Keppel Corporation

Keppel Corporation Limited
(Co Reg No. 196800351N)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
www.kepcorp.com

Tel: (65) 62706666
Fax: (65) 64136452

Media Release

Keppel nets profit of S$356m for 1H 2019

Interim dividend of 8.0 cents per share declared for 1H 2019.

Singapore, 18 July 2019 – Keppel Corporation Limited (Keppel) reported a net profit of S$356 million for the half year ended 30 June 2019, 39% below the S$586 million achieved a year ago, mainly due to lower contributions from en-bloc sales of property projects which amounted to S$416 million in 1H 2018.

Compared to 1H 2018, the six months of 2019 saw improved performance at Keppel Offshore & Marine which returned to profitability, higher contributions from M1 following the consolidation of its results with the Group, as well as strong earnings growth at Keppel Infrastructure and Keppel Capital.

The Group's 1H 2019 revenue of S$3,315 million, was 11% higher than the S$2,993 million achieved in 1H 2018, mainly due to higher sales contributions from Keppel Infrastructure, Keppel Capital and M1, offset by lower revenues from Keppel O&M and Keppel Land.

For the first six months of 2019, the Group achieved an annualised return on equity of 6.3%. Net gearing rose to 0.82x as at 30 June 2019, compared to 0.48x as at 31 December 2018, following the privatisation of M1 and Keppel Telecommunications & Transportation, as well as due to higher working capital requirements, the payment of the final cash dividend for FY 2018 and the recognition of lease liabilities. Free cash outflow was S$614 million in 1H 2019 compared to an inflow of S$873 million in 1H 2018 due to higher working capital requirements and lower proceeds from en-bloc sales.

The Group's net profit for 2Q 2019 was S$153 million, 39% lower than the S$249 million for 2Q 2018, in the absence of en-bloc sales of property projects, partly offset by stronger performance from Keppel Offshore & Marine, Keppel Infrastructure and Keppel Capital. Group revenue of S$1,784 million was 17% higher than the S$1,523 million achieved a year ago, with higher contributions across Keppel Infrastructure, Keppel Land, Keppel Capital and M1.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Our efforts to position Keppel for growth in new markets have borne fruit in 1H 2019, with the Group securing new offshore wind energy contracts worth approximately S$720m and selling more than 700 homes in Nanjing, China, which is a new market for Keppel Land.

"In the year to date, we have invested about S$100 million in venture capital and high-growth businesses and startups in areas such as prop tech, China tech start-ups, enterprise & deep tech, edge data centre solutions and batteries for electric vehicles. Our efforts to tap new technologies and innovations will enhance the depth and breadth of our solutions for sustainable urbanisation and equip Keppel to stay ahead in this fast-changing landscape."

Offshore & Marine

The Offshore & Marine (O&M) Division reported a net profit of S$10 million for 1H 2019, compared to a net loss of S$40 million a year ago, due mainly to higher investment income, lower net interest expense and a higher share of associated companies' profits.

As at end-June 2019, the O&M Division won quality contracts worth about S$1.9 billion, higher than the total value of new orders secured in the whole of 2018. These include offshore wind projects worth about S$720m from established renewable energy customers, namely Tennet Offshore and Ørsted. As at end June 2019, the Division's net orderbook stood at S$5.5 billion, the highest level since 2016, excluding projects for Sete Brasil.

Property

The Property Division recorded a net profit of S$262 million for 1H 2019, 57% lower year on year, due mainly to the lower gains from the en-bloc sales of development projects and lower contribution from Singapore property trading. The variance was partly offset by higher investment income and higher contributions from associated companies arising from fair value gains on investment properties.

The Property Division sold some 2,100 units in 1H 2019, up 52% from the same period in 2018, on the back of stronger performance in China and Vietnam. As it strengthens its presence in markets across Asia, the Property Division will also continue to pursue opportunities to unlock value and recycle its capital.

Infrastructure

The Infrastructure Division recorded a net profit of S$59 million in 1H 2019, underpinned by stronger performance across all of Keppel Infrastructure's business segments - Energy Infrastructure, Environmental Infrastructure and Infrastructure Services. However, in the absence of a dilution gain arising from Keppel DC REIT's private placement exercise in 1H 2018, the Division's overall earnings were 11% lower year on year.

In 1H 2019, Keppel Infrastructure progressed steadily with the development of the Keppel Marina East Desalination Plant and the Hong Kong Integrated Waste Management Facility, both of which will contribute long term recurring income when completed in 2020 and 2024 respectively. Keppel Electric is currently the leading electricity retailer in the Open Electricity Market, having secured over 150,000 household customers.

Investments

The Investments Division recorded a net profit of S$25 million for 1H 2019, reversing a net loss of S$46 million a year ago. This was due mainly to a fair value gain from the remeasurement of previously held interests in M1 as at acquisition date, as well as higher contributions from Keppel Capital and the consolidation of M1's results, which were partly offset by net interest expense in the current period as compared to net interest income in 1H 2018, a higher fair value loss on KrisEnergy warrants, charges related to the acquisition of M1, as well as a provision for impairment of an associated company.

As part of its business transformation, M1 has revamped its mobile offerings, and launched a simplified plan and a new website to enhance customer experience. Since the launch of the new One Plan in May, M1 secured more than 15,000 new customers within a month, taking its base to 2.25 million as at end-June 2019, an increase of about 80,000 customers year on year.

Financial Highlights

	1H 2019 (S$ m)	1H 2018* (S$ m)	Change (%)	2Q 2019 (S$ m)	2Q 2018* (S$ m)	Change (%)
Revenue	3,315	2,993	11	1,784	1,523	17
Operating Profit	482	766	(37)	160	280	(43)
Net Profit	356	586	(39)	153	249	(39)
Earnings per Share	19.6 cents	32.3 cents	(39)	8.4 cents	13.7 cents	(39)

- Annualised ROE was 6.3% for 1H 2019
- Net gearing was 0.82x at end-June 2019
- Free cash outflow was S$614m in 1H 2019 compared to an inflow of S$873m in 1H 2018
- Declared interim cash dividend of 8.0 cents per share for 1H 2019

** An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee during the year. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, 2018 financial figures in this media release have been restated.*

– END –

For more information, please contact:

Media Relations

Teri Liew (Ms)
General Manager
Group Corporate Communications
Keppel Corporation Limited
DID: (65) 6413 6425
Email: teri.liew@kepcorp.com

Investor Relations

Ivana Chua (Ms)
Assistant General Manager
Group Corporate Communications
Keppel Corporation Limited
DID: (65) 6413 6436
Email: ivana.chua@kepcorp.com

Keppel Corporation

KEPPEL CORPORATION LIMITED

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

SECOND QUARTER 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

KEPPEL CORPORATION LIMITED

Second Quarter 2019 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2019.

1. GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June

	Note	**Second Quarter**			**Half Year**		
		30.6.2019 $'000	30.6.2018 $'000 Restated	+/- %	**30.6.2019 $'000**	30.6.2018 $'000 Restated	+/- %
Revenue		**1,784,510**	1,522,816	+17.2	**3,315,178**	2,992,733	+10.8
Materials & subcontract costs	(i)	**(1,224,501)**	(1,104,590)	+10.9	**(2,248,284)**	(2,102,811)	+6.9
Staff costs	(ii)	**(274,435)**	(214,878)	+27.7	**(536,285)**	(453,795)	+18.2
Depreciation & amortisation	(iii)	**(102,155)**	(43,557)	+134.5	**(169,779)**	(90,005)	+88.6
(Impairment loss)/Write-back of impairment loss on financial assets		**(2,316)**	2,837	NM	**(3,749)**	2,885	NM
Other operating (expense)/ income - net	(iv)	**(21,082)**	117,464	NM	**124,552**	417,471	-70.2
Operating profit		**160,021**	280,092	-42.9	**481,633**	766,478	-37.2
Investment income	(v)	**35,708**	2,362	NM	**40,121**	3,356	NM
Interest income		**41,995**	35,389	+18.7	**83,440**	66,510	+25.5
Interest expenses	(vi)	**(81,592)**	(55,640)	+46.6	**(150,626)**	(99,340)	+51.6
Share of results of associated companies	(vii)	**50,079**	34,891	+43.5	**34,404**	8,717	+294.7
Profit before tax		**206,211**	297,094	-30.6	**488,972**	745,721	-34.4
Taxation	1b	**(53,068)**	(45,057)	+17.8	**(99,299)**	(159,590)	-37.8
Profit for the period		**153,143**	252,037	-39.2	**389,673**	586,131	-33.5
Attributable to:							
Shareholders of the Company		**153,388**	249,052	-38.4	**356,283**	586,517	-39.3
Non-controlling interests		**(245)**	2,985	NM	**33,390**	(386)	NM
		153,143	252,037	-39.2	**389,673**	586,131	-33.5
Earnings per ordinary share							
- basic		**8.4 cts**	13.7 cts	-38.7	**19.6 cts**	32.3 cts	-39.3
- diluted		**8.4 cts**	13.6 cts	-38.2	**19.5 cts**	32.1 cts	-39.3

NM – Not Meaningful

An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee during the year. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, the results for the second quarter and half year ended 30 June 2019 are restated.

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Second Quarter			Half Year		
		30.6.2019 $'000	30.6.2018 $'000	+/- %	**30.6.2019 $'000**	30.6.2018 $'000	+/- %
Share-based payment expenses		**6,865**	9,212	-25.5	**15,111**	18,831	-19.8
Profit on sale of fixed assets and investment properties	(viii)	**(649)**	(1,637)	-60.4	**(806)**	(1,867)	-56.8
Provision/(write-back of provision)							
- Stocks	(ix)	**798**	(10,460)	NM	**800**	(23,143)	NM
- Doubtful debts	(x)	**2,316**	(2,837)	NM	**3,749**	(2,885)	NM
Fair value (gain)/loss							
- Investments	(xi)	**(5,893)**	1,023	NM	**10,989**	8,971	+22.5
- Forward contracts	(xii)	**(5,346)**	(9,035)	-40.8	**11,713**	10,760	+8.9
- Financial derivatives		**121**	(535)	NM	**(67)**	(1,419)	-95.3
Foreign exchange (gain)/loss	(xiii)	**(6,697)**	48,026	NM	**(8,801)**	41,380	NM
(Write-back of impairment)/impairment of associated companies	(xiv)	**(329)**	(313)	+5.1	**18,342**	(626)	NM
Gain on disposal of subsidiaries	(xv)	**–**	(88,262)	NM	**(64,534)**	(425,132)	-84.8
Gain on disposal of an associated company	(xvi)	**–**	(36,979)	NM	**(54)**	(36,979)	-99.9
Fair value gain on investment properties	(xvii)	**(38,347)**	(48,300)	-20.6	**(38,347)**	(48,300)	-20.6
Gain from change in interest in associated companies	(xviii)	**(497)**	(21,191)	-97.7	**(4,618)**	(20,550)	-77.5
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xix)	**–**	–	–	**(158,376)**	–	NM

NM – Not Meaningful

<u>Note</u>:

(i) Materials & subcontract costs increased for the half year ended 30 June 2019 mainly as a result of higher revenue from the Investments (consolidation of M1 Limited ("M1") from date of acquisition) and Infrastructure Divisions, partly offset by lower revenue in the Property and Offshore & Marine Divisions.

(ii) Staff costs increased for the half year ended 30 June 2019 due mainly to consolidation of M1 from date of acquisition and higher manpower cost in the Offshore & Marine Division.

(iii) Depreciation & amortisation increased for the half year ended 30 June 2019 due mainly to the recognition of right-of-use assets following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 9, as well as consolidation of M1 from date of acquisition.

(iv) Other operating income decreased for the half year ended 30 June 2019 due mainly to the lower gain on disposal of subsidiaries (Note xv), lower gain on disposal of associated companies (Note xvi), provision for stocks (Note ix), impairment of associated companies (Note xiv), lower gain from change in interest in associated companies (Note xviii) and lower fair value gain on investment properties (Note xvii), partly offset by fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary (Note xix) and foreign exchange gain (Note xiii).

(v) Higher investment income was largely attributable to distributions received by the Property Division.

(vi) Higher interest expense was mainly attributable to higher average borrowings as well as the recognition of lease liabilities following the adoption of SFRS(I) 16 as disclosed in paragraph 9.

(vii) Share of profit of associated companies for the half year ended 30 June 2019 was higher due mainly to higher contribution from associated companies in all divisions.

(viii) Profit on sale of fixed assets & investment properties in the current period was largely attributable to disposal of assets in the Property Division. The profit on sale of fixed assets in the prior period arose mainly from the Offshore & Marine and Infrastructure Divisions.

(ix) The provision for stocks in the current period arose mainly from the Offshore & Marine Division. The write-back of provision for stocks in the prior period arose mainly from the Property Division.

(x) The provision for doubtful debts arose mainly from the Investments and Offshore & Marine Divisions. The write-back of provision for doubtful debts in the prior period arose mainly from the Offshore & Marine Division.

(xi) Fair value loss (mark-to-market) on investment portfolio for the half year ended 30 June 2019 was due to decrease in prices of warrants, partly offset by increase in prices of stocks.

(xii) Fair value loss on forward contracts for the half year ended 30 June 2019 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 xiii).

(xiii) Foreign exchange gain for the half year ended 30 June 2019 was mainly attributable to the revaluation of net receivables denominated in United States dollar, which appreciated against Singapore dollar, partly offset by foreign exchange loss arising from the receipt of Renminbi-denominated dividends and 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 xii).

(xiv) The impairment of associated companies in the half year ended 30 June 2019 was mainly attributable to impairment of an associated company in the Investments Division. The write-back in the prior period was in relation to write-back of impairment of investments in the Infrastructure Division.

(xv) Gain on disposal of subsidiaries arose from the sale of 70% interest in Dong Nai Waterfront City LLC. In the prior period, gain on disposal of subsidiaries arose from the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd and Keppel Bay Property Development (Shenyang) Co. Ltd.

(xvi) Gain on disposal of an associated company in the current period arose from divestment of Anew Corporation Limited. In the prior period, gain on disposal of an associated company arose from the sale of interest in Quoc Loc Phat Joint Stock Company.

(xvii) Fair value gain on investment properties in the half year ended 30 June 2019 arose from the Group's adoption of mid-year revaluation of its investment properties. In the prior period, fair value gain on investment property relates to Nassim Woods which has been designated for redevelopment for sale.

(xviii) Gain from change in interest in associated companies relates to change in interest in Keppel REIT and Keppel DC REIT.

(xix) Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary arose from the acquisition of M1.

1b. Taxation expenses for the half year ended 30 June 2019 were lower mainly because of write-back of tax provision in the Property, Investment and Offshore & Marine Divisions.

1c. Earnings per ordinary share

	Second Quarter			Half Year		
	30.6.2019	30.6.2018 Restated	+/-%	**30.6.2019**	30.6.2018 Restated	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	**8.4 cts**	13.7 cts	-38.7	**19.6 cts**	32.3 cts	-39.3
- Weighted average number of shares (excluding treasury shares) ('000)	**1,815,955**	1,814,536	+0.1	**1,815,955**	1,814,536	+0.1
(ii) On a fully diluted basis	**8.4 cts**	13.6 cts	-38.2	**19.5 cts**	32.1 cts	-39.3
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,825,302**	1,825,502	-	**1,825,302**	1,825,502	-

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the second quarter and half year ended 30 June

		Second Quarter			Half Year		
		30.6.2019 $'000	30.6.2018 $'000 Restated	+/- %	**30.6.2019 $'000**	30.6.2018 $'000 Restated	+/- %
Profit for the period		**153,143**	252,037	-39.2	**389,673**	586,131	-33.5
Items that may be reclassified subsequently to profit & loss account:							
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(i)	**(179,962)**	92,835	NM	**12,979**	168,442	-92.3
- Realised and transferred to profit & loss account	(ii)	**18,064**	(29,413)	NM	**32,984**	(59,105)	NM
Foreign exchange translation							
- Exchange differences arising during the period	(iii)	**(32,109)**	(14,213)	+125.9	**12,228**	44,188	-72.3
- Realised and transferred to profit & loss account		**(89)**	258	NM	**8,300**	4,609	+80.1
Share of other comprehensive income of associated companies							
- Cash flow hedges		**(9,352)**	10,400	NM	**(10,135)**	24,464	NM
- Foreign exchange translation		**13,171**	12,306	+7.0	**(10,192)**	15,202	NM
		(190,277)	72,173	NM	**46,164**	197,800	-76.7
Items that will not be reclassified subsequently to profit & loss account:							
Financial assets, at FVOCI							
- Fair value changes arising during the period	(iv)	**(23,187)**	15,517	NM	**(18,159)**	(7,578)	+139.6
Foreign exchange translation							
- Exchange differences arising during the period	(iii)	**(1,377)**	(4,428)	-68.9	**1,542**	7,075	-78.2
Share of other comprehensive income of associated companies							
- Financial assets, at FVOCI		**(3)**	7	NM	**116**	733	-84.2
		(24,567)	11,096	NM	**(16,501)**	230	NM
Other comprehensive (expense)/income for the period, net of tax		**(214,844)**	83,269	NM	**29,663**	198,030	-85.0
Total comprehensive (expense)/income for the period		**(61,701)**	335,306	NM	**419,336**	784,161	-46.5
Attributable to:							
Shareholders of the Company		**(60,072)**	336,284	NM	**384,228**	777,146	-50.6
Non-controlling interests		**(1,629)**	(978)	+66.6	**35,108**	7,015	NM
		(61,701)	335,306	NM	**419,336**	784,161	-46.5

NM – Not Meaningful

Note:

(i) Fair value differences were due mainly to the hedging differential on forward exchange contracts and 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 half year ended 30 June 2019 and 30 Jun 2018 arose largely from the strengthening 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 30 June

	Group			Company	
	30.6.2019 $'000	31.12.2018 $'000 Restated	01.01.2018 $'000 Restated	**30.6.2019 $'000**	31.12.2018 $'000
Share capital	**1,291,722**	1,291,722	1,291,310	**1,291,722**	1,291,722
Treasury shares	**(9,625)**	(45,073)	(74)	**(9,625)**	(45,073)
Reserves	**9,831,292**	9,990,489	9,870,625	**6,915,020**	6,396,589
Share capital & reserves	**11,113,389**	11,237,138	11,161,861	**8,197,117**	7,643,238
Non-controlling interests	**466,536**	308,930	529,970	**–**	–
Total equity	**11,579,925**	11,546,068	11,691,831	**8,197,117**	7,643,238
Represented by:					
Fixed assets	**3,304,931**	2,372,560	2,432,963	**6,523**	6,676
Investment properties	**2,897,681**	2,851,380	3,460,608	**–**	–
Right-of-use assets	**430,941**	–	–	**14,507**	–
Subsidiaries	**–**	–	–	**8,091,612**	7,867,959
Associated companies	**6,100,347**	6,239,053	5,915,379	**–**	–
Investments	**587,196**	449,515	417,792	**16,957**	16,957
Long term assets	**1,203,785**	679,464	603,792	**17,257**	8,801
Intangibles	**1,719,590**	129,007	132,594	**–**	–
	16,244,471	12,720,979	12,963,128	**8,146,856**	7,900,393
Current assets					
Stocks	**5,655,794**	5,465,280	5,725,101	**–**	–
Contract assets	**3,328,596**	3,212,712	3,643,495	**–**	–
Amounts due from:					
- subsidiaries	**–**	–	–	**6,842,199**	4,043,121
- associated companies	**297,307**	291,729	342,960	**671**	548
Debtors	**3,024,135**	2,702,300	3,062,683	**17,412**	6,229
Derivative assets	**52,583**	45,976	181,226	**21,981**	23,217
Short term investments	**109,494**	136,587	202,776	**–**	27,400
Bank balances, deposits & cash	**1,768,238**	1,981,406	2,273,788	**542**	370
	14,236,147	13,835,990	15,432,029	**6,882,805**	4,100,885
Current liabilities					
Creditors	**4,284,904**	4,391,023	5,720,165	**84,046**	76,172
Derivative liabilities	**116,654**	119,405	37,969	**41,936**	27,796
Contract liabilities	**1,854,155**	1,918,547	1,950,151	**–**	–
Provisions for warranties	**62,601**	69,614	115,972	**–**	–
Amounts due to:					
- subsidiaries	**–**	–	–	**155,597**	162,611
- associated companies	**330,647**	115,824	253,331	**–**	–
Term loans	**3,812,759**	1,480,757	1,714,084	**2,593,850**	460,657
Lease liabilities	**65,959**	–	–	**4,154**	–
Taxation	**250,569**	297,922	220,761	**39,519**	43,519
	10,778,248	8,393,092	10,012,433	**2,919,102**	770,755
Net current assets	**3,457,899**	5,442,898	5,419,596	**3,963,703**	3,330,130
Non-current liabilities					
Term loans	**6,790,564**	6,067,752	6,078,919	**3,803,348**	3,495,610
Lease liabilities	**564,510**	–	–	**13,401**	–
Deferred taxation	**426,290**	188,340	325,359	**–**	–
Other non-current liabilities	**341,081**	361,717	286,615	**96,693**	91,675
	8,122,445	6,617,809	6,690,893	**3,913,442**	3,587,285
Net assets	**11,579,925**	11,546,068	11,691,831	**8,197,117**	7,643,238
Group net debt	***9,465,554***	*5,567,103*	*5,519,215*	***n.a.***	*n.a.*
Group net gearing ratio	***0.82x***	*0.48x*	*0.46x*	***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 30.6.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
167,914	**3,710,804**	412,412	1,068,345

(ii) Amount repayable after one year

As at 30.6.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
845,751	**6,509,323**	185,874	5,881,878

(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 $766,799,000 (31 December 2018: $1,065,652,000) to banks for loan facilities. Included in secured borrowings are current lease liabilities of $65,959,000 and non-current lease liabilities of $564,510,000 which are secured over the right-of-use assets of $430,941,000.

3b. Net asset value

	Group			**Company**		
	30.6.2019	31.12.2018 Restated	+/-%	**30.6.2019**	31.12.2018	+/-%
Net asset value per ordinary share *	**$6.12**	$6.20	-1.3	**$4.51**	$4.22	+6.9
Net tangible asset per ordinary share *	**$5.17**	$6.13	-15.7	**$4.51**	$4.22	+6.9

* Based on share capital of 1,817,126,618 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2018: 1,812,458,136 ordinary shares (excluding treasury shares).

3c. Balance sheet analysis

Group shareholder's funds decreased by $0.12 billion to $11.11 billion at 30 June 2019. The decrease was mainly attributable to payment of final dividend of 15.0 cents per share in respect of financial year 2018, adoption of SFRS(I) 16 *Leases* and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd, partly offset by retained profits and increase in fair value on cash flow hedges for the half year ended 30 June 2019.

Group total assets were $30.48 billion at 30 June 2019, $3.92 billion higher than the previous year end. Non-current assets increased due mainly to increase in fixed assets following the consolidation of M1, recognition of intangibles due to M1 acquisition, recognition of right-of-use assets arising from the adoption of SFRS(I) 16 and increase in long term receivables. Increase in current assets was due mainly to the increase in debtors.

Group total liabilities of $18.90 billion at 30 June 2019 were $3.89 billion higher than the previous year end. This was largely attributable to the increase in term loans and recognition of lease liabilities arising from the adoption of SFRS(I) 16.

Group net debt increased by $3.90 billion to $9.47 billion at 30 June 2019. This was due mainly to the acquisition of M1 of $1.23 billion, consolidation of M1's net debt of $0.41 billion at date of acquisition, acquisition of remaining interest in Keppel Telecommunications & Transportation of $0.22 billion, payment of final dividend in respect of financial year 2018 of $0.27 billion, the recognition of lease liabilities of $0.65 billion at date of adoption of SFRS(I) 16, as well as working capital requirements of $1.10 billion.

Group net gearing ratio increased from 48% at 31 December 2018 to 82% at 30 June 2019. This was largely driven by increase in group net debt.

4. STATEMENTS OF CHANGES IN EQUITY for the second quarter and half year ended 30 June

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
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	**–**	**–**	**–**	**(41,072)**	**–**	**(41,072)**	**–**	**(41,072)**
As restated at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,289,215**	**(493,669)**	**11,237,138**	**308,930**	**11,546,068**
Adoption of SFRS(I) 16	**–**	**–**	**–**	**(199,818)**	**–**	**(199,818)**	**(2,744)**	**(202,562)**
As adjusted at 1 January 2019	**1,291,722**	**(45,073)**	**194,943**	**10,089,397**	**(493,669)**	**11,037,320**	**306,186**	**11,343,506**
Total comprehensive income for first quarter								
Profit for first quarter	**–**	**–**	**–**	**202,895**	**–**	**202,895**	**33,635**	**236,530**
Other comprehensive income *	**–**	**–**	**212,042**	**–**	**29,363**	**241,405**	**3,102**	**244,507**
Total comprehensive income for first quarter	**–**	**–**	**212,042**	**202,895**	**29,363**	**444,300**	**36,737**	**481,037**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	**–**	**–**	**8,058**	**–**	**–**	**8,058**	**157**	**8,215**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(596)**	**(596)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**34,558**	**(34,423)**	**–**	**–**	**135**	**–**	**135**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**180**	**180**
Contributions to defined benefits plans	**–**	**–**	**363**	**–**	**–**	**363**	**–**	**363**
Total contributions by and distributions to owners	**–**	**34,558**	**(26,002)**	**–**	**–**	**8,556**	**(259)**	**8,297**
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**308,016**	**308,016**
Total change in ownership interests in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**308,016**	**308,016**
Total transactions with owners	**–**	**34,558**	**(26,002)**	**–**	**–**	**8,556**	**307,757**	**316,313**
As at 31 March 2019	**1,291,722**	**(10,515)**	**380,983**	**10,292,292**	**(464,306)**	**11,490,176**	**650,680**	**12,140,856**

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								
Total comprehensive income for second quarter								
Profit for second quarter	**–**	**–**	**–**	**153,388**	**–**	**153,388**	**(245)**	**153,143**
Other comprehensive income *	**–**	**–**	**(194,433)**	**–**	**(19,027)**	**(213,460)**	**(1,384)**	**(214,844)**
Total comprehensive income for second quarter	**–**	**–**	**(194,433)**	**153,388**	**(19,027)**	**(60,072)**	**(1,629)**	**(61,701)**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	**–**	**–**	**–**	**(272,568)**	**–**	**(272,568)**	**–**	**(272,568)**
Share-based payment	**–**	**–**	**6,372**	**–**	**–**	**6,372**	**117**	**6,489**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(9,256)**	**(9,256)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**890**	**(890)**	**–**	**–**	**–**	**–**	**–**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**2,978**	**(2,978)**	**–**	**–**	**–**	**–**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**29**	**29**
Contributions to defined benefits plans	**–**	**–**	**(257)**	**–**	**–**	**(257)**	**–**	**(257)**
Total contributions by and distributions to owners	**–**	**890**	**8,203**	**(275,546)**	**–**	**(266,453)**	**(9,110)**	**(275,563)**
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(15)**	**(15)**
Acquisition of additional interest in subsidiaries	**–**	**–**	**–**	**(50,262)**	**–**	**(50,262)**	**(173,390)**	**(223,652)**
Total change in ownership interests in subsidiaries	**–**	**–**	**–**	**(50,262)**	**–**	**(50,262)**	**(173,405)**	**(223,667)**
Total transactions with owners	**–**	**890**	**8,203**	**(325,808)**	**–**	**(316,715)**	**(182,515)**	**(499,230)**
As at 30 June 2019	**1,291,722**	**(9,625)**	**194,753**	**10,119,872**	**(483,333)**	**11,113,389**	**466,536**	**11,579,925**

* 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
2018								
As previously reported at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Effects of change in accounting policy on capitalisation of borrowing	–	–	–	(45,635)	–	(45,635)	–	(45,635)
As restated at 1 January 2018	1,291,310	(74)	281,407	10,148,012	(323,556)	11,397,099	530,225	11,927,324
Adoption of SFRS(I) 9	–	–	1,058	(236,296)	–	(235,238)	(255)	(235,493)
As adjusted at 1 January 2018	1,291,310	(74)	282,465	9,911,716	(323,556)	11,161,861	529,970	11,691,831
Total comprehensive income for first quarter								
Profit for first quarter	–	–	–	337,465	–	337,465	(3,371)	334,094
Other comprehensive income *	–	–	37,749	–	65,648	103,397	11,364	114,761
Total comprehensive income for first quarter	–	–	37,749	337,465	65,648	440,862	7,993	448,855
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	–	–	9,197	–	–	9,197	136	9,333
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(1,425)	(1,425)
Shares issued	412	–	–	–	–	412	–	412
Purchase of treasury shares	–	(62,223)	–	–	–	(62,223)	–	(62,223)
Treasury shares reissued pursuant to share plans and share option scheme	–	42,437	(39,431)	–	–	3,006	–	3,006
Transfer of statutory, capital and other reserves from revenue reserves	–	–	11,964	(11,964)	–	–	–	–
Contributions to defined benefits plans	–	–	(26)	–	–	(26)	–	(26)
Other adjustments	–	–	–	30	–	30	4,442	4,472
Total contributions by and distributions to owners	412	(19,786)	(18,296)	(11,934)	–	(49,604)	3,153	(46,451)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(1,605)	–	–	(1,605)	1,353	(252)
Disposal of interest in subsidiaries	–	–	–	–	–	–	5,568	5,568
Total change in ownership interests in subsidiaries	–	–	(1,605)	–	–	(1,605)	6,921	5,316
Total transactions with owners	412	(19,786)	(19,901)	(11,934)	–	(51,209)	10,074	(41,135)
As at 31 March 2018	1,291,722	(19,860)	300,313	10,237,247	(257,908)	11,551,514	548,037	12,099,551

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
2018								
Total comprehensive income for second quarter								
Profit for second quarter	–	–	–	249,052	–	249,052	2,985	252,037
Other comprehensive income *	–	–	88,881	–	(1,649)	87,232	(3,963)	83,269
Total comprehensive income for second quarter	–	–	88,881	249,052	(1,649)	336,284	(978)	335,306
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(254,290)	–	(254,290)	–	(254,290)
Share-based payment	–	–	8,800	–	–	8,800	132	8,932
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(10,834)	(10,834)
Purchase of treasury shares	–	(21,893)	–	–	–	(21,893)	–	(21,893)
Treasury shares reissued pursuant to share plans and share option scheme	–	2,884	(1,019)	–	–	1,865	–	1,865
Transfer of statutory, capital and other reserves from revenue reserves	–	–	(16)	16	–	–	–	–
Contributions to defined benefits plans	–	–	17	–	–	17	–	17
Total contributions by and distributions to owners	–	(19,009)	7,782	(254,274)	–	(265,501)	(10,702)	(276,203)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	(1,283)	(1,283)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(14)	(14)
Total change in ownership interests in subsidiaries	–	–	–	–	–	–	(1,297)	(1,297)
Total transactions with owners	–	(19,009)	7,782	(254,274)	–	(265,501)	(11,999)	(277,500)
As at 30 June 2018	1,291,722	(38,869)	396,976	10,232,025	(259,557)	11,622,297	535,060	12,157,357

* 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
2019					
As at 1 January 2019	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
Profit / Total comprehensive income for first quarter	**–**	**–**	**–**	**(7,010)**	**(7,010)**
Transactions with owners, recognised directly in equity					
Share-based payment	**–**	**–**	**7,507**	**–**	**7,507**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**34,558**	**(34,423)**	**–**	**135**
Total transactions with owners	**–**	**34,558**	**(26,916)**	**–**	**7,642**
As at 31 March 2019	**1,291,722**	**(10,515)**	**175,225**	**6,187,438**	**7,643,870**
Profit / Total comprehensive income for second quarter	**–**	**–**	**–**	**819,215**	**819,215**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(272,568)**	**(272,568)**
Share-based payment	**–**	**–**	**6,600**	**–**	**6,600**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**890**	**(890)**	**–**	**–**
Total transactions with owners	**–**	**890**	**5,710**	**(272,568)**	**(265,968)**
As at 30 June 2019	**1,291,722**	**(9,625)**	**180,935**	**6,734,085**	**8,197,117**
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Profit / Total comprehensive income for first quarter	–	–	–	628,912	628,912
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	8,645	–	8,645
Shares issued	412	–	–	–	412
Purchase of treasury shares	–	(62,223)	–	–	(62,223)
Treasury shares reissued pursuant to share plans and share option scheme	–	42,437	(39,431)	–	3,006
Other adjustments	–	–	–	30	30
Total transactions with owners	412	(19,786)	(30,786)	30	(50,130)
As at 31 March 2018	1,291,722	(19,860)	178,720	6,761,092	8,211,674
Profit / Total comprehensive income for second quarter	–	–	–	11,326	11,326
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(254,290)	(254,290)
Share-based payment	–	–	8,266	–	8,266
Purchase of treasury shares	–	(21,893)	–	–	(21,893)
Treasury shares reissued pursuant to share plans and share option scheme	–	2,884	(1,019)	–	1,865
Total transactions with owners	–	(19,009)	7,247	(254,290)	(266,052)
As at 30 June 2018	1,291,722	(38,869)	185,967	6,518,128	7,956,948

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2019	1,818,394,180	5,936,044
Treasury shares transferred pursuant to share option scheme	–	(44,000)
Treasury shares transferred pursuant to share plans	–	(4,507,271)
As at 31 March 2019	**1,818,394,180**	**1,384,773**
Treasury shares transferred pursuant to restricted share plan	–	(117,211)
As at 30 June 2019	**1,818,394,180**	**1,267,562**

Treasury shares
During the six months ended 30 June 2019, the Company transferred 4,668,482 (30 June 2018: 5,317,067) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There was no treasury shares purchased (30 June 2018: 10,361,000) during the period. As at 30 June 2019, the number of treasury shares held by the Company represented 0.07% (30 June 2018: 0.28%) 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 six months ended 30 June 2019.

Share options
As at 30 June 2019, there were unexercised options for 1,688,485 of unissued ordinary shares (30 June 2018: 3,734,185 ordinary shares) under the KCL Share Options Scheme. 44,000 options (30 June 2018: 766,000) and 69,500 options were exercised during the six months and twelve months ended 30 June 2019 respectively. Unexercised options for 157,700 (30 June 2018: 1,588,600) and 1,976,200 of unissued ordinary shares were cancelled during the six months and twelve months ended 30 June 2019 respectively.

KCL Performance Share Plan (“KCL PSP”)
As at 30 June 2019, the number of contingent shares granted but not released were 3,885,000 (30 June 2018: 2,980,000) 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 5,827,500 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)
As at 30 June 2019, the number of contingent shares granted but not released were 5,920,967 (30 June 2018: 6,347,491) 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 8,881,451 under KCL PSP-TIP.

KCL Restricted Share Plan (“KCL RSP”)
There are no contingent shares granted but not released as at 30 June 2019 and 30 June 2018.

As at 30 June 2019, the number of awards released but not vested was 27,241 (30 June 2018: 1,711,918) for KCL RSP.

KCL Restricted Share Plan – Deferred Shares (“KCL RSP-Deferred Shares”)
There are no contingent shares granted but not released as at 30 June 2019 and 30 June 2018.

As at 30 June 2019, the number of awards released but not vested was 4,078,869 (30 June 2018: 2,734,968) 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 1.1.19	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.6.19
KCL PSP						
29.4.2016	645,000	–	(264,400)	(380,600)	–	–
28.4.2017	1,070,000	–	–	–	–	1,070,000
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	–	1,635,000	–	–	–	1,635,000
	2,895,000	1,635,000	(264,400)	(380,600)	–	3,885,000
KCL PSP-TIP						
29.4.2016	3,935,967	–	–	–	(45,000)	3,890,967
28.4.2017	2,030,000	–	–	–	–	2,030,000
	5,965,967	–	–	–	(45,000)	5,920,967

Awards:

	Number of shares					
Date of Grant	At 1.1.19	Awards granted	Adjustment upon release	Released	Cancelled	At 30.6.19
KCL RSP-Deferred shares						
15.2.2019	–	3,908,536	–	(3,908,536)	–	–
16.4.2019	–	325,635	–	(325,635)	–	–
	–	4,234,171	–	(4,234,171)	–	–

Awards released but not vested:	**Number of shares**					
Date of Grant	At 1.1.19	Released	Vested	Cancelled	Other adjustments	At 30.6.19
KCL PSP						
29.4.2016	–	380,600	(380,600)	–	–	–
	–	380,600	(380,600)	–	–	–
KCL RSP						
31.3.2014	4,200	–	–	(600)	–	3,600
31.3.2015	11,000	–	–	(3,300)	–	7,700
29.4.2016	1,614,918	–	(1,565,032)	(33,945)	–	15,941
	1,630,118	–	(1,565,032)	(37,845)	–	27,241
KCL RSP- Deferred shares						
23.2.2018	2,586,237	–	(1,270,194)	(47,721)	–	1,268,322
15.2.2019	–	3,908,536	(1,300,791)	(14,019)	–	2,593,726
18.4.2019	–	325,635	(107,865)	(949)	–	216,821
	2,586,237	4,234,171	(2,678,850)	(62,689)	–	4,078,869

4d. Capital reserves

	Group		**Company**	
	30.6.2019 $'000	30.6.2018 $'000	**30.6.2019 $'000**	30.6.2018 $'000
Share option and share plans reserve	**191,843**	188,732	**165,123**	163,197
Fair value reserve	**51,227**	93,334	**16,957**	15,012
Hedging reserve	**(162,734)**	21,593	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**74,417**	53,317	**(1,145)**	7,758
	194,753	396,976	**180,935**	185,967

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half year ended 30 June

	Note	Second Quarter		Half Year	
		30.6.2019	30.6.2018	**30.6.2019**	30.6.2018
		$'000	$'000	**$'000**	$'000
	Note		Restated		Restated
OPERATING ACTIVITIES					
Operating profit		**160,021**	280,092	**481,633**	766,478
Adjustments:					
Depreciation and amortisation		**102,155**	43,557	**169,779**	90,005
Share-based payment expenses		**6,865**	9,212	**15,111**	18,831
Gain on sale of fixed assets and an investment property		**(649)**	(1,637)	**(806)**	(1,867)
(Write-back of impairment)/impairment of investments		**(329)**	(313)	**18,342**	(626)
Gain on disposal of subsidiaries		**–**	(88,262)	**(64,534)**	(425,132)
Gain on disposal of associated companies		**–**	(36,979)	**(54)**	(36,979)
Gain from change in interest in associated companies		**(497)**	(21,191)	**(4,618)**	(20,550)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		**–**	–	**(158,376)**	–
Fair value gain on investment properties		**(38,347)**	(48,300)	**(38,347)**	(48,300)
Unrealised foreign exchange differences		**30,860**	29,037	**16,007**	4,109
Operational cash flow before changes in working capital		**260,079**	165,216	**434,137**	345,969
Working capital changes:					
Stocks		**23,440**	(2,511)	**(160,870)**	(185,756)
Contract assets		**170,901**	70,354	**43,380**	557,335
Debtors		**(81,506)**	161,171	**(419,598)**	(453)
Creditors		**(470,107)**	168,632	**(362,668)**	(203,009)
Contract liabilities		**43,899**	(86,939)	**(70,729)**	33,473
Investments		**(47,285)**	(12,599)	**(128,747)**	(26,055)
Amount due to/from associated companies		**21,147**	172	**436**	(5,652)
		(79,432)	463,496	**(664,659)**	515,852
Interest received		**41,995**	35,389	**83,440**	66,510
Interest paid		**(81,589)**	(49,259)	**(150,621)**	(92,959)
Income taxes paid, net of refunds received		**(102,852)**	(82,503)	**(164,530)**	(132,603)
Net cash (used in)/from operating activities		**(221,878)**	367,123	**(896,370)**	356,800
INVESTING ACTIVITIES					
Acquisition of a subsidiary	5a	**(83,176)**	–	**(1,143,012)**	–
Acquisition and further investment in associated companies		**(149,587)**	(1,614)	**(334,451)**	(2,786)
Acquisition of fixed assets and investment properties		**(65,726)**	(73,703)	**(306,981)**	(130,966)
Disposal of subsidiaries	5b	**20,227**	248,125	**18,481**	661,601
Proceeds from disposal of fixed assets		**1,779**	2,588	**2,190**	3,038
Proceeds from disposal of associated companies and return of capital		**1,460**	–	**3,460**	590
Advances to/from associated companies		**152,865**	(27,882)	**189,940**	(239,309)
Dividends received from investments and associated companies		**100,087**	65,635	**147,817**	167,929
Net cash (used in)/from investing activities		**(22,071)**	213,149	**(1,422,556)**	460,097
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**(223,652)**	(1,283)	**(223,652)**	(1,535)
Proceeds from share options exercised with issue of treasury shares		**–**	1,865	**135**	4,871
Proceeds from non-controlling shareholders of subsidiaries		**20,823**	–	**51,837**	–
Proceeds from share issues		**–**	–	**–**	412
Proceeds from term loans		**1,230,461**	425,630	**3,191,453**	1,097,873
Repayment of term loans		**(436,253)**	(1,211,572)	**(601,875)**	(1,606,578)
Principal element of lease payments		**(23,596)**	–	**(34,804)**	**–**
Purchase of treasury shares		**–**	(21,893)	**–**	(84,116)
Dividend paid to shareholders of the Company		**(272,568)**	(254,290)	**(272,568)**	(254,290)
Dividend paid to non-controlling shareholders of subsidiaries		**(9,256)**	(10,834)	**(9,852)**	(12,259)
Net cash from/(used in) financing activities		**285,959**	(1,072,377)	**2,100,674**	(855,622)
Net increase/(decrease) in cash and cash equivalents		**42,010**	(492,105)	**(218,252)**	(38,725)
Cash and cash equivalents as at beginning of period		**1,719,603**	2,698,143	**1,971,844**	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(2,991)**	(22,083)	**5,030**	(18,768)
Cash and cash equivalents as at end of period	5c	**1,758,622**	2,183,955	**1,758,622**	2,183,955

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of a subsidiary

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

	Second Quarter **30.6.2019** **$'000**	**Half Year** **30.6.2019** **$'000**
Fixed assets	**–**	760,510
Right-of-use assets	**–**	44,324
Intangible assets	**–**	672,872
Stocks	**–**	34,745
Contract assets	**–**	163,121
Debtors and other assets	**–**	197,211
Bank balances and cash	**–**	88,991
Creditors and other liabilities	**–**	(241,605)
Borrowings and lease liabilities	**–**	(494,771)
Current and deferred taxation	**–**	(255,828)
Total identifiable net assets at fair value	**–**	969,570
Non-controlling interests measured at fair value	**–**	(308,001)
Amount previously accounted for as associated company	**–**	(210,137)
Goodwill arising from acquisition	**128**	938,947
Remeasurement gain	**–**	(158,376)
Total purchase consideration	**128**	1,232,003
Less: Deferred consideration	**83,048**	–
Less: Bank balances and cash acquired	**–**	(88,991)
Cash outflow on acquisition	**83,176**	1,143,012

During the six months, the Group acquired 81% interest in M1 Limited, bringing to a total of 100% as at 30 June 2019. Fair value of the net identifiable assets are determined on a provisional basis.

5b. Disposal of subsidiaries

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

	Second Quarter		**Half Year**	
	30.6.2019 **$'000**	30.6.2018 $'000	**30.6.2019** **$'000**	30.6.2018 $'000
Fixed assets and investment properties	**–**	(52)	**–**	(4,122)
Stocks	**–**	(183,586)	**(94,883)**	(692,651)
Debtors and other assets	**–**	(2,343)	**(707)**	(7,103)
Bank balances and cash	**–**	(36,499)	**(1,746)**	(38,344)
Creditors and other liabilities	**–**	273	**6,846**	75,265
Borrowings	**–**	–	**–**	171,380
Non-controlling interest deconsolidated	**–**	–	**–**	(5,610)
Net assets disposed of	**–**	(222,207)	**(90,490)**	(501,185)
Net gain on disposal	**–**	(88,262)	**(64,534)**	(425,132)
Amount accounted for as associated company	**–**	–	**18,320**	–
Realisation of foreign currency translation reserve	**–**	601	**(8,489)**	(3,768)
Sale proceeds	**–**	(309,868)	**(145,193)**	(930,085)
Less: Bank balances and cash disposed	**–**	36,499	**1,746**	38,344
Less: Advanced payments received in prior year	**–**	–	**–**	174,538
Less: (Deferred proceeds received)/proceeds receivable	**(20,227)**	25,244	**124,966**	55,602
Cash inflow on disposal	**(20,227)**	(248,125)	**(18,481)**	(661,601)

During the six months, disposal relates to the sale of 70% interest in Dong Nai Waterfront City LLC.

Significant disposal during the prior period relates to the sale of sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd and Keppel Bay Property Development (Shenyang) Co. 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	
	30.6.2019	30.6.2018
	$'000	$'000
Bank balances, deposits and cash	**1,768,238**	2,223,198
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(9,616)**	(39,243)
	1,758,622	2,183,955

5d. Cash flow analysis

(i) Second Quarter

Net cash used in operating activities for the quarter was $222 million compared to net cash from operating activities of $367 million in the prior period. This was due mainly to higher working capital requirements.

Net cash used in investing activities for the quarter was $22 million. Acquisitions and capital expenditure of $299 million was partly offset by the divestment and dividend income of $124 million and receipts from associated companies of $153 million.

Net cash from financing activities was $286 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend paid to shareholders and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd.

(ii) Half Year

Net cash used in operating activities was $896 million compared to net cash from operating activities of $357 million in the prior period. This was due mainly to higher working capital requirements.

Net cash used in investing activities was $1,423 million. Acquisitions and capital expenditure of $1,785 million was partly offset by the divestments and dividend income of $172 million and receipts from associated companies of $190 million. The acquisitions and capital expenditure comprised principally the acquisition of M1, investment in associated companies as well as acquisitions of fixed assets and investment properties.

Net cash from financing activities was $2,101 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend of $282 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the period and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd.

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 period compared with those of the audited financial statements as at 31 December 2018.

9. CHANGES IN THE ACCOUNTING POLICIES

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

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

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

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 except for the following:

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

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

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

Group Balance Sheets	01.01.2019 $'000
Increase in right-of-use assets	441,689
Decrease in debtors	(698)
Increase in lease liabilities	(653,882)
Decrease in creditors	10,329
Decrease in net assets	(202,562)
Decrease in revenue reserves	(199,818)
Decrease in non-controlling interests	(2,744)
Decrease in total equity	(202,562)

Clarification on SFRS(I) 1-23 *Borrowing Costs*

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

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

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

Impact on the comparatives for the Second Quarter and Half Year ended 30 June 2019 Financial Statements

The financial effect of the change in accounting policy:

Group Profit and Loss Account	Second Quarter 30.6.2018 $'000	Half Year 30.6.2018 $'000
Decrease in materials & subcontract costs	9,989	9,989
Increase in interest expenses	(6,381)	(6,381)
Decrease in share of results of associated companies	(133)	(133)
Increase in taxation	(586)	(586)
Increase in profit for the period attributable to shareholders of the Company	2,889	2,889
Increase in basic EPS	0.1 cts	0.1 cts
Increase in diluted EPS	0.1 cts	0.1 cts

Group Balance Sheets	31.12.2018 $'000	01.01.2018 $'000
Decrease in associated companies	(632)	(9)
Decrease in stocks	(48,726)	(54,941)
Decrease in deferred taxation	8,286	9,315
Decrease in net assets	(41,072)	(45,635)
Decrease in revenue reserves	(41,072)	(45,635)
Decrease in total equity	(41,072)	(45,635)

10. REVIEW OF GROUP PERFORMANCE

(i) Second Quarter

Group revenue for 2Q 2019 of $1,784 million was $261 million or 17% above that of 2Q 2018. Revenue from the Offshore & Marine Division decreased by $126 million to $481 million. In the second quarter of 2018, the Offshore & Marine Division recognised revenue from the sale of jackup rigs to Borr Drilling Limited, while there was no equivalent sale this year. Revenue from the Property Division increased by $27 million to $271 million due mainly to higher revenue from China trading projects, partly offset by lower revenue from Singapore trading projects. Revenue from the Infrastructure Division grew by $79 million to $726 million as a result of increased sales in the power and gas businesses as well as progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $281 million higher at $306 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit of $206 million was $92 million or 31% lower than that of the corresponding quarter in 2018. The Offshore & Marine Division's pre-tax profit was $4 million as compared to pre-tax loss of $11 million in the second quarter of 2018. This was mainly due to higher operating results, higher investment income and lower net interest expense, partly offset by share of associated companies' losses in the current period as compared to share of associated companies' profits in the same period last year. Pre-tax profit of the Property Division decreased by $99 million to $161 million due mainly to the absence of gains from the en-bloc sale of development projects as compared against last year (Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), partly offset by higher investment income and higher contribution from associated companies arising from fair value gains on investment properties. Pre-tax profit of the Infrastructure Division grew by $7 million to $51 million due mainly to higher contribution from Energy Infrastructure and Environmental Infrastructure as well as share of Keppel Infrastructure Trust's profit, partly offset by absence of dilution gain compared to last year's gains arising from Keppel DC REIT's private placement exercise and lower contribution from our logistics business. Pre-tax loss of the Investments Division was $10 million as compared to pre-tax profit of $5 million in 2018. This was largely due to net interest expense in the current period as compared to net interest income in the same period last year, fair value loss on KrisEnergy warrants in the current period as compared to fair value gain in the same period last year, financing cost and amortization of intangibles arising from acquisition of M1, partly offset by higher contribution from M1 resulting from the consolidation of M1 and higher contribution from the asset management business.

Taxation expenses increased by $7 million due mainly to the absence of reversal of tax provision this year compared to last year's write backs following the finalisation of withholding tax in 2Q 2018 for the divestment of Keppel China Marina Holdings Pte Ltd. Non-controlling interests were $3 million lower than those of 2Q 2018. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2Q 2019 was $153 million, 39% below the same quarter in the previous year. The Property Division was the largest contributor to the Group's net profit with a 85% share, followed by the Infrastructure Division's 28%, Offshore & Marine Division's 3% and Investments Division's -16%.

(ii) Half Year

Group net profit attributable to shareholders was $356 million, a decrease of 39% over the same period in 2018. Earnings per share decreased correspondingly by 39% to 19.6 cents. Annualised return on equity was 6.3%.

Group revenue of $3,315 million for the six months ended 30 June 2019 was $322 million or 11% higher than that of the corresponding period in 2018. Revenue from the Offshore & Marine Division of $813 million was $126 million below the same period in 2018. In the first half of 2018, the Offshore & Marine Division recognised revenue from the sale of jackup rigs to Borr Drilling Limited, while there was no equivalent sale this year. Major jobs delivered in 2019 include two jackup rigs, two FPSO conversions and three dredgers. Revenue from the Property Division declined by $159 million to $628 million due mainly to lower revenue from Singapore trading projects, partly offset by higher revenue from China trading projects. Revenue from the Infrastructure Division grew by $214 million to $1,425 million as a result of increased sales in the power and gas businesses as well as progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $393 million higher at $449 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit was $489 million, $257 million or 34% below the same period in 2018. The Offshore & Marine Division's pre-tax profit was $5 million as compared to pre-tax loss of $26 million in 2018. This was mainly due to higher investment income, lower net interest expense and higher share of associated companies' profits. Pre-tax profit from the Property Division decreased by $391 million to $342 million due mainly to the absence of gains from the en-bloc sale of development projects as compared against last year (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 lower contribution from Singapore property trading, partly offset by the gain from disposal of a partial interest in the Dong Nai project in Vietnam, higher investment income and higher contribution from associated companies arising from fair value gains on investment properties. Pre-tax profit of the Infrastructure Division was $71 million, $3 million below the same period in 2018. This was mainly due to absence of dilution gain compared to last year's gains arising from Keppel DC REIT's private placement exercise, share of losses from Keppel Infrastructure Trust in the current period as compared to share of profits in the same period last year and lower contribution from our logistics business, partly offset by higher contribution from Energy Infrastructure, Environmental Infrastructure and Infrastructure Services. Pre-tax profit of the Investments Division was $71 million as compared to pre-tax loss of $35 million in 2018. This was mainly due to fair value gain from the remeasurement of previously held interest in M1 at acquisition date, higher contribution from M1 resulting from the consolidation of M1 and higher contribution from the asset management business, partly offset by net interest expense in the current period as compared to net interest income in the same period last year, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1 as well as provision for impairment of an associated company.

Taxation expenses decreased by $61 million due mainly to write-back of tax provision. Non-controlling interests were $34 million higher than in the first half in 2018. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $356 million, a decrease of $230 million from $586 million in the same period in 2018. The Property Division was the largest contributor to the Group's net profit with a 74% share, followed by the Infrastructure Division's 16%, Investments Division's 7% and Offshore & Marine Division's 3%.

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 $5.5 billion. New contracts secured by the Offshore & Marine Division year-to-date amount to $1.9 billion, more than the $1.7 billion of new orders secured for the financial year ended 31 December 2018. 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, offshore renewables and floating infrastructure, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 2,100 homes in the first half of 2019, comprising about 110 in Singapore, 1,140 in China, 610 in Vietnam, 50 in Indonesia and 190 in India. Keppel REIT's office buildings in Singapore and Australia maintained a high portfolio committed occupancy rate of 99% as at 30 June 2019. 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 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 asset classes including the infrastructure, senior living and education real estate sectors.

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 land parcels to drive the Eco-City's further development.

The strategic acquisition of M1 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 Telecommunications & Transportation (Keppel T&T) has been privatised after a Scheme of Arrangement was effected. This is in line with the Group's strategy to simplify the group corporate structure, with a view to improving capital allocation and better aligning Keppel T&T'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

Name of Dividend	Interim
Dividend type Dividend per share Tax rate	Cash 8.0 cents Tax exempt

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 8.0 cents per share (2018: tax exempt one-tier interim cash dividend of 10.0 cents per share and tax exempt one-tier special cash dividend of 5.0 cents per share) in respect of the half year ended 30 June 2019. The interim dividend will be paid to shareholders on 6 August 2019.

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	Interim	Special
Dividend type Dividend per share Tax rate	Cash 10.0 cents Tax exempt	Cash 5.0 cents Tax exempt

13c. Date Payable

6 August 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 26 July 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 26 July 2019 will be registered to determine shareholders’ entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 26 July 2019 will be entitled to the interim dividend.

14. SEGMENT ANALYSIS

Half year ended 30 June 2019

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**813,317**	**622,190**	**1,410,563**	**469,108**	**–**	**3,315,178**
Inter-segment sales	**91**	**5,481**	**14,363**	**49,673**	**(69,608)**	**–**
Total	**813,408**	**627,671**	**1,424,926**	**518,781**	**(69,608)**	**3,315,178**
Segment Results						
Operating profit	**13,910**	**269,689**	**39,180**	**157,299**	**1,555**	**481,633**
Investment income	**4,692**	**34,017**	**1,410**	**2**	**–**	**40,121**
Interest income	**33,252**	**22,175**	**30,397**	**174,638**	**(177,022)**	**83,440**
Interest expenses	**(56,591)**	**(45,601)**	**(13,805)**	**(210,096)**	**175,467**	**(150,626)**
Share of results of associated companies	**9,115**	**61,844**	**13,562**	**(50,117)**	**–**	**34,404**
Profit before tax	**4,378**	**342,124**	**70,744**	**71,726**	**–**	**488,972**
Taxation	**4,302**	**(85,425)**	**(10,738)**	**(7,438)**	**–**	**(99,299)**
Profit for the period	**8,680**	**256,699**	**60,006**	**64,288**	**–**	**389,673**
Attributable to:						
Shareholders of Company	**9,482**	**262,290**	**58,972**	**25,539**	**–**	**356,283**
Non-controlling interests	**(802)**	**(5,591)**	**1,034**	**38,749**	**–**	**33,390**
	8,680	**256,699**	**60,006**	**64,288**	**–**	**389,673**
Other Information						
Segment assets	**9,027,952**	**13,654,976**	**4,017,399**	**11,180,418**	**(7,400,127)**	**30,480,618**
Segment liabilities	**6,322,305**	**6,096,894**	**2,512,966**	**11,368,655**	**(7,400,127)**	**18,900,693**
Net assets	**2,705,647**	**7,558,082**	**1,504,433**	**(188,237)**	**–**	**11,579,925**
Investment in associated companies	**719,737**	**3,157,354**	**1,134,638**	**1,088,618**	**–**	**6,100,347**
Additions to non-current assets	**35,261**	**232,709**	**108,490**	**136,922**	**–**	**513,382**
Depreciation and amortisation	**56,443**	**21,220**	**28,362**	**63,754**	**–**	**169,779**
Impairment loss/(write-back of impairment loss)	**794**	**–**	**(652)**	**19,000**	**–**	**19,142**

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**2,424,908**	**557,782**	**31,921**	**138,413**	**162,154**	**–**	**3,315,178**
Non-current assets	**8,771,504**	**2,945,112**	**292,143**	**1,700,217**	**744,514**	**–**	**14,453,490**

Half year ended 30 June 2018

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	939,024	787,152	1,210,468	56,089	–	2,992,733
Inter-segment sales	–	3,250	11,758	32,145	(47,153)	–
Total	939,024	790,402	1,222,226	88,234	(47,153)	2,992,733
Segment Results						
Operating profit	14,113	699,133	52,672	503	57	766,478
Investment income	247	134	1,120	1,855	–	3,356
Interest income	20,816	20,632	26,872	141,106	(142,916)	66,510
Interest expenses	(65,898)	(41,454)	(7,901)	(126,946)	142,859	(99,340)
Share of results of associated companies	5,157	53,552	1,681	(51,673)	–	8,717
Profit before tax	(25,565)	731,997	74,444	(35,155)	–	745,721
Taxation	(15,766)	(130,494)	(4,111)	(9,219)	–	(159,590)
(Loss)/profit for the period	(41,331)	601,503	70,333	(44,374)	–	586,131
Attributable to:						
Shareholders of Company	(39,522)	605,575	66,337	(45,873)	–	586,517
Non-controlling interests	(1,809)	(4,072)	3,996	1,499	–	(386)
	(41,331)	601,503	70,333	(44,374)	–	586,131
Other Information						
Segment assets	8,362,127	14,328,254	3,512,625	7,499,699	(6,793,569)	26,909,136
Segment liabilities	7,439,288	6,112,544	1,837,665	6,153,483	(6,793,569)	14,749,411
Net assets	922,839	8,215,710	1,674,960	1,346,216	–	12,159,725
Investment in associated companies	697,817	2,909,202	1,025,115	1,167,652	–	5,799,786
Additions to non-current assets	52,083	83,450	13,849	2,126	–	151,508
Depreciation and amortisation	50,643	16,220	21,769	1,373	–	90,005
Impairment loss/(write-back of impairment loss)	(923)	(22,226)	(620)	–	–	(23,769)

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	2,217,225	412,153	146,023	112,565	104,767	–	2,992,733
Non-current assets	5,755,710	3,494,960	225,923	1,386,184	893,260	–	11,756,037

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, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities. M1 Limited, which was part of Investments prior to the acquisition, continues to be reported under that segment as it currently undergoes transformation of its business.

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

(c) For the half year ended 30 June 2019 and 30 June 2018, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) Revenue of $360,176,000 is derived from a single external customer and is attributable to the Infrastructure Division for 30 June 2019. Revenue of $370,457,000 is derived from a single external customer and is attributable to the Offshore & Marine Division for the half year ended 30 June 2018.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $3,315 million for the six months ended 30 June 2019 was $322 million or 11% higher than that of the corresponding period in 2018. Revenue from the Offshore & Marine Division of $813 million was $126 million below the same period in 2018. In the first half of 2018, the Offshore & Marine Division recognised revenue from the sale of jackup rigs to Borr Drilling Limited, while there was no equivalent sale this year. Revenue from the Property Division declined by $159 million to $628 million due mainly to lower revenue from Singapore trading projects, partly offset by higher revenue from China trading projects. Revenue from the Infrastructure Division grew by $214 million to $1,425 million as a result of increased sales in the power and gas businesses as well as progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $393 million higher at $449 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

15b. Net profit by Segments

Group net profit of $356 million was $230 million or 39% lower than that of corresponding period in 2018. Net profit from the Offshore & Marine Division was $10 million as compared to net loss of $40 million in 2018. This was mainly due to higher investment income, write back of tax provision, lower net interest expense and higher share of associated companies' profits. Profit from the Property Division of $262 million decreased by $344 million due mainly to the absence of gains from the en-bloc sale 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 lower contribution from Singapore property trading, partly offset by the gain from disposal of a partial interest in the Dong Nai project in Vietnam, higher investment income, higher contribution from associated companies arising from fair value gains on investment properties and higher write-back of tax provision. Profit from the Infrastructure Division was $59 million, $7 million below the same period in 2018, due to absence of dilution gain arising from Keppel DC REIT's private placement exercise, share of losses from Keppel Infrastructure Trust in the current period as compared to share of profits in the same period last year and lower contribution from our logistics business, partly offset by higher contribution from Energy Infrastructure, Environmental Infrastructure and Infrastructure Services. Net profit from the Investments Division was $25 million as compared to net loss of $46 million for the corresponding period in the prior year due mainly to fair value gain from the remeasurement of previously held interest in M1 at acquisition date, higher contribution from M1 resulting from the consolidation of M1 and higher contribution from the asset management business, partly offset by net interest expense in the current period as compared to net interest income in the same period last year, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1 as well as provision for impairment of an associated company. The Property Division was the largest contributor to the Group's net profit with a 74% share, followed by the Infrastructure Division's 16%, Investment Division's 7% and Offshore & Marine Division's 3%.

15c. Revenue by Geographical Segments

Revenue from Singapore of $2,425 million was $208 million higher than that of corresponding period in 2018, due largely to higher revenue from the Infrastructure Division and Investments Division (consolidation of M1 from date of acquisition), partly offset by lower revenue from the Property Division and 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 23 April 2019. During the financial period, 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)	
	Half Year 30.6.2019 $'000	Half Year 30.6.2018 $'000	**Half Year 30.6.2019 $'000**	Half Year 30.6.2018 $'000
Transaction for the Sale of Goods and Services				
PSA International Group	**–**	–	**2,995**	62
SembCorp Marine Group	**–**	–	**82**	1,355
Singapore Power Group	**–**	–	**392**	451
Singapore Technologies Engineering Group	**–**	–	**17**	187
Singapore Telecommunications Group	**–**	–	**7,348**	–
Temasek Holdings Group (other than the above)	**–**	–	**3,500**	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**179**	8
Pavilion Gas Pte Ltd	**–**	–	**62,000**	52,000
PSA International Group	**–**	–	**98**	120
Starhub Group	**–**	–	**18,030**	–
SembCorp Marine Group	**–**	–	**99**	–
Singapore Technologies Engineering Group	**–**	–	**2,244**	59
Singapore Telecommunications Group	**–**	–	**33,353**	80
SMRT Corporation Group	**–**	–	**–**	209
Temasek Holdings Group (other than the above)	**–**	–	**2,887**	73
Total Interested Person Transactions	**–**	–	**133,224**	54,604

17. 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/JOYCE NG
Company Secretaries

18 July 2019

CONFIRMATION BY THE BOARD

We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter 2019 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

LEE BOON YANG
Chairman

LOH CHIN HUA
Chief Executive Officer

Singapore, 18 July 2019