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Media Release

Keppel nets profit of S$944 million for FY 2018, up 382% yoy

Proposed final cash dividend of 15.0 cts/share will bring total cash distribution to 30.0 cts/share for FY 2018.

Singapore, 24 January 2019 – Keppel Corporation Limited (Keppel) reported a net profit of S$944 million for the 12 months ended 31 December 2018. This was 382% higher than the S$196 million net profit for FY 2017, which included the S$619 million one-off financial penalty and related costs arising from Keppel O&M's global resolution with criminal authorities in the United States, Brazil and Singapore.

The Group's FY 2018 net profit of S$944 million would have been 16% higher year on year, excluding the one-off financial penalty and related costs in FY 2017. Earnings growth for the period was underpinned by stronger performance from across the Offshore & Marine, Property and Infrastructure divisions.

Group revenue of S$5,965 million for FY 2018 was comparable year on year. In FY 2018, the Group achieved a return on equity of 8.3%. Net gearing was 0.48x as at end-2018, compared to 0.46x as at end-2017. Free cash inflow of S$515 million in FY 2018 was lower compared to S$1,802 million in FY 2017.

On a quarterly basis, the Group registered a net profit of S$135 million for 4Q 2018, compared to a net loss of S$492 million for 4Q 2017. Excluding the one-off global resolution and related costs of S$619 million, the Group's net profit for the quarter would have been 6% higher year on year. The Group's revenue for 4Q 2018 was S$1,677 million, 9% higher than the S$1,545 million achieved a year ago.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Against a volatile backdrop, 2018 was a transformational year for Keppel, as we continued to reinvent and position ourselves for long-term growth.

"Notwithstanding the challenging macro environment, urbanisation trends continue to present many exciting long-term opportunities for Keppel, whether it is providing energy, property, environmental solutions or connectivity. We will remain focused on building a nimble and agile Keppel, ready to seize opportunities in our existing businesses even as we grow new engines for the future."

Offshore & Marine

The Offshore & Marine (O&M) Division registered a net loss of S$109 million for FY 2018, an improvement of 87% over the net loss of S$826 million for FY 2017, which included the one-off financial penalty and related costs arising from Keppel O&M's global resolution. Excluding this, the O&M Division's net loss of S$109 million for FY 2018 would have been reduced by 47% from S$207 million a year ago.

The improved performance for FY 2018 was mainly due to higher revenue, a write-back of provisions for claims and lower net interest expense, partly offset by provisions for expected losses on the contracts with Sete Brasil and other asset impairments. The O&M Division would have made a net profit of S$6 million for FY 2018, excluding the provisions and write-back made at the end of 2018.

In 2018, the Division secured new contracts of about S$1.7 billion, including a mid-water harsh environment semisubmersible and over S$600 million worth of LNG and scrubber projects.

Property

The Property Division, which recorded a 44% increase in net profit to S$938 million, remained the largest contributor to the Group in FY 2018. The increase was due mainly to the en-bloc sales of development projects and gains from the divestment of a stake in a Beijing commercial project. The positive variance was partly offset by lower fair value gains on investment properties, contributions from property trading and share of associated companies' profits.

In 2018, the Property Division replenished its landbank with about 3,600 units in China and about 500 units in Indonesia, bringing the total to 50,000 homes across key Asian cities. Of these, about 19,000 homes will be launch-ready from 2019 to 2021.

Infrastructure

The Infrastructure Division recorded a 26% year on year growth in net profit to S$169 million for FY 2018. This was mainly due to dilution gain following Keppel DC REIT's private placement exercise, the gain arising from a sale of stake in Keppel DC REIT, as well as higher contributions from Environmental Infrastructure and Infrastructure Services. This was partly offset by lower contributions from Energy Infrastructure and share of profits from Keppel Infrastructure Trust, as well as the absence of gains from the divestment of GE Keppel Energy Services Pte Ltd.

In 2018, the Division secured about S$120 million worth of contracts for energy and environmental infrastructure projects, and also added four new data centre assets bringing its total portfolio to 22 data centres across Asia-Pacific and Europe.

Investments

The Investments Division, which serves as the Group's incubator for growth engines, registered a net loss of S$54 million for FY 2018 compared to a net profit of S$238 million a year ago, mainly due to the share of losses from KrisEnergy and an impairment of investment in an associated company, as well as lower contributions from the asset management business and the Sino-Singapore Tianjin Eco-City. In 2017, the Investments Division had also benefited from the share of profit from k1 Ventures, a write-back of provision for impairment of an associated company, and profit from sale of investments.

Asset management continued to contribute steadily to the Group, although earnings in 2018 were lower year on year due to higher expenses for growth initiatives, lower fees following the divestment of several assets and lower one-off performance fees. During the year, Keppel Capital announced acquisitions of over S$2.0 billion and closed the Asia Macro Trends Fund III at US$1.1 billion.

In 2018, Keppel Corporation announced a strategic initiative, together with Singapore Press Holdings Limited, to gain majority control of M1 Limited, with a view to transforming the business to compete more effectively. The Company has concurrently announced a scheme of arrangement to privatise Keppel Telecommunications & Transportation Ltd, a move which will see closer alignment of the Group's interests.

The Directors of Keppel Corporation will be proposing a final cash dividend of 15.0 cents per share for FY 2018. Including the interim cash dividend of 10.0 cents per share and special cash dividend of 5.0 cents per share paid to shareholders in August 2018, the total distribution for FY 2018 will be 30.0 cents per share, compared to the 22.0 cents per share paid out for FY 2017. Excluding the special dividend, the total distribution proposed for FY 2018 represents a payout ratio of about 48% on the Group's net profit of S$944 million.

Financial Highlights

				Ex. global resolution & related costs		
	FY 2018 (S$ m)	**FY 2017 (S$ m)**	**Change (%)**	**FY 2018 (S$ m)**	**FY 2017 (S$ m)**	**Change (%)**
Revenue	5,965	5,964	-	5,965	5,964	-
Operating Profit	1,043	801	30	1,043	801	30
Net Profit	944	196	382	944	815	16
Earnings per Share	52.0 cents	10.8 cents	381	52.0 cents	44.8 cents	16

				Ex. global resolution & related costs		
	4Q 2018 (S$ m)	**4Q 2017 (S$ m)**	**Change (%)**	**4Q 2018 (S$ m)**	**4Q 2017 (S$ m)**	**Change (%)**
Revenue	1,677	1,545	9	1,677	1,545	9
Operating Profit	5	147	(97)	5	147	(97)
Net Profit /(Loss)	135	(492)	n.m.	135	127	6
Earnings per Share	7.4 cents	(27.1) cents	n.m.	7.4 cents	6.9 cents	7

- ROE was 8.3% for FY 2018
- Net Gearing was 0.48x at end-2018 compared to 0.46x at end-2017
- Free cash inflow was S$515m in FY 2018 compared to S$1,802m in FY 2017
- A final cash dividend of 15.0 cents per share has been proposed for FY 2018

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KEPPEL CORPORATION LIMITED
Co. Reg. No. 196800351N
(Incorporated in the Republic of Singapore)

FULL YEAR 2018 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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KEPPEL CORPORATION LIMITED

Full Year 2018 Financial Statements & Dividend Announcement

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the year ended 31 December 2018.

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

	Note	**Fourth Quarter**			**Full Year**		
		31.12.2018 $'000	31.12.2017 $'000 Restated	+/- %	**31.12.2018 $'000**	31.12.2017 $'000 Restated	+/- %
Revenue		**1,676,367**	1,544,702	+8.5	**5,964,781**	5,963,773	<0.1
Materials & subcontract costs	(i)	**(1,209,106)**	(1,081,293)	+11.8	**(4,187,631)**	(3,957,402)	+5.8
Staff costs	(ii)	**(280,052)**	(253,143)	+10.6	**(987,830)**	(1,027,019)	-3.8
Depreciation & amortisation		**(49,304)**	(48,893)	+0.8	**(182,386)**	(212,380)	-14.1
Other operating (expenses)/Income	(iii)	**(132,762)**	(13,747)	NM	**435,632**	34,074	NM
Operating profit		**5,143**	147,626	-96.5	**1,042,566**	801,046	+30.2
One-off financial penalty & related costs[i]		**–**	(618,722)	NM	**–**	(618,722)	NM
Investment income		**5,686**	4,150	+37.0	**9,991**	19,871	-49.7
Interest income	(iv)	**33,592**	42,979	-21.8	**164,260**	137,928	+19.1
Interest expenses	(v)	**(53,943)**	(43,670)	+23.5	**(198,443)**	(189,227)	+4.9
Share of results of associated companies	(vi)	**173,188**	50,033	+246.1	**221,518**	290,533	-23.8
Profit/(loss) before tax		**163,666**	(417,604)	NM	**1,239,892**	441,429	+180.9
Taxation	1b	**(18,409)**	(77,429)	-76.2	**(283,747)**	(244,049)	+16.3
Profit/(loss) for the quarter / year		**145,257**	(495,033)	NM	**956,145**	197,380	NM
Attributable to:							
Shareholders of the Company		**134,535**	(492,015)	NM	**943,829**	196,025	NM
Non-controlling interests		**10,722**	(3,018)	NM	**12,316**	1,355	NM
		145,257	(495,033)	NM	**956,145**	197,380	NM
Earnings per ordinary share							
- basic		**7.4 cts**	(27.1) cts	NM	**52.0 cts**	10.8 cts	NM
- diluted		**7.4 cts**	(26.9) cts	NM	**51.7 cts**	10.7 cts	NM

NM – Not Meaningful

[i] One-off financial penalty and related costs arose from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore and related legal, accounting and forensics costs.

The results for the fourth quarter and full year ended 31 December 2017 are restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s"). Please refer to paragraph 9 for the details on the financial impact from the adoption of SFRS(I)s.

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Fourth Quarter			Full Year		
		31.12.2018 $'000	31.12.2017 $'000 Restated	+/- %	**31.12.2018 $'000**	31.12.2017 $'000 Restated	+/- %
Share-based payment expenses		**6,440**	14,136	-54.4	**34,885**	32,583	+7.1
(Profit)/loss on sale of investments	(vii)	**(2,232)**	1,074	NM	**(2,232)**	(35,294)	-93.7
Profit on sale of fixed assets and an investment property	(viii)	**(1,002)**	(6,924)	-85.5	**(2,795)**	(20,142)	-86.1
Provision/(write-back)							
- Stocks	(ix)	**27,681**	3,215	NM	**6,271**	3,377	+85.7
- Contract assets	(x)	**21,000**	–	NM	**21,000**	–	NM
- Doubtful debts	(xi)	**(2,472)**	26,537	NM	**(6,543)**	34,780	NM
Fair value (gain)/loss							
- Investments	(xii)	**(12,911)**	(31,056)	-58.4	**(12,881)**	(27,955)	-53.9
- Forward contracts	(xiii)	**4,110**	(2,836)	NM	**11,129**	38,486	-71.1
- Financial derivatives		**555**	(27)	NM	**(1,021)**	4	NM
Foreign exchange (gain)/loss	(xiv)	**(7,453)**	49,819	NM	**42,070**	(5,389)	NM
Impairment/(write-back of impairment) of investments and associated companies	(xv)	**61,721**	22,032	+180.1	**60,782**	(24,862)	NM
Impairment/write-off of fixed assets	(xvi)	**6,911**	12,596	-45.1	**6,911**	15,530	-55.5
Gain on disposal of subsidiaries	(xvii)	**(5,774)**	(3,966)	+45.6	**(604,638)**	(146,542)	NM
Gain on disposal of associated companies	(xviii)	**(6,771)**	(19,226)	-64.8	**(48,783)**	(62,673)	-22.2
Fair value gain on investment properties	(xix)	**(36,586)**	(177,939)	-79.4	**(84,886)**	(177,939)	-52.3
(Gain)/loss from change in interest in associated companies	(xx)	**(2,845)**	8,919	NM	**(63,622)**	13,075	NM
Write-back of provision for claims	(xxi)	**(96,380)**	–	NM	**(96,380)**	–	NM
Provision for expected loss on contracts	(xxii)	**167,000**	81,000	+106.2	**167,000**	81,000	+106.2

NM – Not Meaningful

Note:

(i) Materials & subcontract costs increased in the current year mainly as a result of higher revenue from the Infrastructure and Offshore & Marine Divisions, partly offset by lower revenue in the Property Division.

(ii) Staff costs decreased in the current year due mainly to lower manpower cost in the Offshore & Marine Division, partly offset by higher manpower cost in the Investments and Property Divisions.

(iii) Other operating income increased for the year due mainly to the higher gain on disposal of subsidiaries (Note xvii), write-back of provision for claims (Note xxi), gain from changes in interest in associated companies (Note xx), lower fair value loss on forward exchange contracts (Note xiii) and write-back of provision for doubtful debts (Note xi), partly offset by lower fair value gain on investment property (Note xix), impairment of investments and associated companies (Note xv), provision for expected loss on contracts (Note xxii), foreign exchange loss (Note xiv), lower profit on sale of investments (Note vii) and lower profit on sale of fixed assets and an investment property (Note viii).

(iv) Higher interest income for the year was largely attributable to the Property, Infrastructure and Investments Divisions.

(v) Higher interest expense for the year was mainly attributable to higher average borrowings.

(vi) Share of profit of associated companies in the current year was lower due mainly to lower contribution from associated companies in the Property and Investment Divisions, partly offset by higher contribution from associated companies in the Infrastructure Division and share of profits of associated companies in the Offshore & Marine Division.

(vii) The profit from sale of investments in the current year was due mainly to the disposal of listed equities in the Investments Division. The profit from sale of investments in the prior year was due mainly to the disposal of listed equities and equity funds in the Investments Division.

(viii) Profit on sale of fixed assets and an investment property was largely attributable to disposal of assets in the Offshore & Marine and Property Divisions.

(ix) The provision for stocks in the current year arose mainly from the Offshore & Marine and Property Divisions. The provision for stocks in the prior year arose mainly from the Offshore & Marine Division.

(x) The provision for contract assets in the current year arose from the Offshore & Marine Division.

(xi) The write-back of provision for doubtful debts in the current year and the provision for doubtful debts in the prior year arose mainly from the Offshore & Marine Division.

(xii) Fair value gain (mark-to-market) on investment portfolio was due to increase in prices of stocks.

(xiii) 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, partly offset by fair value gain in relation to fair value hedge of United States dollar loan. The corresponding effects from revaluation of the United States dollar loan was recorded under foreign exchange loss (Note xiv).

(xiv) Foreign exchange loss for the current year was mainly attributable to the realisation of fair value changes in cash flow hedge to profit & loss account and revaluation of net liabilities denominated in United States dollar, which appreciated against Singapore dollar, partly offset by the revaluation of net assets denominated in United States Dollar, which appreciated against Singapore dollar. Part of the foreign exchange loss arose from the revaluation of United States dollar loan which was hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value loss on forward contracts (Note xiii).

(xv) The impairment of associated companies in the current year arose from the Investments, Offshore & Marine and Infrastructure Divisions. The write-back in the prior year was in relation to write-back of impairment of investments in the Investments Division and the Infrastructure Division, partly offset by the impairment of investment and associated company in the Offshore & Marine Division.

(xvi) The impairment of fixed assets in the current year arose from the Offshore & Marine Division, Investment Division and the Infrastructure Division. In the prior year, the impairment of fixed assets arose from the Property Division, Infrastructure Division and Offshore & Marine Division.

(xvii) Gain on disposal of subsidiaries arose from the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd and Aether Limited. In the prior year, gain on disposal of subsidiaries arose mainly from sale of Keppel Lakefront (Nantong) Property Development Co Ltd, Wiseland Investment (Myanmar) Limited, 80% interest in PT Sentral Tunjungan Perkasa, Keppel DC Singapore 4, 90% interest in Keppel DC Singapore 3, Keppel Verolme and Kepwealth Properties Phils., Inc.

(xviii) Gain on disposal of associated companies in the current year arose mainly from the sale of interest in Quoc Loc Phat Joint Stock Company and Advanced Research Group. In the prior year, gain on disposal of associated companies arose mainly from the sale of interest in Cityone Development (Wuxi) Co., Ltd, PT Purimas Straits Resort and GE Keppel Energy Services Pte Ltd.

(xix) Lower fair value gain on investment properties was attributable to lower fair value gain on the investment properties in the Property Division and fair value loss on data centre assets.

(xx) Gain from change in interest in associated companies in the current year relates to change in interest in Keppel REIT and Keppel DC REIT.

(xxi) Write-back of provision for claims arose from the Offshore & Marine Division.

(xxii) Provision for expected loss on contracts arose from the Offshore & Marine Division’s contracts with Sete Brasil, comprising $102 million for provision on receivables and $65 million of contract related costs.

1b. Taxation expenses for the current year were higher because of higher taxable profits in the Property Division.

1c. Earnings per ordinary share

	2018	2017 Restated	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**52.0 cts**	**10.8 cts**	NM
- Weighted average number of shares (excluding treasury shares) ('000)	**1,814,159**	**1,816,965**	-0.2
(ii) On a fully diluted basis	**51.7 cts**	**10.7 cts**	NM
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,824,887**	**1,829,702**	-0.3

1d. Breakdown of sales

	2018 $'000	2017 $'000 Restated	+/-%
First Half			
Sales reported for first half year	**2,992,733**	2,802,274	+6.8
Profit after tax before deducting non-controlling interests reported for first half year	**583,242**	427,420	+36.5
Second Half			
Sales reported for second half year	**2,972,048**	3,161,499	-6.0
Profit/(loss) after tax before deducting non-controlling interests reported for second half year	**372,903**	(230,040)	NM

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

		Fourth Quarter			Full Year		
		31.12.2018 $'000	31.12.2017 $'000 Restated	+/- %	**31.12.2018 $'000**	31.12.2017 $'000 Restated	+/- %
Profit/(loss) for the quarter / year		**145,257**	(495,033)	NM	**956,145**	197,380	NM
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the quarter / year	(i)	**–**	29,145	NM	**–**	1,619	NM
- Realised and transferred to profit & loss account	(ii)	**–**	3,277	NM	**–**	(28,815)	NM
Cash flow hedges							
- Fair value changes arising during the quarter / year, net of tax	(iii)	**(181,117)**	65,697	NM	**(52,147)**	357,211	NM
- Realised and transferred to profit & loss account	(iv)	**(7,170)**	(9,970)	-28.1	**(54,630)**	(49,852)	+9.6
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(v)	**6,739**	(70,397)	NM	**(132,866)**	(220,787)	-39.8
- Realised and transferred to profit & loss account		**(7,602)**	(6,643)	+14.4	**5,574**	(9,537)	NM
Share of other comprehensive income of associated companies							
- Available-for-sale assets		**–**	142	NM	–	719	NM
- Cash flow hedges		**(3,288)**	10,835	NM	**20,031**	(8,384)	NM
- Foreign exchange translation		**(42,587)**	(17,513)	+143.2	**(42,821)**	(93,232)	-54.1
		(235,025)	4,573	NM	**(256,859)**	(51,058)	NM
Items that will not be reclassified subsequently to profit & loss account:							
Financial assets, at FVOCI							
- Fair value changes arising during the quarter / year	(i)	**(31,512)**	–	NM	**(31,566)**	–	NM
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(v)	**2,582**	(5,407)	NM	**(3,545)**	(17,311)	-79.5
Share of other comprehensive income of associated companies							
- Financial assets, at FVOCI		**(130)**	–	NM	**581**	–	NM
		(29,060)	(5,407)	NM	**(34,530)**	(17,311)	+99.5
Other comprehensive income for the quarter / year, net of tax		**(264,085)**	(834)	NM	**(291,389)**	(68,369)	NM
Total comprehensive income for the quarter / year		**(118,828)**	(495,867)	-76.0	**664,756**	129,011	NM
Attributable to:							
Shareholders of the Company		**(132,077)**	(487,979)	-72.9	**656,303**	144,491	NM
Non-controlling interests		**13,249**	(7,888)	NM	**8,453**	(15,480)	NM
		(118,828)	(495,867)	-76.0	**664,756**	129,011	NM

NM – Not Meaningful

Note:

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

(ii) These represented fair value changes on financial assets measured at fair value through other comprehensive income, which were transferred to profit & loss account upon realization.

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

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

(v) 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 losses for the current year arose largely from weakening of foreign currencies, such as Renminbi against Singapore dollar.

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

3. BALANCE SHEETS as at 31 December

	Group			Company	
	31.12.2018 $'000	31.12.2017 $'000 Restated	01.01.2017 $'000 Restated	**31.12.2018 $'000**	31.12.2017 $'000
Share capital	**1,291,722**	1,291,310	1,288,394	**1,291,722**	1,291,310
Treasury shares	**(45,073)**	(74)	(15,523)	**(45,073)**	(74)
Reserves	**10,031,561**	10,151,498	10,395,101	**6,396,589**	6,341,656
Share capital & reserves	**11,278,210**	11,442,734	11,667,972	**7,643,238**	7,632,892
Non-controlling interests	**308,930**	530,225	676,918	**–**	–
Total equity	**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892
Represented by:					
Fixed assets	**2,372,560**	2,432,963	2,645,456	**6,676**	296
Investment properties	**2,851,380**	3,460,608	3,550,290	**–**	–
Subsidiaries	**–**	–	–	**7,867,959**	7,972,849
Associated companies	**6,239,685**	5,913,777	5,423,831	**–**	–
Investments	**464,683**	458,638	377,704	**16,957**	15,012
Long term assets	**664,296**	774,316	814,438	**8,801**	14,346
Intangibles	**129,007**	132,594	140,669	**–**	–
	12,721,611	13,172,896	12,952,388	**7,900,393**	8,002,503
Current assets					
Stocks	**5,514,006**	5,981,322	7,116,105	**–**	–
Contract assets	**3,212,712**	3,442,215	3,608,781	**–**	–
Amounts due from:					
- subsidiaries	**–**	–	–	**4,043,121**	3,498,920
- associated companies	**291,729**	342,960	433,380	**548**	733
Debtors	**2,702,300**	3,088,417	3,373,841	**6,229**	4,590
Derivative assets	**45,976**	181,226	98,984	**23,217**	93,530
Short term investments	**136,587**	202,776	273,928	**27,400**	–
Bank balances, deposits & cash	**1,981,406**	2,273,788	2,087,078	**370**	2,213
	13,884,716	15,512,704	16,992,097	**4,100,885**	3,599,986
Current liabilities					
Creditors	**5,281,162**	6,398,162	5,907,694	**76,172**	68,585
Derivative liabilities	**119,405**	37,969	379,910	**27,796**	29,528
Contract liabilities	**1,028,408**	1,272,154	1,188,608	**–**	–
Provisions	**69,614**	115,972	81,679	**–**	–
Amounts due to:					
- subsidiaries	**–**	–	–	**162,611**	236,403
- associated companies	**115,824**	253,331	111,543	**–**	–
Term loans	**1,480,757**	1,714,084	1,835,321	**460,657**	551,530
Taxation	**297,922**	220,761	364,845	**43,519**	33,955
	8,393,092	10,012,433	9,869,600	**770,755**	920,001
Net current assets	**5,491,624**	5,500,271	7,122,497	**3,330,130**	2,679,985
Non-current liabilities					
Term loans	**6,067,752**	6,078,919	7,217,721	**3,495,610**	2,939,800
Deferred taxation	**196,626**	334,674	331,175	**–**	–
Other non-current liabilities	**361,717**	286,615	181,099	**91,675**	109,796
	6,626,095	6,700,208	7,729,995	**3,587,285**	3,049,596
Net assets	**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892
Group net debt	*5,567,103*	*5,519,215*	*6,965,964*	***n.a.***	*n.a.*
Group net gearing ratio	*0.48x*	*0.46x*	*0.56x*	***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 31.12.2018		As at 31.12.2017	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
412,412	**1,068,345**	150,591	1,563,493

(ii) Amount repayable after one year

As at 31.12.2018		As at 31.12.2017	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
182,874	**5,884,878**	580,825	5,498,094

(iii) Details of any collateral

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 $1,065,652,000 (31 December 2017: $1,894,728,000) to banks for loan facilities.

3b. Net asset value

	Group			**Company**		
	31.12.2018	31.12.2017 Restated	+/-%	**31.12.2018**	31.12.2017	+/-%
Net asset value per ordinary share *	**$6.22**	$6.29	-1.1	**$4.22**	$4.20	+0.5
Net tangible asset per ordinary share *	**$6.15**	$6.22	-1.1	**$4.22**	$4.20	+0.5

* Based on share capital of 1,812,458,136 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2017: 1,818,323,392 ordinary shares (excluding treasury shares)).

3c. Balance sheet analysis

Group shareholders’ funds of $11.28 billion at 31 December 2018 were $0.2 billion or 1% lower than the previous year end. The decrease was mainly attributable to purchase of treasury shares in 2018, decrease in fair value on cash flow hedges, foreign exchange translation losses, decrease in revenue reserves arising from the adoption of SFRS(I) 9 Financial Instruments, payment of final dividend of 14.0 cents per share in respect of financial year 2017 and payment of interim and special dividends of 15.0 cents per share for the half year ended 30 June 2018, partly offset by retained profits for the year.

Group total assets of $26.61 billion at 31 December 2018 were $2.1 billion or 7% lower than the previous year end. The decrease in current assets was mainly due to the lower stocks, contract assets, debtors and bank balances, deposits & cash. The decrease in non-current assets was due mainly to decrease in investment properties following the divestment of Aether Limited and decrease in long term assets arising from the adoption of SFRS(I) 9, partly offset by acquisition and further investment in associated companies.

Group total liabilities of $15.02 billion at 31 December 2018 were $1.7 billion or 10% lower than the previous year end. Total liabilities decreased due mainly to the reduction in creditors and contract liabilities as well as net repayment of term loans.

Group net debt of $5.57 billion was slightly higher than that as at 31 December 2017. This was mainly due to dividend payments (by the Company and its listed subsidiaries), working capital requirements, acquisition and further investment in associated companies as well as other capex cash requirements. These were offset by proceeds from the disposal of subsidiaries and associated companies in the Property Division as well as dividends received from investments and associated companies.

Group net gearing ratio was 48% at 31 December 2018 as compared to 46% as at 31 December 2017. This was largely driven by decrease in total equity arising from lower non-controlling interests following the divestment of Aether Limited.

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
2018								
As at 31 December 2017								
As previously reported	**1,291,310**	**(74)**	**281,407**	**10,486,054**	**(626,009)**	**11,432,688**	**527,746**	**11,960,434**
Adoption of SFRS(I) 1	**–**	**–**	**–**	**(302,453)**	**302,453**	**–**	**–**	**–**
Adoption of SFRS(I) 15	**–**	**–**	**–**	**10,046**	**–**	**10,046**	**2,479**	**12,525**
As restated at 31 December 2017	**1,291,310**	**(74)**	**281,407**	**10,193,647**	**(323,556)**	**11,442,734**	**530,225**	**11,972,959**
Adoption of SFRS(I) 9	**–**	**–**	**1,058**	**(236,296)**	**–**	**(235,238)**	**(255)**	**(235,493)**
As restated at 1 January 2018	**1,291,310**	**(74)**	**282,465**	**9,957,351**	**(323,556)**	**11,207,496**	**529,970**	**11,737,466**
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**943,829**	**–**	**943,829**	**12,316**	**956,145**
Other comprehensive income *	**–**	**–**	**(117,413)**	**–**	**(170,113)**	**(287,526)**	**(3,863)**	**(291,389)**
Total comprehensive income for the year	**–**	**–**	**(117,413)**	**943,829**	**(170,113)**	**656,303**	**8,453**	**664,756**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	**–**	**–**	**–**	**(526,152)**	**–**	**(526,152)**	**–**	**(526,152)**
Share-based payment	**–**	**–**	**33,073**	**–**	**–**	**33,073**	**481**	**33,554**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(20,321)**	**(20,321)**
Shares issued	**412**	**–**	**–**	**–**	**–**	**412**	**–**	**412**
Purchase of treasury shares	**–**	**(90,758)**	**–**	**–**	**–**	**(90,758)**	**–**	**(90,758)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**45,759**	**(40,435)**	**–**	**–**	**5,324**	**–**	**5,324**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**44,771**	**(44,771)**	**–**	**–**	**–**	**–**
Contributions to defined benefits plans	**–**	**–**	**814**	**–**	**–**	**814**	**–**	**814**
Other adjustments	**–**	**–**	**–**	**30**	**–**	**30**	**4,442**	**4,472**
Total contributions by and distributions to owners	**412**	**(44,999)**	**38,223**	**(570,893)**	**–**	**(577,257)**	**(15,398)**	**(592,655)**
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	**–**	**–**	**(8,332)**	**–**	**–**	**(8,332)**	**(1,426)**	**(9,758)**
Disposal of interest in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(210,166)**	**(210,166)**
Other adjustments	**–**	**–**	**–**	**–**	**–**	**–**	**(2,503)**	**(2,503)**
Total change in ownership interests in subsidiaries	**–**	**–**	**(8,332)**	**–**	**–**	**(8,332)**	**(214,095)**	**(222,427)**
Total transactions with owners	**412**	**(44,999)**	**29,891**	**(570,893)**	**–**	**(585,589)**	**(229,493)**	**(815,082)**
As at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,330,287**	**(493,669)**	**11,278,210**	**308,930**	**11,587,140**

* 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
2017								
As at 1 January 2017	1,288,394	(15,523)	11,486	10,655,379	(280,787)	11,658,949	674,691	12,333,640
Adoption of SFRS(I) 1	–	–	–	(280,787)	280,787	–	–	–
Adoption of SFRS(I) 15	–	–	–	9,023	–	9,023	2,227	11,250
As restated at 1 January 2017	1,288,394	(15,523)	11,486	10,383,615	–	11,667,972	676,918	12,344,890
Total comprehensive income for the year								
Profit for the year	–	–	–	196,025	–	196,025	1,355	197,380
Other comprehensive income *	–	–	272,022	–	(323,556)	(51,534)	(16,835)	(68,369)
Total comprehensive income for the year	–	–	272,022	196,025	(323,556)	144,491	(15,480)	129,011
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(363,531)	–	(363,531)	–	(363,531)
Share-based payment	–	–	31,124	–	–	31,124	470	31,594
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(26,574)	(26,574)
Shares issued	2,916	–	–	–	–	2,916	–	2,916
Purchase of treasury shares	–	(19,428)	–	–	–	(19,428)	–	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	–	34,877	(33,503)	–	–	1,374	–	1,374
Transfer of statutory, capital and other reserves from revenue reserves	–	–	22,462	(22,462)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	77	77
Contributions to defined benefits plans	–	–	707	–	–	707	152	859
Other adjustments	–	–	–	–	–	–	3,368	3,368
Total contributions by and distributions to owners	2,916	15,449	20,790	(385,993)	–	(346,838)	(22,507)	(369,345)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(22,891)	–	–	(22,891)	(43,489)	(66,380)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(69,451)	(69,451)
Other adjustments	–	–	–	–	–	–	4,234	4,234
Total change in ownership interests in subsidiaries	–	–	(22,891)	–	–	(22,891)	(108,706)	(131,597)
Total transactions with owners	2,916	15,449	(2,101)	(385,993)	–	(369,729)	(131,213)	(500,942)
As at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959

* 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
2018					
As at 1 January	**1,291,310**	**(74)**	**209,506**	**6,132,150**	**7,632,892**
Total comprehensive income for the year					
Profit for the year	**–**	**–**	**–**	**588,420**	**588,420**
Other comprehensive income	**–**	**–**	**1,945**	**–**	**1,945**
Total comprehensive income for the year	**–**	**–**	**1,945**	**588,420**	**590,365**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(526,152)**	**(526,152)**
Share-based payment	**–**	**–**	**31,125**	**–**	**31,125**
Shares issued	**412**	**–**	**–**	**–**	**412**
Purchase of treasury shares	**–**	**(90,758)**	**–**	**–**	**(90,758)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**45,759**	**(40,435)**	**–**	**5,324**
Other adjustments	**–**	**–**	**–**	**30**	**30**
Total transactions with owners	**412**	**(44,999)**	**(9,310)**	**(526,122)**	**(580,019)**
As at 31 December	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
2017					
As at 1 January	1,288,394	(15,523)	213,116	5,133,722	6,619,709
Total comprehensive income for the year					
Profit for the year	–	–	–	1,361,959	1,361,959
Other comprehensive income	–	–	672	–	672
Total comprehensive income for the year	–	–	672	1,361,959	1,362,631
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(363,531)	(363,531)
Share-based payment	–	–	29,221	–	29,221
Shares issued	2,916	–	–	–	2,916
Purchase of treasury shares	–	(19,428)	–	–	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	–	34,877	(33,503)	–	1,374
Total transactions with owners	2,916	15,449	(4,282)	(363,531)	(349,448)
As at 31 December	1,291,310	(74)	209,506	6,132,150	7,632,892

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2018	1,818,334,180	10,788
Issue of shares under share option scheme	60,000	–
Treasury shares transferred pursuant to share option scheme	–	(720,500)
Treasury shares transferred pursuant to restricted share plan	–	(4,637,696)
Treasury shares purchased	–	11,300,000
As at 30 September 2018	1,818,394,180	5,952,592
Treasury shares transferred pursuant to share option scheme	–	(11,000)
Treasury shares transferred pursuant to restricted share plan	–	(5,548)
As at 31 December 2018	**1,818,394,180**	**5,936,044**

Treasury shares
During the year ended 31 December 2018, the Company transferred 5,374,744 (31 December 2017: 5,071,722) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 11,300,000 treasury shares (31 December 2017: 2,850,000) during the year. As at 31 December 2018, the number of treasury shares held by the Company represented 0.33% (31 December 2017: less than 0.01%) 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 2018.

Share options
As at 31 December 2018, there were unexercised options for 1,890,185 of unissued ordinary shares (31 December 2017: 6,088,785 ordinary shares) under the KCL Share Options Scheme. 791,500 options (31 December 2017: 632,900 options) were exercised during the year ended 31 December 2018. Unexercised options for 3,407,100 of unissued ordinary shares were cancelled during the year ended 31 December 2018 (31 December 2017: 7,304,289).

KCL Performance Share Plan (“KCL PSP”)
As at 31 December 2018, the number of contingent shares granted but not released were 2,895,000 (31 December 2017: 2,525,000) 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 4,342,500 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)
As at 31 December 2018, the number of contingent shares granted but not released were 5,965,967 (31 December 2017: 6,747,491) 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 8,948,951 under KCL PSP-TIP.

KCL Restricted Share Plan (“KCL RSP”)
There are no contingent shares granted but not released as at 31 December 2018 and 31 December 2017.

As at 31 December 2018, the number of awards released but not vested was 1,630,118 (31 December 2017: 5,102,365) 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 2018 and 31 December 2017.

As at 31 December 2018, the number of awards released but not vested was 2,586,237 (31 December 2017: Nil) for KCL RSP-Deferred Shares.

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

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.18	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.18
KCL PSP						
31.3.2015	405,000	–	(405,000)	–	–	–
30.7.2015	170,000	–	(170,000)	–	–	–
29.4.2016	830,000	–	–	–	(185,000)	645,000
28.4.2017	1,120,000	–	–	–	(50,000)	1,070,000
30.4.2018	–	1,180,000	–	–	–	1,180,000
	2,525,000	1,180,000	(575,000)	–	(235,000)	2,895,000
KCL PSP-TIP						
29.4.2016	4,707,491	–	–	–	(771,524)	3,935,967
28.4.2017	2,040,000	–	–	–	(10,000)	2,030,000
	6,747,491	–	–	–	(781,524)	5,965,967

Awards:

	Number of shares					
Date of Grant	At 1.1.18	Awards granted	Adjustment upon release	Released	Cancelled	At 31.12.18
KCL RSP-Deferred shares						
23.2.2018	–	4,099,369	–	(4,097,507)	(1,862)	–
	–	4,099,369	–	(4,097,507)	(1,862)	–

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.18	Released	Vested	Cancelled	Other adjustments	At 31.12.18
KCL RSP						
31.3.2014	5,400	–	–	(1,200)	–	4,200
31.3.2015	1,359,391	–	(1,312,918)	(35,473)	–	11,000
30.7.2015	224,325	–	(223,925)	(400)	–	–
29.4.2016	3,513,249	–	(1,741,200)	(141,531)	(15,600)	1,614,918
	5,102,365	–	(3,278,043)	(178,604)	(15,600)	1,630,118
KCL RSP-Deferred shares						
23.2.2018	–	4,097,507	(1,365,201)	(111,969)	(34,100)	2,586,237
	–	4,097,507	(1,365,201)	(111,969)	(34,100)	2,586,237

4d. Capital reserves

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Share option and share plan reserve	**203,926**	202,048	**177,529**	177,599
Fair value reserve	**69,700**	99,169	**16,957**	15,012
Hedging reserve	**(198,816)**	(111,930)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**80,133**	52,120	**7,655**	16,895
	194,943	281,407	**202,141**	209,506

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

	Note	Fourth Quarter		Full Year	
		31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
		$'000	$'000	**$'000**	$'000
			Restated		Restated
OPERATING ACTIVITIES					
Operating profit		**5,143**	147,626	**1,042,566**	801,046
Adjustments:					
Depreciation and amortisation		**49,304**	48,893	**182,386**	212,380
Share-based payment expenses		**6,440**	14,136	**34,885**	32,583
(Profit)/loss on sale of investments		**(2,232)**	1,074	**(2,232)**	(35,294)
Profit on sale of fixed assets and an investment property		**(1,002)**	(6,924)	**(2,795)**	(20,142)
Impairment/(write-back of impairment) of investments and associated companies		**61,721**	22,032	**60,782**	(24,862)
Impairment of fixed assets		**6,911**	12,596	**6,911**	15,530
Gain on disposal of subsidiaries		**(5,774)**	(3,966)	**(604,638)**	(146,542)
Gain on disposal of associated companies		**(6,771)**	(19,226)	**(48,783)**	(62,673)
Fair value gain on investment properties		**(36,586)**	(177,939)	**(84,886)**	(177,939)
(Gain)/loss from change in interest in associated companies		**(2,845)**	8,919	**(63,622)**	13,075
Unrealised foreign exchange differences		**(26,896)**	(2,474)	**27,622**	(87,745)
Operational cash flow before changes in working capital		**47,413**	44,747	**548,196**	519,417
Working capital changes:					
Stocks		**(66,593)**	314,828	**(178,344)**	785,755
Contract assets		**(334,685)**	(245,738)	**164,292**	131,549
Debtors		**589,338**	176,554	**558,413**	122,556
Creditors		**(174,744)**	138,133	**(483,873)**	35,893
Contract liabilities		**(74,651)**	109,463	**(222,872)**	104,031
Investments		**10,724**	(13,328)	**(20,616)**	(17,549)
Intangibles		**(561)**	(731)	**(561)**	(731)
Amount due from/to associated companies		**(22,708)**	(66,513)	**177**	(60,578)
		(26,467)	457,415	**364,812**	1,620,343
Interest received		**44,756**	35,883	**154,482**	130,832
Interest paid		**(54,137)**	(39,284)	**(198,637)**	(184,841)
Income taxes paid, net of refunds received		**(3,596)**	(62,213)	**(195,904)**	(363,377)
Net cash (used in)/from operating activities		**(39,444)**	391,801	**124,753**	1,202,957
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	**(38,052)**	–	**(38,052)**	–
Acquisition and further investment in associated companies		**(299,630)**	(90,718)	**(365,818)**	(291,356)
Acquisition of fixed assets and investment properties		**(100,754)**	(95,560)	**(254,511)**	(392,991)
Disposal of subsidiaries	5b	**18,445**	173,886	**1,085,671**	878,873
Proceeds from disposal of fixed assets		**2,142**	5,382	**5,524**	37,385
Proceeds from disposal of associated companies and return of capital		**8,450**	55,052	**179,342**	96,954
Advances from/to associated companies		**(37,108)**	220,226	**(216,636)**	(42,555)
Dividends received from investments and associated companies		**71,811**	42,690	**281,375**	270,199
Net cash (used in)/from investing activities		**(374,696)**	310,958	**676,895**	556,509

		Fourth Quarter		Full Year	
		31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
		$'000	$'000	**$'000**	$'000
	Note		Restated		Restated
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**(1,802)**	(33,721)	**(3,337)**	(66,380)
Proceeds from share options exercised with issue of treasury shares		**32**	1,327	**5,324**	1,374
Purchase of treasury shares		**–**	–	**(90,758)**	(19,428)
Proceeds from non-controlling shareholders of subsidiaries		**–**	–	**–**	77
Proceeds from share issues		**–**	2,916	**412**	2,916
Proceeds from term loans		**451,793**	128,091	**1,549,445**	1,700,023
Repayment of term loans		**(51,386)**	(846,822)	**(1,939,475)**	(2,707,102)
Dividend paid to shareholders of the Company		**–**	–	**(526,152)**	(363,531)
Dividend paid to non-controlling shareholders of subsidiaries		**(4,934)**	(6,012)	**(20,321)**	(26,574)
Net cash from/(used in) financing activities		**393,703**	(754,221)	**(1,024,862)**	(1,478,625)
Net (decrease)/increase in cash and cash equivalents		**(20,437)**	(51,462)	**(223,214)**	280,841
Cash and cash equivalents as at beginning of quarter / year		**1,987,082**	2,312,000	**2,241,448**	2,018,772
Effects of exchange rate changes on the balance of cash held in foreign currencies		**5,199**	(19,090)	**(46,390)**	(58,165)
Cash and cash equivalents as at end of quarter / year	5c	**1,971,844**	2,241,448	**1,971,844**	2,241,448

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

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

	Fourth Quarter		Full Year	
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
	$'000	$'000	**$'000**	$'000
		Restated		Restated
Fixed assets	**47**	–	**47**	–
Investment Properties	**360,000**	–	**360,000**	–
Debtors and other assets	**530**	–	**530**	–
Bank balances and cash	**18,521**	–	**18,521**	–
Creditors	**(6,778)**	–	**(6,778)**	–
Borrowings	**(297,923)**	–	**(297,923)**	–
Current and deferred taxation	**(3,827)**	–	**(3,827)**	–
Total identifiable net assets at fair value	**70,570**	–	**70,570**	–
Amount previously accounted for as associated companies	**(32,484)**	–	**(32,484)**	–
Loss on remeasurement of previously held equity interest at fair value at acquisition date	**18,487**	–	**18,487**	–
Net assets acquired	**56,573**		**56,573**	
Total purchase consideration	**56,573**	–	**56,573**	–
Less: Bank balances and cash acquired	**(18,521)**	–	**(18,521)**	–
Cash outflow on acquisition	**38,052**	–	**38,052**	–

During the year, signification acquisition of a subsidiary relates to the acquisition of 77.6% interest in PRE I Investments Pte. Ltd.

5b. Disposal of subsidiaries

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

	Fourth Quarter		Full Year	
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017
	$'000	$'000	**$'000**	$'000
		Restated		Restated
Fixed assets and investment properties	**–**	(92,257)	**(952,885)**	(535,140)
Long term investment	**–**	(2,102)	**–**	(2,102)
Stocks	**–**	(15,850)	**(692,651)**	(282,344)
Debtors and other assets	**–**	(101,142)	**(7,939)**	(159,030)
Bank balances and cash	**(573)**	(20,863)	**(39,194)**	(36,374)
Creditors and other liabilities	**5,989**	13,693	**446,973**	77,431
Current and deferred taxation	**89**	10,879	**139,863**	13,280
Borrowings	**–**	58,288	**171,380**	138,288
Non-controlling interest	**–**	63,652	**210,166**	69,451
	5,505	(85,702)	**(724,287)**	(716,540)
Amount accounted for as associated company	**–**	68,631	**–**	73,593
Net assets disposed of	**5,505**	(17,071)	**(724,287)**	(642,947)
Net gain on disposal	**(5,774)**	(3,966)	**(604,638)**	(146,542)
Realisation of foreign currency translation reserve	**(244)**	826	**(7,575)**	9,698
Sale proceeds	**(513)**	(20,211)	**(1,336,500)**	(779,791)
Add: Payments received in advance	**–**	(174,538)	**–**	(174,538)
Less: Bank balances and cash disposed	**573**	20,863	**39,194**	36,374
Less: Advance payments received in prior year	**–**	–	**174,538**	–
Less: Deferred proceeds	**(18,505)**	–	**37,097**	39,082
Cash inflow on disposal	**(18,445)**	(173,886)	**(1,085,671)**	(878,873)

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

Significant disposal in the prior year relates to the sale of Keppel Lakefront (Nantong) Property Development Co Ltd, Wiseland Investment (Myanmar) Limited, 80% interest in PT Sentral Tunjungan Perkasa, Keppel DC Singapore 4, 90% interest in Keppel DC Singapore 3, Keppel Verolme and Kepwealth Property Phils., Inc. In addition, the Group lost control of some entities during the year but continued to retain significant influence. These entities were deconsolidated from the Group's financial statements and were accounted as associated companies using the equity method from their respective dates of ceasing control.

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	
	2018	2017
	$'000	$'000
Bank balances, deposits and cash	**1,981,406**	2,273,788
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(9,562)**	(32,340)
	1,971,844	2,241,448

5d. Cash flow analysis

(i) Fourth Quarter

Net cash used in operating activities for the quarter was $39 million compared to net cash of $392 million from operating activities for the corresponding quarter last year. This was due mainly to working capital requirements.

Net cash used in investing activities for the quarter was $375 million. This was due mainly to acquisitions and capital expenditure of $439 million and advances to associated companies of $37 million. This was partly offset by divestments and dividend income amounting to $101 million.

Net cash from financing activities was $394 million. This was mainly attributable to the net proceeds from term loans of $400 million, partly offset by the dividend of $4.9 million that was paid to non-controlling shareholders of subsidiaries during the quarter.

(ii) Full year

Net cash from operating activities was $125 million compared to $1,203 million in the prior period. This was due mainly to working capital requirements.

Net cash from investing activities was $677 million. Divestments and dividend income amounted to $1,552 million. This was partly offset by the acquisitions and capital expenditure as well as payments to associated companies of $875 million.

Net cash used in financing activities was $1,025 million. This was mainly attributable to the net repayment of term loans of $390 million, dividend of $546 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the year and purchase of treasury shares 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 in paragraph 9 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 2017.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its financial information under SFRS(I)s for the fourth quarter and full year ended 31 December 2018. SFRS(I)s comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and is effective on 1 January 2018. An entity that complies with SFRS(I)s can also elect to simultaneously include an explicit and unreserved statement of compliance with IFRS in its first SFRS(I) financial statements, and thereafter, in its subsequent SFRS(I) financial statements. The Group has elected to assert dual compliance with both SFRS(I)s and IFRS with effect from annual periods beginning on or after 1 January 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group’s opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group’s date of transition to SFRS(I)s.

a) <u>Application of SFRS(I) 1</u>

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of $280,787,000 was reclassified from foreign exchange translation account to revenue reserves as at 1 January 2017.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and associated companies in the fourth quarter and full year ended 31 December 2017 were restated. As at 31 December 2017, cumulative translation losses of $302,453,000 was reclassified from foreign exchange translation account to revenue reserves.

The Group has presented share of taxation of associated companies under share of results of associated companies instead of taxation.

b) <u>Adoption of SFRS(I)s</u>

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

i) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group has adopted SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Following the presentation requirements in SFRS(I) 15, the Group has presented contract assets separately from stocks and changed the terminology of "billings on work-in-progress in excess of related costs" to "contract liabilities". In addition, the Group has equity accounted for associated companies’ impact arising from the application of SFRS(I) 15.

ii) Adoption of SFRS(I) 9

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of FRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

1) Classification and measurement

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

As a result, certain balance sheet items and reserves were adjusted as at 1 January 2018.

2) Impairment of financial assets

Financial assets are subject to expected credit loss impairment model under SFRS(I) 9. As a result, debtors and revenue reserves as at 1 January 2018 were adjusted.

Impact on the comparatives for the Fourth Quarter and Full Year ended 31 December 2018 Financial Statements

The financial effect of adopting SFRS(I)s for the Group is as follows:

Group Profit and Loss Account	Fourth Quarter 31.12.2017 $'000	Full Year 31.12.2017 $'000
Decrease in material & subcontract costs	17,733	41,651
Increase/(decrease) in other operating income	4,191	(16,283)
Increase in operating profit	21,924	25,368
Decrease in share of results of associated companies	(27,661)	(99,506)
Decrease in taxation	10,160	54,339
Increase/(decrease) in profit for the year	4,423	(19,799)
Attributable to:		
Shareholders of the Company	3,786	(20,643)
Non-controlling interests	637	844
	4,423	(19,799)
Increase/(decrease) in basic EPS	0.2 cts	(1.1) cts
Increase/(decrease) in diluted EPS	0.2 cts	(1.1) cts

Group Balance Sheets	01.01.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Increase in associated companies	–	12,525	11,250
Decrease in investments	(24,067)	–	–
Decrease in long term assets	(185,692)	–	–
Decrease in stocks	–	(2,800,929)	(2,909,700)
Increase in contract assets	–	3,442,215	3,608,781
Decrease in debtors	(25,734)	(81,000)	–
Increase in creditors	–	(1,026,544)	(1,154,202)
Decrease in contract liabilities	–	492,720	480,858
Increase in taxation	–	(26,462)	(25,737)
(Decrease)/Increase in net assets	(235,493)	12,525	11,250
Increase in capital reserves	1,058	–	–
Decrease in revenue reserves	(236,296)	(292,407)	(271,764)
Increase in foreign exchange translation account	–	302,453	280,787
(Decrease)/Increase in non-controlling interests	(255)	2,479	2,227
(Decrease)/Increase in total equity	(235,493)	12,525	11,250

The adoption of SFRS(I)s has no impact on the financial statements of the Company for the fourth quarter and full year ended 31 December 2017.

10. REVIEW OF GROUP PERFORMANCE

(i) Fourth Quarter

Group revenue for 4Q2018 of $1,677 million was $132 million or 9% above that of 4Q2017. Revenue from the Offshore & Marine Division increased by $30 million to $520 million due mainly to higher revenue recognition from ongoing projects. Revenue from the Property Division decreased by $59 million to $373 million due mainly to lower revenue from Singapore, partly offset by higher revenue from Vietnam and China. The Infrastructure Division's revenue increased by $151 million to $744 million due mainly to increased sales in the power and gas businesses as well as higher progressive revenue recognition from the Keppel Marina East Desalination Plant project.

Group pre-tax profit for 4Q2018 was $164 million as compared to pre-tax loss of $417 million for 4Q2017. Pre-tax loss for 4Q2017 included $619 million for the one-off financial penalty arising from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore, and related legal, accounting and forensics costs. Excluding the one-off financial penalty and related costs from 4Q2017, the Group pre-tax profit for 4Q2018 of $164 million was $38 million or 19% below the pre-tax profit of $202 million for 4Q2017. The Offshore & Marine Division's pre-tax loss for 4Q2018 was $97 million as compared to pre-tax loss, excluding the one-off financial penalty and related costs, of $256 million for 4Q2017. This was mainly due to higher operating results arising from higher revenue, write-back of provisions for claims and share of associated companies' profits, partly offset by higher impairment provisions. Pre-tax profit of the Property Division of $215 million was $146 million or 40% lower than 4Q2017. This was due mainly to lower fair value gains on investment properties. Pre-tax profit of the Infrastructure Division decreased marginally by $2 million to $50 million. Investments Division's pre-tax loss was $4 million as compared to pre-tax profit of $45 million for 4Q2017. This was mainly due to lower contribution from the asset management business and provision for impairment of an associated company, partly offset by higher contribution from the Sino-Singapore Tianjin Eco-City.

Tax expenses decreased by $60 million due mainly to lower taxable profits. Non-controlling interests were $14 million higher than those of 4Q2017.

After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 4Q2018 was $135 million as compared to net loss for 4Q2017 of $492 million. Excluding the one-off financial penalty and related costs of $619 million from 4Q2017, net profit for 4Q2018 of $135 million was $8 million or 6% above the net profit of $127 million for 4Q2017.

(ii) Full year

Group net profit attributable to shareholders increased by $748 million or 382% to $944 million. Earnings per share increased correspondingly by 381% to 52.0 cents. Return on equity was 8.3% and Economic Value Added was $252 million.

Net profit for 2017 included $619 million for the one-off financial penalty arising from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore, and related legal, accounting and forensics costs. Excluding the one-off financial penalty and related costs from 2017, net profit for 2018 of $944 million was $129 million or 16% above the net profit of $815 million for 2017.

Group revenue of $5,965 million for 2018 was at almost the same level as in 2017. Revenue from the Offshore & Marine Division improved by $73 million or 4% to $1,875 million due to revenue recognition in relation to the jackup rigs sold to Borr Drilling Limited and higher revenue recognition from ongoing projects. Major jobs completed and delivered in 2018 include two jackup rigs, a gas carrier refurbishment, two FPSO conversions, a RORO conversion and two dual-fuel LNG tugs. Revenue from the Property Division decreased by $442 million to $1,340 million due mainly to lower revenue from Singapore, China and Vietnam property trading. Revenue from the Infrastructure Division grew by $422 million to $2,629 million as a result of increased sales in the power and gas businesses, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project. Revenue from the Investments Division decreased by $52 million to $121 million due mainly to the absence of sale of investments and lower revenue from the asset management business.

Group pre-tax profit for the current year was $1,240 million, $798 million or 181% above the previous year. Group pre-tax profit for 2017 included $619 million for the one-off financial penalty and related costs. Excluding the one-off financial penalty and related costs from 2017, Group pre-tax profit for 2018 of $1,240 million was $179 million or 17% above the pre-tax profit of $1,061 million for 2017.

The Offshore & Marine Division's pre-tax loss was $113m as compared to pre-tax loss, excluding the one-off financial penalty and related costs, of $243 million in 2017. This was mainly due to higher operating results arising from higher revenue, write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions and absence of gain from divestment of Keppel Verolme. Pre-tax profit from the Property Division increased by $344 million to $1,188 million due mainly to en-bloc sales of development projects (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company) and gain from divestment of the stake in Aether Limited. The positive variance was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of associated companies' profits. Pre-tax profit of the Infrastructure Division was $184 million, $14 million above that in 2017. This was mainly due to dilution gain following Keppel DC REIT's private placement exercise, the gain arising from the sale of stake in Keppel DC REIT, as well as higher contribution from Environmental Infrastructure and Infrastructure Services, partly offset by lower contribution from Energy Infrastructure, lower share of profits from Keppel Infrastructure Trust, and absence of gain from divestment of GE Keppel Energy Services Pte Ltd compared against last year. Pre-tax loss of the Investments Division was $19 million as compared to pre-tax profit of $290 million in 2017. This was mainly due to lower profit from land sales in the Sino-Singapore Tianjin Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefited from the share of profit from k1 Ventures, write-back of provision for impairment of an associated company, and profit from sale of investments.

Taxation expenses increased by $38 million or 16% due mainly to higher taxable profits. Non-controlling interests were $12 million higher than last year. Taking into account income tax expenses and non-controlling interests, and excluding the one-off financial penalty from the global resolution and related costs of $619 million in 2017, net profit attributable to shareholders for 2018 was $944 million, an increase of $129 million from $815 million in 2017. The Property Division was the largest contributor to the Group's net profit with a 99% share, followed by the Infrastructure Division's 18% while the Offshore & Marine Division and Investments Division contributed negative 11% and negative 6% to the Group's net profit respectively.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division's net order book, excluding the Sete rigs, stands at $4.3 billion. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in production assets, specialised vessels, gas solutions, floating infrastructure and offshore renewables, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 4,440 homes in 2018, comprising about 160 in Singapore, 2,240 in China, 910 in Vietnam, 350 in Indonesia and 780 in India. Keppel REIT's office buildings in Singapore and Australia maintained a high portfolio committed occupancy rate of 98% as at 31 December 2018. The Division will remain focused on strengthening its presence in its key markets such as Singapore, China and Vietnam and scaling up in other markets such as Indonesia and India, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure will continue to build on its core competencies in the energy and environment-related infrastructure as well as infrastructure services businesses to pursue promising growth areas. Keppel Telecommunications & Transportation will continue to develop its data centre business locally and overseas. Besides building complementary capabilities in the growing e-commerce business, it plans to transform the logistics business from an asset-heavy business to a high performing asset-light service provider in urban logistics.

In the Investments Division, Keppel Capital will continue to allow the Group to more effectively recycle capital and expand its capital base with co-investments, giving the Group greater capacity to seize opportunities for growth. Keppel Capital will also create value for investors and grow the Group's asset management business.

Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable precincts. 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 the development of the Eco-City, including selling further land parcels.

The Group has launched a strategic initiative to gain majority control of M1 Limited (M1), in collaboration with Singapore Press Holdings Limited, via a Voluntary Conditional General Offer in order to drive business changes in M1 that will enable M1 to compete more effectively in the telecommunications industry. The initiative complements the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital platform and connectivity partner to complement and augment the Group's current suite of solutions, and at the same time benefit from harnessing the synergies of the Group. In addition, Keppel Corporation and Keppel Telecommunications & Transportation are jointly proposing a Scheme of Arrangement to also provide Keppel Telecommunications & Transportation's minority shareholders with a cash exit at a compelling premium. The proposed Scheme is consistent with the Group's strategy to simplify the group corporate structure, with a view to improving capital allocation and better aligning Keppel Telecommunications & Transportation's interests with the rest of the Keppel Group's.

The Group will continue to execute its multi-business strategy, capturing value by harnessing its core strengths and growing collaboration across divisions to unleash potential synergies, while being agile 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 15.0 cents per share tax exempt one-tier (2017: 14.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2018 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 10.0 cents per share tax exempt one-tier and a special cash dividend of 5.0 cents per share tax exempt one-tier (2017: 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 2018 will be 30.0 cents in cash per share (2017: 22.0 cents in cash per share).

Name of Dividend	**Final FY2018**
Dividend type	**Cash**
Dividend per share	**15.0 cents**
Tax rate	**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 FY2017
Dividend type	Cash
Dividend per share	14.0 cents
Tax rate	Tax exempt

13c. Date Payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 23 April 2019, will be paid on 10 May 2019.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 30 April 2019 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on 30 April 2019 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 30 April 2019 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 2018 will be 30.0 cents in cash per share (2017: 22.0 cents in cash per share).

	2018 **$'000**	2017 $'000	+/- %
Interim cash dividend	**181,241**	145,414	+24.6
Special cash dividend	**90,621**	–	NM
Final cash dividend	**271,869**	254,290	+6.9
Total annual dividend	**543,731**	399,704	+36.0

* Estimated based on share capital of 1,812,458,136 ordinary shares (excluding treasury shares) at the end of the financial year.

14. SEGMENT ANALYSIS

2018

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**1,874,571**	**1,340,235**	**2,628,571**	**121,404**	**–**	**5,964,781**
Inter-segment sales	**–**	**6,139**	**22,729**	**60,872**	**(89,740)**	**–**
Total	**1,874,571**	**1,346,374**	**2,651,300**	**182,276**	**(89,740)**	**5,964,781**
Segment Results						
Operating profit	**(73,433)**	**1,031,852**	**105,332**	**(23,019)**	**1,834**	**1,042,566**
Investment income	**1,199**	**3,976**	**2,230**	**2,586**	**–**	**9,991**
Interest income	**53,675**	**57,268**	**57,265**	**295,233**	**(299,181)**	**164,260**
Interest expenses	**(102,630)**	**(70,869)**	**(16,969)**	**(305,322)**	**297,347**	**(198,443)**
Share of results of associated companies	**8,001**	**165,311**	**36,499**	**11,707**	**–**	**221,518**
(Loss)/profit before tax	**(113,188)**	**1,187,538**	**184,357**	**(18,815)**	**–**	**1,239,892**
Taxation	**2,523**	**(253,963)**	**(7,837)**	**(24,470)**	**–**	**(283,747)**
(Loss)/profit for the year	**(110,665)**	**933,575**	**176,520**	**(43,285)**	**–**	**956,145**
Attributable to:						
Shareholders of Company	**(109,250)**	**937,896**	**169,584**	**(54,401)**	**–**	**943,829**
Non-controlling interests	**(1,415)**	**(4,321)**	**6,936**	**11,116**	**–**	**12,316**
	(110,665)	**933,575**	**176,520**	**(43,285)**	**–**	**956,145**
Other Information						
Segment assets	**8,461,013**	**13,850,067**	**3,649,336**	**7,596,099**	**(6,950,188)**	**26,606,327**
Segment liabilities	**5,556,134**	**5,692,596**	**2,248,589**	**8,472,056**	**(6,950,188)**	**15,019,187**
Net assets	**2,904,879**	**8,157,471**	**1,400,747**	**(875,957)**	**–**	**11,587,140**
Investment in associated companies	**706,189**	**3,206,987**	**1,066,849**	**1,259,660**	**–**	**6,239,685**
Additions to non-current assets	**87,478**	**461,857**	**61,394**	**28,225**	**–**	**638,954**
Depreciation and amortisation	**99,091**	**32,762**	**44,930**	**5,603**	**–**	**182,386**
Impairment loss	**32,503**	**796**	**1,754**	**53,000**	**–**	**88,053**

Geographical Information

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**4,370,849**	**741,759**	**224,573**	**374,430**	**253,170**	**–**	**5,964,781**
Non-current assets	**6,119,704**	**2,747,668**	**229,917**	**1,648,108**	**847,235**	**–**	**11,592,632**

2017 (Restated)

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	1,801,347	1,782,343	2,207,162	172,921	–	5,963,773
Inter-segment sales	584	6,217	20,031	62,795	(89,627)	–
Total	1,801,931	1,788,560	2,227,193	235,716	(89,627)	5,963,773
Segment Results						
Operating profit	(166,747)	667,610	124,984	175,100	99	801,046
One-off financial penalty & related costs	(618,722)	–	–	–	–	(618,722)
Investment income	2,112	12,377	–	5,382	–	19,871
Interest income	50,897	40,413	47,801	263,754	(264,937)	137,928
Interest expenses	(127,080)	(67,053)	(16,009)	(243,923)	264,838	(189,227)
Share of results of associated companies	(2,650)	190,492	12,587	90,104	–	290,533
Profit before tax	(862,190)	843,839	169,363	290,417	–	441,429
Taxation	14,180	(198,552)	(27,797)	(31,880)	–	(244,049)
(Loss)/profit for the year	(848,010)	645,287	141,566	258,537	–	197,380
Attributable to:						
Shareholders of Company	(825,773)	649,826	133,813	238,159	–	196,025
Non-controlling interests	(22,237)	(4,539)	7,753	20,378	–	1,355
	(848,010)	645,287	141,566	258,537	–	197,380
Other Information						
Segment assets	10,102,851	14,949,530	3,417,867	7,791,404	(7,576,052)	28,685,600
Segment liabilities	8,913,463	6,892,999	1,867,633	6,614,598	(7,576,052)	16,712,641
Net assets	1,189,388	8,056,531	1,550,234	1,176,806	–	11,972,959
Investment in associated companies	690,086	2,918,425	1,032,008	1,273,258	–	5,913,777
Additions to non-current assets	183,879	342,337	224,996	173,216	–	924,428
Depreciation and amortisation	129,527	36,869	43,953	2,031	–	212,380
Impairment loss/(write-back of impairment loss)	28,800	8,499	2,554	(45,808)	–	(5,955)

Geographical Information

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	3,969,057	807,780	456,727	436,187	294,022	–	5,963,773
Non-current assets	5,937,794	3,367,171	267,965	1,473,070	893,942	–	11,939,942

Note:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. Investments consist mainly of the Group's investments in fund management, M1 Limited, KrisEnergy Limited, k1 Ventures Limited, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities.

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

(c) For the years ended 31 December 2018 and 31 December 2017, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) Revenue of $730,615,000 is derived from a single external customer and is attributable to the Infrastructure Division for the year ended 31 December 2018. No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2017.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $5,965 million was at almost the same level as 2017. Revenue from the Offshore & Marine Division of $1,875 million was $73 million above 2017 due mainly to revenue recognition in relation to the jackup rigs sold to Borr Drilling Limited and higher revenue recognition from ongoing projects. The Property Division saw its revenue decrease by $442 million to $1,340 million due mainly to lower revenue from Singapore, China and Vietnam property trading. Revenue from the Infrastructure Division grew by $422 million to $2,629 million as a result of increased sales in the power and gas businesses, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project. Revenue from the Investments Division decreased by $52 million to $121 million due mainly to the absence of sale of investments and lower revenue from the asset management business.

15b. Net profit by Segments

Group net profit of $944 million was $748 million or 382% higher than that of corresponding period in 2017. Net profit for 2017 included $619 million for the one-off financial penalty arising from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore, and related legal, accounting and forensics costs. Excluding the one-off financial penalty and related costs from 2017, net profit for 2018 of $944 million was $129 million or 16% above the net profit of $815 million for 2017.

The Offshore & Marine Division's loss was $109 million as compared to net loss, excluding the one-off financial penalty and related costs, of $207 million in 2017. This was mainly due to higher operating results arising from higher revenue, write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions and absence of gain from divestment of Keppel Verolme. Profit from the Property Division increased by $288 million to $938 million due mainly to en-bloc sales of development projects and gain from divestment of the stake in Aether Limited. The positive variance was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of associated companies' profits. Profit of the Infrastructure Division was $169 million, $35 million above that in 2017. This was mainly due to dilution gain following Keppel DC REIT's private placement, the gain arising from the sale of stake in Keppel DC REIT, as well as higher contribution from Environmental Infrastructure and Infrastructure Services, partly offset by lower contribution from Energy Infrastructure, lower share of profits from Keppel Infrastructure Trust, and absence of gain from divestment of GE Keppel Energy Services Pte Ltd. Loss of the Investments Division was $54 million as compared to profit of $238 million in 2017. This was mainly due to lower land sales in the Sino-Singapore Tianjin Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefited from the share of profit from k1 Ventures, write-back of provision for impairment of an associated company, and profit from sale of investments. The Property Division was the largest contributor to the Group's net profit with a 99% share, followed by the Infrastructure Division's 18% while the Offshore & Marine Division and Investments Division contributed negative 11% and negative 6% to the Group's net profit respectively.

15c. Revenue by Geographical Segments

Revenue from Singapore of $4,371 million was $402 million higher than that of corresponding period in 2017, due largely to higher revenue from the Infrastructure Division and the Offshore & Marine Division.

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 20 April 2018. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	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)	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**–**	–	**–**	174,000
PSA International Group	**–**	–	**208**	8,077
SATS Group	**–**	–	**–**	24,400
SembCorp Marine Group	**–**	–	**2,202**	1,783
Singapore Power Group	**–**	–	**923**	2,657
Singapore Technologies Engineering Group	**–**	–	**1,272**	189
Temasek Holdings Group (other than the above)	**–**	–	**–**	338
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	**–**	–	**–**	254
Certis CISCO Security Group	**–**	–	**549**	718
Mapletree Investments Group	**–**	–	**773**	1,020
Pavilion Gas Pte Ltd	**–**	–	**52,000**	51,000
PSA International Group	**–**	–	**501**	305
Singapore Power Group	**–**	–	**43**	353
Singapore Technologies Engineering Group	**–**	–	**350**	3,289
Singapore Telecommunications Group	**–**	–	**6,772**	441
SMRT Corporation Group	**–**	–	**209**	–
Temasek Holdings Group (other than the above)	**–**	–	**436**	546
Total Interested Person Transactions	**–**	–	**66,238**	269,370

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/LEON NG
Company Secretaries

24 January 2019