of $11,395,000.

In assessing the expected credit loss of the loan receivable repayable on 31 December 2025, management expects full recovery of the receivable on the basis that Floatel operates in a niche market and supply of similar services should normalise over time. Given the extended date before the loan is due for repayment, management expects Floatel to continue as a viable business in the longer term and will be able to repay the loan when due in 2025.

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

	31 December	
	2019 $'000	2018 $'000
Share of profit before tax	**224,984**	171,934
Share of taxation	**(81,978)**	(56,897)
Share of other comprehensive loss	**(12,439)**	(26,215)
Share of total comprehensive income	**130,567**	88,822

Information relating to significant associated companies, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 38.

11. Investments

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 **$'000**	2018 $'000	2018 $'000	**2019** **$'000**	2018 $'000	2018 $'000
Investments at fair value through other comprehensive income ("OCI"):						
- Quoted equity shares	**12,336**	6,527	4,123	**-**	-	-
- Unquoted equity shares	**107,396**	96,903	86,768	**19,230**	16,957	15,012
- Unquoted property funds	**95,227**	104,927	185,187	**-**	-	-
Total investments at fair value through OCI	**214,959**	208,357	276,078	**19,230**	16,957	15,012
Investments at fair value through profit or loss:						
- Quoted equity shares	**82,399**	-	-	**-**	-	-
- Quoted warrants	**-**	29,332	31,647	**-**	-	-
- Unquoted equity shares	**330,143**	189,559	87,811	**-**	-	-
- Unquoted - others	**21,568**	22,267	22,256	**-**	-	-
Total investments at fair value through profit or loss	**434,110**	241,158	141,714	**-**	-	-
Total investments	**649,069**	449,515	417,792	**19,230**	16,957	15,012

The breakdown of the investments at fair value through other comprehensive income is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 **$'000**	2018 $'000	2018 $'000	**2019** **$'000**	2018 $'000	2018 $'000
Unquoted property funds managed by a related company	**95,227**	104,927	185,187	**-**	-	-
Unquoted equity shares in real estate industry	**39,381**	48,115	31,062	**19,230**	16,957	15,012
Quoted and unquoted equity shares in oil and gas industry	**39,477**	34,235	37,740	**-**	-	-
Others	**40,874**	21,080	22,089	**-**	-	-
	214,959	208,357	276,078	**19,230**	16,957	15,012

Quoted warrants were issued by an associated company, KrisEnergy Limited.

Unquoted investments included a bond amounting to $21,568,000 (31 December 2018: $39,868,000, 1 January 2018: $39,256,000) bearing interest at 4% (31 December 2018 and 1 January 2018: 4%) per annum which is maturing in 2027.

Unquoted equity shares included preference shares issued by Floatel International Limited, an associated company, amounting to $10,449,000 (2018: $21,845,000).

12. Long term assets

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Staff loans	**277**	633	933	**50**	105	386
Derivative assets	**14,791**	22,002	26,780	**11,918**	8,751	14,101
Contract assets	**99,523**	-	-	**-**	-	-
Call option	**157,518**	150,500	137,200	**-**	-	-
Service concession receivable	**351,041**	235,959	115,835	**-**	-	-
Trade receivables	**638,973**	-	-	**-**	-	-
Long term receivables and others	**404,379**	313,350	365,238	**11,535**	-	-
	1,666,502	722,444	645,986	**23,503**	8,856	14,487
Less: Amounts due within one year and included in debtors (Note 17)	**(10,140)**	(42,980)	(42,194)	**(34)**	(55)	(141)
	1,656,362	679,464	603,792	**23,469**	8,801	14,346

Included in staff loans are interest-free advances to directors of related corporations amounting to $30,000 (31 December 2018: $47,000, 1 January 2018: $179,000) under an approved car loan scheme.

Contract assets primarily relate to the Group's right to consideration for development units delivered to customers under the pay-and-stay scheme, as well as for handset and equipment delivered and accepted by customers but not yet billed at the reporting date.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties LLP (f.k.a. Ocean Properties Private Limited) to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of $1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2019, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 842-year leasehold and 91-year leasehold (31 December 2018: based on the remaining 843-year leasehold and 92-year leasehold, 1 January 2018: based on the remaining 844-year leasehold and 93-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 34.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant is expected to be operational in 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. In arriving at the carrying value of the service concession arrangements as at the end of the reporting year, effective interest rate of 4.22% (31 December 2018: 4.30%, 1 January 2018: 4.33%) per annum were used to discount the future expected cash flows.

Trade receivables are related to financing arrangements for delivered rigs where the Group has retained title. $125,444,000 is due from one customer and bears floating interest at LIBOR plus a margin, and repayable in October 2024. The remainder is due from another customer, bears fixed interest and repayable in February 2024 and 2029. The customer has options for early repayment.

Long term receivables are unsecured, largely repayable after five years (31 December 2018 and 1 January 2018: five years) and bears effective interest ranging from 2.00% to 12.00% (31 December 2018: 2.00% to 9.00%, 1 January 2018: 2.00% to 6.00%) per annum.

Included in other receivables are claims receivable which represents claims from customer for long term contracts. For the financial year ended 31 December 2019, the Group recognised $15,021,000 (31 December 2018 and 1 January 2018: $nil) loss allowance on claims receivable arising from the discounting effects due to changes to the expected timing of receipt.

Included in the long term receivables is an unsecured, interest-bearing USD loan amounting to $155,425,000 (31 December 2018: $139,799,000) which is repayable in 2025 by Floatel International Limited, an associated company.

13. Intangibles

	Goodwill $'000	Development Expenditure $'000	Brand $'000	Spectrum Rights $'000	Customer Contracts and Relationships $'000	Others $'000	Total $'000
Group							
2019							
At 1 January	**59,270**	**18,017**	**-**	**-**	**34,963**	**16,757**	**129,007**
Additions	**-**	**662**	**-**	**-**	**-**	**-**	**662**
Acquisition of a subsidiary	**988,288**	**-**	**277,563**	**156,670**	**175,167**	**1,116**	**1,598,804**
Amortisation	**-**	**(1,693)**	**(7,710)**	**(14,735)**	**(21,032)**	**(74)**	**(45,244)**
Exchange differences	**-**	**(175)**	**-**	**-**	**(73)**	**-**	**(248)**
At 31 December	**1,047,558**	**16,811**	**269,853**	**141,935**	**189,025**	**17,799**	**1,682,981**
Cost	**1,047,558**	**36,885**	**277,563**	**156,670**	**228,334**	**17,873**	**1,764,883**
Accumulated amortisation	**-**	**(20,074)**	**(7,710)**	**(14,735)**	**(39,309)**	**(74)**	**(81,902)**
	1,047,558	**16,811**	**269,853**	**141,935**	**189,025**	**17,799**	**1,682,981**
Group							
2018							
At 1 January	59,270	19,073	-	-	37,494	16,757	132,594
Additions	-	561	-	-	-	-	561
Amortisation	-	(1,760)	-	-	(2,927)	-	(4,687)
Exchange differences	-	143	-	-	396	-	539
At 31 December	59,270	18,017	-	-	34,963	16,757	129,007
Cost	59,270	38,808	-	-	53,305	16,757	168,140
Accumulated amortisation	-	(20,791)	-	-	(18,342)	-	(39,133)
	59,270	18,017	-	-	34,963	16,757	129,007

Impairment testing of goodwill
For the purpose of impairment testing, goodwill is allocated to cash-generating units.

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

During the year, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% equity interest in M1 Limited. The Group's wholly-owned subsidiary, Keppel Telecommunications and Transportation Ltd holds the remaining 19% equity interest in M1 Limited.

The recoverable amount of M1 as a CGU was determined based on its value-in-use using a discounted cash flow model based on cash flow projections by management covering a 5-year period, and cash flows beyond the 5-year period were extrapolated using a terminal growth rate of 1.47%, premised on the estimated long term growth rate for the country where the CGU operates. Cash flows were discounted using a discount rate of 8% per annum.

The recoverable amount was estimated to be higher than the carrying value of the M1 CGU. Accordingly, no impairment of goodwill was recognised in 2019. The calculation of value-in-use for the CGU is sensitive to the terminal growth rate and the discount rate applied. Any possible reasonable change in the terminal growth rate and discount rate used in the calculation of the value-in-use amount would not cause any impairment to goodwill.

14. Stocks

		Group		
		31 December		1 January
		2019 $'000	2018 $'000	2018 $'000
Consumable materials and supplies		**141,876**	162,445	110,434
Finished products for sale		**114,854**	103,995	96,978
Work-in-progress (net of provision)		**653,814**	594,312	763,255
Properties held for sale	(a)	**4,632,211**	4,635,152	4,785,058
		5,542,755	5,495,904	5,755,725

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The provision for work-in-progress to write down its carrying value to its net realisable value at the end of the financial year was $50,000,000 (31 December 2018: $53,697,000, 1 January 2018: $52,483,000).

(a) Properties held for sale

	Group		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Properties under development			
Land cost	**2,770,384**	2,587,958	2,380,942
Development cost incurred to date	**585,200**	548,764	871,205
Related overhead expenditure	**252,501**	222,467	286,261
	3,608,085	3,359,189	3,538,408
Completed properties held for sale	**1,049,343**	1,304,119	1,284,426
	4,657,428	4,663,308	4,822,834
Provision for properties held for sale	**(25,217)**	(28,156)	(37,776)
	4,632,211	4,635,152	4,785,058
Movements in the provision for properties held for sale are as follows:			
At 1 January	**28,156**	37,776	72,416
Charge to profit and loss account	**-**	799	-
Exchange differences	**34**	(33)	(383)
Amount written off	**(2,973)**	(10,386)	(28,866)
Subsidiary disposed	**-**	-	(5,391)
At 31 December	**25,217**	28,156	37,776

The provision for properties held for sale is arrived at after taking into account estimated selling prices and estimated total construction costs. Estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. Estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

Interest capitalised during the financial year amounted to $24,258,000 (2018: $30,460,000) at rate of 2.18% to 3.97% (2018: 3.30%) per annum for Singapore properties and 2.74% to 7.00% (2018: 2.60% to 15.00%) per annum for overseas properties.

15. Contract assets/liabilities

	Group		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Contract assets	**3,497,476**	3,212,712	3,643,495
Contract liabilities	**1,824,965**	1,918,547	1,950,151

Contract assets relating to certain rig building contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to $1,431,744,000 (31 December 2018: $1,383,286,000, 1 January 2018: $1,127,566,000).

Contract liabilities included proceeds received from sale of properties of $847,317,000 (31 December 2018: $890,139,000, 1 January 2018: $677,997,000). Remaining contract liabilities of $977,648,000 (31 December 2018: $1,028,408,000, 1 January 2018: $1,272,154,000) are recorded when receipts from customers exceed the value of work transferred where the customer is invoiced on a milestone payment schedule.

Revenue recognised during the financial year ended 31 December 2019 in relation to contract liability balance at 1 January 2019 was $583,878,000 (2018: $544,361,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is $5,568,204,000 and the Group expects to recognise this revenue over the next 1 to 5 years.

Movements in the provision for contract assets are as follows:

	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
At 1 January	**21,000**	-	-
Charge to profit and loss account	**-**	21,000	-
At 31 December	**21,000**	21,000	-

16. Amounts due from/to

	Company		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Subsidiaries			
Amounts due from			
- trade	**88,028**	163,800	97,984
- advances	**7,199,296**	3,885,921	3,407,536
	7,287,324	4,049,721	3,505,520
Provision for doubtful debts	**(6,600)**	(6,600)	(6,600)
	7,280,724	4,043,121	3,498,920
Amounts due to			
- trade	**6,045**	8,130	4,726
- advances	**150,822**	154,481	231,677
	156,867	162,611	236,403
Movements in the provision for doubtful debts are as follows:			
At 1 January/31 December	**6,600**	6,600	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 4.00% (2018: up to 4.00%) per annum on interest-bearing advances.

16. Amounts due from/to (continued)

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Associated Companies						
Amounts due from						
- trade	**140,502**	84,201	66,482	**705**	548	733
- advances	**439,556**	223,526	291,735	**-**	-	-
	580,058	307,727	358,217	**705**	548	733
Provision for doubtful debts	**(16,480)**	(15,998)	(15,257)	**-**	-	-
	563,578	291,729	342,960	**705**	548	733
Amounts due to						
- trade	**78,187**	51,979	34,110	**-**	-	-
- advances	**412,099**	63,845	219,221	**-**	-	-
	490,286	115,824	253,331	**-**	-	-
Movements in the provision for doubtful debts are as follows:						
At 1 January	**15,998**	15,257	1,131	**-**	-	-
Charge to profit and loss account	**482**	741	14,126	**-**	-	-
At 31 December	**16,480**	15,998	15,257	**-**	-	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.75% to 11.50% (31 December 2018: 0.45% to 11.50%, 1 January 2018: 0.25% to 8.00%) per annum on interest-bearing advances.

17. Debtors

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Trade debtors	**1,947,537**	1,831,028	2,214,444	**1**	2	7
Provision for doubtful debts	**(261,680)**	(246,879)	(147,761)	**-**	-	-
	1,685,857	1,584,149	2,066,683	**1**	2	7
Long term receivables due within one year (Note 12)	**10,140**	42,980	42,194	**34**	55	141
Sundry debtors	**238,128**	203,069	155,568	**464**	478	3,902
Prepayments	**210,550**	137,518	118,565	**87**	104	112
Tax recoverable	**6,057**	7,109	15,171	**-**	-	-
Value Added Tax receivable	**107,177**	90,057	59,040	**-**	83	-
Interest receivable	**14,002**	15,830	19,410	**21**	21	20
Deposits paid	**30,600**	28,971	25,235	**380**	279	408
Land tender deposits	**-**	145,411	103,346	**-**	-	-
Recoverable accounts	**49,493**	155,747	125,740	**7,702**	5,207	-
Accrued receivables	**219,599**	197,059	169,873	**155**	-	-
Purchase consideration receivable from disposal of subsidiaries/ associated companies	**115,801**	37,097	61,228	**-**	-	-
Advances to subcontractors	**50,406**	47,736	73,455	**-**	-	-
Advances to non-controlling shareholders of subsidiaries	**26,528**	26,705	41,081	**-**	-	-
	1,078,481	1,135,289	1,009,906	**8,843**	6,227	4,583
Provision for doubtful debts	**(15,854)**	(17,138)	(13,906)	**-**	-	-
	1,062,627	1,118,151	996,000	**8,843**	6,227	4,583
Total	**2,748,484**	2,702,300	3,062,683	**8,844**	6,229	4,590

Movements in the provision for doubtful debts are as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
At 1 January	**264,017**	161,667	29,550	**-**	-	-
Charge to profit and loss account	**16,015**	95,457	141,514	**-**	-	-
Amount written off	**(7,443)**	(5,959)	(7,361)	**-**	-	-
Company acquired	**9,225**	-	-	**-**	-	-
Subsidiary disposed	**(4,296)**	-	(1,926)	**-**	-	-
Exchange differences	**16**	8	(110)	**-**	-	-
Reclassification	**-**	12,844	-	**-**	-	-
Total	**277,534**	264,017	161,667	**-**	-	-

In the prior year, a provision of $102,000,000 was recognised for the rig contracts with Sete Brasil.

18. Short term investments

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Total investments at fair value through other comprehensive income: Quoted equity shares	**27,821**	34,428	55,048	**-**	-	-
Investments at fair value through profit or loss:						
Quoted equity shares	**74,300**	74,759	147,654	**-**	-	-
Unquoted equity shares	**-**	-	74	**-**	-	-
Unquoted debt instrument	**19,460**	-	-	**-**	-	-
Total investments at fair value through profit or loss	**93,760**	74,759	147,728	**-**	-	-
Total investments at amortised cost: Unquoted - others	**-**	27,400	-	**-**	27,400	-
Total short term investments	**121,581**	136,587	202,776	**-**	27,400	-

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

The unquoted investment at amortised cost was repaid during the year upon the repayment of a short term borrowing of an associated company.

19. Bank balances, deposits and cash

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Bank balances and cash	**843,519**	779,003	590,248	**1,047**	370	2,213
Fixed deposits with banks	**760,421**	1,042,052	1,515,887	**-**	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**6,270**	9,562	32,340	**-**	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**173,304**	150,789	135,313	**-**	-	-
	1,783,514	1,981,406	2,273,788	**1,047**	370	2,213

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (31 December 2018: 1 day to 6 months, 1 January 2018: 1 day to 12 months). This comprises Singapore Dollars fixed deposits of $75,752,000 (31 December 2018: $34,824,000, 1 January 2018: $121,525,000) at interest rates ranging from 0.75% to 1.98% (31 December 2018: 0.60% to 1.59%, 1 January 2018: 0.35% to 1.24%) per annum, and foreign currency fixed deposits of $684,669,000 (31 December 2018: $1,007,228,000, 1 January 2018: $1,394,362,000) at interest rates ranging from 0.01% to 7.20% (31 December 2018: 0.02% to 7.55%, 1 January 2018: 0.01% to 13.15%) per annum.

The bank balances at 31 December 2019 include an amount of $384,000 (31 December 2018: $99,450,000, 1 January 2018: $102,000,000) pledged to a bank in relation to certain banking arrangement.

Cash and cash equivalents of $492,026,000 (31 December 2018: $684,375,000, 1 January 2018: $857,168,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

20. Creditors

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Trade creditors	**854,892**	486,278	579,371	**4,816**	3,139	161
Customers' advances and deposits	**117,673**	87,102	89,656	**-**	-	-
Sundry creditors	**650,300**	896,743	1,380,955	**3,124**	3,007	4,070
Accrued expenses	**2,595,432**	2,584,096	3,274,077	**40,749**	47,020	39,074
Advances from non-controlling shareholders	**149,200**	145,998	177,151	**-**	-	-
Retention monies	**179,982**	148,895	176,850	**-**	-	-
Interest payables	**57,065**	41,911	42,105	**30,036**	23,006	25,280
	4,604,544	4,391,023	5,720,165	**78,725**	76,172	68,585
Other non-current liabilities:						
Accrued expenses	**168,176**	191,990	204,121	**25,000**	48,372	49,275
Derivative liabilities	**127,106**	169,727	82,494	**58,778**	43,303	60,521
	295,282	361,717	286,615	**83,778**	91,675	109,796

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

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.83% to 4.94% (31 December 2018: 2.00% to 4.75%, 1 January 2018: 2.00% to 4.35%) per annum on interest-bearing advances.

In the prior year, there was a write-back of provision for claims of $96,380,000. This was in relation to customer potential claims arising from a rig contract in the Offshore & Marine Division. In view of commercial sensitivity, the Group is unable to disclose the name of the customer or the amount of the potential claims. The original contract value was adjusted for cost escalations. The validity of the contract value adjustments was subsequently challenged. Due to prolonged uncertainty, provisions were made by the Group for the potential claims in the past, the first such provision being made more than ten years ago. The Group had assessed, including seeking legal opinion, its position in respect of these potential claims and concluded that there were reasonable grounds for the write-back.

In the prior year, a provision for related contract costs of $65,000,000 was recognised for the rig contracts with Sete Brasil, bringing the total provision to $245,000,000 as at 31 December 2018. These were included in sundry creditors as at 31 December 2019, 31 December 2018 and 1 January 2018.

21. Provisions for warranties

	Group		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
2019			
At 1 January	**69,614**	115,972	81,879
(Write-back)/Charge to profit and loss account	**(14,365)**	(1,550)	39,280
Amount utilised	**(18,601)**	(43,640)	(4,205)
Subsidiary disposed	**-**	-	(397)
Exchange differences	**(200)**	(1,168)	(385)
At 31 December	**36,448**	69,614	115,972

22. Term loans

		31 December				1 January	
		2019		2018		2018	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000
Group							
Keppel Corporation Medium Term Notes	(a)	**500,000**	**1,900,000**	-	1,700,000	-	1,700,000
Keppel Land Medium Term Notes	(b)	**99,904**	**629,507**	342,316	729,196	-	916,027
Keppel Telecommunications & Transportation Medium Term Notes	(c)	**-**	**100,000**	-	100,000	-	100,000
Keppel GMTN Floating Rate Notes	(d)	**273,240**	**-**	-	274,000	-	269,800
Bank and other loans							
- secured	(e)	**98,599**	**310,859**	412,412	185,874	150,591	580,825
- unsecured	(f)	**3,583,494**	**3,564,028**	726,029	3,078,682	1,563,493	2,512,267
		4,555,237	**6,504,394**	1,480,757	6,067,752	1,714,084	6,078,919
Company							
Keppel Corporation Medium Term Notes	(a)	**500,000**	**1,900,000**	-	1,700,000	-	1,700,000
Unsecured bank loans	(f)	**2,900,430**	**1,598,203**	460,657	1,795,610	551,530	1,239,800
		3,400,430	**3,498,203**	460,657	3,495,610	551,530	2,939,800

(a) At the end of the financial year, notes issued under the US$5,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to $2,400,000,000 (31 December 2018 and 1 January 2018: $1,700,000,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2042 (31 December 2018 and 1 January 2018: from 2020 to 2042) with interest rates ranging from 3.00% to 4.00% (31 December 2018 and 1 January 2018: 3.10% to 4.00%) per annum.

(b) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $399,737,000 (31 December 2018: $642,060,000, 1 January 2018: $486,696,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2023 (31 December 2018: 2019 to 2023, 1 January 2018: 2019 to 2023), with interest rates ranging from 2.68% to 2.84% (31 December 2018: 2.68% to 3.26%, 1 January 2018: 2.84% to 3.26%) per annum.

At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to $329,674,000 (31 December 2018: $429,452,000, 1 January 2018: $429,331,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2022 to 2024 (31 December 2018 and 1 January 2018: 2020 to 2024) with interest rates ranging from 3.80% to 3.90% (31 December 2018 and 1 January 2018: 2.83% to 3.90%) per annum.

(c) At the end of the financial year, notes issued under the $500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to $100,000,000 (31 December 2018 and 1 January 2018: $100,000,000). The fixed rates notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024 (31 December 2018 and 1 January 2018: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024).

22. Term loans (continued)

(d) At the end of the financial year, US$200,000,000 notes issued under the US$2,000,000,000 Euro Medium Term Note Programme by Keppel GMTN Pte Ltd amounted to $273,240,000 (31 December 2018: $274,000,000, 1 January 2018: $269,800,000). The floating rate notes due in 2020 are unsecured and bear interest rate payable quarterly at 3-month US Dollar London Interbank Offered Rate plus 0.89% per annum and ranging from 2.92% to 3.69% (31 December 2018: 2.24% to 3.30%, 1 January 2018: 1.75% to 2.24%) per annum.

(e) The secured bank loans consist of:

- A term loan of $50,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 2.32% per annum.

- A term loan of $46,880,000 drawn down by a subsidiary. The term loan is repayable in 2032 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- A term loan of $44,132,000 drawn down by a subsidiary. The term loan is repayable in 2033 and is secured on certain assets of the subsidiary. Interest is based on money market rates range of 2.38% to 4.43% per annum.

- Other secured bank loans comprised $268,446,000 (31 December 2018: $297,363,000, 1 January 2018: $474,918,000) of foreign currency loans. They are repayable within one to eight (31 December 2018: one to fifteen, 1 January 2018: one to sixteen) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 1.82% to 12.50% (31 December 2018: 1.59% to 9.59%, 1 January 2018: 1.49% to 7.23%) per annum.

The secured bank loans as of 31 December 2018 included a term loan of $300,923,000 (1 January 2018: $256,498,000) which was drawn down by a subsidiary. The term loan was repaid in 2019 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates of 2.89% (1 January 2018: 1.35% to 1.94%) per annum.

(f) The unsecured bank and other loans of the Group totalling $7,147,522,000 (31 December 2018: $3,804,711,000, 1 January 2018: $4,075,760,000) comprised $5,113,132,000 (31 December 2018: $2,604,736,000, 1 January 2018: $2,823,820,000) of loans denominated in Singapore Dollars and $2,034,390,000 (31 December 2018: $1,199,975,000, 1 January 2018: $1,251,940,000) of foreign currency loans. They are repayable within one to twelve (31 December 2018: one to thirteen, 1 January 2018: one to fourteen) years. Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 1.08% to 3.38% (31 December 2018: 2.13% to 3.08%, 1 January 2018: 1.18% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.96% to 9.41% (31 December 2018: 0.50% to 9.30%, 1 January 2018: 0.48% to 10.69%) per annum.

The unsecured bank loans of the Company totalling $4,498,633,000 (31 December 2018: $2,256,267,000, 1 January 2018: $1,791,330,000) comprised $3,186,162,000 (31 December 2018: $1,707,050,000, 1 January 2018: $1,550,000,000) of loans denominated in Singapore Dollars and $1,312,471,000 (31 December 2018: $549,217,000, 1 January 2018: $241,330,000) of foreign currency loans. They are repayable within one to five years (31 December 2018: one to six years, 1 January 2018: one to seven years). Interest on loans denominated in Singapore Dollars is based on money market rates ranging from 1.08% to 3.38% (31 December 2018: 2.13% to 3.08%, 1 January 2018: 1.46% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.96% to 3.24% (31 December 2018: 0.50% to 3.96%, 1 January 2018: 0.50% to 2.10%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $963,984,000 (31 December 2018: $1,065,652,000, 1 January 2018: $1,894,728,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $10,875,283,000 (31 December 2018: $7,672,894,000, 1 January 2018: $7,864,285,000) and $6,723,252,000 (31 December 2018: $3,935,905,000, 1 January 2018: $3,556,370,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expect would be available as at the balance sheet date.

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

	Group			Company		
	31 December		1 January	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000	**2019 $'000**	2018 $'000	2018 $'000
Years after year-end:						
After one but within two years	**1,191,134**	1,153,733	1,403,471	**550,000**	705,500	-
After two but within five years	**4,048,673**	3,686,101	3,174,902	**1,798,203**	2,069,580	1,900,000
After five years	**1,264,587**	1,227,918	1,500,546	**1,150,000**	720,530	1,039,800
	6,504,394	6,067,752	6,078,919	**3,498,203**	3,495,610	2,939,800

23. Deferred taxation

	Group		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Deferred tax liabilities:			
Accelerated tax depreciation	**295,789**	116,707	108,936
Investment properties valuation	**75,175**	49,843	184,429
Offshore income & others	**79,430**	80,163	90,502
	450,394	246,713	383,867
Deferred tax assets:			
Other provisions	**(18,043)**	(34,740)	(32,778)
Unutilised tax benefits	**(11,692)**	(23,633)	(25,730)
Lease liabilities	**(21,631)**	-	-
	(51,366)	(58,373)	(58,508)
Net deferred tax liabilities	**399,028**	188,340	325,359

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

The Group has unrecognised deferred tax liabilities of $100,797,000 (31 December 2018: $84,027,000, 1 January 2018: $105,725,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of $902,989,000 (31 December 2018: $695,449,000, 1 January 2018: $886,858,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses amounting to $193,577,000 (31 December 2018: $158,309,000, 1 January 2018: $227,747,000) can be carried forward for a period of one to nine years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged/ (credited) to profit or loss $'000	Charged/ (credited) to other comprehen-sive income $'000	Subsidiaries disposed $'000	Subsidiaries acquired $'000	Reclassifi-cation $'000	Exchange differences $'000	Adoption of SFRS(I) 16 $'000	At 31 December $'000
Group									
2019									
Deferred Tax Liabilities									
Accelerated tax depreciation	116,707	(20,122)	-	(2,307)	203,666	23	(108)	(2,070)	295,789
Investment properties valuation	49,843	26,857	-	-	-	-	(1,525)	-	75,175
Offshore income & others	80,163	(81)	(23)	-	-	(294)	(335)	-	79,430
Total	246,713	6,654	(23)	(2,307)	203,666	(271)	(1,968)	(2,070)	450,394
Deferred Tax Assets									
Other provisions	(34,740)	16,726	4	-	-	78	(111)	-	(18,043)
Unutilised tax benefits	(23,633)	10,811	-	-	-	1,196	(66)	-	(11,692)
Lease liabilities	-	(2,567)	-	580	-	(1,454)	860	(19,050)	(21,631)
Total	(58,373)	24,970	4	580	-	(180)	683	(19,050)	(51,366)
Net Deferred Tax Liabilities	188,340	31,624	(19)	(1,727)	203,666	(451)	(1,285)	(21,120)	399,028

23. Deferred taxation (continued)

	At 1 January $'000	Charged/ (credited) to profit or loss $'000	Charged/ (credited) to other comprehensive income $'000	Subsidiaries disposed $'000	Subsidiaries acquired $'000	Reclassification $'000	Exchange differences $'000	Adoption of SFRS(I) 16 $'000	At 31 December $'000
Group									
2018									
Deferred Tax Liabilities									
Accelerated tax depreciation	108,936	4,262	-	-	3,670	-	(161)	-	116,707
Investment properties valuation	184,429	6,263	-	(139,774)	-	-	(1,075)	-	49,843
Offshore income & others	90,502	(9,437)	(243)	-	-	-	(659)	-	80,163
Total	383,867	1,088	(243)	(139,774)	3,670	-	(1,895)	-	246,713
Deferred Tax Assets									
Other provisions	(32,778)	(3,045)	1,046	-	-	-	37	-	(34,740)
Unutilised tax benefits	(25,730)	2,274	-	-	-	-	(177)	-	(23,633)
Total	(58,508)	(771)	1,046	-	-	-	(140)	-	(58,373)
Net Deferred Tax Liabilities	325,359	317	803	(139,774)	3,670	-	(2,035)	-	188,340

24. Revenue

	Group 2019 $'000	Group 2018 $'000
Revenue from contracts with customers		
Revenue from construction contracts	**2,418,931**	1,875,712
Sale of property	**1,207,359**	1,248,798
Sale of goods	**373,728**	43,553
Sale of electricity, utilities and gases	**2,172,045**	2,068,292
Revenue from telecommunication services	**620,475**	-
Revenue from other services rendered	**661,233**	637,379
	7,453,771	5,873,734
Other sources of revenue		
Rental income from investment properties	**122,500**	86,011
Gain on sale of investments	**678**	2,232
Dividend income from quoted shares	**2,684**	2,703
Others	**70**	101
	7,579,703	5,964,781

Sales are made with credit terms that are consistent with market practice. In 2018, there was a sale of five rigs to a customer where amounts are paid in instalments within five years from the respective delivery dates of each individual rig.

25. Staff costs

	Group 2019 $'000	Group 2018 $'000
Wages and salaries	**924,839**	780,104
Employer's contribution to Central Provident Fund	**86,486**	68,357
Share options and share plans granted to Director and employees	**37,255**	34,885
Other staff benefits	**114,651**	104,484
	1,163,231	987,830

26. Operating profit

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

	Group 2019 $'000	Group 2018 $'000
Included in materials and subcontract costs:		
Fair value (gain)/loss on		
- investments	**(4,462)**	942
- forward foreign exchange contracts	**13,675**	18,095
Cost of stocks & contract assets recognised as expense	**1,094,686**	771,465
Direct operating expenses		
- investment properties that generated rental income	**42,258**	23,818
Included in staff costs:		
Key management's emoluments		
(including executive directors' remuneration)		
- short-term employee benefits	**11,471**	9,015
- post-employment benefits	**105**	95
- share plans granted	**9,943**	7,771
Included in impairment loss on financial assets:		
Provision for doubtful debts (Note 12 & 17)	**31,036**	95,457
Bad debts written-off	**43,331**	4,256
Included in other operating income - net:		
Rental expense		
- operating leases	**-**	84,854
Impairment/write-off of fixed assets	**8,432**	6,911
Impairment of associated companies (Note 10)	**35,915**	60,782
Provision for stocks	**7,571**	6,271
Provision for related contract costs (Note 20)	**-**	65,000
Provision for contract assets (Note 15)	**-**	21,000
Write-back of provision for claims (Note 20)	**-**	(96,380)
Fair value gain on investment properties (Note 7)	**(101,020)**	(84,886)
Fair value (gain)/loss on		
- investments	**15,328**	(13,823)
- forward foreign exchange contracts	**2,028**	(6,966)
(Gain)/loss on differences in foreign exchange	**(39,632)**	42,070
Profit on sale of fixed assets and an investment property	**(6,277)**	(2,795)
Profit on sale of investments	**(164)**	-
Gain on disposal of subsidiaries	**(64,469)**	(604,638)
Loss/(gain) on disposal of associated companies	**22**	(48,783)
Gain from change in interest in associated companies	**(27,114)**	(63,622)
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	**(158,376)**	-
Fees and other remuneration to Directors of the Company	**2,537**	2,373
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**2,332**	3,510
Auditors' remuneration		
- auditors of the Company	**3,343**	3,121
- other auditors of subsidiaries	**1,833**	2,001
Non-audit fees paid to		
- auditors of the Company	**611**	486
- other auditors of subsidiaries	**150**	154

27. Investment income, interest income and interest expenses

	Group 2019 $'000	Group 2018 $'000
Investment income from:		
Shares - quoted outside Singapore	42	34
Shares - unquoted	64,552	9,957
	64,594	9,991
Interest income from:		
Bonds, debentures and deposits	101,548	100,376
Associated companies	63,664	56,760
Service concession arrangement	12,463	7,124
	177,675	164,260
Interest expenses on notes, loans and overdrafts	(277,143)	(205,845)
Interest expenses on lease liabilities	(35,732)	-
Fair value gain on interest rate caps and swaps	159	1,021
	(312,716)	(204,824)

28. Taxation

(a) Income tax expense

	Group 2019 $'000	Group 2018 $'000
Tax expense comprised:		
Current tax	175,880	245,091
Adjustment for prior year's tax	(88,696)	(32,200)
Others	790	10,958
Deferred tax (Note 23)	31,624	317
Land appreciation tax:		
Current year	72,731	60,610
	192,329	284,776

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

	Group 2019 $'000	Group 2018 $'000
Profit before tax	953,467	1,245,484
Share of profit of associated companies, net of tax	(147,413)	(220,895)
Profit before tax and share of profit of associated companies	806,054	1,024,589
Tax calculated at tax rate of 17% (2018: 17%)	137,029	174,180
Income not subject to tax	(89,266)	(170,942)
Expenses not deductible for tax purposes	125,067	232,272
Unrecognised tax benefits / (Utilisation of previously unrecognised tax benefits)	32,169	(17,314)
Effect of different tax rates in other countries	21,478	39,861
Adjustment for prior year's tax	(88,696)	(32,200)
Effects of changes in tax rates	-	13,461
Land appreciation tax	72,731	60,610
Effect of tax reduction on land appreciation tax	(18,183)	(15,152)
	192,329	284,776

(b) Movement in current income tax liabilities

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
At 1 January	**297,922**	220,761	**43,519**	33,955
Exchange differences	**(6,506)**	(4,291)	**-**	-
Tax expense	**175,880**	245,091	**15,800**	10,200
Adjustment for prior year's tax	**(88,696)**	(32,200)	**(27,796)**	(636)
Land appreciation tax	**72,731**	60,610	**-**	-
Net income taxes paid	**(263,856)**	(195,904)	**-**	-
Subsidiaries acquired	**47,832**	157	**-**	-
Subsidiaries disposed	**(164)**	(89)	**-**	-
Reclassification				
- tax recoverable and others	**12,831**	3,787	**-**	-
- deferred tax	**451**	-	**-**	-
At 31 December	**248,425**	297,922	**31,523**	43,519

29. Earnings per ordinary share

	Group 2019 $'000 Basic	Group 2019 $'000 Diluted	Group 2018 $'000 Basic	Group 2018 $'000 Diluted
Net profit attributable to shareholders	**706,975**	**706,975**	948,392	948,392
	Number of Shares $'000		Number of Shares $'000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,815,701**	**1,815,701**	1,814,159	1,814,159
Adjustment for dilutive potential ordinary shares	**-**	**9,668**	-	10,728
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,815,701**	**1,825,369**	1,814,159	1,824,887
Earnings per ordinary share	**38.9 cts**	**38.7 cts**	52.3 cts	52.0 cts

30. Dividends

A final cash dividend of 12.0 cents per share tax exempt one-tier (2018: final cash dividend of 15.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2019 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim cash dividend of 8.0 cents per share tax exempt one-tier (2018: interim cash dividend of 10.0 cents per share tax exempt one-tier and the special cash dividend of 5.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2019 will be 20.0 cents per share (2018: 30.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 15.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	272,568
An interim cash dividend of 8.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	145,370
	417,938

In the prior year, total distributions of $526,152,000 were made.

31. Commitments

(a) Capital commitments

	Group		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Capital expenditure/commitments not provided for in the financial statements:			
In respect of contracts placed:			
- for purchase and construction of investment properties	**130,682**	372,292	175,759
- for purchase of other fixed assets	**6,777**	13,034	17,341
- for purchase/subscription of shares mainly in property development companies	**329,685**	406,662	174,311
- for commitments to private funds	**357,634**	388,093	450,247
Amounts approved by Directors in addition to contracts placed:			
- for purchase and construction of investment properties	**155,213**	19,665	105,115
- for purchase of other fixed assets	**246,436**	158,677	224,903
- for purchase/subscription of shares mainly in property development companies	**175,658**	77,260	36,509
	1,402,085	1,435,683	1,184,185
Less: Non-controlling shareholders' share	**(33,225)**	(65,018)	(69,698)
	1,368,860	1,370,665	1,114,487

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

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	31 December 2018 $'000	1 January 2018 $'000	31 December 2018 $'000	1 January 2018 $'000
Years after year-end:				
Within one year	81,555	89,315	199	40
From two to five years	255,324	300,506	179	-
After five years	572,156	684,204	-	-
	909,035	1,074,025	378	40

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 *Leases* on 1 January 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised on balance sheet. The right-of-use assets and lease liabilities are disclosed in Note 8.

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	31 December 2018 $'000	1 January 2018 $'000	31 December 2018 $'000	1 January 2018 $'000
Years after year-end:				
Within one year	98,856	88,087	-	-
From two to five years	159,497	166,553	-	-
After five years	60,457	61,638	-	-
	318,810	316,278	-	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

32. Contingent liabilities and guarantees (unsecured)

	Group		Company	
	31 December		31 December	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**615,611**	493,286	**1,685,269**	1,376,427
Bank guarantees	**73,319**	70,030	**-**	-
	688,930	563,316	**1,685,269**	1,376,427

See Note 2.27 for further disclosures relating to the Group's claims and litigations.

Included in the above guarantees is a bilateral agreement between the Group and a bank which guaranteed a bank loan granted to KrisEnergy Limited, an associated company, amounting to $262,825,000 as at 31 December 2019. The guarantee is secured on the assets of KrisEnergy Limited.

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

33. Significant related party transactions

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

	Group	
	2019 $'000	2018 $'000
Sales of goods and/or services to		
- associated companies	**246,684**	183,486
- other related parties	**73,164**	63,544
	319,848	247,030
Purchase of goods and/or services from		
- associated companies	**145,853**	105,056
- other related parties	**126,981**	61,321
	272,834	166,377
Treasury transactions with		
- associated companies	**36,378**	21,412

34. Financial risk management

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

Market Risk

(i) Currency risk

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

34. Financial risk management (continued)

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $4,333,439,000 (31 December 2018: $5,284,557,000, 1 January 2018: $6,344,009,000). The net positive fair value of forward foreign exchange contracts is $3,796,000 (31 December 2018: net negative fair value of $4,778,000, 1 January 2018: net positive fair value of $58,266,000) comprising assets of $30,022,000 (31 December 2018: $28,143,000, 1 January 2018: $105,511,000) and liabilities of $26,226,000 (31 December 2018: $32,921,000, 1 January 2018: $47,245,000). These amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $4,205,443,000 (31 December 2018: $5,203,754,000, 1 January 2018: $6,269,592,000). The net positive fair value of forward foreign exchange contracts is $4,839,000 (31 December 2018: net negative fair value of $4,972,000, 1 January 2018: net positive fair value of $56,859,000) comprising assets of $30,022,000 (31 December 2018: $27,731,000, 1 January 2018: $104,045,000) and liabilities of $25,183,000 (31 December 2018: $32,703,000, 1 January 2018: $47,186,000). These amounts are recognised as derivative assets and derivative liabilities.

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

	2019			
	USD $'000	RMB $'000	BRL $'000	Others $'000
Group				
Financial Assets				
Debtors	535,178	1,629	318,767	119,434
Investments	474,060	-	-	114,741
Bank balances, deposits & cash	47,303	41,209	53	38,380
	1,056,541	42,838	318,820	272,555
Financial Liabilities				
Creditors	136,595	1,052	18,542	12,362
Term loans	997,104	9,683	-	180,882
Lease liabilities	-	215	-	726
	1,133,699	10,950	18,542	193,970

	2018			
	USD $'000	RMB $'000	BRL $'000	Others $'000
Group				
Financial Assets				
Debtors	22,038	19,388	360,479	13,645
Investments	197,976	-	-	92,244
Bank balances, deposits & cash	134,222	186,215	1,823	25,286
	354,236	205,603	362,302	131,175
Financial Liabilities				
Creditors	88,895	7,878	5,393	20,481
Term loans	611,546	-	-	131,718
	700,441	7,878	5,393	152,199

	2019			2018		
	USD $'000	RMB $'000	Others $'000	USD $'000	RMB $'000	Others $'000
Company						
Financial Assets						
Debtors	579	54	-	776	83	-
Investments	-	-	-	27,400	-	-
Bank balances, deposits & cash	612	219	1	78	236	-
	1,191	273	1	28,254	319	-
Financial Liabilities						
Creditors	4,333	207	10	3,757	246	69
Term loans	965,903	9,683	89,370	294,550	-	13,607
Lease liabilities	-	215	-	-	-	-
	970,236	10,105	89,380	298,307	246	13,676

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2018: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Group				
USD against SGD				
- Strengthened	**(11,518)**	(25,195)	**7,631**	7,759
- Weakened	**11,518**	25,195	**(7,631)**	(7,759)
RMB against SGD				
- Strengthened	**1,594**	9,886	**-**	-
- Weakened	**(1,594)**	(9,886)	**-**	-
BRL against SGD				
- Strengthened	**12,462**	14,812	**-**	-
- Weakened	**(12,462)**	(14,812)	**-**	-
Company				
USD against SGD				
- Strengthened	**(48,801)**	(13,602)	**-**	-
- Weakened	**48,801**	13,602	**-**	-
RMB against SGD				
- Strengthened	**(474)**	3	**-**	-
- Weakened	**474**	(3)	**-**	-

(ii) Interest rate risk

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

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its SGD, USD and Renminbi variable rate term loans (Note 22). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $2,752,273,000 (31 December 2018: $1,667,483,000, 1 January 2018: $1,778,962,000) whereby it receives variable rates equal to SOR and LIBOR (31 December 2018 and 1 January 2018: SOR and LIBOR) and pays fixed rates of between 1.41% and 3.62% (31 December 2018: 1.33% and 3.62%, 1 January 2018: 1.27% and 3.62%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $108,661,000 (31 December 2018: net negative fair value of $62,841,000, 1 January 2018: net negative fair value of $58,025,000) comprising assets of $444,000 (31 December 2018: $4,677,000, 1 January 2018: $4,339,000) and liabilities of $109,105,000 (31 December 2018: $67,518,000, 1 January 2018: $62,364,000). These amounts are recognised as derivative assets and derivative liabilities.

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2018: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $24,025,000 (2018: $10,827,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, HSFO 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling $690,044,000 (31 December 2018: $938,774,000, 1 January 2018: $542,679,000) and $63,885,000 (31 December 2018: $10,001,000, 1 January 2018: $nil) respectively. The net negative fair value of HSFO forward contracts for the Group is $96,885,000 (31 December 2018: net negative fair value of $147,250,000, 1 January 2018: net positive fair value of $89,599,000) comprising assets of $7,592,000 (31 December 2018: $25,568,000, 1 January 2018: $97,957,000) and liabilities of $104,477,000 (31 December 2018: $172,818,000, 1 January 2018: $8,358,000). These amounts are recognised as derivative assets and derivative liabilities. The net negative fair value of Dated Brent forward contracts for the Group of $2,361,000 (31 December 2018: net negative fair value of $14,138,000, 1 January 2018: $nil) comprising assets of $2,305,000 (31 December 2018: $nil, 1 January 2018: $nil) and liabilities of $4,666,000 (31 December 2018: $14,138,000, 1 January 2018: $nil). These amounts are recognised as derivative assets and derivative liabilities.

34. Financial risk management (continued)

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts with notional amounts totalling $142,980,000 (31 December 2018: $80,055,000, 1 January 2018: $47,042,000). The net positive fair values of electricity futures contracts is $5,447,000 (31 December 2018: net positive fair value of $7,857,000, 1 January 2018: net negative fair value of $2,297,000) comprising assets of $7,560,000 (31 December 2018: $9,002,000, 1 January 2018: $199,000) and liabilities of $2,113,000 (31 December 2018: $1,145,000, 1 January 2018: $2,496,000). These amounts are recognised as derivative assets and derivative liabilities.

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

Sensitivity analysis for price risk
If prices for HSFO and Dated Brent increase/decrease by 5% (31 December 2018 and 1 January 2018: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $29,658,000 (31 December 2018: $39,366,000, 1 January 2018: $30,635,000) and $3,075,000 (31 December 2018: $252,000, 1 January 2018: $nil) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (31 December 2018 and 1 January 2018: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $6,877,000 (31 December 2018: $2,849,000, 1 January 2018: $2,467,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2018: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $7,835,000 (2018: $5,205,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $2,008,000 (2018: $2,047,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income.

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

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

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

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

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

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

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

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2019 are set out in the provision matrix as follows:

	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
Offshore & Marine					
Expected loss rate	6.1%	13.3%	12.3%	69.4%	
Trade receivables	2,902	758	1,265	3,308	8,233
Loss allowance	178	101	155	2,295	2,729
Infrastructure					
Expected loss rate	0.1%	0.5%	1.0%	45.5%	
Trade receivables	178,600	28,999	11,814	4,946	224,359
Loss allowance	125	153	118	2,248	2,644
Investments					
Expected loss rate	2.0%	8.0%	15.2%	20.4%	
Trade receivables	266,978	27,995	4,862	27,555	327,390
Loss allowance	5,451	2,238	739	5,609	14,037

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

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

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

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

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

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

Trade receivables are subject to immaterial credit loss under the property segment.

Balances due from associated companies are subject to immaterial credit loss.

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and hence does not expect significant credit losses.

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

34. Financial risk management (continued)

Information relating to the maturity profile of loans is given in Note 22. The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
31 December 2019				
Gross-settled forward foreign exchange contracts				
- Receipts	**3,113,245**	**773,921**	**478,026**	**-**
- Payments	**(3,107,938)**	**(766,231)**	**(468,296)**	**-**
Net-settled HSFO forward contracts				
- Receipts	**5,583**	**1,808**	**200**	**-**
- Payments	**(91,720)**	**(11,095)**	**(1,661)**	**-**
Net-settled Dated Brent forward contracts				
- Receipts	**2,305**	**-**	**-**	**-**
- Payments	**(3,581)**	**(1,085)**	**-**	**-**
Net-settled electricity futures contracts				
- Receipts	**6,701**	**859**	**-**	**-**
- Payments	**(1,639)**	**(474)**	**-**	**-**
Borrowings	**(4,775,144)**	**(1,403,358)**	**(4,359,758)**	**(1,597,868)**
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	4,371,906	595,863	291,056	-
- Payments	(4,376,578)	(590,895)	(293,122)	-
Net-settled HSFO forward contracts				
- Receipts	18,276	5,291	2,001	-
- Payments	(78,658)	(89,608)	(4,551)	-
Net-settled Dated Brent forward contracts				
- Receipts	588	-	-	-
- Payments	(11,333)	(2,377)	(1,019)	-
Net-settled electricity futures contracts				
- Receipts	3,042	5,960	-	-
- Payments	(986)	(159)	-	-
Borrowings	(1,880,464)	(1,107,664)	(3,958,879)	(1,565,429)
1 January 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	5,367,540	989,250	48,742	-
- Payments	(5,310,740)	(989,397)	(50,423)	-
Net-settled HSFO forward contracts				
- Receipts	85,426	12,150	381	-
- Payments	(4,564)	(1,841)	(1,953)	-
Net-settled electricity futures contracts				
- Receipts	52	147	-	-
- Payments	(2,390)	(106)	-	-
Borrowings	(1,903,567)	(1,567,496)	(3,457,684)	(1,884,254)
Company				
31 December 2019				
Gross-settled forward foreign exchange contracts				
- Receipts	**2,986,032**	**773,921**	**478,026**	**-**
- Payments	**(2,979,943)**	**(766,231)**	**(468,296)**	**-**
Borrowings	**(3,525,789)**	**(656,062)**	**(1,986,035)**	**(1,455,148)**
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	4,295,278	591,445	291,056	-
- Payments	(4,300,024)	(586,549)	(293,122)	-
Borrowings	(767,884)	(592,033)	(2,224,328)	(982,992)
1 January 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	5,306,832	973,865	48,742	-
- Payments	(5,251,003)	(974,631)	(50,423)	-
Borrowings	(644,666)	(85,514)	(2,096,221)	(1,333,585)

In addition to the above, creditors (Note 20) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital undertakings for the financial year ended 31 December 2019. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital risk based on the Group's net gearing. Net gearing is calculated as net debt divided by total equity. Net debt is calculated as total term loans (Note 22) and total lease liabilities (Note 8) less bank balances, deposits & cash (Note 19).

	Group		
	31 December		1 January
	2019 $'000	2018 $'000	2018 $'000
Net debt	**9,873,556**	5,567,103	5,519,215
Total equity	**11,646,031**	11,576,692	11,722,455
Net gearing ratio	**0.85x**	0.48x	0.47x

Fair Value of Financial Instruments and Investment Properties

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2019				
Financial assets				
Derivative financial instruments	-	55,841	-	55,841
Call option	-	-	157,518	157,518
Investments				
- Investments at fair value through other comprehensive income	12,336	-	202,623	214,959
- Investments at fair value through profit or loss	82,399	22,958	328,753	434,110
Short term investments				
- Investments at fair value through other comprehensive income	27,821	-	-	27,821
- Investments at fair value through profit or loss	74,300	19,460	-	93,760
	196,856	98,259	688,894	984,009
Financial liabilities				
Derivative financial instruments	-	246,587	-	246,587
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,667,822	1,667,822
- Commercial, under construction	-	-	1,354,269	1,354,269
	-	-	3,022,091	3,022,091

34. Financial risk management (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2018				
Financial assets				
Derivative financial instruments	-	67,978	-	67,978
Call option	-	-	150,500	150,500
Investments				
- Investments at fair value through other comprehensive income	6,527	-	201,830	208,357
- Investments at fair value through profit or loss	29,332	43,800	168,026	241,158
Short term investments				
- Investments at fair value through other comprehensive income	34,428	-	-	34,428
- Investments at fair value through profit or loss	74,759	-	-	74,759
	145,046	111,778	520,356	777,180
Financial liabilities				
Derivative financial instruments	-	289,132	-	289,132
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,716,314	1,716,314
- Commercial, under construction	-	-	1,135,066	1,135,066
	-	-	2,851,380	2,851,380
Group				
1 January 2018				
Financial assets				
Derivative financial instruments	-	208,006	-	208,006
Call option	-	-	137,200	137,200
Investments				
- Investments at fair value through other comprehensive income	4,123	-	271,955	276,078
- Investments at fair value through profit or loss	31,647	43,250	66,817	141,714
Short term investments				
- Investments at fair value through other comprehensive income	55,048	-	-	55,048
- Investments at fair value through profit or loss	147,654	-	74	147,728
	238,472	251,256	476,046	965,774
Financial liabilities				
Derivative financial instruments	-	120,463	-	120,463
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,404,294	1,404,294
- Commercial, under construction	-	-	2,056,314	2,056,314
	-	-	3,460,608	3,460,608

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
31 December 2019				
Financial assets				
Derivative financial instruments	**-**	**30,462**	**-**	**30,462**
Investments				
- Investments at fair value through other comprehensive income	**-**	**-**	**19,230**	**19,230**
	-	**30,462**	**19,230**	**49,692**
Financial liabilities				
Derivative financial instruments	**-**	**78,766**	**-**	**78,766**
Company				
31 December 2018				
Financial assets				
Derivative financial instruments	-	31,968	-	31,968
Investments				
- Investments at fair value through other comprehensive income	-	-	16,957	16,957
	-	31,968	16,957	48,925
Financial liabilities				
Derivative financial instruments	-	71,099	-	71,099
1 January 2018				
Financial assets				
Derivative financial instruments	-	107,631	-	107,631
Investments				
- Investments at fair value through other comprehensive income	-	-	15,012	15,012
	-	107,631	15,012	122,643
Financial liabilities				
Derivative financial instruments	-	90,049	-	90,049

There have been no significant transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2019 and 2018.

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

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
At 1 January	**520,356**	471,982	**16,957**	15,012
Co acquired	**23,884**	-	**-**	-
Purchases	**225,294**	105,664	**-**	-
Sales	**(39,171)**	(122,034)	**-**	-
Fair value (loss)/gain recognised in other comprehensive income	**(73,059)**	(1,124)	**2,273**	1,945
Fair value gain recognised in profit or loss	**6,802**	47,785	**-**	-
Reclassification	**43,245**	16,877	**-**	-
Exchange differences	**(332)**	1,206	**-**	-
Distribution	**(10,366)**	-	**-**	-
Return on capital	**(7,759)**	-	**-**	-
At 31 December	**688,894**	520,356	19,230	16,957

34. Financial risk management (continued)

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

	Group	
	2019 $'000	2018 $'000
At 1 January	2,851,380	3,460,608
Adoption of SFRS(I) 16	5,765	-
Development expenditure	304,803	94,099
Fair value gain	101,020	84,886
Disposal	(834)	(2,870)
Subsidiary acquired	-	360,000
Subsidiary disposed	-	(948,613)
Reclassification		
- Stocks	-	(158,300)
- Fixed assets	(217,121)	-
Exchange differences	(22,922)	(38,430)
At 31 December	3,022,091	2,851,380

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

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties. The fair value of investment at fair value through profit or loss categorised under Level 2 of the fair value hierarchy is based on the consideration specified in a sales and purchase agreement.

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

Description	Fair value as at 31 December 2019 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	531,376	Net asset value, discounted cash flow, and/or market comparative	Net asset value *	Not applicable
			Discount rate	11%
			Adjusted market multiple	1.4x
			Terminal growth rate	2.5%
Call option	157,518	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,200 to $2,865
			Capitalisation rate	3.5%

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investments and investment properties stated at fair value.

Description	Fair value as at 31 December 2019 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investment Properties				
- Commercial and residential, completed	1,667,822	Investment method, discounted cash flow method and/or direct comparison method;	Discount rate	5.60% to 12.76%
			Capitalisation rate	3.75% to 9.00%
			Net initial yield	3.93% to 5.85%
		Residual Method	Price of comparable land plots (psm)	$5,032 to $6,773
			Transacted price of comparable properties (psf)	$1,616 to $3,502
- Commercial, under construction	1,354,269	Direct comparison method, discounted cash flow method, and/or residual value method	Price of comparable land plots (psm)	$8,121 to $19,219
			Gross development value ($'million)	$510 to $1,897

Description	Fair value as at 31 December 2018 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	369,856	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	150,500	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,500 to $3,200
			Capitalisation rate	3.5% to 3.65%
Investment Properties				
- Commercial and residential, completed	1,716,314	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	10.25% to 12.45%
			Terminal yield	7.00%
			Capitalisation rate	4.25% to 12.00%
			Net initial yield	3.7%
			Price of comparable land plots (psm)	$4,700 to $5,707
			Transacted price of comparable properties (psf)	$1,727 to $3,294
- Commercial, under construction	1,135,066	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$6,737 to $11,990
			Gross development value ($'million)	$636 to $1,898

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

34. Financial risk management (continued)

Description	Fair value as at 1 January 2018 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	338,846	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	137,200	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,600 to $3,200
			Capitalisation rate	3.5% to 3.75%
Investment Properties				
- Commercial and residential, completed	1,404,294	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	11.50% to 13.00%
			Terminal yield	7.00%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	3.8%
			Price of comparable land plots (psm)	$7,627 to $12,463
			Transacted price of comparable properties (psf)	$1,321 to $2,500
- Commercial, under construction	2,056,314	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$7,627 to $12,463
			Gross development value ($'million)	$588 to $1,866

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

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

The Group's finance team assessed the fair value of investments at fair value through other comprehensive income on a quarterly basis.

Valuation process of investment properties is described in Note 7.

35. Segment analysis

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

(i) **Offshore & Marine**
Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) **Property**
Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) **Infrastructure**
Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iv) **Investments**
The Investments Division consists mainly of the Group's investments in fund management, KrisEnergy Limited, M1 Limited, k1 Ventures Ltd, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities. M1 Limited, which was part of Investments prior to the acquisition, continues to be reported under Investments segment as it is currently undergoing transformation of its business. M1 contributed about 32% of the Group's total depreciation and amortisation, and contributed about 13% and 10% of the Group's total revenue and net profit respectively for the financial year ended 31 December 2019. M1 accounted for about 5% of the Group's total assets and total liabilities as at 31 December 2019.

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

	Offshore & Marine $'000	Property $'000	Infrastructure $'000	Investments $'000	Elimination $'000	Total $'000
2019						
Revenue						
External sales	2,219,397	1,336,236	2,927,331	1,096,739	-	7,579,703
Inter-segment sales	323	11,187	31,018	112,809	(155,337)	-
Total	2,219,720	1,347,423	2,958,349	1,209,548	(155,337)	7,579,703
Segment Results						
Operating profit	60,041	507,740	113,612	194,988	120	876,501
Investment income	4,988	48,131	1,410	10,065	-	64,594
Interest income	74,444	48,776	63,443	356,896	(365,884)	177,675
Interest expenses	(107,123)	(85,966)	(28,753)	(456,638)	365,764	(312,716)
Share of results of associated companies	(56,823)	188,189	38,079	(22,032)	-	147,413
(Loss)/profit before tax	(24,473)	706,870	187,791	83,279	-	953,467
Taxation	33,182	(179,055)	(23,982)	(22,474)	-	(192,329)
Profit for the year	8,709	527,815	163,809	60,805	-	761,138
Attributable to:						
Shareholders of Company	10,050	517,373	168,391	11,161	-	706,975
Non-controlling interests	(1,341)	10,442	(4,582)	49,644	-	54,163
	8,709	527,815	163,809	60,805	-	761,138
External revenue from contracts with customers						
- At a point in time	96,640	999,497	23,005	363,757	-	1,482,899
- Over time	2,122,757	223,302	2,895,665	729,148	-	5,970,872
	2,219,397	1,222,799	2,918,670	1,092,905	-	7,453,771
Other sources of revenue	-	113,437	8,661	3,834	-	125,932
Total	2,219,397	1,336,236	2,927,331	1,096,739	-	7,579,703
Other information						
Segment assets	9,493,583	14,081,759	3,960,727	12,028,650	(8,243,159)	31,321,560
Segment liabilities	6,663,302	6,435,784	2,552,695	12,266,907	(8,243,159)	19,675,529
Net assets	2,830,281	7,645,975	1,408,032	(238,257)	-	11,646,031
Investment in associated companies	645,946	3,443,534	1,067,436	1,193,929	-	6,350,845
Additions to non-current assets	95,440	622,622	188,819	297,711	-	1,204,592
Depreciation and amortisation	121,126	38,275	58,393	157,500	-	375,294
Impairment loss/(write-back of impairment loss)	6,827	(10)	(776)	37,445	-	43,486

Geographical information

	Singapore $'000	China/ Hong Kong $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	5,704,097	1,005,803	83,769	429,351	356,683	-	7,579,703
Non-current assets	8,741,671	3,111,521	286,862	1,891,462	686,175	-	14,717,691

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019.

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

35. Segment analysis (continued)

	Offshore & Marine $'000	Property $'000	Infrastructure $'000	Investments $'000	Elimination $'000	Total $'000
2018						
Revenue						
External sales	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Inter-segment sales	-	6,139	22,729	60,872	(89,740)	-
Total	1,874,571	1,346,374	2,651,300	182,276	(89,740)	5,964,781
Segment Results						
Operating (loss)/profit	(73,433)	1,044,448	105,332	(23,019)	1,834	1,055,162
Investment income	1,199	3,976	2,230	2,586	-	9,991
Interest income	53,675	57,268	57,265	295,233	(299,181)	164,260
Interest expenses	(102,630)	(77,250)	(16,969)	(305,322)	297,347	(204,824)
Share of results of associated companies	8,001	164,688	36,499	11,707	-	220,895
(Loss)/profit before tax	(113,188)	1,193,130	184,357	(18,815)	-	1,245,484
Taxation	2,523	(254,992)	(7,837)	(24,470)	-	(284,776)
(Loss)/profit for the year	(110,665)	938,138	176,520	(43,285)	-	960,708
Attributable to:						
Shareholders of Company	(109,250)	942,459	169,584	(54,401)	-	948,392
Non-controlling interests	(1,415)	(4,321)	6,936	11,116	-	12,316
	(110,665)	938,138	176,520	(43,285)	-	960,708
External revenue from contracts with customers						
- At a point in time	97,835	828,021	28,642	10,470	-	964,968
- Over time	1,776,736	433,529	2,592,846	105,655	-	4,908,766
	1,874,571	1,261,550	2,621,488	116,125	-	5,873,734
Other sources of revenue	-	78,685	7,083	5,279	-	91,047
Total	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Other information						
Segment assets	8,461,013	13,831,333	3,649,336	7,596,099	(6,950,188)	26,587,593
Segment liabilities	5,556,134	5,684,310	2,248,589	8,472,056	(6,950,188)	15,010,901
Net assets	2,904,879	8,147,023	1,400,747	(875,957)	-	11,576,692
Investment in associated companies	706,189	3,206,355	1,066,849	1,259,660	-	6,239,053
Additions to non-current assets	87,478	461,857	61,394	28,225	-	638,954
Depreciation and amortisation	99,091	32,762	44,930	5,603	-	182,386
Impairment loss	32,503	796	1,754	53,000	-	88,053

Geographical information

	Singapore $'000	China/ Hong Kong $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	4,370,849	741,759	224,573	374,430	253,170	-	5,964,781
Non-current assets	6,119,072	2,747,668	229,917	1,648,108	847,235	-	11,592,000

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2018.

Information about a major customer
Revenue of $730,615,000 is derived from a single external customer and is attributable to the Infrastructure Division for the year ended 31 December 2018.

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

36. Business combinations

On 15 February 2019, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% interest in M1 Limited, bringing to a total of 100% as at 31 December 2019. The principal activities of M1 Limited are the provision of telecommunications services, international call services and fixed services, retail sales of telecommunications equipment and accessories, and customer services. The acquisition seeks to drive the business transformation in M1 to enable it to compete effectively. The acquisition will also complement the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital and connectivity platform to complement and augment the Group's current suite of solutions.

In the prior year, acquisition of subsidiaries relates mainly to the acquisition of 77.6% interest in PRE 1 Investments Pte Ltd.

Net assets of subsidiaries acquired at their fair values were as follows:

	2019 $'000	2018 $'000
Fixed assets	**772,654**	47
Investment Properties	**-**	360,000
Right-of-use assets	**44,324**	-
Intangible assets	**610,516**	-
Stocks	**34,745**	-
Contract assets	**163,121**	-
Debtors and other assets	**197,211**	530
Bank balances and cash	**88,991**	18,521
Creditors and other liabilities	**(241,555)**	(6,778)
Borrowings and lease liabilities	**(496,189)**	(297,923)
Current and deferred taxation	**(251,498)**	(3,827)
Non-controlling interests consolidated	**(2,091)**	-
Total identifiable net assets at fair value	**920,229**	70,570
Non-controlling interests measured at fair value	**(308,001)**	-
Amount previously accounted for as associated companies	**(210,137)**	(32,484)
Goodwill arising from acquisition	**988,288**	-
(Gain)/loss on remeasurement of previously held equity interest at fair value at acquisition date	**(158,376)**	18,487
Net assets acquired	**1,232,003**	56,573
Total purchase consideration	**1,232,003**	56,573
Less: Bank balances and cash acquired	**(88,991)**	(18,521)
Cash outflow on acquisition	**1,143,012**	38,052

The fair value of the acquired identifiable intangible assets of $610,516,000 was finalised during the year.

The fair value of debtors and other assets acquired during the year was $197,211,000 and it includes trade receivables with a fair value of $121,794,000. The gross contractual amount for trade receivables due was $131,019,000, of which $9,225,000 is expected to be uncollectible.

The non-controlling interests at its fair value of $308,001,000 represents the 16% effective non-controlling interest in M1 Limited, which was measured based on the $2.06 offer price per M1 Limited's share under the voluntary conditional general offer, which was concluded during the year.

The goodwill of $988,288,000 arising from the acquisition during the year was attributable to M1 Limited arising from the synergies that is expected to be harnessed as a multi-business group. The goodwill was not deductible for tax purposes.

The revenue and net profit of the acquired business for the period from 15 February to 31 December 2019 were $950,002,000 and $46,543,000 respectively. In addition, the Group recognised a net gain on the remeasurement of previously held equity interest at fair value at acquisition date of $125,261,000, after taking into consideration the non-controlling interests share of $33,115,000. Had M1 Limited been acquired from 1 January 2019, the revenue and net profit of the Group for the year ended 31 December 2019 would have been $7,764,708,000 and $715,255,000 respectively.

Acquisition-related costs of $4,800,000 was included in the other operating expense in the consolidated profit and loss account for the year.

37. New accounting standards and interpretations

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

- Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

  The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

  The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

  It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted.

- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform* (effective for annual periods beginning on or after 1 January 2020)

  In December 2019, the ASC issued 'Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform'* (effective 1 January 2020). The amendments provide exceptions that allow entities to continue hedge accounting for existing hedge relationships under the assumption that Inter Bank Offer Rate (IBOR) based hedged cash flows are not altered as a result of the IBOR Reform.

  These amendments are issued due to global reform of interest rate benchmarks such as IBORs. IBORs are key reference rates for financial instruments such as derivatives, loans and bonds. In response to cases of attempted manipulation in relation to key IBORs, and to the decline in liquidity in key interbank unsecured funding markets, the Financial Stability Board made several recommendations relating to:

  a. strengthening of IBORs by anchoring them to a greater number of transactions, where possible, and improving the processes and controls around submissions;

  b. identifying alternative near-risk-free rates (RFRs) and, where suitable, encouraging market participants to transition new contracts to an appropriate RFR.

  Regulators in a number of jurisdictions, including Singapore, are in the midst of phasing out IBORs and replacing them with more suitable alternative reference rates. There is currently uncertainty around the timing and precise nature of these changes.

  For the current financial year, the Group has determined that hedge relationships that include IBORs as a hedged risk continue to qualify for hedge accounting without early adoption of the amendments. The Group continues to monitor the developments of IBOR reform and it will assess the impact for the Group as further information becomes available.

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

38. Significant subsidiaries and associated companies

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

SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
OFFSHORE & MARINE									
Offshore									
Subsidiaries									
Keppel Offshore and Marine Ltd	100	100	100	100	801,720	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltda(1a)	100	100	100	100	#	#	#	Brazil	Holding of long term investments and property management
Estaleiro BrasFELS Ltda(1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long term investments
Fernvale Pte Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda(1a)	75	75	75	75	#	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	75	#	#	#	Singapore	Project management, engineering and procurement
Guanabara Navegacao Ltda(1a)	100	100	100	100	#	#	#	Brazil	Ship owning
Keppel AmFELS, LLC	100	100	100	100	#	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Brasil SA(1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Letourneau USA, Inc	100	100	100	100	#	#	#	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine USA Inc	100	100	100	100	#	#	#	USA	Offshore and marine-related services
KV Enterprises BV(3)	100	100	100	100	#	#	#	Netherlands	Holding of long term investments
KVE Adminstradora de Bens Imoveis Ltda(1a)	100	100	100	100	#	#	#	Brazil	Holding of long term investments and property management
Lindel Pte Ltd	100	100	100	100	#	#	#	Singapore	Project management, engineering and procurement
Offshore Partners Pte Ltd	100	100	100	100	#	#	#	Singapore	Arrange, syndicate and/or provide financing to customers of Keppel Group
Offshore Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd(1a)	51	51	51	51	#	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Willalpha Limited(3)	100	100	100	100	#	#	#	BVI	Holding of long term investments
FELS Asset Co Pte Ltd	100	100	100	100	#	#	#	Singapore	Chartering of ships, barges and boats with crew

SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
FELS Asset Co 2 Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Chartering of ships, barges and boats with crew
Offshore Partners 2 Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Chartering of ships, barges and boats with crew
Lenity Pioneer Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Service activities related to oil and gas extraction
Associated Companies									
Asian Lift Pte Ltd	50	50	50	50	#	#	#	Singapore	Provision of heavy-lift equipment and related services
Floatel International Ltd(1a)	50	50	50	50	#	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Blue Tern Ltd (fka Seafox 5 Ltd)(2)	49	49	49	49	#	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Marine									
Subsidiaries									
Keppel Shipyard Ltd	100	100	100	100	#	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	98	98	#	#	#	Philippines	Shipbuilding and repairing
Keppel Nantong Heavy Industry Co Ltd(1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd(1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	100	#	#	#	Singapore	Shipbuilding and repairing
Keppel Subic Shipyard Inc(1a)	87+	86+	86+	86+	3,020	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long term investments
Associated Companies									
Arab Heavy Industries PJSC(1a)	33	33	33	33	#	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd	24	24	24	24	#	#	#	Singapore	Fabrication & assembly of topside modules for FPSOs and FSOs
Keppel Smit Towage Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Maju Maritime Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd(2)	20	20	20	20	#	#	#	Qatar	Ship repairing
PV Keez Pte Ltd(2)	20	20	20	20	#	#	#	Singapore	Chartering of ships, barges and boats with crew
FueLNG Pte Ltd(2)	50	50	50	50	#	#	#	Singapore	Provide end-to-end LNG bunkering supply solution

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
PROPERTY									
Subsidiaries									
Keppel Land Ltd	100	100	100	100	4,793,367	4,793,367	4,793,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Estate Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Philippines Properties Inc(1a)	87+	87+	87+	87+	493	493	493	Philippines	Investment holding
Agathese Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Aintree Assets Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Bayfront Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Broad Elite Investments Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hilltop Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Corredance Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Corson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
DC REIT Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Domenico Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Investment holding
Double Peak Holdings Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Estella JV Co Ltd(1a)	98	98	98	98	#	#	#	Vietnam	Property development and investment
Eternal Commercial Ltd(1a)	100	100	100	-	#	#	-	HK	Investment holding
Evergro Properties Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
First King Properties Ltd(3)	100	100	100	100	#	#	#	Jersey	Property investment
Floraville Estate Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Tower Pte Ltd	100	100	100	100	#	#	#	Singapore	Property investment
Hillwest Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Jencity Ltd(3)	100	100	100	90	#	#	#	BVI	Investment holding

SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
Jiangyin Evergro Properties Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Katong Retail Trust	100	100	100	-	#	#	-	Singapore	Investment trust
KeplandeHub Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Digihub Holdings Ltd	100	100	100	100	#	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development
Keppel Land (Saigon Centre) Ltd(1a)	100	100	100	100	#	#	#	HK	Investment holding
Keppel Land (Singapore) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Financial services
Keppel Land Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land Watco IV Co Ltd(1a)	84	84	84	84	#	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd(1a)	84	84	84	84	#	#	#	Vietnam	Property development
Keppel REIT Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd(1a)	100	100	100	-	#	#	-	China	Property development
Keppel Tianjin Eco-City Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Three Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Two Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Yongxiang Corporate Management (Shanghai) Company Ltd(1a)	100	100	100	-	#	#	-	China	Property services
Tosalco Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
Krystal Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Main Full Ltd(1a)	100	100	100	100	#	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Merryfield Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Oscario Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Pasir Panjang Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Peplamo Pte Ltd(n)	100	100	-	-	#	-	-	Singapore	Investment holding
Pembury Properties Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Portsville Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Pre-1 Investments Pte Ltd	100	100	100	-	#	#	-	Singapore	Investment holding
PT Harapan Global Niaga(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Kepland Investama(1a)	100	100	100	100	#	#	#	Indonesia	Property investment
PT Puri Land Development(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Sukses Manis Indonesia(1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Sukses Manis Tangguh(1a)	100	100	100	100	#	#	#	Indonesia	Property development
Riviera Point LLC(1a)	75	75	75	75	#	#	#	Vietnam	Property development
Saigon Centre Investment Ltd(3)	100	100	100	100	#	#	#	BVI	Investment holding
Saigon Sports City Ltd(1a)	100	100	100	90	#	#	#	Vietnam	Property development
Beijing Changsheng Consultant Co Ltd(n)(1a)	100	100	-	-	#	-	-	China	Property investment
Beijing Changsheng Property Management Co Ltd(n)(1a)	100	100	-	-	#	-	-	China	Property investment
Shanghai Floraville Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property investment
Shanghai Hongda Property Development Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Ji Xiang Land Co Ltd(1a)	100	100	100	100	#	#	#	China	Property development

SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
Shanghai Jinju Real Estate Development Co Ltd(1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd(1a)	100	99	99	99	#	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(1a)	99	99	99	99	#	#	#	China	Property development
Spring City Golf & Lake Resort Co Ltd(1a)	80	69	69	69	#	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Straits Greenfield Ltd(2)	100	100	100	100	#	#	#	Myanmar	Hotel ownership and operations
Straits Property Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
West Gem Properties Ltd(3)	100	100	100	100	#	#	#	Jersey	Investment holding
Associated Companies									
Bellenden Investments Ltd(3)	67	67	67	67	#	#	#	BVI	Investment holding
Chengdu Taixin Real Estate Development Co Ltd(2)	35	35	35	35	#	#	#	China	Property investment
Chengdu Wanji Real Estate Development Co Ltd(n)(2)	30	30	-	-	#	-	-	China	Property investment
City Square Office Co Ltd(2)	40	40	40	40	#	#	#	Myanmar	Property development
Davinelle Ltd(3)	67	67	67	67	#	#	#	BVI	Investment holding
Dong Nai Waterfront City LLC(1a)	30	30	50	50	#	#	#	Vietnam	Property development
Empire City Limited LLC(2)	40	40	40	40	#	#	#	Vietnam	Property development
EM Services Pte Ltd	25	25	25	25	#	#	#	Singapore	Property management
Garden Development Pte Ltd	60	60	60	60	#	#	#	Singapore	Property development
Keppel Land Watco I Co Ltd(1a)	61	61	61	61	#	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(1a)	61	61	61	61	#	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd(1a)	61	61	61	61	#	#	#	Vietnam	Property investment and development
Keppel REIT	49	49	47	46	#	#	#	Singapore	Real estate investment trust
Nam Long Investment Corporation(2)	10	10	10	5	#	#	#	Vietnam	Trading of development properties
Nanjing Jinsheng Real Estate Development Co Ltd(2)	40	40	40	-	#	#	-	China	Property development
Nanjing Zhijun Property Development Co Ltd(n)(2)	25	25	-	-	#	-	-	China	Property development

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
North Bund Pte Ltd(n)(2)	30	30	-	-	#	-	-	Singapore	Investment holding
Raffles Quay Asset Management Pte Ltd(2)	33	33	33	33	#	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(1a)	40	40	40	40	#	#	#	Malaysia	Property investment
Nanjing Jinsheng Real Estate Development Co Ltd(2)	40	40	40	-	#	#	-	China	Property development
South Rach Chiec LLC(1a)	42	42	42	42	#	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd(1a)	25	25	25	25	#	#	#	Singapore	Property development
Vision (III) Pte Ltd(2)	30	30	30	30	#	#	#	Singapore	Investment holding
Win Up Investment Ltd(n)(2)	30	30	-	-	#	-	-	China	Investment holding
INFRASTRUCTURE									
Subsidiaries									
Keppel Infrastructure Holdings Pte Ltd	100	100	100	100	445,892	445,892	445,892	Singapore	Investment holding
Energy Infrastructure									
Subsidiaries									
Keppel Energy Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	100	#	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	100	#	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Associated Companies									
Keppel Merlimau Cogen Pte Ltd(2)	49	49	49	49	#	#	#	Singapore	Commercial power generation
Environmental Infrastructure									
Subsidiaries									
Keppel Seghers Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV(1a)	100	100	100	100	#	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV(1a)	100	100	100	100	#	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers UK Ltd(1a)	100	100	100	100	#	#	#	United Kingdom	Design and construction of waste-to-energy plants
Marina East Water Pte Ltd	100	100	100	100	#	#	#	Singapore	Design and construction of desalination plant

SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
Associated Companies									
Tianjin Eco-City Energy Investment & Construction Co Ltd(2)	20	20	20	20	#	#	#	China	Investment and implementation of energy and utilities related infrastructure
Infrastructure Services									
Subsidiaries									
Keppel Infrastructure Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of technical support including engineering, construction, operations and maintenance of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Seghers O&M Pte Ltd(3)	100	100	100	100	#	#	#	Singapore	Dormant
Investments									
Subsidiaries									
Keppel Integrated Engineering Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel XTE Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Seghers Hong Kong Ltd(1a)	100	100	100	100	#	#	#	Hong Kong	Investment holding
Associated Companies									
Keppel Infrastructure Trust(2)	18	18	18	18	#	#	#	Singapore	Public trust
Logistics & Data Centres									
Subsidiaries									
Keppel Telecommunications & Transportation Ltd	100	100	79	79	621,299	397,647	397,647	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	100	79	79	#	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Data Centres Pte Ltd	100	100	79	79	#	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100+	100+	85+	85+	#	#	#	Singapore	Investment holding and management services
Keppel DC Investment Holdings Pte Ltd	100	100	79	79	#	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd	100	100	79	79	#	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	100	79	79	#	#	#	Singapore	Investment holding
Associated Companies									
Computer Generated Solutions Inc(2)	21	21	17	17	#	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT(2)	23+	23+	20+	29+	#	#	#	Singapore	Data centre facilities and colocation services

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
Business Online Public Company Limited1(2)	24	24	19	17	#	#	#	Thailand	Online information service provider
SVOA Public Company Ltd(2)	32	32	25	25	#	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd(2)	50	50	40	40	#	#	#	China	Integrated logistics services and port operations
INVESTMENTS									
Subsidiaries									
Keppel Capital Holdings Pte Ltd	100	100	100	100	783,000	783,000	783,000	Singapore	Investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	100	100	#	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100+	100+	90+	90+	#	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Capital Three Pte Ltd(3)	100	100	100	-	#	#	-	Singapore	Investment holding
First FLNG Holdings Pte Ltd(3)	100	100	100	-	#	#	-	Singapore	Investment holding
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Trust management
Keppel REIT Management Ltd	100	100	100	100	#	#	#	Singapore	Investment advisory and property fund management
Alpha Real Estate Securities Fund	99	99	99	99	#	#	#	Singapore	Investment holding
Kephinance Investment Pte Ltd	100	100	100	100	90,000	90,000	90,000	Singapore	Investment holding
Kepinvest Holdings Pte Ltd	100	100	100	-	10	10	-	Singapore	Investment holding
Keppel Group Eco-City Investments Pte Ltd	100+	100+	100+	100+	126,744	126,744	126,744	Singapore	Investment holding
Keppel Konnect Pte Ltd(n)	100	100	-	-	1	-	-	Singapore	Investment holding
Konnectivity Pte Ltd(n)	80	80	-	-	#	#	#	Singapore	Investment holding
Keppel Point Pte Ltd	100+	100+	100+	100+	122,785	122,785	122,785	Singapore	Property development and investment
Keppel Funds Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	100	10	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	100	594,922	594,922	594,922	Singapore	Investment holding
M1 Limited(n)	100+	84+	15	15	#	#	#	Singapore	Telecommunications services
M1 Shop Pte Ltd(n)	100+	84+	15	15	#	#	#	Singapore	Retail sales of telecommunication equipment and accessories
M1 Net Ltd(n)	100+	84+	15	15	#	#	#	Singapore	Provision of fixed and other related telecommunication services

SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2019 %	2019 %	2018 %	2018 %	2019 $'000	2018 $'000	2018 $'000		
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90	90	90	90+	#	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(3)	100+	100+	100+	100+	#	#	#	BVI	Investment holding
Travelmore Pte Ltd	100	100	100	100	265	265	265	Singapore	Travel agency
Associated Companies									
Keppel Pacific Oak US REIT (fka Keppel-KBS US REIT)(2)	7	7	7	7	#	#	#	Singapore	Real estate investment trust
KrisEnergy Ltd(2)	40	40	40	40	#	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(2)	50	45	45	45	#	#	#	China	Property development
Vietcombank Tower 198 Ltd(2)	30	30	30	30	#	#	#	Vietnam	Property investment
Total Subsidiaries					8,383,528	8,159,875	8,159,865		

Notes:

(i) All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:

(1a) Audited by overseas practice of PricewaterhouseCoopers LLP;

(2) Audited by other firms of auditors; and

(3) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies does not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated/acquired during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vii) Abbreviations:

British Virgin Islands (BVI) United Arab Emirates (UAE)

Hong Kong (HK) United States of America (USA)

(viii) The Company has 215 significant subsidiaries and associated companies as at 31 December 2019. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.