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Media Release

Keppel reports S$506 million net loss for FY 2020 mainly due to offshore & marine impairments

- *Excluding impairments, net profit for FY 2020 would have been S$446 million, compared to S$828 million for FY 2019.*
- *The Group registered net profit of S$31 million for 2H 2020, recovering from a net loss of S$537 million in 1H 2020.*
- *Proposed final cash dividend of 7.0 cts/share brings FY 2020's total distribution to 10.0 cts/share.*

Singapore, 28 January 2021 – Keppel Corporation Limited (Keppel) reported a net loss of S$506 million for FY 2020, compared to a net profit of S$707 million a year ago, after impairments of S$952 million mainly due to the offshore & marine (O&M) business, the bulk of which was recognised in 2Q 2020. Excluding impairments in both years, the Group would have registered a net profit of S$446 million for FY 2020, as compared to the net profit of S$828 million for FY 2019. Apart from Keppel O&M, all key business units of the Group remained profitable in FY 2020.

The Group's revenue was S$6,574 million for FY 2020, 13% lower year-on-year, mainly due to lower contributions from the Energy & Environment, Urban Development and Asset Management segments, offset by higher revenue from Connectivity.

The Group's net gearing was lower at 0.91x as at 31 December 2020, compared to 0.96x as at end-September 2020, due to divestment proceeds received during the quarter, as well as a higher equity base. Free cash inflow was S$497 million in FY 2020, compared to an outflow of S$653 million in FY 2019.

For 2H 2020, the Group reported a net profit of S$31 million, a turnaround from the net loss of S$537 million in 1H 2020. Net profit for 2H 2020 was significantly lower year-on-year, compared to S$351 million for 2H 2019. This was due to decreased contributions from across segments, particularly Energy & Environment, which had recorded a net loss of S$223 million as a result of severe disruptions to yard activities from COVID-19, as well as higher net interest expense.

Group revenue for 2H 2020 was S$3,392 million, 20% lower year-on-year, due to decreased contributions from Energy & Environment and Connectivity, which were offset by increased revenues from Urban Development and Asset Management.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, “Despite the impact of COVID-19, all key business units in the Group remained profitable, except for Keppel O&M, which had been severely affected by the pandemic and the fall in global demand for oil. In 2H 2020, Keppel returned to profitability with a net profit of S$31 million, but we remained loss making for the full year due to impairments of S$952 million mainly from the O&M business.”

Keppel’s business units made creditable progress during the year, expanding their businesses and entering new growth areas. Keppel O&M secured approximately S$1.0 billion of new orders, of which gas and renewables made up 65%. Keppel Infrastructure secured S$2.1 billion worth of Waste-to-Energy (WTE) and district cooling contracts across Singapore, India and Thailand. M1 was awarded one of Singapore’s 5G network licenses jointly with StarHub, and also grew its market share to have the second largest postpaid base in Singapore, in terms of both number of customers and revenue[1]. Meanwhile, Keppel Capital raised about S$4.5 billion in capital through new private funds for data centres, education, infrastructure, logistics and real estate assets, and Keppel Land acquired a stake in a co-living solutions provider as well as new projects in China and India.

Mr Loh also said, “While 2020 was a tumultuous year, it was also one of transformation and new beginnings for Keppel as we unveiled Vision 2030, our long-term strategy to guide the Group’s growth. Last September, we announced our plan to monetise S$3-5 billion of identified assets over the next three years to fund growth initiatives. Since then, we have announced over S$1.2 billion in divestments, and are well on our way to achieving our target.”

On the strategic reviews of Keppel’s O&M and logistics businesses, Mr Loh said, “In line with the Group’s ambitions to seize opportunities in the energy transition, we have decided to embark on a bold organic transformation of our O&M business. A key goal of the transformation is to create a more competitive, asset-light and people-light Keppel O&M focused on seizing higher value-adding opportunities as a developer and integrator of offshore energy and infrastructure assets.

“The restructuring will ring-fence Keppel O&M’s non-core rig assets, contain any further capital outflow beyond the initial funding, and work towards resolving this legacy issue. Through these changes, we aim to create a nimble industry leader that is well-positioned for the global energy transition and who can be a strong contributor to Keppel’s target ROE of 15% as we progress towards Vision 2030.

“In the meantime, we are also exploring inorganic options for the O&M business, but there is no assurance that any transaction will materialise. We believe that our organic restructuring of Keppel O&M will not only enhance its competitiveness, but also its attractiveness, if we were to undertake any inorganic action.

“As for the logistics business, e-commerce has been growing rapidly in recent years and was given a further boost by the pandemic. Our logistics business under Keppel T&T benefited from the increased demand for e-commerce and urban logistics over the past year, with last mile deliveries, gross merchandise value, and channel management orders growing significantly. Nevertheless, we have decided to sharpen our focus and divest our logistics and channel management business to a third party, who may be able to provide a better eco-system to scale

[1] Based on data available as at 9M 2020.

up this business. Keppel T&T has appointed a financial adviser who is now engaging potential buyers."

The Directors of Keppel Corporation will be proposing a final cash dividend of 7.0 cents per share for FY 2020. Including the interim cash dividend of 3.0 cents per share paid to shareholders in August 2020, the total distribution for FY 2020 will be 10.0 cents per share.

– END –

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ADDENDUM

Financial Highlights

	FY 2020 (S$ m)	FY 2019 (S$ m)	Change (%)	2H 2020 (S$ m)	2H 2019 (S$ m)	Change (%)
Revenue	6,574	7,580	(13)	3,392	4,265	(20)
Operating Profit	8	877	(99)	157	395	(60)
Net (Loss)/Profit	(506)	707	n.m.f	31	351	(91)
(Loss)/Earnings per Share	(27.8) cents	38.9 cents	n.m.f	1.7 cents	19.3 cents	(91)

Note: n.m.f denotes no meaningful figure.

- ROE was negative 4.6%for FY 2020, compared to positive 6.3% for FY 2019
- Net gearing was 0.91x at end-2020 compared to 0.85x at end-2019
- Free cash inflow was S$497m in FY 2020 compared to an outflow of S$653m in FY 2019
- A final cash dividend of 7.0 cents per share has been proposed for FY 2020

Energy & Environment

The Energy & Environment segment registered a net loss of S$1,181 million for FY 2020 compared to a net loss of S$101 million for FY 2019, mainly due to losses in the O&M business, which were offset by higher contributions from the energy infrastructure and environmental infrastructure businesses.

Keppel O&M's net loss was S$1,194 million for FY 2020. In 2020, Keppel O&M secured approximately S$1.0 billion of new contracts, with gas and renewables making up 65% of the new orders. Keppel O&M's net orderbook was S$3.3 billion as at year-end. Work had resumed at all yards by the end of 2020, and in Singapore, about 19,500 persons had returned to work with safe management measures in place.

Keppel Infrastructure's net contribution[2] grew by about 12% to S$144 million for FY 2020. During the year, Keppel Infrastructure secured S$2.1 billion worth of WTE and district cooling contracts across Singapore, India and Thailand.

The newly established Keppel Renewable Energy announced its first solar farm project in Australia.

Urban Development

The Urban Development segment recorded a net profit of S$438 million for FY 2020, lower than the S$483 million for the whole of 2019. This was due mainly to the absence of tax writebacks at Keppel Land whose net contribution[2] was 10% lower year-on-year at S$406 million for FY 2020.

In 2020, Keppel Land sold about 3,340 homes, compared to 5,150 homes sold in 2019. During the year, Keppel Land also announced about S$1.3 billion of divestments comprising stakes in four residential projects across China and Vietnam, which are equivalent to about 8,200 units sold en-bloc.

Meanwhile, the Sino-Singapore Tianjin Eco-City contributed a profit of S$67 million to the Group in 2020 from the sale of two residential land plots and the handover of completed homes.

Connectivity

The Connectivity segment recorded a net profit of S$13 million for FY 2020, compared to $136 million in FY 2019, mainly due to the absence of a fair value gain from the remeasurement of previously held interest in M1 at acquisition date, as well as lower contributions from M1.

Keppel Data Centres reported a net loss of S$12 million for FY 2020, compared to a net profit of S$11 million, with the segmentalisation of S$74 million in data centre REIT and private fund contributions to Asset Management. During the year, Keppel Data Centres added two new data centre development projects in Singapore and China to its portfolio.

During the year, M1 contributed S$65 million to the Group, which was 11% lower year-on-year due mainly to the impact of the pandemic on roaming and prepaid revenues. In the first nine

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[2] Does not include contributions from REITs/Trust and private funds.

months of 2020, M1 increased its market share to have the second largest postpaid base in Singapore, based on both the number of customers and revenue.

Asset Management

The Asset Management segment's net profit grew 31% to S$280 million for FY 2020, bolstered by gains from the reclassification of Keppel Infrastructure Trust, as well as Keppel Capital's improved contribution[3] of S$85 million to the Group.

During the year, Keppel Capital raised about S$4.5 billion in capital through new private funds for data centres, education, infrastructure, logistics and real estate assets. As at end-2020, assets under management grew 12% to S$37 billion.

[3] Includes 100% contribution from the manager of Keppel DC REIT.

KEPPEL CORPORATION LIMITED
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(Incorporated in the Republic of Singapore)

FULL YEAR 2020 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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KEPPEL CORPORATION LIMITED

Full Year 2020 Financial Statements & Dividend Announcement

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the year ended 31 December 2020.

1. GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December

	Note	**Second Half**			**Full Year**		
		31.12.2020 $'000	31.12.2019 $'000	+/- %	**31.12.2020 $'000**	31.12.2019 $'000	+/- %
Revenue		**3,391,864**	4,264,525	-20.5	**6,574,342**	7,579,703	-13.3
Materials & subcontract costs	(i)	**(2,384,371)**	(3,018,310)	-21.0	**(4,591,235)**	(5,266,594)	-12.8
Staff costs	(ii)	**(536,327)**	(626,946)	-14.5	**(1,120,128)**	(1,163,231)	-3.7
Depreciation & amortisation	(iii)	**(212,409)**	(205,515)	+3.4	**(413,506)**	(375,294)	+10.2
Impairment loss on financial assets and contract assets	(iv)	**(16,558)**	(70,606)	-76.5	**(651,082)**	(74,367)	>+500
Other operating income /(expense) - net	(v)	**(84,377)**	51,720	n.m.f.	**210,010**	176,284	+19.1
Operating profit		**157,822**	394,868	-60.0	**8,401**	876,501	-99.0
Investment income	(vi)	**16,962**	24,473	-30.7	**29,346**	64,594	-54.6
Interest income		**56,927**	94,235	-39.6	**162,053**	177,675	-8.8
Interest expenses	(vii)	**(135,420)**	(162,090)	-16.5	**(292,266)**	(312,716)	-6.5
Share of results of associated companies	(viii)	**6,344**	113,009	-94.4	**(162,221)**	147,413	n.m.f.
Profit/(loss) before tax		**102,635**	464,495	-77.9	**(254,687)**	953,467	n.m.f.
Taxation	1b	**(74,597)**	(93,030)	-19.8	**(253,407)**	(192,329)	+31.8
Profit/(loss) for the period / year		**28,038**	371,465	-92.5	**(508,094)**	761,138	n.m.f.
Attributable to:							
Shareholders of the Company		**31,271**	350,692	-91.1	**(505,860)**	706,975	n.m.f.
Non-controlling interests		**(3,233)**	20,773	n.m.f.	**(2,234)**	54,163	n.m.f.
		28,038	371,465	-92.5	**(508,094)**	761,138	n.m.f.
Earnings per ordinary share							
- basic		**1.7 cts**	19.3 cts	-91.2	**(27.8) cts**	38.9 cts	n.m.f.
- diluted		**1.7 cts**	19.2 cts	-91.1	**(27.7) cts**	38.7 cts	n.m.f.

n.m.f. - No Meaningful Figure

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1a. Pre-tax profit/(loss) of the Group is arrived at after charging/(crediting) the following:

	Note	Second Half			Full Year		
		31.12.2020 $'000	31.12.2019 $'000	+/- %	**31.12.2020 $'000**	31.12.2019 $'000	+/- %
Share-based payment expenses		**21,670**	22,144	-2.1	**39,882**	37,255	+7.1
(Profit)/Loss on sale of fixed assets and investment properties	(ix)	**1,730**	(5,471)	n.m.f.	**1,667**	(6,277)	n.m.f.
Provision							
- Stocks	(x)	**8,845**	6,771	+30.6	**50,502**	7,571	>+500
- Contract assets	(xi)	**–**	–	n.m.f.	**430,842**	–	n.m.f.
- Doubtful debts	(xii)	**15,986**	27,287	-41.4	**219,668**	31,036	>+500
Bad debts write-off	(xiii)	**572**	43,319	-98.7	**572**	43,331	-98.7
Fair value (gain)/loss							
- Investments	(xiv)	**3,446**	(123)	n.m.f.	**61,023**	10,866	+461.6
- Forward contracts	(xv)	**9,815**	3,990	+146.0	**(15,008)**	15,703	n.m.f.
- Financial derivatives		**(536)**	(92)	+482.6	**176**	(159)	n.m.f.
Foreign exchange gain	(xvi)	**(29,839)**	(30,831)	-3.2	**(29,806)**	(39,632)	-24.8
Impairment of associated companies	(xvii)	**31,143**	17,573	+77.2	**48,686**	35,915	+35.6
Impairment/write-off of fixed and intangible assets	(xviii)	**62,075**	8,432	>+500	**62,075**	8,432	>+500
(Gain)/Loss on disposal of subsidiaries	(xix)	**(23,909)**	65	n.m.f.	**(63,995)**	(64,469)	-0.7
(Gain)/Loss on disposal of associated companies	(xx)	**(34,419)**	76	n.m.f.	**(34,419)**	22	n.m.f.
(Gain)/Loss from sale of units in associated companies	(xxi)	**265**	–	n.m.f.	**(48,010)**	–	n.m.f.
Fair value gain on investment properties	(xxii)	**(91,587)**	(62,673)	+46.1	**(265,230)**	(101,020)	+162.6
(Gain)/Loss from change in interest in associated companies	(xxiii)	**854**	(22,496)	n.m.f.	**1,615**	(27,114)	n.m.f.
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xxiv)	**–**	–	n.m.f.	**–**	(158,376)	n.m.f.
Fair value gain on remeasurement of remaining interest in an associated company	(xxv)	**(26,034)**	–	n.m.f.	**(26,034)**	–	n.m.f.
(Gain)/Loss from reclassification of associated companies to investments carried at fair value through other comprehensive income	(xxvi)	**5,778**	–	n.m.f.	**(124,769)**	–	n.m.f.

n.m.f. - No Meaningful Figure

Note:

(i) Materials & subcontract costs decreased for the current year in line with lower revenue from the Energy & Environment and Urban Development segments.

(ii) Staff costs decreased for the current year mainly due to lower manpower cost in the Energy & Environment and Urban Development segments.

(iii) Depreciation & amortisation increased for the current year mainly due to consolidation of M1 results from March 2019.

(iv) The impairment loss on financial assets and contract assets increased for the current year mainly due to provision for contract assets (Note xi) and provision for doubtful debts (Note xii), partly offset by lower bad debts write-off (Note xiii).

(v) Other operating income increased for the current year mainly due to higher fair value gain on investment properties (Note xxii), gain from reclassification of associated companies to investments carried at fair value through comprehensive income (Note xxvi), gain from sale of units in associated companies (Note xxi), gain on disposal of associated companies (Note xx), fair value gain on forward contracts (Note xv), and fair value gain on remeasurement of remaining interest in an associated company (Note xxv), partly offset by absence of fair value gain on remeasurement of previously held interest upon acquisition of M1 Limited (Note xxiv), higher impairment/write-off of fixed and intangible assets (Note xviii), higher fair value loss on investments (Note xiv), higher provision for stocks (Note x).

(vi) Investment income for the current year was lower mainly due to lower distributions received from funds invested by the Asset Management business, partly offset by dividend received from Keppel Infrastructure Trust during the year.

(vii) Lower interest expense was mainly attributable to lower weighted average interest rates on borrowings.

(viii) Share of losses of associated companies for the current year, as compared to share of profits in the prior year mainly due to higher share of losses of associated companies in the Energy & Environment segment, including share of impairment from Floatel International Ltd, as well as lower share of profits from associated companies in the Urban Development and Asset Management segments.

(ix) Loss on sale of fixed assets for the current year was largely attributable to disposal of assets in the Urban Development business. Profit on sale of fixed assets & investment properties in the prior year was largely attributable to disposal of assets in the Connectivity business.

(x) The provision for stocks for both periods arose mainly from Energy & Environment due to the lower net realisable value for certain stocks under work-in-progress.

(xi) The provision for contract assets for the current year arose mainly from several rigs that were under construction for Energy & Environment's customers who had requested for deferral of delivery dates of the rigs in prior years. Please refer to Section 9b for more details.

(xii) The provision for doubtful debts for the current year arose mainly from the Energy & Environment business which had delivered rigs to customers where receipts of the construction revenue have been deferred under certain financing arrangements (please refer to Section 9b for more details), as well as the expected credit loss for a receivable in the Urban Development segment. The provision for doubtful debts in the prior year arose mainly from the Energy & Environment and Connectivity segments.

(xiii) The bad debt write-off for the prior year arose mainly from Corporate & Others.

(xiv) Fair value loss (mark-to-market) on investment portfolio for the current year was due to decrease in prices of listed stocks and lower valuations of unquoted investments. Fair value loss (mark-to-market) on investment portfolio for prior year was due to decrease in prices of warrants and prices of stocks.

(xv) Fair value gain on forward contracts for the current year arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate and fair value gain in relation to fair value hedge of Euro and United States dollar loans. The corresponding effects from revaluation of the Euro and United States dollar loans were recorded under foreign exchange movement (Note xvi). In the prior year, fair value loss on forward contracts arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate.

(xvi) Foreign exchange gain for the current year was mainly attributable to the revaluation of United States dollar loans and provision for contract assets denominated in United States dollar, which depreciated against Singapore dollar. This was partly offset by foreign exchange loss mainly attributable to the revaluation of Euro and United States dollar loans which were hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value gain on forward contracts (Note xv). In the prior year, foreign exchange gain was mainly attributable to the revaluation of net payables denominated in Brazilian Real and United States dollar, both of which depreciated against Singapore dollar, as well as revaluation of Qatari Riyal denominated receivables which appreciated against Singapore dollar, partly offset by foreign exchange loss arising from the receipt of Renminbi denominated dividends.

(xvii) The impairment of associated companies for the current year was mainly attributable to the Energy & Environment and Connectivity segments. The impairment of an associated company in the prior year was mainly attributable to the Energy & Environment segment.

(xviii) The impairment of fixed and intangible assets in the current year arose from Energy & Environment, Urban Development and Connectivity. The impairment of fixed assets in the prior year arose from Urban Development and Connectivity.

(xix) Gain on disposal of subsidiaries in the current year was mainly attributable to the sale of First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, Jiangyin Evergro Properties Co., Ltd ("JEP") and Chengdu Hilltop Development Co Ltd ("CHD"). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China and CHD owns Hill Crest Villas on a 24.9 hectare site located in Mumashan, Chengdu, China. In the prior year, gain on disposal of subsidiaries arose from the sale of 70% interest in Dong Nai Waterfront City LLC.

(xx) Gain on disposal of associated companies in the current year was mainly attributable to the sale of interest in Business Online Public Company Limited and Taicang Xuchang Property Co., Ltd. In the prior year, the loss on disposal of associated companies arose from disposal of Buena Homes (Sandoval) Inc, partly offset by gain on divestment of Anew Corporation Limited.

(xxi) Gain from sale of units in associated companies relates to sale of units in Keppel REIT and Keppel DC REIT.

(xxii) The higher fair value gain on investment properties for the current year was underpinned by the Group's commercial portfolio comprising mainly office assets in China and Singapore, including a property which was reclassified from stocks, previously carried at cost, to an investment property carried at fair value.

(xxiii) Loss from change in interest in associated companies arose mainly from change in interest in Keppel REIT. In the prior year, gain from change in interest in associated companies relates to change in interest in Keppel REIT and Keppel DC REIT.

(xxiv) In the prior year, fair value gain on remeasurement of previously held interest upon acquisition of M1 Limited.

(xxv) The fair value gain on remeasurement of remaining interest in an associated company arose from the partial disposal with loss of control over the Group's former wholly-owned subsidiary, Chengdu Hilltop Development Co Ltd.

(xxvi) The gain from reclassification of associated companies to investments carried at fair value through other comprehensive income arose from the loss of significant influence over the Group's former associated company, Keppel Infrastructure Trust, partly offset by loss from reclassification of Dyna-Mac Holdings Ltd, upon the loss of significant influence, to investments carried at fair value through other comprehensive income.

1b. Taxation expenses for the current year were higher mainly due to lower write-backs of tax provision in Energy & Environment, Urban Development and Corporate & Others as compared to the prior year, and higher taxation from projects under Urban Development segment, partly offset by deferred tax credits recognised by Energy & Environment.

1c. Earnings per ordinary share

	2020	2019	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**(27.8) cts**	38.9 cts	n.m.f.
- Weighted average number of shares (excluding treasury shares) ('000)	**1,818,398**	1,815,701	+0.1
(ii) On a fully diluted basis	**(27.7) cts**	38.7 cts	n.m.f.
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,827,665**	1,825,369	+0.1

1d. Breakdown of sales

	2020 $'000	2019 $'000	+/-%
First Half			
Sales reported for first half year	**3,182,478**	3,315,178	-4.0
Profit/(loss) after tax before deducting non-controlling interests reported for first half year	**(536,132)**	389,673	n.m.f.
Second Half			
Sales reported for second half year	**3,391,864**	4,264,525	-20.5
Profit after tax before deducting non-controlling interests reported for second half year	**28,038**	371,465	-92.5

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the full year ended 31 December

		Second Half			Full Year		
		31.12.2020 $'000	31.12.2019 $'000	+/- %	**31.12.2020 $'000**	31.12.2019 $'000	+/- %
Profit/(loss) for the period / year		**28,038**	371,465	-92.5	**(508,094)**	761,138	n.m.f.
Items that may be reclassified subsequently to profit & loss account:							
Cash flow hedges							
- Fair value changes arising during the period / year, net of tax	(i)	**116,447**	(104,140)	n.m.f.	**(100,148)**	(91,161)	+9.9
- Realised and transferred to profit & loss account	(ii)	**78,939**	82,766	-4.6	**125,112**	115,750	+8.1
Foreign exchange translation							
- Exchange differences arising during the period / year	(iii)	**89,358**	(112,538)	n.m.f.	**135,212**	(100,310)	n.m.f.
- Realised and transferred to profit & loss account		**6,643**	(955)	n.m.f.	**17,247**	7,345	+134.8
Share of other comprehensive income of associated companies							
- Cash flow hedges		**(10,001)**	(8,763)	+14.1	**(27,370)**	(18,898)	+44.8
- Foreign exchange translation		**9,066**	(66,760)	n.m.f.	**69,751**	(76,952)	n.m.f.
		290,452	(210,390)	n.m.f.	**219,804**	(164,226)	n.m.f.
Items that will not be reclassified subsequently to profit & loss account:							
Financial assets, at FVOCI							
- Fair value changes arising during the period / year	(iv)	**75,914**	(60,300)	n.m.f.	**65,246**	(78,459)	n.m.f.
Foreign exchange translation							
- Exchange differences arising during the period / year	(iii)	**(584)**	(3,478)	-83.2	**1,882**	(1,936)	n.m.f.
Share of other comprehensive income of associated companies							
- Financial assets, at FVOCI		**(33)**	226	n.m.f.	**(429)**	342	n.m.f.
		75,297	(63,552)	n.m.f.	**66,699**	(80,053)	n.m.f.
Other comprehensive income for the period / year, net of tax		**365,749**	(273,942)	n.m.f.	**286,503**	(244,279)	n.m.f.
Total comprehensive income for the period / year		**393,787**	97,523	+303.8	**(221,591)**	516,859	n.m.f.
Attributable to:							
Shareholders of the Company		**396,896**	78,718	+404.2	**(221,151)**	462,946	n.m.f.
Non-controlling interests		**(3,109)**	18,805	n.m.f.	**(440)**	53,913	n.m.f.
		393,787	97,523	+303.8	**(221,591)**	516,859	n.m.f.

n.m.f. - No Meaningful Figure

Note:

(i) Fair value differences were mainly due to the hedging differential on fuel oil forward contracts.

(ii) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.

(iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for the year ended 31 December 2020 arose largely from the strengthening of foreign currencies, such as Renminbi against Singapore dollar.

The translation losses in the prior year arose largely from weakening of foreign currencies, such as Renminbi against Singapore dollar.

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

3. BALANCE SHEETS as at 31 December

	Group		Company	
	31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
	$'000	$'000	**$'000**	$'000
Share capital	**1,305,668**	1,291,722	**1,305,668**	1,291,722
Treasury shares	**(13,690)**	(14,009)	**(13,690)**	(14,009)
Reserves	**9,436,480**	9,933,140	**8,185,085**	6,772,318
Share capital & reserves	**10,728,458**	11,210,853	**9,477,063**	8,050,031
Non-controlling interests	**427,446**	435,178	**–**	–
Total equity	**11,155,904**	11,646,031	**9,477,063**	8,050,031
Represented by:				
Fixed assets	**2,715,753**	2,901,845	**5,764**	7,273
Investment properties	**3,674,075**	3,022,091	**–**	–
Right-of-use assets	**582,706**	759,929	**11,204**	12,833
Subsidiaries	**–**	–	**7,962,538**	7,962,528
Associated companies	**5,990,613**	6,350,845	**–**	–
Investments	**1,229,492**	649,069	**22,196**	19,230
Deferred tax assets	**159,427**	76,454	**5,096**	9,256
Long term assets	**1,756,399**	1,579,908	**39,828**	14,213
Intangibles	**1,608,824**	1,682,981	**–**	–
	17,717,289	17,023,122	**8,046,626**	8,025,333
Current assets				
Stocks	**4,959,427**	5,542,755	**–**	–
Contract assets	**2,657,231**	3,497,476	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**9,804,710**	7,280,724
- associated companies	**493,269**	563,578	**152**	705
Debtors	**2,531,075**	2,748,484	**12,273**	8,844
Derivative assets	**124,547**	41,050	**38,206**	18,544
Short term investments	**134,634**	121,581	**–**	–
Bank balances, deposits & cash	**2,479,715**	1,783,514	**574**	1,047
	13,379,898	14,298,438	**9,855,915**	7,309,864
Assets classified as held for sale	**1,008,692**	–	**–**	–
	14,388,590	14,298,438	**9,855,915**	7,309,864
Current liabilities				
Creditors	**4,603,677**	4,604,544	**63,808**	78,725
Derivative liabilities	**59,143**	119,481	**30,614**	19,988
Contract liabilities	**2,072,303**	1,824,965	**–**	–
Provisions for warranties	**39,449**	36,448	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**201,959**	156,867
- associated companies	**335,908**	490,286	**–**	–
Term loans	**4,432,602**	4,555,237	**3,406,552**	3,400,430
Lease liabilities	**69,377**	67,387	**4,198**	4,154
Taxation	**358,802**	248,425	**29,155**	31,523
	11,971,261	11,946,773	**3,736,286**	3,691,687
Liabilities directly associated with assets classified as held for sale	**115,220**	–	**–**	–
	12,086,481	11,946,773	**3,736,286**	3,691,687
Net current assets	**2,302,109**	2,351,665	**6,119,629**	3,618,177
Non-current liabilities				
Term loans	**7,606,594**	6,504,394	**4,529,017**	3,498,203
Lease liabilities	**494,527**	530,052	**7,725**	11,498
Deferred tax liabilities	**443,547**	399,028	**–**	–
Other non-current liabilities	**318,826**	295,282	**152,450**	83,778
	8,863,494	7,728,756	**4,689,192**	3,593,479
Net assets	**11,155,904**	11,646,031	**9,477,063**	8,050,031
Group net debt	***10,123,385***	*9,873,556*	***n.a.***	*n.a.*
Group net gearing ratio	***0.91x***	*0.85x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 31.12.2020		As at 31.12.2019	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
179,862	**4,322,117**	165,986	4,456,638

(ii) Amount repayable after one year

As at 31.12.2020		As at 31.12.2019	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,090,742	**7,010,379**	840,911	6,193,535

(iii) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,234,615,000 (31 December 2019: $963,984,000) to banks for loan facilities. Included in secured borrowings as at 31 December 2020 are current lease liabilities of $69,377,000 and non-current lease liabilities of $494,527,000 which are secured over the right-of-use assets of $582,706,000.

3b. Net asset value

	Group			**Company**		
	31.12.2020	31.12.2019	+/-%	**31.12.2020**	31.12.2019	+/-%
Net asset value per ordinary share *	**$5.90**	$6.17	-4.4	**$5.21**	$4.43	+17.6
Net tangible asset per ordinary share *	**$5.02**	$5.25	-4.4	**$5.21**	$4.43	+17.6

* Based on share capital of 1,817,506,293 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2019: 1,816,379,444 ordinary shares (excluding treasury shares)).

3c. Assets and liabilities classified as held for sale

(i) Chengdu Hilltop Development Co Ltd ("CHD")

On 10 November 2020, the Company announced that its indirect wholly-owned subsidiary, Hillwest Pte Ltd, is divesting 100% of the equity interest in CHD to Chengdu Longfor Development Co Ltd, with the divestment occuring in two tranches. The first tranche divestment comprising 50% equity interest in CHD has been completed as at 31 December 2020. Completion of the divestment is expected to take place in the first quarter of 2021.

(ii) Dong Nai Waterfront City LLC ("DNWC")

On 1 December 2020, the Company announced that its indirect wholly-owned subsidiary, Portsville Pte. Ltd., is divesting its remaining 30% interest in DNWC to Nam Long Investment Corporation. The divestment is expected to be completed in the first half of 2021, conditional upon certain conditions precedent being fulfilled, including but not limited to, the issuance of a new Enterprise Registration Certificate by the relevant Vietnamese authorities.

(iii) Keppel Bay Tower Pte. Ltd. ("KBTPL")

On 23 December 2020, Agathese Pte. Ltd. and Keppel Land (Singapore) Pte. Ltd., both indirect wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement with RBC Investor Services Trust Singapore Limited (acting in its capacity as trustee of Keppel Real Estate Investment Trust ("Keppel REIT")), to divest 100% of the issued and paid-up share capital of KBTPL to Keppel REIT.

The transaction is subject to and conditional upon, among others, the approval of the Unitholders of Keppel REIT at an extraordinary general meeting, and approvals from the relevant authorities. Upon approval, the transaction is expected to be completed in the second quarter of 2021.

(iv) First King Properties Limited ("First King")

On 24 December 2020, the Company announced that its indirect wholly-owned subsidiary, West Gem Properties Limited, is divesting its 100% equity interest in First King to ZGC King William Holdings Limited. Completion of the divestment is expected to take place in the first quarter of 2021.

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations,* the assets and liabilities of KBTPL and First King have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale", and the investments in CHD and DNWC that are accounted for as associated companies have been presented as "assets classified as held for sale" in the consolidated balance sheet as at 31 December 2020. Details of the assets classified as held for sale and liabilities directly associated with assets classified as held for sale are as follows:

	31.12.2020 **$'000**
Assets classified as held for sale	
Fixed assets	54,160
Investment properties	650,062
Right-of-use assets	154,281
Associated companies	125,882
Debtors	7,999
Bank balances, deposits & cash	16,308
	1,008,692
Liabilities directly associated with assets classified as held for sale	
Creditors	7,987
Term loans	91,967
Taxation	4,245
Deferred tax liabilities	4,345
Other non-current liabilities	6,676
	115,220

The assets and liabilities classified as held for sale are included in Urban Development for the purpose of segmental reporting.

3d. Balance sheet analysis

Group shareholder's funds decreased by $0.48 billion to $10.73 billion at 31 December 2020. The decrease was mainly attributable to retained losses for 2020, payment of final dividend of 12.0 cents per share in respect of financial year 2019, payment of interim dividend of 3.0 cents per share in respect of the half year ended 30 June 2020, fair value losses from cash flow hedges, partly offset by foreign exchange translation gains.

In fourth quarter of 2020, the Group has announced the divestments of interests in Chengdu Hilltop Development Co Ltd ("Chengdu Hilltop"), Dong Nai Waterfront City LLC ("Dong Nai Waterfront"), Keppel Bay Tower Pte Ltd ("Keppel Bay Tower"), and First King Properties Limited ("First King Properties"). The completion of the divestments is conditional upon certain conditions precedent being fulfilled. In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of Keppel Bay Tower and First King Properties, as well as the investments in Chengdu Hilltop and Dong Nai Waterfront that are accounted for as associated companies, have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" as at 31 December 2020.

Group total assets were $32.11 billion at 31 December 2020, $0.78 billion higher than the previous year end. Non-current assets increased mainly due to a reclassification from stocks to investment properties, fair value gains in investment properties, increase in investments and long term assets, partly offset by decrease in investments in associated companies and fixed assets, as well as the reclassification of investment properties, fixed assets, right-of-use assets and investments in associated companies to assets classified as held for sale in relation to the divestments as mentioned above. Increase in current assets was mainly due to increase in bank balances, deposits & cash, partly offset by a reclassification from stocks to investment properties and decrease in contract assets.

Group total liabilities of $20.95 billion at 31 December 2020 were $1.27 billion higher than the previous year end. This was largely attributable to the increase in term loans and contract liabilities, partly offset by the decrease in amounts due to associated companies.

Group net debt increased by $0.25 billion to $10.12 billion at 31 December 2020.

Group net gearing ratio increased from 85% at 31 December 2019 to 91% at 31 December 2020. This was largely driven by the impact from lower equity due to the significant impairments recorded in the current year, as well as increase in net debt arising from investments made, working capital requirements and dividend payments.

4. STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December

4a. Statement of changes in equity of the Group

	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
2020								
As at 1 January 2020	**1,291,722**	**(14,009)**	**126,099**	**10,470,627**	**(663,586)**	**11,210,853**	**435,178**	**11,646,031**
Total comprehensive income for the year								
Loss for the year	–	–	–	(505,860)	–	(505,860)	(2,234)	(508,094)
Other comprehensive income *	–	–	62,499	–	222,210	284,709	1,794	286,503
Total comprehensive income for the year	–	–	62,499	(505,860)	222,210	(221,151)	(440)	(221,591)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(273,078)	–	(273,078)	–	(273,078)
Share-based payment	–	–	36,302	–	–	36,302	–	36,302
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(24,325)	(24,325)
Purchase of treasury shares	–	(19,040)	–	–	–	(19,040)	–	(19,040)
Treasury shares reissued pursuant to share plans	13,946	19,359	(33,305)	–	–	–	–	–
Transfer of statutory, capital and other reserves from revenue reserves	–	–	(10,436)	11,763	(1,327)	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	16,888	16,888
Contributions to defined benefits plans	–	–	(1,474)	–	–	(1,474)	6	(1,468)
Other adjustments	–	–	(960)	–	–	(960)	–	(960)
Total contributions by and distributions to owners	13,946	319	(9,873)	(261,315)	(1,327)	(258,250)	(7,431)	(265,681)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(2,994)	–	–	(2,994)	2,334	(660)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(2,195)	(2,195)
Total change in ownership interests in subsidiaries	–	–	(2,994)	–	–	(2,994)	139	(2,855)
Total transactions with owners	13,946	319	(12,867)	(261,315)	(1,327)	(261,244)	(7,292)	(268,536)
As at 31 December 2020	**1,305,668**	**(13,690)**	**175,731**	**9,703,452**	**(442,703)**	**10,728,458**	**427,446**	**11,155,904**

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

4a. Statement of changes in equity of the Group (cont'd)

	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
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								
Dividend paid	–	–	–	(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.

4b. Statement of changes in equity of the Company

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2020					
As at 1 January 2020	**1,291,722**	**(14,009)**	**205,112**	**6,567,206**	**8,050,031**
Total comprehensive income for the year					
Profit for the year	**–**	**–**	**–**	**1,681,793**	**1,681,793**
Other comprehensive income	**–**	**–**	**1,055**	**–**	**1,055**
Total comprehensive income for the year	**–**	**–**	**1,055**	**1,681,793**	**1,682,848**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(273,078)**	**(273,078)**
Share-based payment	**–**	**–**	**36,302**	**–**	**36,302**
Purchase of treasury shares	**–**	**(19,040)**	**–**	**–**	**(19,040)**
Treasury shares reissued pursuant to share plans	**13,946**	**19,359**	**(33,305)**	**–**	**–**
Total transactions with owners	**13,946**	**319**	**2,997**	**(273,078)**	**(255,816)**
As at 31 December 2020	**1,305,668**	**(13,690)**	**209,164**	**7,975,921**	**9,477,063**
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					
Dividend 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

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2020	1,818,394,180	2,014,736
Issue of shares under share plan	2,163,587	–
Treasury shares transferred pursuant to share plans	–	(2,779,124)
Treasury shares purchased	–	805,124
As at 30 June 2020	**1,820,557,767**	**40,736**
Treasury shares transferred pursuant to share plans	–	(50,766)
Treasury shares purchased	–	3,061,504
As at 31 December 2020	**1,820,557,767**	**3,051,474**

Treasury shares
During the year ended 31 December 2020, the Company transferred 2,829,890 (31 December 2019: 4,691,308) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There was 3,866,628 treasury shares purchased (31 December 2019: 770,000) during the year. As at 31 December 2020, the number of treasury shares held by the Company represented 0.17% (31 December 2019: 0.11%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the year ended 31 December 2020.

Share options
As at 31 December 2020, there were no unexercised options for unissued ordinary shares (31 December 2019: 910,900 ordinary shares) under the KCL Share Options Scheme. No options (31 December 2019: 44,000) were exercised during year ended 31 December 2020. Unexercised options for 910,900 (31 December 2019: 935,285) of unissued ordinary shares were cancelled during the year ended 31 December 2020.

KCL Performance Share Plan (“KCL PSP”)
As at 31 December 2020, the number of contingent shares granted but not released were 4,300,000 (31 December 2019: 3,885,000) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 6,450,000 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)
As at 31 December 2020, the number of contingent shares granted but not released were 6,522,171 (31 December 2019: 5,585,967) for KCL PSP-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 9,783,257 under KCL PSP-TIP.

KCL Performance Share Plan – M1 Transformation Incentive Plan (“KCL PSP-M1 TI”)
As at 31 December 2020, the number of contingent shares granted but not released were 423,500 (31 December 2019: nil) for KCL PSP-M1 TI. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 635,250 under KCL PSP-M1 TI.

KCL Restricted Share Plan (“KCL RSP”)
There are no contingent shares granted but not released as at 31 December 2020 and 31 December 2019.

As at 31 December 2020, there are no awards released but not vested (31 December 2019: 26,241) for KCL RSP.

KCL Restricted Share Plan – Deferred Shares ("KCL RSP-Deferred Shares")
There are no contingent shares granted but not released as at 31 December 2020 and 31 December 2019.

As at 31 December 2020, the number of awards released but not vested was 4,669,070 (31 December 2019: 3,912,564) for KCL RSP-Deferred Shares.

The movements in the number of shares under KCL PSP, KCL PSP-TIP, KCL PSP-M1 TI, KCL RSP and KCL RSP-Deferred shares are as follows:

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.20	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.20
KCL PSP						
28.4.2017	1,070,000	–	(417,300)	(652,700)	–	–
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	1,635,000	–	–	–	(50,000)	1,585,000
31.3.2020	–	1,585,000	–	–	(50,000)	1,535,000
	3,885,000	1,585,000	(417,300)	(652,700)	(100,000)	4,300,000
KCL PSP-TIP						
29.4.2016	3,585,967	–	–	–	(119,197)	3,466,770
28.4.2017	2,000,000	–	–	–	(124,599)	1,875,401
28.2.2020	–	1,280,000	–	–	(100,000)	1,180,000
	5,585,967	1,280,000	–	–	(343,796)	6,522,171
KCL PSP-M1 TI						
17.2.2020	–	127,900	–	–	–	127,900
17.2.2020	–	295,600	–	–	–	295,600
	–	423,500	–	–	–	423,500

Awards:

	Number of shares					
Date of Grant	At 1.1.20	Awards granted	Adjustment upon release	Released	Cancelled	At 31.12.20
KCL RSP-Deferred shares						
17.2.2020	–	5,318,164	(1,709)	(5,316,455)	–	–
	–	5,318,164	(1,709)	(5,316,455)	–	–

Awards released but not vested:	**Number of shares**					
Date of Grant	At 1.1.20	Released	Vested	Cancelled	Other adjustments	At 31.12.20
KCL PSP						
28.4.2017	–	652,700	(652,700)	–	–	–
	–	652,700	(652,700)	–	–	–
KCL RSP						
31.3.2014	3,600	–	(3,600)	–	–	–
31.3.2015	7,300	–	(7,300)	–	–	–
29.4.2016	15,341	–	(14,741)	(600)	–	–
	26,241	–	(25,641)	(600)	–	–
KCL RSP- Deferred shares						
23.2.2018	1,214,799	–	(1,179,731)	(35,068)	–	–
15.2.2019	2,488,090	–	(1,229,719)	(100,644)	–	1,157,727
18.4.2019	209,675	–	(103,822)	(4,122)	–	101,731
17.2.2020	–	5,316,455	(1,801,864)	(104,979)	–	3,409,612
	3,912,564	5,316,455	(4,315,136)	(244,813)	–	4,669,070

4d. Capital reserves

	Group		**Company**	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Share option and share plans reserve	**214,091**	210,412	**190,711**	187,032
Fair value reserve	**47,470**	(17,300)	**22,196**	19,230
Hedging reserve	**(218,544)**	(192,864)	**(1,911)**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**92,714**	85,851	**(1,832)**	(1,150)
	175,731	126,099	**209,164**	205,112

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December

	Note	Second Half		Full Year	
		31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
		$'000	$'000	**$'000**	$'000
OPERATING ACTIVITIES					
Operating profit		**157,822**	394,868	**8,401**	876,501
Adjustments:					
Depreciation and amortisation		**212,409**	205,515	**413,506**	375,294
Share-based payment expenses		**21,670**	22,144	**39,882**	37,255
(Gain)/Loss on sale of fixed assets and investment properties		**1,730**	(5,471)	**1,667**	(6,277)
(Gain)/Loss on disposal of subsidiaries		**(23,909)**	65	**(63,995)**	(64,469)
(Gain)/Loss on disposal of associated companies		**(34,419)**	76	**(34,419)**	22
(Gain)/Loss from sale of units in associated companies		**265**	–	**(48,010)**	–
Impairment/write-off of fixed and intangible assets		**62,075**	8,432	**62,075**	8,432
Impairment of associated companies		**31,143**	17,573	**48,686**	35,915
Fair value gain on investment properties		**(91,587)**	(62,673)	**(265,230)**	(101,020)
(Gain)/Loss from change in interest in associated companies		**854**	(22,496)	**1,615**	(27,114)
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary		**–**	–	**–**	(158,376)
(Gain)/Loss from reclassification of associated companies to fair value through other comprehensive income investments		**5,778**	–	**(124,769)**	–
Fair value gain on remeasurement of remaining interest in an associated company		**(26,034)**	–	**(26,034)**	–
Unrealised foreign exchange differences		**(33,528)**	1,427	**24,990**	17,434
Operational cash flow before changes in working capital		**284,269**	559,460	**38,365**	993,597
Working capital changes:					
Stocks		**(53,811)**	88,766	**(349,684)**	(72,104)
Contract assets		**168,423**	(202,931)	**872,481**	(159,551)
Debtors		**(61,499)**	(386,566)	**(427,146)**	(806,164)
Creditors		**365,286**	295,401	**352,164**	(15,610)
Contract liabilities		**194,644**	(7,261)	**272,478**	(77,990)
Investments		**(64,477)**	(145,674)	**(74,375)**	(274,421)
Intangibles		**(1,859)**	(662)	**(1,859)**	(662)
Amount due to/from associated companies		**(32,806)**	(30,529)	**(49,486)**	(30,093)
		798,170	170,004	**632,938**	(442,998)
Interest received		**52,081**	96,063	**132,046**	179,503
Interest paid		**(228,406)**	(147,478)	**(385,248)**	(298,099)
Income taxes paid, net of refunds received		**(104,901)**	(99,326)	**(177,284)**	(263,856)
Net cash from/(used in) operating activities		**516,944**	19,263	**202,452**	(825,450)
INVESTING ACTIVITIES					
Acquisition of a subsidiary	5a	**–**	–	**–**	(1,143,012)
Acquisition and further investment in associated companies		**(274,789)**	(318,125)	**(743,600)**	(652,576)
Acquisition of fixed assets and investment properties		**(249,830)**	(209,813)	**(487,640)**	(516,794)
Disposal of subsidiaries	5b	**243,456**	8,636	**331,761**	27,117
Proceeds from disposal of associated companies and return of capital		**187,326**	102,657	**318,141**	106,117
Proceeds from disposal of fixed assets		**273**	13,904	**3,187**	16,094
Advances to/from associated companies		**33,389**	(93,315)	**58,778**	96,625
Dividends received from investments and associated companies		**135,782**	230,605	**245,270**	378,422
Net cash from/(used in) investing activities		**75,607**	(265,451)	**(274,103)**	(1,688,007)

	Note	Second Half		Full Year	
		31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
		$'000	$'000	**$'000**	$'000
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**–**	–	**(450)**	(223,652)
Proceeds from share options exercised with issue of treasury shares		**–**	–	**–**	135
Proceeds from non-controlling shareholders of subsidiaries		**1,545**	998	**1,881**	1,178
Proceeds from term loans		**224,346**	1,200,888	**2,240,500**	4,392,341
Repayment of term loans		**(719,013)**	(740,575)	**(1,159,414)**	(1,342,450)
Principal element of lease payments		**(27,937)**	(12,502)	**(53,413)**	(47,306)
Purchase of treasury shares		**(13,675)**	(4,543)	**(19,040)**	(4,543)
Dividend paid to shareholders of the Company		**(54,616)**	(145,370)	**(273,078)**	(417,938)
Dividend paid to non-controlling shareholders of subsidiaries		**(2,223)**	(1,771)	**(24,325)**	(11,623)
Net cash from/(used in) financing activities		**(591,573)**	297,125	**712,661**	2,346,142
Net increase/(decrease) in cash and cash equivalents		**978**	50,937	**641,010**	(167,315)
Cash and cash equivalents as at beginning of period / year		**2,422,123**	1,758,622	**1,777,244**	1,971,844
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(14,628)**	(32,315)	**(9,781)**	(27,285)
Cash and cash equivalents as at end of period / year	5c	**2,408,473**	1,777,244	**2,408,473**	1,777,244

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of a subsidiary

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

	Second Half		Full Year	
	31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**–**	–	**–**	772,654
Right-of-use assets	**–**	–	**–**	44,324
Intangible assets	**–**	–	**–**	610,516
Stocks	**–**	–	**–**	34,745
Contract assets	**–**	–	**–**	163,121
Debtors and other assets	**–**	–	**–**	197,211
Bank balances and cash	**–**	–	**–**	88,991
Creditors and other liabilities	**–**	–	**–**	(241,555)
Borrowings and lease liabilities	**–**	–	**–**	(496,189)
Current and deferred taxation	**–**	–	**–**	(251,498)
Non-controlling interests consolidated	**–**	–	**–**	(2,091)
Total identifiable net assets at fair value	**–**	–	**–**	920,229
Non-controlling interests measured at fair value	**–**	–	**–**	(308,001)
Amount previously accounted for as associated company	**–**	–	**–**	(210,137)
Goodwill arising from acquisition	**–**	–	**–**	988,288
Remeasurement gain	**–**	–	**–**	(158,376)
Total purchase consideration	**–**	–	**–**	1,232,003
Less: Bank balances and cash acquired	**–**	–	**–**	(88,991)
Cash outflow on acquisition	**–**	–	**–**	1,143,012

As at 31 December 2019, the Group acquired 81% interest in M1 Limited, bringing to a total of 100%.

5b. Disposal of subsidiaries

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

	Second Half		Full Year	
	31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**(172)**	(80,973)	**(192)**	(80,973)
Right-of-use assets	**–**	(4,433)	**–**	(4,433)
Stocks	**(204,184)**	(182)	**(293,591)**	(95,065)
Debtors and other assets	**(1,372)**	(16,643)	**(10,377)**	(17,350)
Associated companies	**–**	–	**(158,670)**	–
Bank balances and cash	**(1,736)**	(24,307)	**(5,352)**	(26,053)
Creditors and other liabilities	**43,850**	23,820	**251,693**	41,357
Borrowings and lease liabilities	**–**	6,713	**–**	6,713
Current and deferred taxation	**–**	1,891	**–**	1,891
Non-controlling interests deconsolidated	**1,243**	50,099	**2,195**	50,099
Net assets disposed of	**(162,371)**	(44,015)	**(214,294)**	(123,814)
Net (gain)/loss on disposal	**(23,909)**	65	**(63,995)**	(64,469)
Amount accounted for as associated company	**59,927**	8,664	**59,927**	26,984
Realisation of foreign currency translation reserve	**(3,038)**	1,154	**(2,950)**	(7,335)
Sale proceeds	**(129,391)**	(34,132)	**(221,312)**	(168,634)
Less: Bank balances and cash disposed	**1,736**	24,307	**5,352**	26,053
Less: (Deferred proceeds received)/proceeds receivable	**(115,801)**	1,189	**(115,801)**	115,464
Cash inflow on disposal	**(243,456)**	(8,636)	**(331,761)**	(27,117)

During the year, disposal relates to the First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, Jiangyin Evergro Properties Co., Ltd (JEP) and Chengdu Hilltop Development Co Ltd (CHD). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China and CHD owns Hill Crest Villas on a 24.9 hectare site located in Mumashan, Chengdu China. During the year, the Group also received deferred proceeds from FY2019 sale of 70% interest in Dong Nai Waterfront City LLC.

Disposal in the prior year 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.

5c. Cash and cash equivalents

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

	Group	
	2020	2019
	$'000	$'000
Bank balances, deposits and cash	**2,479,715**	1,783,514
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(71,242)**	(6,270)
	2,408,473	1,777,244

5d. Cash flow analysis

(i) Second Half

Net cash from operating activities for the period was $517 million as compared $19 million in the prior period mainly due to lower working capital requirements. The working capital changes were lower by $878 million as compared to the prior period. The changes exclude the effects of provisions made for stocks and doubtful debts amounting to $25 million during the second half of 2020.

Net cash from investing activities for the period was $76 million. Divestment and dividend income of $567 million and receipts from associated companies of $34 million, was partly offset by acquisitions and capital expenditure of $525 million.

Net cash used in financing activities was $592 million. This was mainly attributable to the net repayment of term loans.

(ii) Full Year

Net cash from operating activities was $202 million as compared to net cash used in the prior period of $825 million. This was mainly due to lower working capital requirements. The working capital changes were lower by $1,331 million as compared to the prior year. The changes exclude the effects of provisions made for stocks, contract assets and doubtful debts amounting to $701 million during the year.

Net cash used in investing activities was $274 million compared to $1,688 million in the prior year. Acquisitions and capital expenditure of $1,231 million was partly offset by divestments and dividend income of $898 million and receipts from associated companies of $59 million. The acquisitions and capital expenditure comprised investment in associated companies as well as acquisitions of fixed assets and investment properties.

Net cash from financing activities was $713 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend of $297 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the year.

6. AUDIT

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

7. AUDITORS' REPORT

Not applicable.

8. ACCOUNTING POLICIES

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2019.

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. 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, and SFRS(I) Interpretations, that are relevant to the Group:

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)*
- Amendments to SFRS(I) 3 *Business Combinations (Definition of a Business)*
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*
- Amendments to SFRS(I) 16 *Covid-19-Related Rent Concessions*
- Amendments to Conceptual Framework for Financial Reporting

The adoption of the above 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.

9. CRITICAL ACCOUNTING ESTIMATES

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the year ended 31 December 2020:

9a. <u>Coronavirus Disease 2019 ("COVID-19") and volatility in oil prices</u>

The evolving situation of the outbreak of the COVID-19 and volatility in oil prices, including the sharp reduction in global oil demand, could impact the assessment of the carrying amounts of the Group's assets and liabilities. As these events and conditions have significant financial reporting implications, ACRA had published financial reporting practice guidance notes in May and December 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgment are required. In the assessment for the current period, management has carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group. Management has exercised judgment in determining the significant assumptions used and has relied on information currently available, including the COVID-19 official updates from the authorities, the experts' consensus on global oil prices and the work performed by independent advisers on certain assets, in the assessment of the appropriateness of the carrying values of the Group's assets, including but not limited to the following assets as at 31 December 2020:

- Recoverability of contract assets and receivable balances in relation to offshore & marine construction contracts with Sete Brasil and other customers
- Valuation of investment properties
- Estimation of net realisable value of stocks
- Impairment of non-financial assets
- Investments in associated companies, including KrisEnergy Limited and Floatel International Limited and related exposures

As the COVID-19 situation continues to evolve, the Group will proactively implement measures in mitigating the potential impact on the Group. Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of the long term oil prices, dayrates or utilisation rates take a longer period or to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial periods.

9b. 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.

In December 2019, Petrobras issued a press release to communicate their Board's approval on the continuation of four charter agreements, and for Magni and their operator Etesco to step in as the new party to the agreements. Since then, the Group has been in constructive discussions with Magni to finalise the construction contracts for the two rigs and with Sete to close out the condition precedents in the Settlement Agreement. As a result of the global COVID-19 pandemic and the extended time required for Magni to secure financing, finalisation of the agreements between the various parties have been delayed. On 12 November 2020, Petrobras issued a press release that their mediation agreement deadline with Sete has been extended to 31 January 2021 for Sete to conclude their sale transaction. As of the date of this announcement, Magni has yet to secure the full financing required to complete the sale transaction with Sete.

On 26 January 2021, Petrobras issued a media release to inform that it had received notification from Sete that it will not be able to comply with the conditions in the mediation agreement by the (extended) due date of 31 January 2021 and Sete had requested to begin a new negotiation with Petrobras. The Executive Board of Petrobras has authorised this request from Sete, in search of a joint solution with Sete.

Notwithstanding that the deadline to complete the mediation agreement has not been extended, the Group believes that Petrobras, in approving a new negotiation, will continue to seek for solutions on these rigs with the relevant stakeholders which may yield several other alternative arrangements between the stakeholders. The Group will also be in active discussions with Sete and Magni as Sete enters into the new negotiation with Petrobras.

Management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts with Sete, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan. In addition, management estimated the net present value of the cash flows relating to the 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 (2019: $183,000,000) and the provision for related contract costs of $245,000,000 (2019: $245,000,000) are adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to EPC contracts with Sete.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000 as at 31 December 2020 (31 December 2019: $476,000,000).

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

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

At the date of this announcement, the commencement of a new negotiation between Petrobras and Sete has just been authorised by the Executive Board of Petrobras. Should the conclusion of the negotiation result in significant changes to the key assumptions above, additional material provision may be required, against at the least, the net carrying amounts (net of total cumulative losses as described above) relating to the Sete contracts amounting to $113,645,000 as at 31 December 2020.

Other contracts

As at 31 December 2020, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise the right to retain payments received to date and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to $848,500,000 as at 31 December 2020 of which $772,700,000 is secured on the rigs and $75,800,000 is unsecured but the Group has obtained parental guarantee from the customers.

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

As disclosed in the Group's financial results for the quarter ended 30 June 2020 ("2Q 2020"), the global economic environment has been and continues to be significantly affected by COVID-19 and the oil and gas industry in particular, has experienced an unprecedented and very difficult period as a result of lower expected demands. The Group remains cognizant of these developments and have been monitoring the market and industry developments closely.

Since the impairment provisions recognised in 2Q 2020, the Group has continued to review market and industry developments relating to utilisation rates, dayrates, oil price outlook and other information and noted that there has not been any significant change in industry conditions since then.

As the Group is able to retain the undelivered rigs in the event of default by its customer, management has considered the most likely outcome for the rigs delivered or under construction is for the Group to take possession of the asset and charter it out to work with an operator. The value of the rig on this basis would be based on an estimation of the Value-in-use ("VIU") of the rig, i.e. through estimating the net present value of cash flows from operating the rig over the useful life of the asset.

Management has engaged independent professional firms to assist in their assessment on whether the VIU of the rigs would exceed the carrying values of contract assets and trade receivables as at 31 December 2020. The VIU model used by the independent firm is consistent with prior periods and is based on Discounted Cash Flow calculations that cover each class of rig. In addition to the independent firm responsible for the valuation based on VIU calculations, management has also engaged a separate industry expert to independently provide a view of the market outlook, assumptions and parameters which are used in the valuations based on estimation of VIU. Key inputs into the estimation of the VIU include dayrates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets. The valuation of the rigs would decrease if the expected income from operating the rigs decline, or discount rates were higher, or the estimated commencement of deployment were delayed.

The independent advisors confirmed that there were no material changes in the parameters and inputs used in the assessment conducted in 2H 2020 as compared to those used in 2Q 2020, and derived an indicative valuation of the rigs which supports the carrying values of these assets as at 31 December 2020.

Management has also appointed an independent advisor to conduct an assessment of the recoverability of unsecured receivables as at 31 December 2020.

Accordingly, the Group recognised an expected credit loss allowance of $4,000,000 on long term receivables during the half year ended 31 December 2020 ("2H 2020") as follows :

	Balance before 2H 2020 impairment **$ million**	Impairment recognised in 2H 2020 $ million
Contract assets in offshore & marine	**2,488 (1)**	-
Financing to customers		
- unsecured	**80 (2)**	(4)
- secured	**773 (3)**	-
	853	(4)

[1] Net of expected credit loss allowance of $431 million recognised in 2Q 2020 and S$21 million in prior period.
[2] Net of expected credit loss allowance of $62 million recognised in 2Q 2020.
[3] Net of expected credit loss allowance of $104 million recognised in 2Q 2020.

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

- A discount rate of 7% has been used in the valuation as at 31 December 2020 (30 June 2020: 7.4%). An increase of 1% of the discount rate would increase the expected credit loss by approximately S$7 million (30 June 2020: $242 million).
- A decrease in dayrates of US$5,000 per day across the entire asset useful life of 25 years would not result in any further expected credit loss (30 June 2020: $175 million).

As at 31 December 2020, estimated VIU of the rigs exceeded the carrying amounts of contract assets and receivables whilst at 30 June 2020, significant amounts of contract assets and receivables were written down to the estimated VIU of the rigs. Accordingly, expected credit loss on these assets as at 31 December 2020 is less sensitive to changes in inputs used to estimate the VIU.

Management has been actively seeking to deploy, including charter or sale of the completed rigs which in turn provide greater certainty of the crystallisation of the impairment losses. Such cumulative expected credit losses are claimable as tax losses, when realised, and utilised against any taxable profits of the claimant or may be transferred to other Singapore incorporated related companies of the Group via group tax relief. The Group expects that there are sufficient taxable profits within the Group to utilise such tax losses and has accordingly recognised in 2H 2020 deferred tax credits amounting to approximately $74 million arising from these expected credit losses.

9c. 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, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis.

For the purpose of financial statements for the year ended 31 December 2020, valuations were obtained from the valuers for the Group's investment properties, and the resultant fair value changes were recognised in the profit and loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, net initial yield and discount rate. The valuation reports obtained from the valuers for certain properties have highlighted the heightened uncertainty of the COVID-19 outbreak may have on the valuation of these properties.

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.

9d. Estimating net realisable value of stocks

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

As at 31 December 2020, stocks under work-in-progress amounted to $1,063,000,000 (after a provision of $41,508,000 recognised in 2Q 2020 and $50,000,000 in prior period). This amount included:

i. $163,000,000 of contract assets which were reclassified to stocks during 2H 2020 as the Group cancelled a construction contract with a customer due to the Group's assessment that the customer will not be able to meet its payment obligations. The Group had issued a notice of termination of the contract and commenced arbitration to enforce its rights against the customer, which include - the right to retain the amounts already paid by the customer to date of approximately US$43 million; seek reimbursement of the Group costs incurred on the project to the date; and termination of the contract by the Group.

   Arising from the same rig construction contract mentioned in the preceding paragraph and subsequent to the Group notice of termination to the customer, the Group has received a notice from customer purporting to terminate the Contract, alleging breaches relating to the Contract and force majeure delay. As the Group has already terminated the Contract, it is the Group position that the Notice can have no effect. In any event, the Group denies the abovementioned allegations by customer in the Notice.

ii. $284,164,000 of contract assets which were reclassified to stocks during 2Q 2020 as the Group cancelled a construction contract with the same customer as mentioned in the preceding paragraph due to its non-fulfillment of their payment obligations. Non-payment of any instalment by the customer is a default in accordance with the Contract, entitling the Group to terminate the Contract, retain all payments received to date (approximately US$54 million), seek compensation for the work done to date and claim ownership of the rig. The customer has alleged a breach of contract by the Group and purportedly terminated the Contract on and sought recovery of the payments already made to the Group with interest, or to pay for the work done by the Group and take over the rig. The allegations by the customer were refuted and the purported termination of the contract was rejected by the Group.

iii. The Group has engaged legal advisors and commenced arbitration to enforce its rights. Through this process, the Group will continue to evaluate the potential financial impact in consultation with its advisors. Based on currently available information, management is of the opinion that no provision is required for the recovery of the payments already made to the Group by the customer.

The assessment of carrying value of these stocks were performed in conjunction with the valuation assessment of contract assets as described above.

Based on the results of the independent assessments, no additional impairment provision was recognised during 2H 2020.

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

- An increase of 1% of the discount rate would result in an impairment of approximately $158 million (30 June 2020: $138 million).
- A decrease in dayrates of US$5,000 per day across the entire asset life of 25 years would result in an impairment of approximately $21 million (30 June 2020: $40 million).

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.

9e. Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units ("CGUs"). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate in order to calculate the present value of the future cash flows. Management performed impairment tests on fixed assets, investments in subsidiaries, investments in associated companies and joint ventures, and intangibles as at 31 December 2020.

Each rigbuilding, shipbuilding and repair facilities in the offshore & marine business 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 5% to 11% (31 December 2019: 6% to 11%) per annum, depending on the location of the facilities.

9f. Investments in KrisEnergy Limited and related exposures

	31 December 2020 $'000	31 December 2019 $'000
Equity interest	**–**	–
Zero-coupon notes	**35,084**	74,284
Warrants	**–**	–
Loan receivable	**77,193**	–
Total carrying amount	**112,277**	74,284
Other related exposures:		
Contract assets [1]	**29,225**	20,541
Guarantee [2]	**247,340**	262,825

[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 ("SGX"). At the date of these financial statements, KrisEnergy has filed an application for further extension of the debt moratorium on 15 January 2021 with the court hearing scheduled on 1 February 2021.

In April 2020, the Group entered into a credit facility agreement with two wholly-owned indirect subsidiaries of KrisEnergy (the "Borrowers"), with the Group agreeing to grant a project financing loan in two or more tranches for an aggregate principal amount not exceeding US$87 million (the "CBA Loan Facility") to the Borrowers. As at 31 December 2020, the total aggregate amount of funds drawn down by the Borrowers through the CBA Loan Facility was US$57,700,000.

KrisEnergy published an initial restructuring proposal on 16 June 2020, followed by the publication of the final restructuring proposal on 21 August 2020. The final restructuring proposal is to be implemented via the four inter-conditional processes that require the consent of the requisite majority of each respective group of creditors and shareholders:

- reaching an agreement for an extension of secured Revolving Credit Facility ("RCF") with the lender;
- conversion of debts and claims into equity for unsecured creditors under the Scheme of Arrangement ("Scheme");
- partial conversion of claims into equity for Zero Coupon Noteholders under the Consent Solicitation Exercise ("CSE")
- requisite approval from the shareholders for the issuance of new shares in the restructuring proposal in Extraordinary General Meeting ("EGM")

On 30 December 2020, the RCF maturity date was extended for an initial period of 6 months to 30 June 2021 with a further extension to 30 June 2024 upon successful completion of restructuring. A Scheme was released by KrisEnergy on 20 November 2020 setting out the details of the proposed restructuring terms. On 14 January 2021, the unsecured creditors of KrisEnergy approved the Scheme through a Singapore court supervised process. The CSE process for KrisEnergy's zero coupon note holders has been launched on 20 January 2021 and with meeting scheduled on 11 February 2021.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposures in KrisEnergy as at 31 December 2020. Management reviewed the cash flow projections prepared by its financial advisor who 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. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US$50 to US$62 per barrel for 2021 to 2029. The impairment assessment has taken into consideration the terms of restructuring proposal set out in the Scheme. The estimates and assumptions used are subject to risk and uncertainty. If the oil prices were to decrease by 2% across the forecasted period of 2021 to 2029, the estimated cash available from producing assets and forecasted production from assets under development would decrease, and this would result in an additional impairment of $34.4 million.

Based on the assessment, an additional impairment provision of $21,000,000 was recognised for the half year ended 31 December 2020, and the carrying amount of the Group's investment in the zero-coupon notes was further reduced to $35,084,000. The Group had earlier recognised an impairment loss of $18,200,000 on the zero-coupon notes during the first quarter ended 31 March 2020. No impairment allowance was made against the loan receivable, 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. In the financial year ended 31 December 2019, management had performed a similar assessment and recognised an impairment charge of $37,000,000 on the equity investment.

9g. Investments in Floatel International Limited

	31 December 2020 $'000	31 December 2019 $'000
Equity interest	–	311,000
Preference shares	–	10,449
Loan receivable	**95,668**	155,425
Total carrying amount	**95,668**	476,874

In February 2020, Floatel 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 casts 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 expectation of success.

On 5 December 2020, at the expiry of the forbearance under a Forbearance Agreement entered into between Floatel and certain bondholders, Floatel entered into a Lock-up Agreement with FELS Offshore Pte Ltd (the member of the Group with the equity interest in Floatel), an ad hoc group (the "AHG") of holders of Floatel's 9% senior secured 1L bondholders, and other consenting 1L Bondholders holding in aggregate over 56% by value of the 1L Bonds and 2L Bondholders holding in aggregate close to 13% of the 2L Bonds (the "Lock-Up Agreement"). The Lock-Up Agreement commits Floatel, the Group, the AHG and any acceding 1L Bondholders and 2L Bondholders to use reasonable endeavours to implement a comprehensive financial and corporate restructuring of the Floatel group. The restructuring entails the incorporation of a newly incorporated entity ("NewCo"), the transfer of Floatel vessels to NewCo, issuance of new bonds by NewCo to the 1L bondholders, issuance of equity and warrants by the NewCo, and liquidation of the existing Floatel. FELS Offshore Pte Ltd has committed to use reasonable endeavours to procure the provision and funding of a new US$100,000,000 revolving credit facility ("RCF") for the NewCo and will receive a 49.92% equity interest in NewCo as part of the restructuring under the Lock-up Agreement. As part of the agreement, a member of the Group may provide credit support for the RCF in the form of a risk participation.

On 16 December 2020, Floatel announced an increased level of support of the Lock-up Agreement by the 1L (more than ⅔) and 2L Bondholders. In addition, the terms of warrants to be issued by NewCo were also agreed in a revised Lock-Up Agreement on 14 December 2020:

- 2L Bondholders will be issued 10-year warrants which will convert into 12% of the equity in Newco with a strike price based on an equity value of US$424,000,000 should the 2L Bondholders pass a resolution in support of the restructuring;
- Existing shareholders voting in favour of the restructuring (other than the Group) will be issued 10-year warrants which convert into 5% of the equity in Newco with a strike price based on an equity value of US$625,000,000.

On 9 January 2021, bank lenders of Floatel agreed to accept a cash settlement of US$46,000,000 for full settlement of amounts owing to them and release of the charge on Floatel Endurance, which will facilitate a 5-rig restructuring into NewCo.

As the loan from the relevant member of the Group to Floatel is considered as part of the Group's net investment in Floatel (i.e. settlement is neither planned nor foreseen), management has continued to equity account for its share of loss in Floatel's results against the carrying value of the loan to Floatel, after reducing the carrying value of the equity investment in Floatel to zero as of 30 June 2020. For the financial year ended 31 December 2020, the Group has recognised a total share of operating loss from Floatel of $82,779,000 and share of impairment loss of vessels of $228,107,000. In addition, the carrying value of preference shares, based on the fair value assessment conducted by the independent financial advisors using the dividend discount model had similarly been written down to Nil since 2Q 2020. Under the restructuring envisaged under the Lock-Up Agreement, the loan receivable will not be transferred to NewCo and will instead remain as a liability of Floatel.

The Group has considered the recovery of its net investment in Floatel through a continuing share of the projected equity interest in the NewCo. The recoverability assessment of the Group's investment in Floatel is primarily dependent on success of the restructuring and for the NewCo to emerge as the surviving entity with the fleet of vessels as set out above. Management has retained an independent financial advisor to support the review of Floatel's business plan and cash flow projections. Based on advice from the independent financial advisor, management is of the view that the imminent success of restructuring plans is critical in ensuring the long term viability of Floatel's business and consequently the recoverability of its investment in Floatel. In the event that the restructuring of Floatel fails to go through, Floatel/NewCo would not have adequate cash from its operations and cash on hand to continue as a going concern beyond year 2021 and in this scenario the Group's investment in Floatel is not expected to be recoverable.

As at 31 December 2020, management is of the view that the restructuring of Floatel is likely to succeed on basis of the positive progress with respect to the restructuring steps and the Group is in advanced stages of discussion with financial institutions to provide the US$100,000,000 RCF.

10. REVIEW OF GROUP PERFORMANCE

(i) Second Half

Group revenue of $3,392 million for the second half of 2020 was $873 million or 20% lower than that in the same period in 2019.

Revenue from Energy & Environment decreased by $899 million or 32% to $1,919 million mainly due to significantly lower revenue in the offshore & marine business as a result of slower progress from certain on-going projects due to COVID-19 related disruptions, suspension of revenue recognition on Awilco contracts, and deferment of some projects, which were partly offset by revenue from new projects. In the infrastructure business, lower electricity sales and the completion of the Keppel Marina East Desalination Plant project in 2Q 2020 contributed further to the decline in the top-line. These were partly offset by higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. Revenue from Urban Development increased by $56 million to $764 million largely due to higher contribution from property trading projects in China, partly offset by lower contribution from property trading projects in Singapore and Vietnam. Revenue for Connectivity decreased by $32 million to $633 million mainly due to declined service revenue and lower handset and equipment sales in M1, as well as lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from Asset Management increased marginally by $2 million to $75 million mainly due to higher asset management fees, partly offset by lower acquisition fees.

Group pre-tax profit for the second half of 2020 was $102 million, which was $363 million or 78% below the same period in 2019. Energy & Environment's pre-tax loss was $309 million as compared to pre-tax loss of $54 million in the same period in 2019 largely due to the offshore & marine business which was impacted by slower progress on projects due principally to significant downtime as a result of COVID-19, as well as higher net interest expense. These were partially mitigated by lower overheads and government relief measures related to the COVID-19 pandemic, as well as lower share of losses from associated companies. The weak performance in the offshore & marine business was partly offset by higher contributions from the energy infrastructure and environmental infrastructure businesses, as well as the absence of share of loss from KrisEnergy as compared to 2019. Pre-tax profit from Urban Development decreased by $11 million to $373 million mainly due to share of associated companies' fair value losses from investment properties as compared to share of gains in 2019, as well as lower contribution from the Sino-Singapore Tianjin Eco-City mainly due to fewer land plot sales. These were partially offset by higher contributions from property trading projects in China, and gains from the disposal of interests in the Taicang and Chengdu projects in China. Pre-tax profit of Connectivity was $16 million, which was $19 million below that of the same period in 2019. This was mainly due to lower contribution from M1 as a result of lower revenue and higher digital transformation costs, which were partly offset by the gain from the disposal of interest in Business Online Public Company Limited and lower net interest expense. Pre-tax profit of Asset Management decreased by $89 million to $34 million mainly due to lower contributions from Keppel REIT and Alpha Data Centre Fund, lower investment income, as well as absence of dilution gain arising from Keppel DC REIT's private placement exercise as compared to the same period in 2019. These were partly offset by dividend income from Keppel Infrastructure Trust ("KIT").

Taxation expenses decreased by $19 million or 20% mainly due to the deferred tax credit recognised in the second half of 2020 in relation to the impairment provisions for contract assets, partly offset by higher taxation arising from property trading projects in China as compared to the same period in 2019. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for the second half of 2020 was $31 million as compared to net profit of $351 million for the same period in 2019.

(ii) Full Year

Group net loss attributable to shareholders was $506 million as compared to net profit of $707 million in 2019. Loss per share was 27.8 cents as compared to earnings per share of 38.9 cents for 2019. Return on equity was negative 4.6%.

The net loss for 2020 included provisions, largely from the offshore & marine business, amounting to $952 million. Excluding these impairments, the Group achieved a net profit of $446 million which was 46% or $382 million lower than the net profit of $828 million (excluding impairments) for 2019.

Group revenue of $6,574 million for 2020 was $1,006 million or 13% lower than the preceding year. Revenue from Energy & Environment decreased by $1,026 million or 21% to $3,943 million led by lower revenue in the offshore & marine business due to slower progress from certain on-going projects as a result of COVID-19 related disruptions, suspension of revenue recognition on Awilco contracts, fewer new contracts secured in 2020 and deferment of some projects, which were partly offset by revenue from new projects. The lower revenue was also due to lower electricity sales, lower progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as the completion of Keppel Marina East Desalination Plant project in 2Q 2020 in the infrastructure business. Major jobs delivered by the offshore & marine business in 2020 include two jackup rigs, a dual-fuel bunker tanker, a Floating Production Storage and Offloading vessel (FPSO) modification and upgrading project, a LNG Carrier, a Dredger and a Production Barge. Revenue from Urban Development decreased by $61 million to $1,275 million mainly due to lower revenue generated from hospitality and commercial properties and lower revenue from property trading projects in Singapore and Vietnam, which were partly offset by higher revenue from property trading projects in China. Revenue for Connectivity grew by $92 million to $1,220 million mainly due to M1 which was consolidated from March 2019, partly offset by lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from Asset Management decreased by $10 million to $135 million mainly due to lower acquisition and divestment fees, partly offset by higher management fees.

Group pre-tax loss for 2020 was $255 million, as compared to pre-tax profit of $954 million in 2019. Excluding impairments of $1,030 million, pre-tax profit of the Group was $775 million, which was $302 million or 28% lower than $1,077 million (excluding impairments) in 2019. Energy & Environment's pre-tax loss was $1,251 million as compared to pre-tax loss of $121 million in 2019. Excluding impairments of $982 million, the pre-tax loss was $269 million. This was largely due to weaker performance in the offshore & marine business, which had been impacted by slower progress on projects due principally to significant downtime as a result of COVID-19, share of losses from associated companies, higher net interest expense, and fair value loss on investment, which were partially offset by lower overheads and government relief measures related to the COVID-19 pandemic. These were partly offset by higher contributions from the energy infrastructure and environmental infrastructure businesses, as well as the absence of share of loss from KrisEnergy and fair value loss on KrisEnergy warrants as compared to 2019. Pre-tax profit from Urban Development increased by $44 million to $720 million mainly due to higher fair value gains from investment properties, higher contribution from property trading projects in China, as well as higher contribution from the Sino-Singapore Tianjin Eco-City. These were partly offset by lower contribution from associated companies. Pre-tax profit of Connectivity was $29 million, which was $167 million below that in 2019. This was mainly due to the absence of fair value gain recognised in 2019 from the remeasurement of previously held interest in M1 at acquisition date, as well as lower contribution from M1. These were partly offset by gain from the disposal of interest in Business Online Public Company Limited, and lower losses from the logistics business. Pre-tax profit from Asset Management increased by $65 million to $304 million mainly due to mark-to-market gain recognised from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT, gain from sale of units in Keppel DC REIT, gain from divestment of interest in Gimi MS Corporation, as well as dividend income from KIT and higher contribution from Keppel DC REIT. These were partly offset by mark-to-market losses from investments, lower investment income and lower contributions from Keppel REIT and Alpha Data Centre Fund, as well as absence of dilution gain arising from Keppel DC REIT's private placement exercise in 2019.

Taxation expenses increased by $61 million or 32% mainly due to lower write-backs of tax provision as compared to 2019 and higher taxation from property trading projects in China, partly offset by the deferred tax credit recognised in 2020 in relation to the impairment provisions for contract assets. Non-controlling interests were $57 million lower than the preceding year. Taking into account income tax expenses and non-controlling interests, net loss attributable to shareholders for 2020 was $506 million as compared to net profit of $707 million in the preceding year. Losses in the Energy & Environment business were partly offset by profits from the Urban Development, Asset Management and Connectivity businesses.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

Vision 2030

A key highlight in the preceding year was the unveiling in May 2020 of Keppel's Vision 2030, a long-term roadmap to guide the Group's strategy and transformation as one integrated business providing solutions for sustainable urbanisation. Instead of a conglomerate of unrelated parts, Keppel announced that it would focus on four business segments, namely Energy & Environment, Urban Development, Connectivity and Asset Management – all part of a connected value chain.

As part of the Group's sharpened business focus and asset-light model, Keppel is taking a disciplined approach to capital allocation, to deploy more capital to our growth platforms and unlock value from more integration and synergies within the Group, while continuing to recycle capital to enhance the Group's overall return.

In September 2020, the Group embarked on further steps in the Vision 2030 roadmap, including the strategic review of the offshore & marine business, and a $3-$5 billion asset monetisation programme over three years to free up the Group's balance sheet to pursue new growth opportunities. To this end, a transformation office was established to drive the implementation of Vision 2030 to create sustainable value for all stakeholders, while a 100-day programme was also established to expedite execution. Since October 2020, the Group has announced divestments worth over $1.2 billion, well on the way to meeting the three year target, as well as various new initiatives to take Keppel on its growth trajectory.

After a tumultuous year during which the COVID-19 pandemic caused immense human suffering and battered the global economy, the recent progress in vaccine development and distribution give hope that the end of the pandemic may be in sight. However, the situation remains volatile as COVID-19 continues to spread internationally, with many countries hit by second or third waves. Keppel would need to continue to rigorously implement safe management measures to curb the further spread of the virus, and safeguard the health and well-being of our employees and stakeholders.

Notwithstanding the adverse impact of COVID-19, the pandemic has also accelerated many macrotrends which were already in motion, including growing digitalisation and e-commerce. At the same time, international concerns about climate change continue to grow, accelerating the energy transition and spurring the need for different solutions that contribute to a more sustainable future. Together, these trends are expected to further drive the demand for solutions for sustainable urbanisation, and create new opportunities for the Group.

Segment Business

In the Energy & Environment business, Keppel Offshore & Marine's net order book, excluding the Sete rigs, stood at $3.3 billion as at 31 December 2020. The offshore & marine industry continues to face severe challenges arising from the impact of COVID-19 and the fall in global demand for oil, which significantly impacted the performance of the segment. While the market for oil-related solutions remains weak, Keppel Offshore & Marine has over the past few years pivoted to cleaner fossil fuels such as LNG, and also renewables, which together made up about 65% of the approximately $1 billion of new orders it had secured in 2020. Keppel Offshore & Marine remains focused on delivering its projects well as it seeks opportunities in the energy transition towards more sustainable, greener energy sources. It will enhance its capabilities to focus on the development and integration of offshore energy and infrastructure assets, in alignment with Keppel's Vision 2030 and the global energy transition.

Meanwhile, Keppel Infrastructure will continue to build on its core competencies in the energy and environment-related infrastructure as well as infrastructure services businesses as it pursues opportunities in these growth areas.

With the goal of growing the Group’s renewable energy portfolio to 7GW by 2030, a new business unit, Keppel Renewable Energy, was set up to explore opportunities as a developer and operator of renewable energy assets. In December 2020, Keppel Renewable Energy announced the planned development of a 500MW solar farm in Australia, and will continue to seek other opportunities in renewables.

In the Urban Development business, Keppel Land sold about 3,340 homes in 2020, comprising about 370 in Singapore, 2,110 in China, 550 in Vietnam, 140 in Indonesia and 170 in India. It will remain focused on its key markets such as China, Singapore, and Vietnam and scale up in other markets such as India and Indonesia, while actively seeking opportunities to unlock value and recycle capital. Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable cities. Starting with Saigon Sports City in Ho Chi Minh City, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd will continue to drive the further development of the Eco-City, including selling land parcels to accelerate the Eco-City’s development.

In the Connectivity business, M1 will complement the Group's mission as a solutions provider for sustainable urbanisation. Through a multi-year transformation plan, M1 seeks to develop and implement new strategic and operational plans to sharpen its competitive edge, increase its momentum in digital transformation and undertake growth initiatives. It will focus on strengthening its consumer business to meet changing customer needs and expectations, developing platforms and initiatives to support enterprise customers, collaborating actively with other Keppel entities to create smarter and future-ready offerings, and working closely with Singapore government agencies, industry players and enterprises to co-develop 5G use cases. With the award of 5G network licence to M1 and Starhub Limited by the Infocomm Media Development Authority (IMDA), M1 is starting to roll out its 5G network coverage across Singapore.

Keppel Telecommunications & Transportation (Keppel T&T) will, in collaboration with Keppel Capital, continue to actively pursue new development opportunities to grow its data centre footprint beyond its traditional areas of operation while concurrently exploring innovative new solutions to reduce the environmental footprint of its data centres and strengthen its market position. Following a strategic review of the logistics business, Keppel T&T has decided to divest its logistics portfolio in South-East Asia and Australia, and has launched the sale process through its financial adviser.

In the Asset Management business, Keppel Capital continues to leverage the Group’s core competencies to create innovative investment solutions and connect investors with quality real assets in fast growing sectors fuelled by urbanisation trends. This includes seizing growth opportunities across our chosen sectors, as well as expanding into new markets and alternative asset classes. During the year, Keppel Capital launched and achieved two closings for Keppel Asia Infrastructure Fund, as well as first close for several funds, namely Keppel-Pierfront Private Credit Fund, Keppel MMP-Indonesia Logistics Fund, Keppel Education Asset Fund and Keppel Vietnam Fund. Riding on the success of the earlier funds, Keppel Capital also launched and achieved first close for the follow-on Alpha Asia Macro Trends Fund IV and Keppel Data Centre Fund II. The listed REITs and Trust also continued to grow through strategic acquisitions during the year.

The Keppel Group will continue to execute its integrated business strategy to provide solutions for sustainable urbanisation, and deepen collaboration across divisions, while being agile and innovative, and investing in the future.

13. DIVIDEND

13a. Current Financial Period Reported On

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

The Directors are pleased to recommend a final cash dividend of 7.0 cents per share tax exempt one-tier (2019: 12.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2020 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 3.0 cents per share tax exempt one-tier (2019: cash dividend of 8.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2020 will be 10.0 cents in cash per share (2019: 20.0 cents in cash per share).

Name of Dividend	**Final FY2020**
Dividend type Dividend per share Tax rate	**Cash** **7.0 cents** **Tax exempt**

13b. Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	**Final FY2019**
Dividend type Dividend per share Tax rate	**Cash** **12.0 cents** **Tax exempt**

13c. Date Payable

The proposed final dividend if approved at the annual general meeting scheduled to be held on 23 April 2021 will be paid on 11 May 2021.

13d. Books Closure Date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 30 April 2021 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 30 April 2021 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 30 April 2021 will be entitled to the proposed final dividend.

13e. Total Annual Dividend

Total distribution paid and proposed in respect of the financial year ended 31 December 2020 will be 10.0 cents in cash per share (2019: 20.0 cents in cash per share).

	2020 **$'000**	2019 $'000	+/- %
Interim cash dividend	**54,616**	145,370	-62.4
Final cash dividend	**127,225**	218,462	-41.8
Total annual dividend	**181,841**	363,832	-50.0

* Estimated based on share capital of 1,817,506,293 ordinary shares (excluding treasury shares) at the end of the financial year.

14. SEGMENT ANALYSIS

On 28 May 2020, the Group unveiled Vision 2030 to drive its strategy as one integrated business providing solutions for sustainable urbanisation. As part of Vision 2030, the Group reorganised its businesses under five main segments, namely Energy & Environment, Urban Development, Connectivity, Asset Management, and Corporate & Others. The objective of the reorganisation was for the Group to streamline and focus its business units on the key business areas. The revised segment reporting will now comprise five main segments with six reportable operating segments, namely Offshore & Marine, Infrastructure & Others, Urban Development, Connectivity, Asset Management, and Corporate & Others.

2020

	Energy & Environment			Urban Development	Connectivity	Asset Management	Corporate & Others	Elimination	Total
	Offshore & Marine	Infrastructure & Others	Subtotal						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue									
External sales	1,573,455	2,369,889	3,943,344	1,275,473	1,220,011	134,784	730	–	6,574,342
Inter-segment sales	526	10,335	10,861	9,407	5,280	295	76,422	(102,265)	–
Total	1,573,981	2,380,224	3,954,205	1,284,880	1,225,291	135,079	77,152	(102,265)	6,574,342
Segment Results									
Operating profit	(909,633)	87,263	(822,370)	605,488	46,010	273,601	(93,891)	(437)	8,401
Investment income	3,449	–	3,449	1,035	175	23,273	1,414	–	29,346
Interest income	60,429	61,414	121,843	39,518	1,972	6,001	393,668	(400,949)	162,053
Interest expenses	(196,885)	(9,859)	(206,744)	(56,055)	(33,224)	(39,700)	(357,929)	401,386	(292,266)
Share of results of associated companies	(330,421)	(16,594)	(347,015)	129,917	13,689	40,476	712	–	(162,221)
Profit before tax	(1,373,061)	122,224	(1,250,837)	719,903	28,622	303,651	(56,026)	–	(254,687)
Taxation	93,667	(28,262)	65,405	(278,745)	(13,917)	(26,169)	19	–	(253,407)
Profit for the year	(1,279,394)	93,962	(1,185,432)	441,158	14,705	277,482	(56,007)	–	(508,094)
Attributable to:									
Shareholders of Company	(1,274,847)	94,178	(1,180,669)	437,796	13,244	279,525	(55,756)	–	(505,860)
Non-controlling interests	(4,547)	(216)	(4,763)	3,362	1,461	(2,043)	(251)	–	(2,234)
	(1,279,394)	93,962	(1,185,432)	441,158	14,705	277,482	(56,007)	–	(508,094)
Other Information									
Segment assets	8,777,983	2,484,217	11,262,200	14,516,978	4,020,059	3,974,802	11,359,061	(13,027,221)	32,105,879
Segment liabilities	9,436,503	1,960,318	11,396,821	7,956,375	2,819,371	1,868,694	9,935,935	(13,027,221)	20,949,975
Net assets	(658,520)	523,899	(134,621)	6,560,603	1,200,688	2,106,108	1,423,126	–	11,155,904

Investment in associated companies	**360,838**	**205,170**	**566,008**	**2,300,945**	**203,330**	**2,920,330**	**–**	**–**	**5,990,613**
Additions to non-current assets	**61,835**	**91,090**	**152,925**	**537,537**	**156,757**	**384,483**	**1,397**	**–**	**1,233,099**
Depreciation and amortisation	**119,566**	**31,312**	**150,878**	**39,461**	**213,461**	**2,655**	**7,051**	**–**	**413,506**
Impairment loss/(write-back of impairment loss)	**521,411**	**42,225**	**563,636**	**9,184**	**27,853**	**(8,487)**	**(81)**	**–**	**592,105**
Provision for doubtful debts and bad debt written-off	**186,818**	**1,385**	**188,203**	**22,902**	**9,153**	**–**	**(18)**	**–**	**220,240**

GEOGRAPHICAL SEGMENT

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

2019

	Energy & Environment			Urban Development	Connectivity	Asset Management	Corporate & Others	Elimination	Total
	Offshore & Marine	Infrastructure & Others	Subtotal						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue									
External sales	2,219,397	2,749,175	4,968,572	1,336,236	1,128,158	144,922	1,815	–	7,579,703
Inter-segment sales	321	13,436	13,757	11,187	1,840	13	93,693	(120,490)	–
Total	2,219,718	2,762,611	4,982,329	1,347,423	1,129,998	144,935	95,508	(120,490)	7,579,703
Segment Results									
Operating profit	76,848	38,585	115,433	507,174	210,342	120,034	(76,602)	120	876,501
Investment income	4,988	–	4,988	215	1,410	47,920	10,061	–	64,594
Interest income	74,444	64,911	139,355	48,697	1,982	955	352,570	(365,884)	177,675
Interest expenses	(195,664)	(11,230)	(206,894)	(62,430)	(47,058)	(39,467)	(322,631)	365,764	(312,716)
Share of results of associated companies	(56,823)	(116,894)	(173,717)	181,963	29,452	109,715	–	–	147,413
Profit before tax	(96,207)	(24,628)	(120,835)	675,619	196,128	239,157	(36,602)	–	953,467
Taxation	32,515	(13,848)	18,667	(175,406)	(22,592)	(25,527)	12,529	–	(192,329)
Profit for the year	(63,692)	(38,476)	(102,168)	500,213	173,536	213,630	(24,073)	–	761,138
Attributable to:									
Shareholders of Company	(63,190)	(38,304)	(101,494)	483,235	135,693	214,373	(24,832)	–	706,975
Non-controlling interests	(502)	(172)	(674)	16,978	37,843	(743)	759	–	54,163
	(63,692)	(38,476)	(102,168)	500,213	173,536	213,630	(24,073)	–	761,138
Other Information									
Segment assets	9,491,154	2,189,734	11,680,888	13,819,442	4,246,087	3,591,131	9,102,783	(11,118,771)	31,321,560
Segment liabilities	8,787,599	1,798,314	10,585,913	6,408,601	2,909,821	1,826,692	9,063,273	(11,118,771)	19,675,529
Net assets	703,555	391,420	1,094,975	7,410,841	1,336,266	1,764,439	39,510	–	11,646,031
Investment in associated companies	645,946	215,377	861,323	2,176,732	170,507	3,140,738	1,545	–	6,350,845
Additions to non-current assets	95,440	13,640	109,080	622,622	105,691	357,098	10,101	–	1,204,592
Depreciation and amortisation	121,126	31,222	152,348	38,275	174,900	2,761	7,010	–	375,294
Impairment loss/(write-back of impairment loss)	6,827	37,769	44,596	4,908	3,729	(1,315)	–	–	51,918
Provision for doubtful debts and bad debt written-off	9,115	15,602	24,717	385	5,652	547	43,066	–	74,367

GEOGRAPHICAL SEGMENT

	Singapore	China	Brazil	Far East & Other ASEAN Countries	Other Countries	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'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

Note:

(a) The Group is organised into business units based on their products and services, and has six reportable operating segments, namely Offshore & Marine, Infrastructure & Others, Urban Development, Connectivity, Asset Management, and Corporate & Others. Keppel Logistics ("KLOG") contributed about 2% and 4% of the Group's total revenue and net loss respectively for the financial year ended 31 December 2020. KLOG accounted for about 1% of the Group's total assets and total liabilities as at 31 December 2020.

(b) Pricing of inter-segment goods and services is at fair market value.

(c) For the years ended 31 December 2020 and 31 December 2019, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2020 and 31 December 2019.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $6,574 million for 2020 was $1,006 million or 13% lower than the preceding year. Revenue from Energy & Environment decreased by $1,026 million or 21% to $3,943 million led by lower revenue in the offshore & marine business due to slower progress from certain on-going projects as a result of COVID-19 related disruptions, suspension of revenue recognition on Awilco contracts, fewer new contracts secured in 2020 and deferment of some projects, which were partly offset by revenue from new projects. The lower revenue was also due to lower electricity sales, lower progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as the completion of Keppel Marina East Desalination Plant project in 2Q 2020 in the infrastructure business. Major jobs delivered by the offshore & marine business in 2020 include two jackup rigs, a dual-fuel bunker tanker, a Floating Production Storage and Offloading vessel (FPSO) modification and upgrading project, a LNG Carrier, a Dredger and a Production Barge. Revenue from Urban Development decreased by $61 million to $1,275 million mainly due to lower revenue generated from hospitality and commercial properties and lower revenue from property trading projects in Singapore and Vietnam, which were partly offset by higher revenue from property trading projects in China. Revenue for Connectivity grew by $92 million to $1,220 million mainly due to M1 which was consolidated from March 2019, partly offset by lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from Asset Management decreased by $10 million to $135 million mainly due to lower acquisition and divestment fees, partly offset by higher management fees.

15b. Net profit by Segments

Group net loss attributable to shareholders was $506 million as compared to net profit of $707 million in 2019. The net loss for 2020 included provisions, largely from the offshore & marine business, amounting to $952 million. Excluding these impairments, the Group achieved a net profit of $446 million which was 46% or $382 million lower than the net profit of $828 million (excluding impairments) for 2019. Energy & Environment's net loss was $1,181 million as compared to net loss of $101 million in 2019. Excluding impairments of $908 million, the net loss was $273 million. This was largely due to weaker performance in the offshore & marine business, which had been impacted by slower progress on projects due principally to significant downtime as a result of COVID-19, share of losses from associated companies, higher net interest expense, and fair value loss on investment, which were partially offset by lower overheads, government relief measures related to the COVID-19 pandemic and deferred tax credits recognised in 2020 in relation to the impairment provisions for contract assets. These were partly offset by higher contributions from the energy infrastructure and environmental infrastructure businesses, as well as the absence of share of loss from KrisEnergy and fair value loss on KrisEnergy warrants as compared to 2019. Profit from Urban Development decreased by $45 million to $438 million mainly due to lower write-backs of tax provision as compared to 2019, higher taxation from property trading projects in China, as well as lower contribution from associated companies. These were partly offset by higher fair value gains from investment properties, higher contribution from property trading projects in China, as well as higher contribution from the Sino-Singapore Tianjin Eco-City. Profit from Connectivity was $13 million, which was $123 million below that in 2019. This was mainly due to the absence of fair value gain recognised in 2019 from the remeasurement of previously held interest in M1 at acquisition date, as well as lower contribution from M1. These were partly offset by gain from the disposal of interest in Business Online Public Company Limited, and lower losses from the logistics business. Net profit from Asset Management increased by $66 million to $280 million mainly due to mark-to-market gain recognised from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT, gain from sale of units in Keppel DC REIT, gain from divestment of interest in Gimi MS Corporation, as well as dividend income from KIT and higher contribution from Keppel DC REIT. These were partly offset by mark-to-market losses from investments, lower investment income and lower contributions from Keppel REIT and Alpha Data Centre Fund, as well as absence of dilution gain arising from Keppel DC REIT's private placement exercise in 2019. Losses in the Energy & Environment business were partly offset by profits from the Urban Development, Asset Management and Connectivity businesses.

15c. Revenue by Geographical Segments

Revenue from Singapore of $4,564 million was $1,140 million lower than that of prior year, due largely to lower revenue from Energy & Environment, Urban Development and Asset Management, partly offset by higher revenue from Connectivity, mainly due to M1 which was consolidated from March 2019.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 2 June 2020. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
Transaction for the Sale of Goods and Services		**2020 $'000**	**2020 $'000**
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	–	**5,802**
PSA International Group		–	**1,986**
SembCorp Marine Group		–	**4,732**
SembCorp Industries Group		–	**88**
CapitaLand Group		–	**122,968**
Singapore Power Group		–	**297**
Singapore Technologies Engineering Group		–	**2,597**
Singapore Telecommunications Group		–	**8,735**
Singapore Airlines Group		–	**168**
Mapletree Investments Group		–	**7,800**
Keppel Infrastructure Trust Group		–	**57,701**
Pavilion Energy Group		–	**63**
Certis CISCO Security Group		–	**1**
SMRT Corporation Group		–	**1**
Transaction for the Purchase of Goods and Services			
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	–	**27,733**
Certis CISCO Security Group		–	**2,118**
Pavilion Energy Group		–	**55,000**
PSA International Group		–	**219**
SembCorp Marine Group		–	**698**
SembCorp Industries Group		–	**82**
CapitaLand Group		–	**396**
Singapore Power Group		–	**149**
Singapore Technologies Engineering Group		–	**5,286**
Singapore Telecommunications Group		–	**36,851**
SMRT Corporation Group		–	**1,533**
Treasury Transactions			
Pavilion Energy Group	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The named interested persons are its associates.	**279**	–
SembCorp Marine Group		**121**	–
Keppel Infrastructure Trust Group		**191,002**	–
CapitaLand Group		**37,478**	–

Joint Venture and Related Transactions Temasek Holdings Group (other than the below) Clifford Capital Group	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named Interested persons are its associates.	**336,690** **962**	**–** **–**
Total Interested Person Transactions		**566,532**	**343,004**

17. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Corporation Limited (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

18. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CAROLINE CHANG/KENNY LEE
Company Secretaries
28 January 2021
CONFIRMATION BY THE BOARD