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Media Release

Keppel nets profit of S$515m for 9M 2019

Net profit lower year on year due to lower gains from en-bloc sales and divestments.

Singapore, 17 October 2019 – Keppel Corporation Limited (Keppel) reported a net profit of S$515 million for the nine months ended 30 September 2019, with stronger contributions from the Offshore & Marine, Infrastructure and Investments divisions. Net profit for 9M 2019 was 37% lower compared to that of 9M 2018. In 9M 2018, the Group benefited from the en-bloc sales of development projects in China and Vietnam, as well as gains from the divestment of a commercial development in Beijing, which amounted to S$544 million.

All business divisions achieved increased sales in the current financial period, resulting in a 26% year on year growth in the Group's revenue to S$5,382 million for 9M 2019.

For the first nine months of 2019, the Group achieved an annualised return on equity of 6.1%. Net gearing rose to 0.88x as at 30 September 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 dividend for FY 2018 and interim dividend for FY 2019, and the recognition of lease liabilities. Free cash outflow was S$1,029 million in 9M 2019 compared to an inflow of S$815 million in 9M 2018 due to higher working capital requirements and lower proceeds from en-bloc sales.

The Group's net profit for 3Q 2019 was S$159 million, 30% lower than the S$227 million for 3Q 2018, due mainly to the absence of gains from the divestment of a commercial development in Beijing and higher net interest expense, partly offset by higher contributions from associated companies as well as property trading projects in China and Singapore.

Group revenue for 3Q 2019 rose 60% to S$2,067 million compared to S$1,295 million a year ago, with higher recognition from offshore & marine, property and infrastructure projects, as well as increased sales in the power and gas business and from the consolidation of M1's results.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "The injection of Keppel DC Singapore 4 into Keppel DC REIT reflects Keppel's business model, and our ability to create value for different stakeholders by hunting as a pack. Over the past five years (2014-2018), the Keppel Group achieved earnings of about S$430 million from the data centre business, not including the approximately S$270 million premium over the carrying value of Keppel's stake in Keppel

DC REIT. We are committed to developing the most energy efficient data centres to support the world's digitalisation needs as we continue to harness the Group's ability to create quality assets, which we can own, manage and then recycle at the right time to earn the best risk-adjusted returns.

"As we pursue our growth trajectory, Keppel is contributing to a cleaner and greener world through the solutions that we provide. We are committed to sustainability, and have established targets to reduce carbon emissions, waste generation and water consumption, as well as invest in renewable energy generation. We have also defined the kinds of businesses that we will strictly avoid, those that we will maintain, and those which we will grow and expand, taking into account their respective environmental impacts. We have also established a new business unit, Keppel Renewable Energy, to pursue opportunities in renewable energy infrastructure."

Offshore & Marine

Reflecting its progress in securing new orders and the increased workload, the Offshore & Marine (O&M) Division reported a net profit of S$18 million for 9M 2019, compared to a net loss of S$38 million a year ago. New contracts secured by the O&M Division year-to-date amount to about S$1.9 billion, with close to 60% of these new orders for LNG and renewables-related projects.

In Brazil, Keppel Offshore & Marine has reached a Settlement Agreement with Sete Brasil, which brings closure to the outstanding contracts for the construction of the six rigs. The Settlement Agreement will become effective upon the fulfilment of certain conditions precedent, including the successful sale of two rigs by Sete Brasil to Magni Partners.

Property

The Property Division recorded a net profit of S$340 million for 9M 2019, compared to S$768 million for 9M 2018, which had benefited from the en-bloc sales of development projects and gains from the divestment of a commercial development in Beijing.

The Division sold about 3,520 homes in 9M 2019, up from 3,150 units sold a year ago, with 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 achieved a net profit of S$145 million in 9M 2019, up 20% from S$121 million in the same period last year, on the back of higher contributions from Energy Infrastructure, Environmental Infrastructure and data centre businesses. This was partly offset by lower contribution from Infrastructure Services and the logistics business, and absence of gains from the sale of a stake in Keppel DC REIT.

During the quarter, Alpha DC Fund and Keppel Data Centres entered into agreements to divest a 99% interest in Keppel DC Singapore 4 (SGP 4) to Keppel DC REIT for about S$385 million.

Investments

The Investments Division recorded a net profit of S$12 million for 9M 2019, reversing a net loss of S$38 million a year ago, due mainly to a fair value gain from the remeasurement of previously held interests in M1 as at acquisition date, higher contributions from the consolidation of M1's results, and a higher share of profit from the sale of a land plot by the Sino-Singapore Tianjin Eco-City. These were partly offset by net interest expense in the current period as compared to net interest income in 9M 2018, a fair value loss on KrisEnergy warrants, charges related to the acquisition of M1, as well as provision for impairment of an associated company.

As part of its business transformation, M1 is working closely with various business units in the Group to enhance the connectivity of Keppel's solutions, as well as expand the cross-selling of services across the Group's different consumer businesses. Following the launch of its new One Plan in May 2019, M1 has added more than 50,000 new customers, who signed up for the plan. M1 has also started multi-vendor 5G trials and is working closely with Singapore's government agencies, enterprises and institutes of higher learning to co-develop use cases for selected markets and jointly bring innovative, newapplications that leverage 5G technology to the market.

Financial Highlights

	9M 2019 (S$ m)	**9M 2018* (S$ m)**	**Change (%)**	**3Q 2019 (S$ m)**	**3Q 2018* (S$ m)**	**Change (%)**
Revenue	5,382	4,288	26	2,067	1,295	60
Operating Profit	665	1,049	(37)	183	283	(35)
Net Profit	515	813	(37)	159	227	(30)
Earnings per Share	28.4 cents	44.8 cents	(37)	8.8 cents	12.5 cents	(30)

- Annualised ROE was 6.1% for 9M 2019
- Net Gearing was 0.88x at end-September 2019
- Free cash outflow was S$1,029m in 9M 2019 compared to an inflow of S$815m in 9M 2018

** 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.*

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Keppel Corporation

KEPPEL CORPORATION LIMITED

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

THIRD QUARTER AND NINE MONTHS 2019 FINANCIAL STATEMENTS

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KEPPEL CORPORATION LIMITED

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UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2019.

1. GROUP PROFIT AND LOSS ACCOUNT for the third quarter and nine months ended 30 September

	Note	**Third Quarter**			**Nine Months**		
		30.9.2019 $'000	30.9.2018 $'000 Restated	+/- %	**30.9.2019 $'000**	30.9.2018 $'000 Restated	+/- %
Revenue		**2,067,292**	1,295,681	+59.6	**5,382,470**	4,288,414	+25.5
Materials & subcontract costs	(i)	**(1,486,585)**	(864,424)	+72.0	**(3,734,869)**	(2,967,235)	+25.9
Staff costs	(ii)	**(292,114)**	(253,983)	+15.0	**(828,399)**	(707,778)	+17.0
Depreciation & amortisation	(iii)	**(105,082)**	(43,077)	+143.9	**(274,861)**	(133,082)	+106.5
(Impairment loss)/Write-back of impairment loss on financial assets		**(8,898)**	1,186	NM	**(12,647)**	4,071	NM
Other operating income - net	(iv)	**9,003**	146,852	-93.9	**133,555**	564,323	-76.3
Operating profit		**183,616**	282,235	-34.9	**665,249**	1,048,713	-36.6
Investment income	(v)	**8,849**	949	NM	**48,970**	4,305	NM
Interest income		**42,595**	64,158	-33.6	**126,035**	130,668	-3.5
Interest expenses	(vi)	**(85,891)**	(51,541)	+66.6	**(236,517)**	(150,881)	+56.8
Share of results of associated companies	(vii)	**77,816**	39,358	+97.7	**112,220**	48,075	+133.4
Profit before tax		**226,985**	335,159	-32.3	**715,957**	1,080,880	-33.8
Taxation	1b	**(61,947)**	(106,555)	-41.9	**(161,246)**	(266,145)	-39.4
Profit for the period		**165,038**	228,604	-27.8	**554,711**	814,735	-31.9
Attributable to:							
Shareholders of the Company		**159,284**	226,624	-29.7	**515,567**	813,141	-36.6
Non-controlling interests		**5,754**	1,980	+190.6	**39,144**	1,594	NM
		165,038	228,604	-27.8	**554,711**	814,735	-31.9
Earnings per ordinary share							
- basic		**8.8 cts**	12.5 cts	-29.6	**28.4 cts**	44.8 cts	-36.6
- diluted		**8.8 cts**	12.4 cts	-29.0	**28.3 cts**	44.5 cts	-36.4

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 third quarter and nine months ended 30 September 2018 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	Third Quarter			Nine Months		
		30.9.2019 $'000	30.9.2018 $'000	+/- %	**30.9.2019 $'000**	30.9.2018 $'000	+/- %
Share-based payment expenses		**8,395**	9,614	-12.7	**23,506**	28,445	-17.4
Loss/(profit) on sale of fixed assets and investment properties	(viii)	**95**	74	+28.4	**(711)**	(1,793)	-60.3
Provision/(write-back of provision)							
- Stocks	(ix)	**28**	1,733	-98.4	**828**	(21,410)	NM
- Doubtful debts	(x)	**8,898**	(1,186)	NM	**12,647**	(4,071)	NM
Fair value (gain)/loss							
- Investments	(xi)	**(945)**	(8,941)	-89.4	**10,044**	30	NM
- Forward contracts	(xii)	**(2,702)**	(3,741)	-27.8	**9,011**	7,019	+28.4
- Financial derivatives		**(58)**	(157)	-63.1	**(125)**	(1,576)	-92.1
Foreign exchange (gain)/loss	(xiii)	**(17,291)**	8,143	NM	**(26,092)**	49,523	NM
(Write-back of impairment)/impairment of associated companies	(xiv)	**(329)**	(313)	+5.1	**18,013**	(939)	NM
Gain on disposal of subsidiaries	(xv)	**–**	(173,732)	NM	**(64,534)**	(598,864)	-89.2
Gain on disposal of an associated company	(xvi)	**–**	(5,033)	NM	**(54)**	(42,012)	-99.9
Fair value gain on investment properties	(xvii)	**–**	–	–	**(38,347)**	(48,300)	-20.6
Gain from change in interest in associated companies	(xviii)	**(21,954)**	(40,227)	-45.4	**(26,572)**	(60,777)	-56.3
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xix)	**–**	–	–	**(158,376)**	–	NM

NM – Not Meaningful

Note:

(i) Materials & subcontract costs increased for the nine months ended 30 September 2019 in line with higher revenue from the Investments (consolidation of M1 Limited ("M1") from date of acquisition), Infrastructure and Offshore & Marine Divisions.

(ii) Staff costs increased for the nine months ended 30 September 2019 due mainly to consolidation of M1 from date of acquisition as well as higher manpower cost in the Offshore & Marine and Infrastructure Divisions.

(iii) Depreciation & amortisation increased for the nine months ended 30 September 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 nine months ended 30 September 2019 due mainly to the lower gain on disposal of subsidiaries (Note xv), lower gain on disposal of associated companies (Note xvi), lower gain from change in interest in associated companies (Note xviii), provision for stocks (Note ix), impairment of associated companies (Note xiv), and provision for doubtful debts (Note x), 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 nine months ended 30 September 2019 was higher due mainly to higher contribution from associated companies from Infrastructure and Property Divisions.

(viii) Profit on sale of fixed assets & investment properties for the nine months ended 30 September 2019 was largely attributable to disposal of assets in the Property Division. The profit on sale of fixed assets for the nine months ended 30 September 2018 arose mainly from the Offshore & Marine Division.

(ix) The provision for stocks in the current period arose mainly from the Offshore & Marine Division. The write-back of provision for stocks for the nine months ended 30 September 2018 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 nine months ended 30 September 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 nine months ended 30 September 2019 and 30 September 2018 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 nine months ended 30 September 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. Foreign exchange loss for the nine months ended 30 September 2018 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 Brazilian Real, partly offset by the revaluation of net assets denominated in United States dollar, which appreciated against Singapore dollar. Foreign exchange loss for the nine months ended 30 September 2018 also included foreign exchange loss arising 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 xii).

(xiv) The impairment of associated companies in the nine months ended 30 September 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 Aether Limited, 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 nine months ended 30 September 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 nine months ended 30 September 2019 were lower mainly because of write-back of tax provision in the Property and Offshore & Marine Divisions, and lower taxable profits.

1c. Earnings per ordinary share

	Third Quarter			Nine Months		
	30.9.2019	30.9.2018 Restated	+/-%	**30.9.2019**	30.9.2018 Restated	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	**8.8 cts**	12.5 cts	-29.6	**28.4 cts**	44.8 cts	-36.6
- Weighted average number of shares (excluding treasury shares) ('000)	**1,815,700**	1,814,157	+0.1	**1,815,700**	1,814,157	+0.1
(ii) On a fully diluted basis	**8.8 cts**	12.4 cts	-29.0	**28.3 cts**	44.5 cts	-36.4
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,825,047**	1,824,876	-	**1,825,047**	1,824,876	-

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the third quarter and nine months ended 30 September

		Third Quarter			Nine Months		
		30.9.2019 $'000	30.9.2018 $'000 Restated	+/- %	**30.9.2019 $'000**	30.9.2018 $'000 Restated	+/- %
Profit for the period		**165,038**	228,604	-27.8	**554,711**	814,735	-31.9
Items that may be reclassified subsequently to profit & loss account:							
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(i)	**(76,263)**	(39,472)	+93.2	**(63,284)**	128,970	NM
- Realised and transferred to profit & loss account	(ii)	**16,584**	11,645	+42.4	**49,568**	(47,460)	NM
Foreign exchange translation							
- Exchange differences arising during the period	(iii)	**(95,509)**	(183,793)	-48.0	**(83,281)**	(139,605)	-40.3
- Realised and transferred to profit & loss account		**(2,108)**	8,567	NM	**6,192**	13,176	-53.0
Share of other comprehensive income of associated companies							
- Cash flow hedges		**(10,065)**	(1,145)	NM	**(20,200)**	23,319	NM
- Foreign exchange translation		**(34,986)**	(15,436)	+126.7	**(45,178)**	(234)	NM
		(202,347)	(219,634)	-7.9	**(156,183)**	(21,834)	NM
Items that will not be reclassified subsequently to profit & loss account:							
Financial assets, at FVOCI							
- Fair value changes arising during the period	(iv)	**(22,800)**	7,524	NM	**(40,959)**	(54)	NM
Foreign exchange translation							
- Exchange differences arising during the period	(iii)	**(2,655)**	(13,202)	-79.9	**(1,113)**	(6,127)	-81.8
Share of other comprehensive income of associated companies							
- Financial assets, at FVOCI		**195**	(22)	NM	**311**	711	-56.3
		(25,260)	(5,700)	NM	**(41,761)**	(5,470)	NM
Other comprehensive expense for the period, net of tax		**(227,607)**	(225,334)	+1.0	**(197,944)**	(27,304)	NM
Total comprehensive (expense)/income for the period		**(62,569)**	3,270	NM	**356,767**	787,431	-54.7
Attributable to:							
Shareholders of the Company		**(67,544)**	15,081	NM	**316,684**	792,227	-60.0
Non-controlling interests		**4,975**	(11,811)	NM	**40,083**	(4,796)	NM
		(62,569)	3,270	NM	**356,767**	787,431	-54.7

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 losses for the nine months ended 30 September 2019 and 30 September 2018 arose largely from the weakening of foreign currencies, such as Renminbi against Singapore dollar.

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

3. BALANCE SHEETS as at 30 September

	Group			Company	
	30.9.2019 $'000	31.12.2018 $'000 Restated	01.01.2018 $'000 Restated	**30.9.2019 $'000**	31.12.2018 $'000
Share capital	**1,291,722**	1,291,722	1,291,310	**1,291,722**	1,291,722
Treasury shares	**(14,126)**	(45,073)	(74)	**(14,126)**	(45,073)
Reserves	**9,722,600**	9,990,489	9,870,625	**6,756,727**	6,396,589
Share capital & reserves	**11,000,196**	11,237,138	11,161,861	**8,034,323**	7,643,238
Non-controlling interests	**470,396**	308,930	529,970	**–**	–
Total equity	**11,470,592**	11,546,068	11,691,831	**8,034,323**	7,643,238
Represented by:					
Fixed assets	**3,267,356**	2,372,560	2,432,963	**5,959**	6,676
Investment properties	**2,890,918**	2,851,380	3,460,608	**–**	–
Right-of-use assets	**491,038**	–	–	**13,670**	–
Subsidiaries	**–**	–	–	**8,091,612**	7,867,959
Associated companies	**6,460,827**	6,239,053	5,915,379	**–**	–
Investments	**661,017**	449,515	417,792	**16,957**	16,957
Long term assets	**1,111,512**	679,464	603,792	**18,215**	8,801
Intangibles	**1,704,098**	129,007	132,594	**–**	–
	16,586,766	12,720,979	12,963,128	**8,146,413**	7,900,393
Current assets					
Stocks	**5,541,934**	5,465,280	5,725,101	**–**	–
Contract assets	**3,630,078**	3,212,712	3,643,495	**–**	–
Amounts due from:					
- subsidiaries	**–**	–	–	**6,900,685**	4,043,121
- associated companies	**370,988**	291,729	342,960	**339**	548
Debtors	**3,198,431**	2,702,300	3,062,683	**14,283**	6,229
Derivative assets	**45,756**	45,976	181,226	**28,614**	23,217
Short term investments	**108,142**	136,587	202,776	**–**	27,400
Bank balances, deposits & cash	**1,349,205**	1,981,406	2,273,788	**219**	370
	14,244,534	13,835,990	15,432,029	**6,944,140**	4,100,885
Current liabilities					
Creditors	**4,568,378**	4,391,023	5,720,165	**85,551**	76,172
Derivative liabilities	**161,532**	119,405	37,969	**47,060**	27,796
Contract liabilities	**1,808,593**	1,918,547	1,950,151	**–**	–
Provisions for warranties	**53,047**	69,614	115,972	**–**	–
Amounts due to:					
- subsidiaries	**–**	–	–	**164,952**	162,611
- associated companies	**376,464**	115,824	253,331	**–**	–
Term loans	**4,193,393**	1,480,757	1,714,084	**2,785,403**	460,657
Lease liabilities	**69,082**	–	–	**4,154**	–
Taxation	**230,314**	297,922	220,761	**42,519**	43,519
	11,460,803	8,393,092	10,012,433	**3,129,639**	770,755
Net current assets	**2,783,731**	5,442,898	5,419,596	**3,814,501**	3,330,130
Non-current liabilities					
Term loans	**6,602,968**	6,067,752	6,078,919	**3,811,040**	3,495,610
Lease liabilities	**531,019**	–	–	**12,448**	–
Deferred taxation	**420,356**	188,340	325,359	**–**	–
Other non-current liabilities	**345,562**	361,717	286,615	**103,103**	91,675
	7,899,905	6,617,809	6,690,893	**3,926,591**	3,587,285
Net assets	**11,470,592**	11,546,068	11,691,831	**8,034,323**	7,643,238
Group net debt	***10,047,257***	*5,567,103*	*5,519,215*	***n.a.***	*n.a.*
Group net gearing ratio	***0.88x***	*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 30.9.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
168,002	**4,094,473**	412,412	1,068,345

(ii) Amount repayable after one year

As at 30.9.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
821,152	**6,312,835**	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 $930,953,000 (31 December 2018: $1,065,652,000) to banks for loan facilities. Included in secured borrowings as at 30 September 2019 are current lease liabilities of $69,082,000 and non-current lease liabilities of $531,019,000 which are secured over the right-of-use assets of $491,038,000.

3b. Net asset value

	Group			**Company**		
	30.9.2019	31.12.2018 Restated	+/-%	**30.9.2019**	31.12.2018	+/-%
Net asset value per ordinary share *	**$6.06**	$6.20	-2.3	**$4.42**	$4.22	+4.7
Net tangible asset per ordinary share *	**$5.12**	$6.13	-16.5	**$4.42**	$4.22	+4.7

* Based on share capital of 1,816,362,603 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 $0.24 billion to $11.00 billion at 30 September 2019. The decrease was mainly attributable to payment of final dividend of 15.0 cents per share in respect of financial year 2018, payment of interim dividend of 8.0 cents per share in respect of half year ended 30 June 2019, adoption of SFRS(I) 16 *Leases* and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd, foreign exchange translation losses, decrease in fair value on cash flow hedges and investments at fair value through other comprehensive income, partly offset by retained profits for the nine months ended 30 September 2019.

Group total assets were $30.83 billion at 30 September 2019, $4.27 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 assets. Increase in current assets was due mainly to the increase in debtors and contract assets, partly offset by decrease in bank balances, deposits and cash.

Group total liabilities of $19.36 billion at 30 September 2019 were $4.35 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 $4.48 billion to $10.05 billion at 30 September 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, payment of interim dividend in respect of half year ended 30 June 2019 of $0.15 billion, the recognition of lease liabilities of $0.57 billion at date of adoption of SFRS(I) 16, as well as working capital requirements of $1.49 billion.

Group net gearing ratio increased from 48% at 31 December 2018 to 88% at 30 September 2019. This was largely driven by increase in group net debt.

4. STATEMENTS OF CHANGES IN EQUITY for the third quarter and nine months ended 30 September

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	**–**	**–**	**–**	**(103,360)**	**–**	**(103,360)**	**(3,230)**	**(106,590)**
As adjusted at 1 January 2019	**1,291,722**	**(45,073)**	**194,943**	**10,185,855**	**(493,669)**	**11,133,778**	**305,700**	**11,439,478**
Total comprehensive income for first half								
Profit for first half	**–**	**–**	**–**	**356,283**	**–**	**356,283**	**33,390**	**389,673**
Other comprehensive income *	**–**	**–**	**17,609**	**–**	**10,336**	**27,945**	**1,718**	**29,663**
Total comprehensive income for first half	**–**	**–**	**17,609**	**356,283**	**10,336**	**384,228**	**35,108**	**419,336**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	**–**	**–**	**–**	**(272,568)**	**–**	**(272,568)**	**–**	**(272,568)**
Share-based payment	**–**	**–**	**14,430**	**–**	**–**	**14,430**	**274**	**14,704**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(9,852)**	**(9,852)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**35,448**	**(35,313)**	**–**	**–**	**135**	**–**	**135**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**2,978**	**(2,978)**	**–**	**–**	**–**	**–**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**209**	**209**
Contributions to defined benefits plans	**–**	**–**	**106**	**–**	**–**	**106**	**–**	**106**
Total contributions by and distributions to owners	**–**	**35,448**	**(17,799)**	**(275,546)**	**–**	**(257,897)**	**(9,369)**	**(267,266)**
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**308,001**	**308,001**
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)**	**134,611**	**84,349**
Total transactions with owners	**–**	**35,448**	**(17,799)**	**(325,808)**	**–**	**(308,159)**	**125,242**	**(182,917)**
As at 30 June 2019	**1,291,722**	**(9,625)**	**194,753**	**10,216,330**	**(483,333)**	**11,209,847**	**466,050**	**11,675,897**

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 third quarter								
Profit for third quarter	**–**	**–**	**–**	**159,284**	**–**	**159,284**	**5,754**	**165,038**
Other comprehensive income *	**–**	**–**	**(94,225)**	**–**	**(132,603)**	**(226,828)**	**(779)**	**(227,607)**
Total comprehensive income for third quarter	**–**	**–**	**(94,225)**	**159,284**	**(132,603)**	**(67,544)**	**4,975**	**(62,569)**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	**–**	**–**	**–**	**(145,370)**	**–**	**(145,370)**	**–**	**(145,370)**
Share-based payment	**–**	**–**	**7,836**	**–**	**–**	**7,836**	**(115)**	**7,721**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(514)**	**(514)**
Purchase of treasury shares	**–**	**(4,543)**	**–**	**–**	**–**	**(4,543)**	**–**	**(4,543)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**42**	**(42)**	**–**	**–**	**–**	**–**	**–**
Transfer of statutory, capital and other reserves to revenue reserves	**–**	**–**	**(7,184)**	**7,184**	**–**	**–**	**–**	**–**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Contributions to defined benefits plans	**–**	**–**	**(30)**	**–**	**–**	**(30)**	**–**	**(30)**
Total contributions by and distributions to owners	**–**	**(4,501)**	**580**	**(138,186)**	**–**	**(142,107)**	**(629)**	**(142,736)**
Total transactions with owners	**–**	**(4,501)**	**580**	**(138,186)**	**–**	**(142,107)**	**(629)**	**(142,736)**
As at 30 September 2019	**1,291,722**	**(14,126)**	**101,108**	**10,237,428**	**(615,936)**	**11,000,196**	**470,396**	**11,470,592**

* 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 costs	–	–	–	(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 half								
Profit for first half	–	–	–	586,517	–	586,517	(386)	586,131
Other comprehensive income *	–	–	126,630	–	63,999	190,629	7,401	198,030
Total comprehensive income for first half	–	–	126,630	586,517	63,999	777,146	7,015	784,161
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(254,290)	–	(254,290)	–	(254,290)
Share-based payment	–	–	17,997	–	–	17,997	268	18,265
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(12,259)	(12,259)
Shares issued	412	–	–	–	–	412	–	412
Purchase of treasury shares	–	(84,116)	–	–	–	(84,116)	–	(84,116)
Treasury shares reissued pursuant to share plans and share option scheme	–	45,321	(40,450)	–	–	4,871	–	4,871
Transfer of statutory, capital and other reserves from revenue reserves	–	–	11,948	(11,948)	–	–	–	–
Contributions to defined benefits plans	–	–	(9)	–	–	(9)	–	(9)
Other adjustments	–	–	–	30	–	30	4,442	4,472
Total contributions by and distributions to owners	412	(38,795)	(10,514)	(266,208)	–	(315,105)	(7,549)	(322,654)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(1,605)	–	–	(1,605)	70	(1,535)
Disposal of interest in subsidiaries	–	–	–	–	–	–	5,554	5,554
Total change in ownership interests in subsidiaries	–	–	(1,605)	–	–	(1,605)	5,624	4,019
Total transactions with owners	412	(38,795)	(12,119)	(266,208)	–	(316,710)	(1,925)	(318,635)
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

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 third quarter								
Profit for third quarter	–	–	–	226,624	–	226,624	1,980	228,604
Other comprehensive income *	–	–	(20,881)	–	(190,662)	(211,543)	(13,791)	(225,334)
Total comprehensive income for third quarter	–	–	(20,881)	226,624	(190,662)	15,081	(11,811)	3,270
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(271,862)	–	(271,862)	–	(271,862)
Share-based payment	–	–	9,117	–	–	9,117	115	9,232
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(3,128)	(3,128)
Purchase of treasury shares	–	(6,642)	–	–	–	(6,642)	–	(6,642)
Treasury shares reissued pursuant to share plans and share option scheme	–	312	109	–	–	421	–	421
Transfer of statutory, capital and other reserves from revenue reserves	–	–	12,264	(12,264)	–	–	–	–
Contributions to defined benefits plans	–	–	(29)	–	–	(29)	–	(29)
Total contributions by and distributions to owners	–	(6,330)	21,461	(284,126)	–	(268,995)	(3,013)	(272,008)
Changes in ownership interests in subsidiaries								
Disposal of interest in subsidiaries	–	–	–	–	–	–	(215,776)	(215,776)
Total change in ownership interests in subsidiaries	–	–	–	–	–	–	(215,776)	(215,776)
Total transactions with owners	–	(6,330)	21,461	(284,126)	–	(268,995)	(218,789)	(487,784)
As at 30 September 2018	1,291,722	(45,199)	397,556	10,174,523	(450,219)	11,368,383	304,460	11,672,843

* 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 half	**–**	**–**	**–**	**812,205**	**812,205**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(272,568)**	**(272,568)**
Share-based payment	**–**	**–**	**14,107**	**–**	**14,107**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**35,448**	**(35,313)**	**–**	**135**
Total transactions with owners	**–**	**35,448**	**(21,206)**	**(272,568)**	**(258,326)**
As at 30 June 2019	**1,291,722**	**(9,625)**	**180,935**	**6,734,085**	**8,197,117**
Profit / Total comprehensive income for third quarter	**–**	**–**	**–**	**(22,177)**	**(22,177)**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(145,370)**	**(145,370)**
Share-based payment	**–**	**–**	**9,296**	**–**	**9,296**
Purchase of treasury shares	**–**	**(4,543)**	**–**	**–**	**(4,543)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**42**	**(42)**	**–**	**–**
Total transactions with owners	**–**	**(4,501)**	**9,254**	**(145,370)**	**(140,617)**
As at 30 September 2019	**1,291,722**	**(14,126)**	**190,189**	**6,566,538**	**8,034,323**
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Profit / Total comprehensive income for first half	–	–	–	640,238	640,238
Transactions with owners, recognised directly in equity					
Dividends paid	–	–	–	(254,290)	(254,290)
Share-based payment	–	–	16,911	–	16,911
Shares issued	412	–	–	–	412
Purchase of treasury shares	–	(84,116)	–	–	(84,116)
Treasury shares reissued pursuant to share plans and share option scheme	–	45,321	(40,450)	–	4,871
Other adjustments	–	–	–	30	30
Total transactions with owners	412	(38,795)	(23,539)	(254,260)	(316,182)
As at 30 June 2018	1,291,722	(38,869)	185,967	6,518,128	7,956,948
Profit / Total comprehensive income for third quarter	–	–	–	(18,804)	(18,804)
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(271,862)	(271,862)
Share-based payment	–	–	8,651	–	8,651
Purchase of treasury shares	–	(6,642)	–	–	(6,642)
Treasury shares reissued pursuant to share plans and share option scheme	–	312	109	–	421
Total transactions with owners	–	(6,330)	8,760	(271,862)	(269,432)
As at 30 September 2018	1,291,722	(45,199)	194,727	6,227,462	7,668,712

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	–	(4,624,482)
As at 30 June 2019	**1,818,394,180**	**1,267,562**
Treasury shares transferred pursuant to restricted share plan	–	(5,985)
Treasury shares purchased	–	770,000
As at 30 September 2019	**1,818,394,180**	**2,031,577**

Treasury shares
During the nine months ended 30 September 2019, the Company transferred 4,674,467 (30 September 2018: 5,358,196) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There was 770,000 treasury shares purchased (30 September 2018: 11,300,000) during the period. As at 30 September 2019, the number of treasury shares held by the Company represented 0.11% (30 September 2018: 0.33%) 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 nine months ended 30 September 2019.

Share options
As at 30 September 2019, there were unexercised options for 920,400 of unissued ordinary shares (30 September 2018: 1,901,185 ordinary shares) under the KCL Share Options Scheme. 44,000 options (30 September 2018: 780,500) and 55,000 options were exercised during the nine months and twelve months ended 30 September 2019 respectively. Unexercised options for 925,785 (30 September 2018: 3,407,100) of unissued ordinary shares were cancelled during the nine months and twelve months ended 30 September 2019.

KCL Performance Share Plan (“KCL PSP”)
As at 30 September 2019, the number of contingent shares granted but not released were 3,885,000 (30 September 2018: 2,895,000) 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 September 2019, the number of contingent shares granted but not released were 5,655,967 (30 September 2018: 6,122,491) 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 8,483,951 under KCL PSP-TIP.

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

As at 30 September 2019, the number of awards released but not vested was 27,241 (30 September 2018: 1,665,018) 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 September 2019 and 30 September 2018.

As at 30 September 2019, the number of awards released but not vested was 3,973,191 (30 September 2018: 2,643,854) 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 30.9.19
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	–	–	–	(280,000)	3,655,967
28.4.2017	2,030,000	–	–	–	(30,000)	2,000,000
	5,965,967	–	–	–	(310,000)	5,655,967

Awards:

	Number of shares					
Date of Grant	At 1.1.19	Awards granted	Adjustment upon release	Released	Cancelled	At 30.9.19
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:

Date of Grant	At 1.1.19	Released	Vested	Cancelled	Other adjustments	At 30.9.19
	Number of shares					
KCL PSP						
29.4.2016	–	380,600	(380,600)	–	–	–
	–	380,600	(380,600)	–	–	–
KCL RSP						
31.3.2014	4,200	–	–	(600)	–	3,600
31.3.2015	11,000	–	–	(3,300)	–	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	–	(1,271,725)	(79,986)	(492)	1,234,034
15.2.2019	–	3,908,536	(1,304,593)	(76,439)	(2,165)	2,525,339
18.4.2019	–	325,635	(108,517)	(3,300)	–	213,818
	2,586,237	4,234,171	(2,684,835)	(159,725)	(2,657)	3,973,191

4d. Capital reserves

	Group		Company	
	30.9.2019	30.9.2018	**30.9.2019**	30.9.2018
	$'000	$'000	**$'000**	$'000
Share option and share plans reserve	**199,639**	197,998	**174,379**	171,997
Fair value reserve	**19,792**	101,233	**16,957**	15,012
Hedging reserve	**(232,478)**	(7,187)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**74,155**	65,512	**(1,147)**	7,718
	101,108	397,556	**190,189**	194,727

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the third quarter and nine months ended 30 September

	Note	Third Quarter		Nine Months	
		30.9.2019	30.9.2018	**30.9.2019**	30.9.2018
		$'000	$'000	**$'000**	$'000
	Note		Restated		Restated
OPERATING ACTIVITIES					
Operating profit		**183,616**	282,235	**665,249**	1,048,713
Adjustments:					
Depreciation and amortisation		**105,082**	43,077	**274,861**	133,082
Share-based payment expenses		**8,395**	9,614	**23,506**	28,445
Loss/(profit) on sale of fixed assets and investment properties		**95**	74	**(711)**	(1,793)
(Write-back of impairment)/impairment of investments		**(329)**	(313)	**18,013**	(939)
Gain on disposal of subsidiaries		**–**	(173,732)	**(64,534)**	(598,864)
Gain on disposal of associated companies		**–**	(5,033)	**(54)**	(42,012)
Gain from change in interest in associated companies		**(21,954)**	(40,227)	**(26,572)**	(60,777)
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)
Unrealised foreign exchange differences		**19,981**	50,409	**35,988**	54,518
Operational cash flow before changes in working capital		**294,886**	166,104	**729,023**	512,073
Working capital changes:					
Stocks		**112,268**	61,653	**(48,602)**	(124,103)
Contract assets		**(303,010)**	(58,358)	**(259,631)**	498,977
Debtors		**(234,022)**	(30,472)	**(653,620)**	(30,925)
Creditors		**217,579**	(107,090)	**(145,089)**	(310,099)
Contract liabilities		**(46,097)**	(181,694)	**(116,825)**	(148,221)
Investments		**(95,269)**	(5,285)	**(224,016)**	(31,340)
Amount due to/from associated companies		**(46,156)**	28,537	**(45,720)**	22,885
		(99,821)	(126,605)	**(764,480)**	389,247
Interest received		**42,595**	43,216	**126,035**	109,726
Interest paid		**(85,889)**	(51,541)	**(236,510)**	(144,500)
Income taxes paid, net of refunds received		**(88,136)**	(57,673)	**(252,666)**	(190,276)
Net cash (used in)/from operating activities		**(231,251)**	(192,603)	**(1,127,621)**	164,197
INVESTING ACTIVITIES					
Acquisition of a subsidiary	5a	**–**	–	**(1,143,012)**	–
Acquisition and further investment in associated companies		**(126,527)**	(63,402)	**(460,978)**	(66,188)
Acquisition of fixed assets and investment properties		**(71,185)**	(22,791)	**(378,166)**	(153,757)
Disposal of subsidiaries	5b	**–**	405,625	**18,481**	1,067,226
Proceeds from disposal of fixed assets		**220**	344	**2,410**	3,382
Proceeds from disposal of associated companies and return of capital		**1,970**	170,302	**5,430**	158,860
Advances to/from associated companies		**(95,851)**	59,781	**94,089**	(179,528)
Dividends received from investments and associated companies		**88,337**	41,635	**236,154**	221,596
Net cash (used in)/from investing activities		**(203,036)**	591,494	**(1,625,592)**	1,051,591
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**–**	–	**(223,652)**	(1,535)
Proceeds from share options exercised with issue of treasury shares		**–**	421	**135**	5,292
Proceeds from non-controlling shareholders of subsidiaries		**–**	–	**51,837**	–
Proceeds from share issues		**–**	–	**–**	412
Proceeds from term loans		**350,635**	(221)	**3,542,088**	1,097,652
Repayment of term loans		**(174,697)**	(281,511)	**(776,572)**	(1,888,089)
Principal element of lease payments		**(10,483)**	–	**(45,287)**	–
Purchase of treasury shares		**(4,543)**	(6,642)	**(4,543)**	(90,758)
Dividend paid to shareholders of the Company		**(145,370)**	(271,862)	**(417,938)**	(526,152)
Dividend paid to non-controlling shareholders of subsidiaries		**(514)**	(3,128)	**(10,366)**	(15,387)
Net cash from/(used in) financing activities		**15,028**	(562,943)	**2,115,702**	(1,418,565)
Net decrease in cash and cash equivalents		**(419,259)**	(164,052)	**(637,511)**	(202,777)
Cash and cash equivalents as at beginning of period		**1,758,622**	2,183,955	**1,971,844**	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(20,240)**	(32,821)	**(15,210)**	(51,589)
Cash and cash equivalents as at end of period	5c	**1,319,123**	1,987,082	**1,319,123**	1,987,082

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:

	Third Quarter	**Nine Months**
	30.9.2019	**30.9.2019**
	$'000	**$'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	**–**	**938,947**
Remeasurement gain	**–**	**(158,376)**
Total purchase consideration	**–**	**1,232,003**
Less: Bank balances and cash acquired	**–**	**(88,991)**
Cash outflow on acquisition	**–**	**1,143,012**

During the nine months, the Group acquired 81% interest in M1 Limited, bringing to a total of 100% as at 30 September 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:

	Third Quarter		**Nine Months**	
	30.9.2019	30.9.2018	**30.9.2019**	30.9.2018
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**–**	(948,763)	**–**	(952,885)
Stocks	**–**	–	**(94,883)**	(692,651)
Debtors and other assets	**–**	(836)	**(707)**	(7,939)
Bank balances and cash	**–**	(277)	**(1,746)**	(38,621)
Creditors and other liabilities	**–**	365,719	**6,846**	440,984
Current and deferred taxation	**–**	139,774	**–**	139,774
Borrowings	**–**	–	**–**	171,380
Non-controlling interest	**–**	215,776	**–**	210,166
Net assets disposed of	**–**	(228,607)	**(90,490)**	(729,792)
Net gain on disposal	**–**	(173,732)	**(64,534)**	(598,864)
Amount accounted for as associated company	**–**	–	**18,320**	–
Realisation of foreign currency translation reserve	**–**	(3,563)	**(8,489)**	(7,331)
Sale proceeds	**–**	(405,902)	**(145,193)**	(1,335,987)
Less: Bank balances and cash disposed	**–**	277	**1,746**	38,621
Less: Advanced payments received in prior year	**–**	–	**–**	174,538
Less: (Deferred proceeds received)/proceeds receivable	**–**	–	**124,966**	55,602
Cash inflow on disposal	**–**	(405,625)	**(18,481)**	(1,067,226)

During the nine 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 Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd and Aether Limited.

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	
	30.9.2019	30.9.2018
	$'000	$'000
Bank balances, deposits and cash	**1,349,205**	2,010,380
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(30,082)**	(23,298)
	1,319,123	1,987,082

5d. Cash flow analysis

(i) Third Quarter

Net cash used in operating activities for the quarter was $231 million compared to $193 million in the prior period. This was due mainly to higher working capital requirements.

Net cash used in investing activities for the quarter was $203 million. Acquisitions and capital expenditure of $198 million as well as advances to associated companies of $96 million was partly offset by the divestment and dividend income of $91 million.

Net cash from financing activities was $15 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend paid to shareholders.

(ii) Nine Months

Net cash used in operating activities was $1,128 million compared to net cash from operating activities of $164 million in the prior period. This was due mainly to higher working capital requirements.

Net cash used in investing activities was $1,626 million. Acquisitions and capital expenditure of $1,982 million was partly offset by the divestments and dividend income of $262 million and receipts from associated companies of $94 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 $2,116 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend of $428 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	453,338
Decrease in debtors	(700)
Increase in lease liabilities	(568,350)
Decrease in creditors	9,122
Decrease in net assets	(106,590)
Decrease in revenue reserves	(103,360)
Decrease in non-controlling interests	(3,230)
Decrease in total equity	(106,590)

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

In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer 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 capitalised 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 Third Quarter and Nine Months ended 30 September 2019 Financial Statements

The financial effect of the change in accounting policy:

	Third Quarter 30.09.2018	Nine Months 30.09.2018
Group Profit and Loss Account	$'000	$'000
Decrease in materials & subcontract costs	1,301	11,290
Increase in interest expenses	–	(6,381)
Decrease in share of results of associated companies	(122)	(255)
Increase in taxation	(221)	(807)
Increase in profit for the period attributable to shareholders of the Company	958	3,847
Increase in basic EPS	0.1 cts	0.2 cts
Increase in diluted EPS	0.1 cts	0.2 cts

	31.12.2018	01.01.2018
Group Balance Sheets	$'000	$'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) Third Quarter

Group revenue for 3Q 2019 of $2,067 million was $772 million or 60% above that of 3Q 2018. Revenue from the Offshore & Marine Division increased by $216 million to $632 million due mainly to higher revenue recognition from ongoing projects. Revenue from the Property Division increased by $205 million to $385 million due mainly to higher revenue from property trading projects in China, Vietnam and Singapore. Revenue from the Infrastructure Division grew by $68 million to $742 million as a result of increased sales in the power and gas business as well as progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $283 million higher at $308 million due mainly to the consolidation of M1.

Group pre-tax profit of $227 million was $107 million or 32% lower than that of the corresponding quarter in 2018. The Offshore & Marine Division's pre-tax profit was $8 million, $2 million below the same period last year. This was mainly due to net interest expense in the current period as compared to net interest income in the same period last year and higher share of associated companies' losses, partly offset by higher operating results. Pre-tax profit of the Property Division decreased by $121 million to $123 million due mainly to absence of divestment gain and higher net interest expense, partly offset by higher contribution from associated companies as well as higher profits from property trading projects in China and Singapore. In the third quarter of 2018, the Property Division had benefited from the gain from divestment of the stake in Aether Limited. Pre-tax profit of the Infrastructure Division grew by $32 million to $92 million due mainly to higher share of associated companies' profits, dilution gain arising from Keppel DC REIT's private placement exercise as well as higher contribution from Energy Infrastructure and Environmental Infrastructure, partly offset by lower contribution from Infrastructure Services and the logistics business, and absence of gain arising from the sale of stake in Keppel DC REIT in 3Q 2018. Pre-tax profit of the Investments Division decreased by $16 million to $4 million. This was mainly due to higher net interest expense, fair value loss on KrisEnergy warrants in the current period as compared to fair value gain in the same period last year, higher share of loss in KrisEnergy, 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 share of profit from the Sino-Singapore Tianjin Eco-City.

Taxation expenses decreased by $44 million due mainly to lower taxable profits. Non-controlling interests were $5 million higher than those of 3Q 2018. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 3Q 2019 was $159 million, 30% below the same quarter in the previous year.

(ii) Nine Months

Group net profit attributable to shareholders was $515 million, 37% below the same period in 2018. Earnings per share decreased correspondingly by 37% to 28.4 cents. Annualised return on equity was 6.1%.

Group revenue of $5,382 million for the nine months ended 30 September 2019 was $1,094 million or 26% higher than that of the corresponding period in 2018. Revenue from the Offshore & Marine Division of $1,445 million was $90 million above the same period last year due mainly to higher revenue recognition from ongoing projects, partly offset by absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Major jobs delivered in 2019 include three jackup rigs, three FPSO/FSRU conversions and three dredgers. Revenue from the Property Division increased by $46 million to $1,013 million due mainly to higher revenue from property trading projects in China and Vietnam, partly offset by lower revenue from property trading projects in Singapore. Revenue from the Infrastructure Division grew by $282 million to $2,167 million as a result of increased sales in the power and gas business 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 $676 million higher at $757 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit was $716 million, $364 million or 34% below the same period in 2018. The Offshore & Marine Division's pre-tax profit was $13 million as compared to pre-tax loss of $16 million in 2018. This was mainly due to higher operating results and higher investment income. Pre-tax profit from the Property Division decreased by $512 million to $465 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), the absence of gain from divestment as compared against last year (Aether Limited), lower contribution from property trading projects in Singapore and higher net interest expense, partly offset by the gain from disposal of a partial interest in the Dong Nai project in Vietnam, higher contribution from property trading projects in China, higher investment income and higher contribution from associated companies. Pre-tax profit of the Infrastructure Division was $163 million, $29 million above the same period in 2018. This was mainly due to higher contribution from associated companies as well as higher contribution from Energy Infrastructure and Environmental Infrastructure, partly offset by lower contribution from Infrastructure Services and the logistics business, and absence of gain arising from the sale of stake in Keppel DC REIT. Pre-tax profit of the Investments Division was $75 million as compared to pre-tax loss of $15 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 share of profit from the Sino-Singapore Tianjin Eco-City, partly offset by 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 as well as provision for impairment of an associated company.

Taxation expenses decreased by $105 million due mainly to write-back of tax provision and lower taxable profits. Non-controlling interests were $39 million higher than the corresponding period in 2018. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $515 million, a decrease of $298 million from $813 million in the same period in 2018. The Property Division was the largest contributor to the Group's net profit with a 66% share, followed by the Infrastructure Division's 28%, while the Offshore & Marine Division and the Investments Division each contributed 3% to the Group's net profit.

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 $5.1 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, 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 3,520 homes in the first nine months of 2019, comprising about 190 in Singapore, 2,330 in China, 660 in Vietnam, 110 in Indonesia and 230 in India. Keppel REIT's office buildings in Singapore, Australia and Korea maintained a high portfolio committed occupancy rate of 99% as at 30 September 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 (Keppel T&T) will continue to develop its data centre business locally and overseas. Besides building complementary capabilities in the growing e-commerce business, it is transforming 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 serves as a digital platform and connectivity partner to complement and augment the Group's current suite of solutions, and at the same time can benefit from harnessing the synergies of the Group.

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?
No

13b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No

13c. Date Payable

Not applicable.

13d. Books Closure Date

Not applicable.

13e. If no dividend has been declared/recommended, a statement to that effect.

No dividend is declared for the quarter ended 30 September 2019.

Total cash distribution paid to shareholders in 2019 amounted to 23.0 cents per share. A tax exempt one-tier final cash dividend of 15.0 cents per share in respect of the year ended 31 December 2018 was paid on 10 May 2019 and a tax exempt one-tier interim cash dividend of 8.0 cents per share in respect of the half year ended 30 June 2019 was paid on 6 August 2019.

14. SEGMENT ANALYSIS

Nine months ended 30 September 2019

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**1,444,742**	**1,013,515**	**2,167,316**	**756,897**	**–**	**5,382,470**
Inter-segment sales	**373**	**7,923**	**23,027**	**73,611**	**(104,934)**	**–**
Total	**1,445,115**	**1,021,438**	**2,190,343**	**830,508**	**(104,934)**	**5,382,470**
Segment Results						
Operating profit	**46,454**	**364,527**	**88,924**	**165,846**	**(502)**	**665,249**
Investment income	**4,739**	**37,817**	**1,410**	**5,004**	**–**	**48,970**
Interest income	**51,688**	**32,459**	**46,707**	**270,760**	**(275,579)**	**126,035**
Interest expenses	**(89,585)**	**(70,381)**	**(21,262)**	**(331,370)**	**276,081**	**(236,517)**
Share of results of associated companies	**(562)**	**100,360**	**47,774**	**(35,352)**	**–**	**112,220**
Profit before tax	**12,734**	**464,782**	**163,553**	**74,888**	**–**	**715,957**
Taxation	**4,768**	**(127,707)**	**(20,382)**	**(17,925)**	**–**	**(161,246)**
Profit for the period	**17,502**	**337,075**	**143,171**	**56,963**	**–**	**554,711**
Attributable to:						
Shareholders of Company	**17,998**	**340,282**	**145,069**	**12,218**	**–**	**515,567**
Non-controlling interests	**(496)**	**(3,207)**	**(1,898)**	**44,745**	**–**	**39,144**
	17,502	**337,075**	**143,171**	**56,963**	**–**	**554,711**
Other Information						
Segment assets	**9,472,438**	**13,536,249**	**4,202,336**	**11,581,963**	**(7,961,686)**	**30,831,300**
Segment liabilities	**6,661,443**	**6,037,082**	**2,689,236**	**11,934,633**	**(7,961,686)**	**19,360,708**
Net assets	**2,810,995**	**7,499,167**	**1,513,100**	**(352,670)**	**–**	**11,470,592**
Investment in associated companies	**710,821**	**3,496,059**	**1,152,896**	**1,101,051**	**–**	**6,460,827**
Additions to non-current assets	**56,213**	**621,027**	**113,508**	**169,196**	**–**	**959,944**
Depreciation and amortisation	**87,458**	**31,511**	**43,475**	**112,417**	**–**	**274,861**
Impairment loss/(write-back of impairment loss)	**819**	**–**	**(978)**	**19,000**	**–**	**18,841**

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**4,026,226**	**774,391**	**53,790**	**269,189**	**258,874**	**–**	**5,382,470**
Non-current assets	**8,783,359**	**3,212,489**	**303,266**	**1,789,044**	**726,079**	**–**	**14,814,237**

Nine months ended 30 September 2018

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	1,354,963	967,021	1,884,882	81,548	–	4,288,414
Inter-segment sales	–	5,127	17,266	50,856	(73,249)	–
Total	1,354,963	972,148	1,902,148	132,404	(73,249)	4,288,414
Segment Results						
Operating profit	20,159	921,044	95,613	10,608	1,289	1,048,713
Investment income	546	349	1,120	2,290	–	4,305
Interest income	53,200	37,515	40,873	224,266	(225,186)	130,668
Interest expenses	(89,659)	(59,794)	(12,008)	(213,317)	223,897	(150,881)
Share of results of associated companies	(345)	78,370	8,866	(38,816)	–	48,075
(Loss)/profit before tax	(16,099)	977,484	134,464	(14,969)	–	1,080,880
Taxation	(23,567)	(217,057)	(7,391)	(18,130)	–	(266,145)
(Loss)/profit for the period	(39,666)	760,427	127,073	(33,099)	–	814,735
Attributable to:						
Shareholders of Company	(37,994)	767,831	121,503	(38,199)	–	813,141
Non-controlling interests	(1,672)	(7,404)	5,570	5,100	–	1,594
	(39,666)	760,427	127,073	(33,099)	–	814,735
Other Information						
Segment assets	7,757,821	13,365,061	3,807,342	7,909,241	(7,291,108)	25,548,357
Segment liabilities	5,280,412	5,366,920	2,073,928	8,445,238	(7,291,108)	13,875,390
Net assets	2,477,409	7,998,141	1,733,414	(535,997)	–	11,672,967
Investment in associated companies	707,057	2,904,661	1,020,198	1,268,404	–	5,900,320
Additions to non-current assets	74,395	130,854	26,736	4,151	–	236,136
Depreciation and amortisation	73,566	23,798	33,514	2,204	–	133,082
Impairment loss/(write-back of impairment loss)	807	(22,226)	(930)	–	–	(22,349)

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	3,184,590	550,282	212,733	178,640	162,169	–	4,288,414
Non-current assets	5,780,442	2,458,888	202,571	1,450,530	901,202	–	10,793,633

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 nine months ended 30 September 2019 and 30 September 2018, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) Revenue of $567,991,000 is derived from a single external customer and is attributable to the Infrastructure Division for the nine months ended 30 September 2019. Revenue of $521,135,000 is derived from a single external customer and is attributable to the Infrastructure Division for the nine months ended 30 September 2018.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $5,382 million for the nine months ended 30 September 2019 was $1,094 million or 26% higher than that of the corresponding period in 2018. Revenue from the Offshore & Marine Division of $1,445 million was $90 million above the same period last year due mainly to higher revenue recognition from ongoing projects, partly offset by absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Revenue from the Property Division increased by $46 million to $1,013 million due mainly to higher revenue from property trading projects in China and Vietnam, partly offset by lower revenue from property trading projects in Singapore. Revenue from the Infrastructure Division grew by $282 million to $2,167 million as a result of increased sales in the power and gas business 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 $676 million higher at $757 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 $515 million was $298 million or 37% lower than that of corresponding period in 2018. Net profit from the Offshore & Marine Division was $18 million as compared to net loss of $38 million in 2018. This was mainly due to higher operating results, higher investment income and write back of tax provision. Profit from the Property Division of $340 million decreased by $428 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), the absence of gain from divestment as compared against last year (Aether Limited), lower contribution from Singapore property trading projects and higher net interest expense, partly offset by the gain from disposal of a partial interest in the Dong Nai project in Vietnam, higher contribution from China property trading projects, higher investment income, higher contribution from associated companies and higher write-back of tax provision. Profit from the Infrastructure Division was $145 million, $24 million above the same period in 2018, due to higher contribution from associated companies as well as higher contribution from Energy Infrastructure and Environmental Infrastructure, partly offset by lower contribution from Infrastructure Services and the logistics business, and absence of gain arising from the sale of stake in Keppel DC REIT. Net profit from the Investments Division was $12 million as compared to net loss of $38 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 share of profit from the Sino-Singapore Tianjin Eco-City, partly offset by 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 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 66% share, followed by the Infrastructure Division's 28%, while the Offshore & Marine Division and the Investments Division each contributed 3% to the Group's net profit.

15c. Revenue by Geographical Segments

Revenue from Singapore of $4,026 million was $842 million higher than that of corresponding period in 2018, due largely to higher revenue from the Infrastructure Division, Offshore & Marine Division and Investments Division (consolidation of M1 from date of acquisition), partly offset by lower revenue from the Property 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)	
	Nine Months 30.9.2019 $'000	Nine Months 30.9.2018 $'000	**Nine Months 30.9.2019 $'000**	Nine Months 30.9.2018 $'000
Transaction for the Sale of Goods and Services				
PSA International Group	**–**	–	**3,050**	77
SembCorp Marine Group	**–**	–	**180**	2,202
Singapore Power Group	**–**	–	**503**	451
Singapore Technologies Engineering Group	**–**	–	**38**	233
Singapore Telecommunications Group	**–**	–	**7,733**	–
Temasek Holdings Group (other than the above)	**–**	–	**3,500**	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**208**	525
Pavilion Gas Pte Ltd	**–**	–	**62,000**	52,000
PSA International Group	**–**	–	**144**	182
Starhub Group	**–**	–	**18,030**	–
MediaCorp Group	**–**	–	**426**	–
SembCorp Marine Group	**–**	–	**277**	–
Singapore Technologies Engineering Group	**–**	–	**4,504**	409
Singapore Telecommunications Group	**–**	–	**33,353**	80
SMRT Corporation Group	**–**	–	**1,258**	209
Temasek Holdings Group (other than the above)	**–**	–	**2,997**	255
Total Interested Person Transactions	**–**	–	**138,201**	56,623

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
17 October 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 third 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, 17 October 2019