

## 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

|                           | <b>1H 2019<br/>(S\$ m)</b> | <b>1H 2018*<br/>(S\$ m)</b> | <b>Change<br/>(%)</b> | <b>2Q 2019<br/>(S\$ m)</b> | <b>2Q 2018*<br/>(S\$ m)</b> | <b>Change<br/>(%)</b> |
|---------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
| <b>Revenue</b>            | 3,315                      | 2,993                       | 11                    | 1,784                      | 1,523                       | 17                    |
| <b>Operating Profit</b>   | 482                        | 766                         | (37)                  | 160                        | 280                         | (43)                  |
| <b>Net Profit</b>         | 356                        | 586                         | (39)                  | 153                        | 249                         | (39)                  |
| <b>Earnings per Share</b> | 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](mailto: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](mailto:ivana.chua@kepcorp.com)

**KEPPEL CORPORATION LIMITED**

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

**SECOND QUARTER 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT****TABLE OF CONTENTS**

| <b><u>Paragraph</u></b> | <b><u>Description</u></b>   | <b><u>Page</u></b> |
|-------------------------|---|--------------------|
| 1                       | GROUP PROFIT AND LOSS ACCOUNT   | 1                  |
| 2                       | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  | 5                  |
| 3                       | BALANCE SHEETS  | 7                  |
| 4                       | STATEMENTS OF CHANGES IN EQUITY   | 10                 |
| 5                       | CONSOLIDATED STATEMENT OF CASH FLOWS  | 18                 |
| 6                       | AUDIT   | 20                 |
| 7                       | AUDITORS' REPORT  | 20                 |
| 8                       | ACCOUNTING POLICIES   | 20                 |
| 9                       | CHANGES IN THE ACCOUNTING POLICIES  | 21                 |
| 10                      | REVIEW OF GROUP PERFORMANCE   | 23                 |
| 11                      | VARIANCE FROM FORECAST STATEMENT  | 25                 |
| 12                      | PROSPECTS   | 25                 |
| 13                      | DIVIDEND  | 26                 |
| 14                      | SEGMENT ANALYSIS  | 27                 |
| 15                      | REVIEW OF SEGMENT PERFORMANCE   | 29                 |
| 16                      | INTERESTED PERSON TRANSACTIONS  | 30                 |
| 17                      | CONFIRMATION THAT THE ISSUER HAS PROCURED<br>UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE<br>OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER<br>RULE 720(1) | 30                 |
|                         | <b>CONFIRMATION BY THE BOARD</b>  | <b>31</b>          |

# 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<br>\$'000 | 30.6.2018<br>\$'000<br>Restated | +/-<br>% | 30.6.2019<br>\$'000 | 30.6.2018<br>\$'000<br>Restated | +/-<br>% |
| <b>Revenue</b>   |       | <b>1,784,510</b>    | 1,522,816                       | +17.2    | <b>3,315,178</b>    | 2,992,733                       | +10.8    |
| Materials & subcontract costs  | (i)   | <b>(1,224,501)</b>  | (1,104,590)                     | +10.9    | <b>(2,248,284)</b>  | (2,102,811)                     | +6.9     |
| Staff costs  | (ii)  | <b>(274,435)</b>    | (214,878)                       | +27.7    | <b>(536,285)</b>    | (453,795)                       | +18.2    |
| Depreciation & amortisation<br>(Impairment loss)/Write-back of impairment loss on financial assets | (iii) | <b>(102,155)</b>    | (43,557)                        | +134.5   | <b>(169,779)</b>    | (90,005)                        | +88.6    |
| Other operating (expense)/ income - net  | (iv)  | <b>(21,082)</b>     | 117,464                         | NM       | <b>124,552</b>      | 417,471                         | -70.2    |
| <b>Operating profit</b>  |       | <b>160,021</b>      | 280,092                         | -42.9    | <b>481,633</b>      | 766,478                         | -37.2    |
| Investment income  | (v)   | <b>35,708</b>       | 2,362                           | NM       | <b>40,121</b>       | 3,356                           | NM       |
| Interest income  |       | <b>41,995</b>       | 35,389                          | +18.7    | <b>83,440</b>       | 66,510                          | +25.5    |
| Interest expenses  | (vi)  | <b>(81,592)</b>     | (55,640)                        | +46.6    | <b>(150,626)</b>    | (99,340)                        | +51.6    |
| Share of results of associated companies   | (vii) | <b>50,079</b>       | 34,891                          | +43.5    | <b>34,404</b>       | 8,717                           | +294.7   |
| <b>Profit before tax</b>   |       | <b>206,211</b>      | 297,094                         | -30.6    | <b>488,972</b>      | 745,721                         | -34.4    |
| Taxation   | 1b    | <b>(53,068)</b>     | (45,057)                        | +17.8    | <b>(99,299)</b>     | (159,590)                       | -37.8    |
| <b>Profit for the period</b>   |       | <b>153,143</b>      | 252,037                         | -39.2    | <b>389,673</b>      | 586,131                         | -33.5    |
| <b>Attributable to:</b>  |       |                     |                                 |          |                     |                                 |          |
| Shareholders of the Company  |       | <b>153,388</b>      | 249,052                         | -38.4    | <b>356,283</b>      | 586,517                         | -39.3    |
| Non-controlling interests  |       | <b>(245)</b>        | 2,985                           | NM       | <b>33,390</b>       | (386)                           | NM       |
|  |       | <b>153,143</b>      | 252,037                         | -39.2    | <b>389,673</b>      | 586,131                         | -33.5    |
| Earnings per ordinary share  |       |                     |                                 |          |                     |                                 |          |
| - basic  |       | <b>8.4 cts</b>      | 13.7 cts                        | -38.7    | <b>19.6 cts</b>     | 32.3 cts                        | -39.3    |
| - diluted  |       | <b>8.4 cts</b>      | 13.6 cts                        | -38.2    | <b>19.5 cts</b>     | 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<br>\$'000 | 30.6.2018<br>\$'000 | +/<br>% | 30.6.2019<br>\$'000 | 30.6.2018<br>\$'000 | +/<br>% |
| Share-based payment expenses  |         | <b>6,865</b>        | 9,212               | -25.5   | <b>15,111</b>       | 18,831              | -19.8   |
| Profit on sale of fixed assets and investment properties                                      | (viii)  | <b>(649)</b>        | (1,637)             | -60.4   | <b>(806)</b>        | (1,867)             | -56.8   |
| Provision/(write-back of provision)   |         |                     |                     |         |                     |                     |         |
| - Stocks  | (ix)    | <b>798</b>          | (10,460)            | NM      | <b>800</b>          | (23,143)            | NM      |
| - Doubtful debts  | (x)     | <b>2,316</b>        | (2,837)             | NM      | <b>3,749</b>        | (2,885)             | NM      |
| Fair value (gain)/loss  |         |                     |                     |         |                     |                     |         |
| - Investments   | (xi)    | <b>(5,893)</b>      | 1,023               | NM      | <b>10,989</b>       | 8,971               | +22.5   |
| - Forward contracts   | (xii)   | <b>(5,346)</b>      | (9,035)             | -40.8   | <b>11,713</b>       | 10,760              | +8.9    |
| - Financial derivatives   |         | <b>121</b>          | (535)               | NM      | <b>(67)</b>         | (1,419)             | -95.3   |
| Foreign exchange (gain)/loss  | (xiii)  | <b>(6,697)</b>      | 48,026              | NM      | <b>(8,801)</b>      | 41,380              | NM      |
| (Write-back of impairment)/impairment of associated companies                                 | (xiv)   | <b>(329)</b>        | (313)               | +5.1    | <b>18,342</b>       | (626)               | NM      |
| Gain on disposal of subsidiaries  | (xv)    | -                   | (88,262)            | NM      | <b>(64,534)</b>     | (425,132)           | -84.8   |
| Gain on disposal of an associated company   | (xvi)   | -                   | (36,979)            | NM      | <b>(54)</b>         | (36,979)            | -99.9   |
| Fair value gain on investment properties  | (xvii)  | <b>(38,347)</b>     | (48,300)            | -20.6   | <b>(38,347)</b>     | (48,300)            | -20.6   |
| Gain from change in interest in associated companies  | (xviii) | <b>(497)</b>        | (21,191)            | -97.7   | <b>(4,618)</b>      | (20,550)            | -77.5   |
| Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary | (xix)   | -                   | -                   | -       | <b>(158,376)</b>    | -                   | NM      |

NM – Not Meaningful

### Note:

- (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<br>Restated | +/--% | 30.6.2019        | 30.6.2018<br>Restated | +/--% |
| Earnings per ordinary share of the Group based on net profit attributable to shareholders:- |                  |                       |       |                  |                       |       |
| (i) Based on weighted average number of shares  | <b>8.4 cts</b>   | 13.7 cts              | -38.7 | <b>19.6 cts</b>  | 32.3 cts              | -39.3 |
| - Weighted average number of shares (excluding treasury shares) ('000)                      | <b>1,815,955</b> | 1,814,536             | +0.1  | <b>1,815,955</b> | 1,814,536             | +0.1  |
| (ii) On a fully diluted basis   | <b>8.4 cts</b>   | 13.6 cts              | -38.2 | <b>19.5 cts</b>  | 32.1 cts              | -39.3 |
| - Adjusted weighted average number of shares (excluding treasury shares) ('000)             | <b>1,825,302</b> | 1,825,502             | -     | <b>1,825,302</b> | 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<br>\$'000   | 30.6.2018<br>\$'000<br>Restated | +/-<br>%     | 30.6.2019<br>\$'000 | 30.6.2018<br>\$'000<br>Restated | +/-<br>%     |
| <b>Profit for the period</b>  | <b>153,143</b>        | <b>252,037</b>                  | <b>-39.2</b> | <b>389,673</b>      | <b>586,131</b>                  | <b>-33.5</b> |
| <u>Items that may be reclassified subsequently to profit &amp; loss account:</u>      |                       |                                 |              |                     |                                 |              |
| Cash flow hedges  |                       |                                 |              |                     |                                 |              |
| - Fair value changes arising during the period, net of tax                            | (i) <b>(179,962)</b>  | 92,835                          | NM           | <b>12,979</b>       | 168,442                         | -92.3        |
| - Realised and transferred to profit & loss account                                   | (ii) <b>18,064</b>    | (29,413)                        | NM           | <b>32,984</b>       | (59,105)                        | NM           |
| Foreign exchange translation  |                       |                                 |              |                     |                                 |              |
| - Exchange differences arising during the period                                      | (iii) <b>(32,109)</b> | (14,213)                        | +125.9       | <b>12,228</b>       | 44,188                          | -72.3        |
| - Realised and transferred to profit & loss account                                   | <b>(89)</b>           | 258                             | NM           | <b>8,300</b>        | 4,609                           | +80.1        |
| Share of other comprehensive income of associated companies                           |                       |                                 |              |                     |                                 |              |
| - Cash flow hedges  | <b>(9,352)</b>        | 10,400                          | NM           | <b>(10,135)</b>     | 24,464                          | NM           |
| - Foreign exchange translation  | <b>13,171</b>         | 12,306                          | +7.0         | <b>(10,192)</b>     | 15,202                          | NM           |
|   | <b>(190,277)</b>      | 72,173                          | NM           | <b>46,164</b>       | 197,800                         | -76.7        |
| <u>Items that will not be reclassified subsequently to profit &amp; loss account:</u> |                       |                                 |              |                     |                                 |              |
| Financial assets, at FVOCI  |                       |                                 |              |                     |                                 |              |
| - Fair value changes arising during the period  | (iv) <b>(23,187)</b>  | 15,517                          | NM           | <b>(18,159)</b>     | (7,578)                         | +139.6       |
| Foreign exchange translation  |                       |                                 |              |                     |                                 |              |
| - Exchange differences arising during the period                                      | (iii) <b>(1,377)</b>  | (4,428)                         | -68.9        | <b>1,542</b>        | 7,075                           | -78.2        |
| Share of other comprehensive income of associated companies                           |                       |                                 |              |                     |                                 |              |
| - Financial assets, at FVOCI  | <b>(3)</b>            | 7                               | NM           | <b>116</b>          | 733                             | -84.2        |
|   | <b>(24,567)</b>       | 11,096                          | NM           | <b>(16,501)</b>     | 230                             | NM           |
| <b>Other comprehensive (expense)/income for the period, net of tax</b>                | <b>(214,844)</b>      | 83,269                          | NM           | <b>29,663</b>       | 198,030                         | -85.0        |
| <b>Total comprehensive (expense)/income for the period</b>                            | <b>(61,701)</b>       | 335,306                         | NM           | <b>419,336</b>      | 784,161                         | -46.5        |
| <b>Attributable to:</b>   |                       |                                 |              |                     |                                 |              |
| Shareholders of the Company   | <b>(60,072)</b>       | 336,284                         | NM           | <b>384,228</b>      | 777,146                         | -50.6        |
| Non-controlling interests   | <b>(1,629)</b>        | (978)                           | +66.6        | <b>35,108</b>       | 7,015                           | NM           |
|   | <b>(61,701)</b>       | 335,306                         | NM           | <b>419,336</b>      | 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

|                                     | 30.6.2019<br>\$'000 | Group<br>31.12.2018<br>\$'000<br>Restated | 01.01.2018<br>\$'000<br>Restated | Company<br>30.6.2019<br>\$'000 | 31.12.2018<br>\$'000 |
|-------------------------------------|---------------------|---|----------------------------------|--------------------------------|----------------------|
| <b>Share capital</b>                | <b>1,291,722</b>    | 1,291,722                                 | 1,291,310                        | <b>1,291,722</b>               | 1,291,722            |
| <b>Treasury shares</b>              | <b>(9,625)</b>      | (45,073)                                  | (74)                             | <b>(9,625)</b>                 | (45,073)             |
| <b>Reserves</b>                     | <b>9,831,292</b>    | 9,990,489                                 | 9,870,625                        | <b>6,915,020</b>               | 6,396,589            |
| <b>Share capital &amp; reserves</b> | <b>11,113,389</b>   | 11,237,138                                | 11,161,861                       | <b>8,197,117</b>               | 7,643,238            |
| <b>Non-controlling interests</b>    | <b>466,536</b>      | 308,930                                   | 529,970                          | –                              | –                    |
| <b>Total equity</b>                 | <b>11,579,925</b>   | 11,546,068                                | 11,691,831                       | <b>8,197,117</b>               | 7,643,238            |
| Represented by:                     |                     |   |                                  |                                |                      |
| <b>Fixed assets</b>                 | <b>3,304,931</b>    | 2,372,560                                 | 2,432,963                        | <b>6,523</b>                   | 6,676                |
| <b>Investment properties</b>        | <b>2,897,681</b>    | 2,851,380                                 | 3,460,608                        | –                              | –                    |
| <b>Right-of-use assets</b>          | <b>430,941</b>      | –   | –                                | <b>14,507</b>                  | –                    |
| <b>Subsidiaries</b>                 | –                   | –   | –                                | <b>8,091,612</b>               | 7,867,959            |
| <b>Associated companies</b>         | <b>6,100,347</b>    | 6,239,053                                 | 5,915,379                        | –                              | –                    |
| <b>Investments</b>                  | <b>587,196</b>      | 449,515                                   | 417,792                          | <b>16,957</b>                  | 16,957               |
| <b>Long term assets</b>             | <b>1,203,785</b>    | 679,464                                   | 603,792                          | <b>17,257</b>                  | 8,801                |
| <b>Intangibles</b>                  | <b>1,719,590</b>    | 129,007                                   | 132,594                          | –                              | –                    |
|                                     | <b>16,244,471</b>   | 12,720,979                                | 12,963,128                       | <b>8,146,856</b>               | 7,900,393            |
| <b>Current assets</b>               |                     |   |                                  |                                |                      |
| 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                      | –                   | –   | –                                | <b>6,842,199</b>               | 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                  |
|                                     | <b>14,236,147</b>   | 13,835,990                                | 15,432,029                       | <b>6,882,805</b>               | 4,100,885            |
| <b>Current liabilities</b>          |                     |   |                                  |                                |                      |
| 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                      | –                   | –   | –                                | <b>155,597</b>                 | 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               |
|                                     | <b>10,778,248</b>   | 8,393,092                                 | 10,012,433                       | <b>2,919,102</b>               | 770,755              |
| <b>Net current assets</b>           | <b>3,457,899</b>    | 5,442,898                                 | 5,419,596                        | <b>3,963,703</b>               | 3,330,130            |
| <b>Non-current liabilities</b>      |                     |   |                                  |                                |                      |
| 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               |
|                                     | <b>8,122,445</b>    | 6,617,809                                 | 6,690,893                        | <b>3,913,442</b>               | 3,587,285            |
| <b>Net assets</b>                   | <b>11,579,925</b>   | 11,546,068                                | 11,691,831                       | <b>8,197,117</b>               | 7,643,238            |
| <i>Group net debt</i>               | <b>9,465,554</b>    | 5,567,103                                 | 5,519,215                        | <i>n.a.</i>                    | <i>n.a.</i>          |
| <i>Group net gearing ratio</i>      | <b>0.82x</b>        | 0.48x                                     | 0.46x                            | <i>n.a.</i>                    | <i>n.a.</i>          |

## 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<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'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<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'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<br>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<br>\$'000               | Treasury Shares<br>\$'000 | Capital Reserves<br>\$'000 | Revenue Reserves<br>\$'000 | Foreign Exchange Translation Account<br>\$'000 | Share Capital & Reserves<br>\$'000 | Non-controlling Interests<br>\$'000 | Total Equity<br>\$'000 |
| <b>2019</b>   |                                       |                           |                            |                            |  |                                    |                                     |                        |
| <b>As previously reported at 31 December 2018</b>                           | <b>1,291,722</b>                      | <b>(45,073)</b>           | <b>194,943</b>             | <b>10,330,287</b>          | <b>(493,669)</b>                               | <b>11,278,210</b>                  | <b>308,930</b>                      | <b>11,587,140</b>      |
| Effects of change in accounting policy on capitalisation of borrowing costs | -                                     | -                         | -                          | (41,072)                   | -  | (41,072)                           | -                                   | (41,072)               |
| <b>As restated at 31 December 2018</b>                                      | <b>1,291,722</b>                      | <b>(45,073)</b>           | <b>194,943</b>             | <b>10,289,215</b>          | <b>(493,669)</b>                               | <b>11,237,138</b>                  | <b>308,930</b>                      | <b>11,546,068</b>      |
| Adoption of SFRS(I) 16  | -                                     | -                         | -                          | (199,818)                  | -  | (199,818)                          | (2,744)                             | (202,562)              |
| <b>As adjusted at 1 January 2019</b>  | <b>1,291,722</b>                      | <b>(45,073)</b>           | <b>194,943</b>             | <b>10,089,397</b>          | <b>(493,669)</b>                               | <b>11,037,320</b>                  | <b>306,186</b>                      | <b>11,343,506</b>      |
| <b>Total comprehensive income for first quarter</b>                         |                                       |                           |                            |                            |  |                                    |                                     |                        |
| 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                |
| <b>Total comprehensive income for first quarter</b>                         | <b>-</b>                              | <b>-</b>                  | <b>212,042</b>             | <b>202,895</b>             | <b>29,363</b>                                  | <b>444,300</b>                     | <b>36,737</b>                       | <b>481,037</b>         |
| <b>Transactions with owners, recognised directly in equity</b>              |                                       |                           |                            |                            |  |                                    |                                     |                        |
| <u>Contributions by and distributions to owners</u>                         |                                       |                           |                            |                            |  |                                    |                                     |                        |
| 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                    |
| <b>Total contributions by and distributions to owners</b>                   | <b>-</b>                              | <b>34,558</b>             | <b>(26,002)</b>            | <b>-</b>                   | <b>-</b>                                       | <b>8,556</b>                       | <b>(259)</b>                        | <b>8,297</b>           |
| <u>Changes in ownership interests in subsidiaries</u>                       |                                       |                           |                            |                            |  |                                    |                                     |                        |
| Acquisition of a subsidiary   | -                                     | -                         | -                          | -                          | -  | -                                  | 308,016                             | 308,016                |
| <b>Total change in ownership interests in subsidiaries</b>                  | <b>-</b>                              | <b>-</b>                  | <b>-</b>                   | <b>-</b>                   | <b>-</b>                                       | <b>-</b>                           | <b>308,016</b>                      | <b>308,016</b>         |
| <b>Total transactions with owners</b>                                       | <b>-</b>                              | <b>34,558</b>             | <b>(26,002)</b>            | <b>-</b>                   | <b>-</b>                                       | <b>8,556</b>                       | <b>307,757</b>                      | <b>316,313</b>         |
| <b>As at 31 March 2019</b>  | <b>1,291,722</b>                      | <b>(10,515)</b>           | <b>380,983</b>             | <b>10,292,292</b>          | <b>(464,306)</b>                               | <b>11,490,176</b>                  | <b>650,680</b>                      | <b>12,140,856</b>      |

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

|  | Attributable to owners of the Company |                    |                     |                     |   |                                |                                  |                   |
|--|---------------------------------------|--------------------|---------------------|---------------------|---|--------------------------------|----------------------------------|-------------------|
|  | Share<br>Capital                      | Treasury<br>Shares | Capital<br>Reserves | Revenue<br>Reserves | Foreign<br>Exchange<br>Translation<br>Account | Share<br>Capital &<br>Reserves | Non-<br>controlling<br>Interests | Total<br>Equity   |
|  | \$'000                                | \$'000             | \$'000              | \$'000              | \$'000  | \$'000                         | \$'000                           | \$'000            |
| <b>2019</b>  |                                       |                    |                     |                     |   |                                |                                  |                   |
| <b>Total comprehensive income for second quarter</b>                     |                                       |                    |                     |                     |   |                                |                                  |                   |
| Profit for second quarter  | -                                     | -                  | -                   | 153,388             | -   | 153,388                        | (245)                            | 153,143           |
| Other comprehensive income *   | -                                     | -                  | (194,433)           | -                   | (19,027)                                      | (213,460)                      | (1,384)                          | (214,844)         |
| <b>Total comprehensive income for second quarter</b>                     | -                                     | -                  | (194,433)           | 153,388             | (19,027)                                      | (60,072)                       | (1,629)                          | (61,701)          |
| <b>Transactions with owners, recognised directly in equity</b>           |                                       |                    |                     |                     |   |                                |                                  |                   |
| <u>Contributions by and distributions to owners</u>                      |                                       |                    |                     |                     |   |                                |                                  |                   |
| 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)             |
| <b>Total contributions by and distributions to owners</b>                | -                                     | 890                | 8,203               | (275,546)           | -   | (266,453)                      | (9,110)                          | (275,563)         |
| <u>Changes in ownership interests in subsidiaries</u>                    |                                       |                    |                     |                     |   |                                |                                  |                   |
| Acquisition of a subsidiary  | -                                     | -                  | -                   | -                   | -   | -                              | (15)                             | (15)              |
| Acquisition of additional interest in subsidiaries                       | -                                     | -                  | -                   | (50,262)            | -   | (50,262)                       | (173,390)                        | (223,652)         |
| <b>Total change in ownership interests in subsidiaries</b>               | -                                     | -                  | -                   | (50,262)            | -   | (50,262)                       | (173,405)                        | (223,667)         |
| <b>Total transactions with owners</b>                                    | -                                     | 890                | 8,203               | (325,808)           | -   | (316,715)                      | (182,515)                        | (499,230)         |
| <b>As at 30 June 2019</b>  | <b>1,291,722</b>                      | <b>(9,625)</b>     | <b>194,753</b>      | <b>10,119,872</b>   | <b>(483,333)</b>                              | <b>11,113,389</b>              | <b>466,536</b>                   | <b>11,579,925</b> |

\* 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<br>Capital<br>\$'000            | Treasury<br>Shares<br>\$'000 | Capital<br>Reserves<br>\$'000 | Revenue<br>Reserves<br>\$'000 | Foreign<br>Exchange<br>Translation<br>Account<br>\$'000 | Share<br>Capital &<br>Reserves<br>\$'000 | Non-<br>controlling<br>Interests<br>\$'000 | Total<br>Equity<br>\$'000 |
| <b>2018</b>  |                                       |                              |                               |                               |   |  |  |                           |
| <b>As previously reported at<br/>31 December 2017</b>                            | 1,291,310                             | (74)                         | 281,407                       | 10,193,647                    | (323,556)   | 11,442,734                               | 530,225                                    | 11,972,959                |
| Effects of change in<br>accounting policy on<br>capitalisation of borrowing      | –                                     | –                            | –                             | (45,635)                      | –   | (45,635)                                 | –  | (45,635)                  |
| <b>As restated at<br/>1 January 2018</b>   | 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)                 |
| <b>As adjusted at<br/>1 January 2018</b>   | 1,291,310                             | (74)                         | 282,465                       | 9,911,716                     | (323,556)   | 11,161,861                               | 529,970                                    | 11,691,831                |
| <b>Total comprehensive<br/>income for first quarter</b>                          |                                       |                              |                               |                               |   |  |  |                           |
| Profit for first quarter   | –                                     | –                            | –                             | 337,465                       | –   | 337,465                                  | (3,371)                                    | 334,094                   |
| Other comprehensive<br>income *  | –                                     | –                            | 37,749                        | –                             | 65,648  | 103,397                                  | 11,364                                     | 114,761                   |
| <b>Total comprehensive<br/>income for first quarter</b>                          | –                                     | –                            | 37,749                        | 337,465                       | 65,648  | 440,862                                  | 7,993                                      | 448,855                   |
| <b>Transactions with owners,<br/>recognised directly in<br/>equity</b>           |                                       |                              |                               |                               |   |  |  |                           |
| <u>Contributions by and<br/>distributions to owners</u>                          |                                       |                              |                               |                               |   |  |  |                           |
| Share-based payment  | –                                     | –                            | 9,197                         | –                             | –   | 9,197                                    | 136  | 9,333                     |
| Dividend paid to<br>non-controlling<br>shareholders                              | –                                     | –                            | –                             | –                             | –   | –  | (1,425)                                    | (1,425)                   |
| Shares issued  | 412                                   | –                            | –                             | –                             | –   | 412                                      | –  | 412                       |
| Purchase of treasury<br>shares   | –                                     | (62,223)                     | –                             | –                             | –   | (62,223)                                 | –  | (62,223)                  |
| Treasury shares reissued<br>pursuant to share plans<br>and share option scheme   | –                                     | 42,437                       | (39,431)                      | –                             | –   | 3,006                                    | –  | 3,006                     |
| Transfer of statutory,<br>capital and other<br>reserves from revenue<br>reserves | –                                     | –                            | 11,964                        | (11,964)                      | –   | –  | –  | –                         |
| Contributions to defined<br>benefits plans                                       | –                                     | –                            | (26)                          | –                             | –   | (26)                                     | –  | (26)                      |
| Other adjustments  | –                                     | –                            | –                             | 30                            | –   | 30                                       | 4,442                                      | 4,472                     |
| <b>Total contributions by<br/>and distributions to<br/>owners</b>                | 412                                   | (19,786)                     | (18,296)                      | (11,934)                      | –   | (49,604)                                 | 3,153                                      | (46,451)                  |
| <u>Changes in ownership<br/>interests in subsidiaries</u>                        |                                       |                              |                               |                               |   |  |  |                           |
| Acquisition of additional<br>interest in subsidiaries                            | –                                     | –                            | (1,605)                       | –                             | –   | (1,605)                                  | 1,353                                      | (252)                     |
| Disposal of interest in<br>subsidiaries  | –                                     | –                            | –                             | –                             | –   | –  | 5,568                                      | 5,568                     |
| <b>Total change in<br/>ownership interests in<br/>subsidiaries</b>               | –                                     | –                            | (1,605)                       | –                             | –   | (1,605)                                  | 6,921                                      | 5,316                     |
| <b>Total transactions with<br/>owners</b>  | 412                                   | (19,786)                     | (19,901)                      | (11,934)                      | –   | (51,209)                                 | 10,074                                     | (41,135)                  |
| <b>As at 31 March 2018</b>   | 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<br>Capital<br>\$'000            | Treasury<br>Shares<br>\$'000 | Capital<br>Reserves<br>\$'000 | Revenue<br>Reserves<br>\$'000 | Foreign<br>Exchange<br>Translation<br>Account<br>\$'000 | Share<br>Capital &<br>Reserves<br>\$'000 | Non-<br>controlling<br>Interests<br>\$'000 | Total<br>Equity<br>\$'000 |
| <b>2018</b>  |                                       |                              |                               |                               |   |  |  |                           |
| <b>Total comprehensive income for second quarter</b>                     |                                       |                              |                               |                               |   |  |  |                           |
| 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                    |
| <b>Total comprehensive income for second quarter</b>                     | –                                     | –                            | 88,881                        | 249,052                       | (1,649)   | 336,284                                  | (978)                                      | 335,306                   |
| <b>Transactions with owners, recognised directly in equity</b>           |                                       |                              |                               |                               |   |  |  |                           |
| <u>Contributions by and distributions to owners</u>                      |                                       |                              |                               |                               |   |  |  |                           |
| 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                        |
| <b>Total contributions by and distributions to owners</b>                | –                                     | (19,009)                     | 7,782                         | (254,274)                     | –   | (265,501)                                | (10,702)                                   | (276,203)                 |
| <u>Changes in ownership interests in subsidiaries</u>                    |                                       |                              |                               |                               |   |  |  |                           |
| Acquisition of additional interest in subsidiaries                       | –                                     | –                            | –                             | –                             | –   | –  | (1,283)                                    | (1,283)                   |
| Disposal of interest in subsidiaries                                     | –                                     | –                            | –                             | –                             | –   | –  | (14)                                       | (14)                      |
| <b>Total change in ownership interests in subsidiaries</b>               | –                                     | –                            | –                             | –                             | –   | –  | (1,297)                                    | (1,297)                   |
| <b>Total transactions with owners</b>                                    | –                                     | (19,009)                     | 7,782                         | (254,274)                     | –   | (265,501)                                | (11,999)                                   | (277,500)                 |
| <b>As at 30 June 2018</b>  | 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<br>Capital<br>\$'000 | Treasury<br>Shares<br>\$'000 | Capital<br>Reserves<br>\$'000 | Revenue<br>Reserves<br>\$'000 | Total<br>\$'000 |
|--|----------------------------|------------------------------|-------------------------------|-------------------------------|-----------------|
| <b>2019</b>  |                            |                              |                               |                               |                 |
| <b>As at 1 January 2019</b>  | 1,291,722                  | (45,073)                     | 202,141                       | 6,194,448                     | 7,643,238       |
| <b>Profit / Total comprehensive income for first quarter</b>             | -                          | -                            | -                             | (7,010)                       | (7,010)         |
| <b>Transactions with owners, recognised directly in equity</b>           |                            |                              |                               |                               |                 |
| Share-based payment  | -                          | -                            | 7,507                         | -                             | 7,507           |
| Treasury shares reissued pursuant to share plans and share option scheme | -                          | 34,558                       | (34,423)                      | -                             | 135             |
| <b>Total transactions with owners</b>                                    | -                          | 34,558                       | (26,916)                      | -                             | 7,642           |
| <b>As at 31 March 2019</b>   | 1,291,722                  | (10,515)                     | 175,225                       | 6,187,438                     | 7,643,870       |
| <b>Profit / Total comprehensive income for second quarter</b>            | -                          | -                            | -                             | 819,215                       | 819,215         |
| <b>Transactions with owners, recognised directly in equity</b>           |                            |                              |                               |                               |                 |
| 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)                         | -                             | -               |
| <b>Total transactions with owners</b>                                    | -                          | 890                          | 5,710                         | (272,568)                     | (265,968)       |
| <b>As at 30 June 2019</b>  | 1,291,722                  | (9,625)                      | 180,935                       | 6,734,085                     | 8,197,117       |
| <b>2018</b>  |                            |                              |                               |                               |                 |
| <b>As at 1 January 2018</b>  | 1,291,310                  | (74)                         | 209,506                       | 6,132,150                     | 7,632,892       |
| <b>Profit / Total comprehensive income for first quarter</b>             | -                          | -                            | -                             | 628,912                       | 628,912         |
| <b>Transactions with owners, recognised directly in equity</b>           |                            |                              |                               |                               |                 |
| 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              |
| <b>Total transactions with owners</b>                                    | 412                        | (19,786)                     | (30,786)                      | 30                            | (50,130)        |
| <b>As at 31 March 2018</b>   | 1,291,722                  | (19,860)                     | 178,720                       | 6,761,092                     | 8,211,674       |
| <b>Profit / Total comprehensive income for second quarter</b>            | -                          | -                            | -                             | 11,326                        | 11,326          |
| <b>Transactions with owners, recognised directly in equity</b>           |                            |                              |                               |                               |                 |
| 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           |
| <b>Total transactions with owners</b>                                    | -                          | (19,009)                     | 7,247                         | (254,290)                     | (266,052)       |
| <b>As at 30 June 2018</b>  | 1,291,722                  | (38,869)                     | 185,967                       | 6,518,128                     | 7,956,948       |

4c. Share capital

Issued share capital and treasury shares

|   | <b>Number of ordinary shares</b> |                            |
|---|----------------------------------|----------------------------|
|   | <u>Issued Share<br/>Capital</u>  | <u>Treasury<br/>Shares</u> |
| 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)                |
| <b>As at 31 March 2019</b>                                    | <b><u>1,818,394,180</u></b>      | <b><u>1,384,773</u></b>    |
| Treasury shares transferred pursuant to restricted share plan | –                                | (117,211)                  |
| <b>As at 30 June 2019</b>                                     | <b><u>1,818,394,180</u></b>      | <b><u>1,267,562</u></b>    |

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:**

| Date of Grant      | Number of shares |                           |                         |                  |                 |                  |
|--------------------|------------------|---------------------------|-------------------------|------------------|-----------------|------------------|
|                    | At 1.1.19        | Contingent awards granted | Adjustment upon release | Released         | Cancelled       | At 30.6.19       |
| <u>KCL PSP</u>     |                  |                           |                         |                  |                 |                  |
| 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        |
|                    | <u>2,895,000</u> | <u>1,635,000</u>          | <u>(264,400)</u>        | <u>(380,600)</u> | <u>–</u>        | <u>3,885,000</u> |
| <u>KCL PSP-TIP</u> |                  |                           |                         |                  |                 |                  |
| 29.4.2016          | 3,935,967        | –                         | –                       | –                | (45,000)        | 3,890,967        |
| 28.4.2017          | 2,030,000        | –                         | –                       | –                | –               | 2,030,000        |
|                    | <u>5,965,967</u> | <u>–</u>                  | <u>–</u>                | <u>–</u>         | <u>(45,000)</u> | <u>5,920,967</u> |

**Awards:**

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

**Awards released  
but not vested:**

| Date of Grant                       | Number of shares |           |             |           |                   | At 30.6.19 |
|-------------------------------------|------------------|-----------|-------------|-----------|-------------------|------------|
|                                     | At 1.1.19        | Released  | Vested      | Cancelled | Other adjustments |            |
| <u>KCL PSP</u>                      |                  |           |             |           |                   |            |
| 29.4.2016                           | –                | 380,600   | (380,600)   | –         | –                 | –          |
|                                     | –                | 380,600   | (380,600)   | –         | –                 | –          |
| <u>KCL RSP</u>                      |                  |           |             |           |                   |            |
| 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     |
| <u>KCL RSP-<br/>Deferred shares</u> |                  |           |             |           |                   |            |
| 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<br>\$'000 | 30.6.2018<br>\$'000 | 30.6.2019<br>\$'000 | 30.6.2018<br>\$'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               |
|                                      | <u>194,753</u>      | <u>396,976</u>      | <u>180,935</u>      | <u>185,967</u>      |

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

|   | Second Quarter      |                     | Half Year           |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 30.6.2019<br>\$'000 | 30.6.2018<br>\$'000 | 30.6.2019<br>\$'000 | 30.6.2018<br>\$'000 |
|   | Note                | Restated            |                     | Restated            |
| <b>OPERATING ACTIVITIES</b>   |                     |                     |                     |                     |
| Operating profit  |                     |                     |                     |                     |
| Adjustments:  |                     |                     |                     |                     |
| Depreciation and amortisation   |                     |                     |                     |                     |
| Share-based payment expenses  |                     |                     |                     |                     |
| Gain on sale of fixed assets and an investment property                                     |                     |                     |                     |                     |
| (Write-back of impairment)/impairment of investments  |                     |                     |                     |                     |
| Gain on disposal of subsidiaries  |                     |                     |                     |                     |
| Gain on disposal of associated companies  |                     |                     |                     |                     |
| Gain from change in interest in associated companies  |                     |                     |                     |                     |
| Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary |                     |                     |                     |                     |
| Fair value gain on investment properties  |                     |                     |                     |                     |
| Unrealised foreign exchange differences   |                     |                     |                     |                     |
| Operational cash flow before changes in working capital                                     |                     |                     |                     |                     |
| Working capital changes:  |                     |                     |                     |                     |
| Stocks  |                     |                     |                     |                     |
| Contract assets   |                     |                     |                     |                     |
| Debtors   |                     |                     |                     |                     |
| Creditors   |                     |                     |                     |                     |
| Contract liabilities  |                     |                     |                     |                     |
| Investments   |                     |                     |                     |                     |
| Amount due to/from associated companies   |                     |                     |                     |                     |
| Interest received   |                     |                     |                     |                     |
| Interest paid   |                     |                     |                     |                     |
| Income taxes paid, net of refunds received  |                     |                     |                     |                     |
| <b>Net cash (used in)/from operating activities</b>   |                     |                     |                     |                     |
| <b>INVESTING ACTIVITIES</b>   |                     |                     |                     |                     |
| Acquisition of a subsidiary   | 5a                  |                     |                     |                     |
| Acquisition and further investment in associated companies                                  |                     |                     |                     |                     |
| Acquisition of fixed assets and investment properties                                       |                     |                     |                     |                     |
| Disposal of subsidiaries  | 5b                  |                     |                     |                     |
| Proceeds from disposal of fixed assets  |                     |                     |                     |                     |
| Proceeds from disposal of associated companies and return of capital                        |                     |                     |                     |                     |
| Advances to/from associated companies   |                     |                     |                     |                     |
| Dividends received from investments and associated companies                                |                     |                     |                     |                     |
| <b>Net cash (used in)/from investing activities</b>   |                     |                     |                     |                     |
| <b>FINANCING ACTIVITIES</b>   |                     |                     |                     |                     |
| Acquisition of additional interest in subsidiaries  |                     |                     |                     |                     |
| Proceeds from share options exercised with issue of treasury shares                         |                     |                     |                     |                     |
| Proceeds from non-controlling shareholders of subsidiaries                                  |                     |                     |                     |                     |
| Proceeds from share issues  |                     |                     |                     |                     |
| Proceeds from term loans  |                     |                     |                     |                     |
| Repayment of term loans   |                     |                     |                     |                     |
| Principal element of lease payments   |                     |                     |                     |                     |
| Purchase of treasury shares   |                     |                     |                     |                     |
| Dividend paid to shareholders of the Company  |                     |                     |                     |                     |
| Dividend paid to non-controlling shareholders of subsidiaries                               |                     |                     |                     |                     |
| <b>Net cash from/(used in) financing activities</b>   |                     |                     |                     |                     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                 |                     |                     |                     |                     |
| <b>Cash and cash equivalents as at beginning of period</b>                                  |                     |                     |                     |                     |
| <b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>   |                     |                     |                     |                     |
| <b>Cash and cash equivalents as at end of period</b>  | 5c                  |                     |                     |                     |

## 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:

|   | <b>Second</b>    |                  |
|---|------------------|------------------|
|   | <b>Quarter</b>   | <b>Half Year</b> |
|   | <b>30.6.2019</b> | <b>30.6.2019</b> |
|   | <b>\$'000</b>    | <b>\$'000</b>    |
| 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)         |
| <b>Cash outflow on acquisition</b>                    | <b>83,176</b>    | <b>1,143,012</b> |

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:

|  | <b>Second Quarter</b> |                  | <b>Half Year</b> |                  |
|--|-----------------------|------------------|------------------|------------------|
|  | <b>30.6.2019</b>      | <b>30.6.2018</b> | <b>30.6.2019</b> | <b>30.6.2018</b> |
|  | <b>\$'000</b>         | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>    |
| 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           |
| <b>Cash inflow on disposal</b>                         | <b>(20,227)</b>       | <b>(248,125)</b> | <b>(18,481)</b>  | <b>(661,601)</b> |

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 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:

|   | <b>Group</b>     |           |
|---|------------------|-----------|
|   | <b>30.6.2019</b> | 30.6.2018 |
|   | <b>\$'000</b>    | \$'000    |
| Bank balances, deposits and cash  | <b>1,768,238</b> | 2,223,198 |
| Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities | <b>(9,616)</b>   | (39,243)  |
|   | <b>1,758,622</b> | 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:

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

### 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:

|   | Second Quarter<br>30.6.2018<br>\$'000 | Half Year<br>30.6.2018<br>\$'000 |
|---|---------------------------------------|----------------------------------|
| <b>Group Profit and Loss Account</b>  |                                       |                                  |
| 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                          |
|   | 31.12.2018<br>\$'000                  | 01.01.2018<br>\$'000             |
| <b>Group Balance Sheets</b>   |                                       |                                  |
| 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<br>Dividend per share<br>Tax rate | Cash<br>8.0 cents<br>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<br>Dividend per share<br>Tax rate | Cash<br>10.0 cents<br>Tax exempt | Cash<br>5.0 cents<br>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<br>& Marine<br>\$'000 | Property<br>\$'000 | Infra-<br>structure<br>\$'000 | Invest-<br>ments<br>\$'000 | Elimination<br>\$'000 | Total<br>\$'000  |
|---|--------------------------------|--------------------|-------------------------------|----------------------------|-----------------------|------------------|
| <b>Revenue</b>                                      |                                |                    |                               |                            |                       |                  |
| 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)              | –                |
| <b>Total</b>  | <b>813,408</b>                 | <b>627,671</b>     | <b>1,424,926</b>              | <b>518,781</b>             | <b>(69,608)</b>       | <b>3,315,178</b> |
| <b>Segment Results</b>                              |                                |                    |                               |                            |                       |                  |
| 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<br>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          |
| <b>Other Information</b>                            |                                |                    |                               |                            |                       |                  |
| 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<br>associated companies               | 719,737                        | 3,157,354          | 1,134,638                     | 1,088,618                  | –                     | 6,100,347        |
| Additions to<br>non-current assets                  | 35,261                         | 232,709            | 108,490                       | 136,922                    | –                     | 513,382          |
| Depreciation and<br>amortisation                    | 56,443                         | 21,220             | 28,362                        | 63,754                     | –                     | 169,779          |
| Impairment loss/(write-<br>back of impairment loss) | 794                            | –                  | (652)                         | 19,000                     | –                     | 19,142           |

## GEOGRAPHICAL SEGMENT

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



## Half year ended 30 June 2018

|   | Offshore<br>& Marine<br>\$'000 | Property<br>\$'000 | Infra-<br>structure<br>\$'000 | Invest-<br>ments<br>\$'000 | Elimination<br>\$'000 | Total<br>\$'000 |
|---|--------------------------------|--------------------|-------------------------------|----------------------------|-----------------------|-----------------|
| <b>Revenue</b>                              |                                |                    |                               |                            |                       |                 |
| 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       |
| <b>Segment Results</b>                      |                                |                    |                               |                            |                       |                 |
| 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<br>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         |
| <b>Other Information</b>                    |                                |                    |                               |                            |                       |                 |
| 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<br>associated companies               | 697,817 | 2,909,202 | 1,025,115 | 1,167,652 | – | 5,799,786 |
| Additions to<br>non-current assets                  | 52,083  | 83,450    | 13,849    | 2,126     | – | 151,508   |
| Depreciation and<br>amortisation                    | 50,643  | 16,220    | 21,769    | 1,373     | – | 90,005    |
| Impairment loss/(write-<br>back of impairment loss) | (923)   | (22,226)  | (620)     | –         | – | (23,769)  |

## GEOGRAPHICAL SEGMENT

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

### Note:

- 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.
- Pricing of inter-segment goods and services is at fair market value.
- 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.
- 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<br>30.6.2019<br>\$'000  | Half Year<br>30.6.2018<br>\$'000 | Half Year<br>30.6.2019<br>\$'000  | Half Year<br>30.6.2018<br>\$'000 |
| <b>Transaction for the Sale of Goods and Services</b>     |   |                                  |   |                                  |
| 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   | –                                |
| <b>Transaction for the Purchase of Goods and Services</b> |   |                                  |   |                                  |
| 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                               |
| <b>Total Interested Person Transactions</b>               | –   | –                                | 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