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Media Release

Keppel registers net profit of S$707 million for FY 2019

- *Strong finish in 2019 saw 4Q net profit rise 42% yoy to S$192 million.*
- *Proposed final cash dividend of 12.0 cts/share brings FY 2019 total distribution to 20.0 cts/share at 51% payout ratio.*

Singapore, 23 January 2020 – Keppel Corporation Limited (Keppel) reported a net profit of S$707 million for the 12 months ended 31 December 2019 with stronger contributions from Keppel Offshore & Marine (Keppel O&M), Keppel Infrastructure and Keppel Capital. This was 25% lower as compared to FY 2018, when the Group had benefitted from S$584 million in gains through the en-bloc sales of development projects and property divestments.

Group revenue grew 27% to S$7,580 million in FY 2019 with higher recognition of ongoing offshore & marine and infrastructure projects, improved sales in the power and gas segment, the consolidation of M1 and higher asset management revenue.

Net profit for 4Q 2019 grew 42% to S$192 million from S$135 million a year ago, underpinned by stronger performance across the Offshore & Marine, Property and Investments divisions. Group revenue for 4Q 2019 was S$2,198 million, 31% higher than the S$1,677 million achieved a year ago due to higher recognition of ongoing offshore & marine and infrastructure projects, the consolidation of M1 and higher asset management revenue.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, “Key business segments of the Keppel Group performed creditably against a volatile backdrop in 2019.

“Our diversification and cost management strategies have returned Keppel O&M to profitability for the first time since FY 2016. Notwithstanding lower gains from lumpy en-bloc sales and divestments, Keppel Land’s operations remain strong with 16% more homes sold in 2019 compared to 2018. Our infrastructure, asset management and connectivity businesses have also contributed substantially to the Group’s performance.

"As we progress beyond 2020, we see Keppel growing as one integrated business providing solutions for sustainable urbanisation. We will continue to deepen collaboration and draw on the synergies of the Group to deliver value to all our stakeholders."

Offshore & Marine

The Offshore & Marine (O&M) Division registered a net profit of S$10 million for FY 2019 compared to a net loss of S$109 million for FY 2018, underpinned by an increased topline, active cost management efforts and lower impairment provisions. In 2019, the O&M Division secured new contracts of over S$2.0 billion, up 18% from 2018, with gas and renewables making up over 60% of the new orders. As at end-2019, the net orderbook stood at S$4.4 billion.

Property

The Property Division's net profit of S$517 million for FY 2019 was 45% lower year on year, due mainly to lower gains from the en-bloc sales of development projects and divestments. Excluding en-bloc sales as well as revaluation, impairment and divestment gains in both years, Keppel Land's net profit in 2019 was about S$260 million, an improvement over the S$236 million in 2018. In 2019, the Property Division sold about 5,150 homes, up 16% from the 4,440 homes sold in 2018.

Infrastructure

The Infrastructure Division's net profit of S$169 million for FY 2019 was stable year on year. In FY 2019, Keppel Infrastructure's net profit grew by about 14% to $133 million with improved performance in its Energy Infrastructure and Environmental Infrastructure businesses. Attesting to the Keppel Group's strategy, Alpha DC Fund and Keppel Data Centres divested Keppel DC Singapore 4 (SGP 4) to Keppel DC REIT during the year, with SGP 4 contributing S$50 million in revaluation and divestment gains.

Investments

The Investments Division registered a net profit of S$11 million for FY 2019 compared to a net loss of S$54 million a year ago, bolstered by stronger contributions from the privatisation of M1 and the asset management business.

During the year, Keppel Capital's net profit grew by over 19% to S$74 million, while assets under management increased 14% to S$33 billion as at end-December 2019.

Despite a challenging competitive landscape, M1 grew its post-paid customer base to about 1.5 million in 2019, up 11% from 2018. M1 and StarHub have also signed an exclusive agreement to cooperate and submit a joint bid for a 5G licence.

The Directors of Keppel Corporation will be proposing a final cash dividend of 12.0 cents per share for FY 2019. Including the interim cash dividend of 8.0 cents per share paid to shareholders in August 2019, the total distribution for FY 2019 will be 20.0 cents per share, representing a payout ratio of about 51% on the Group's net profit of S$707 million.

Financial Highlights

	FY 2019 (S$ m)	FY 2018 (S$ m)	Change (%)	4Q 2019 (S$ m)	4Q 2018 (S$ m)	Change (%)
Revenue	7,580	5,965	27	2,198	1,677	31
Operating Profit	877	1,055	(17)	212	6	>500
Net Profit	707	948	(25)	192	135	42
Earnings per Share	38.9 cents	52.3 cents	(26)	10.5 cents	7.5 cents	40

- ROE was 6.3% for FY 2019
- Net Gearing was 0.85x at end-2019 compared to 0.48x at end-2018
- Free cash outflow was S$653m in FY 2019 compared to an inflow of S$515m in FY 2018
- A final cash dividend of 12.0 cents per share has been proposed for FY 2019

– END –

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Keppel Corporation

KEPPEL CORPORATION LIMITED

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

FULL YEAR 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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KEPPEL CORPORATION LIMITED

Full Year 2019 Financial Statements & Dividend Announcement

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the year ended 31 December 2019.

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

	Note	Fourth Quarter			Full Year		
		31.12.2019 $'000	31.12.2018 $'000 Restated	+/- %	**31.12.2019 $'000**	31.12.2018 $'000 Restated	+/- %
Revenue		**2,197,233**	1,676,367	+31.1	**7,579,703**	5,964,781	+27.1
Materials & subcontract costs	(i)	**(1,531,725)**	(1,207,800)	+26.8	**(5,266,594)**	(4,175,035)	+26.1
Staff costs	(ii)	**(334,832)**	(280,052)	+19.6	**(1,163,231)**	(987,830)	+17.8
Depreciation & amortisation	(iii)	**(100,433)**	(49,304)	+103.7	**(375,294)**	(182,386)	+105.8
Impairment loss on financial assets	(xi),(xii)	**(61,702)**	(103,751)	-40.5	**(74,367)**	(99,713)	-25.4
Other operating income /(expense) - net	(iv)	**42,711**	(29,011)	NM	**176,284**	535,345	-67.1
Operating profit		**211,252**	6,449	>+ 500	**876,501**	1,055,162	-16.9
Investment income	(v)	**15,624**	5,686	+174.8	**64,594**	9,991	>+500
Interest income		**51,640**	33,592	+53.7	**177,675**	164,260	+8.2
Interest expenses	(vi)	**(76,199)**	(53,943)	+41.3	**(312,716)**	(204,824)	+52.7
Share of results of associated companies	(vii)	**35,193**	172,820	-79.6	**147,413**	220,895	-33.3
Profit before tax		**237,510**	164,604	+44.3	**953,467**	1,245,484	-23.4
Taxation	1b	**(31,083)**	(18,631)	+66.8	**(192,329)**	(284,776)	-32.5
Profit for the quarter / year		**206,427**	145,973	+41.4	**761,138**	960,708	-20.8
Attributable to:							
Shareholders of the Company		**191,408**	135,251	+41.5	**706,975**	948,392	-25.5
Non-controlling interests		**15,019**	10,722	+40.1	**54,163**	12,316	+339.8
		206,427	145,973	+41.4	**761,138**	960,708	-20.8
Earnings per ordinary share							
- basic		**10.5 cts**	7.5 cts	+40.0	**38.9 cts**	52.3 cts	-25.6
- diluted		**10.4 cts**	7.5 cts	+38.7	**38.7 cts**	52.0 cts	-25.6

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. 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 fourth quarter and full year ended 31 December 2018 are restated.

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Fourth Quarter			Full Year		
		31.12.2019 $'000	31.12.2018 $'000	+/- %	**31.12.2019 $'000**	31.12.2018 $'000	+/- %
Share-based payment expenses		**13,749**	6,440	+113.5	**37,255**	34,885	+6.8
Profit on sale of fixed assets and investment properties	(viii)	**(5,566)**	(1,002)	+455.5	**(6,277)**	(2,795)	+124.6
Provision							
- Stocks	(ix)	**6,743**	27,681	-75.6	**7,571**	6,271	+20.7
- Contract assets	(x)	**–**	21,000	NM	**–**	21,000	NM
- Doubtful debts	(xi)	**18,389**	99,528	-81.5	**31,036**	95,457	-67.5
Bad debts write-off	(xii)	**43,313**	4,223	>+500	**43,331**	4,256	>+500
Fair value loss/(gain)							
- Investments	(xiii)	**822**	(12,911)	NM	**10,866**	(12,881)	NM
- Forward contracts	(xiv)	**6,692**	4,110	+62.8	**15,703**	11,129	+41.1
- Financial derivatives		**(34)**	555	NM	**(159)**	(1,021)	-84.4
Foreign exchange (gain)/loss	(xv)	**(13,540)**	(7,453)	+81.7	**(39,632)**	42,070	NM
Impairment of associated companies	(xvi)	**17,902**	61,721	-71.0	**35,915**	60,782	-40.9
Impairment/write-off of fixed assets	(xvii)	**8,432**	6,911	+22.0	**8,432**	6,911	+22.0
Loss/(gain) on disposal of subsidiaries	(xviii)	**65**	(5,774)	NM	**(64,469)**	(604,638)	-89.3
Loss/(gain) on disposal of associated companies	(xix)	**76**	(6,771)	NM	**22**	(48,783)	NM
Fair value gain on investment properties	(xx)	**(62,673)**	(36,586)	+71.3	**(101,020)**	(84,886)	+19.0
Gain from change in interest in associated companies	(xxi)	**(542)**	(2,845)	-80.9	**(27,114)**	(63,622)	-57.4
Write-back of provision for claims	(xxii)	**–**	(96,380)	NM	**–**	(96,380)	NM
Provision for related contract costs	(xxiii)	**–**	65,000	NM	**–**	65,000	NM
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xxiv)	**–**	–	–	**(158,376)**	–	NM

NM – Not Meaningful

Note:

(i) Materials & subcontract costs increased for the current year in line with higher revenue from the Investments (consolidation of M1 Limited ("M1") from date of acquisition), Offshore & Marine and Infrastructure Divisions.

(ii) Staff costs increased for the current year due mainly to consolidation of M1 from date of acquisition as well as higher manpower cost in the Offshore & Marine and Infrastructure Divisions.

(iii) Depreciation & amortisation increased for the current year 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 current year due mainly to the lower gain on disposal of subsidiaries (Note xviii), absence of write-back of provision for claims (Note xxii), loss on disposal of associated companies compared to a gain in the prior year (Note xix), lower gain from change in interest in associated companies (Note xxi) and fair value loss on investments compared to fair value gain in the prior year (Note xiii), partly offset by fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary (Note xxiv), foreign exchange gain (Note xv), absence of provision for related contract costs (Note xxiii), lower impairment of associated companies (Note xvi), absence of provision for contract assets (Note x) and higher fair value gain on investment properties (Note xx).

(v) Higher investment income was largely attributable to distributions received by the Property, Investments and Offshore & Marine Divisions.

(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 current year was lower due mainly to lower contribution from associated companies from Offshore & Marine and Investments Divisions.

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

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

(x) In the prior year, the provision for contract assets arose from the Offshore & Marine Division.

(xi) The provision for doubtful debts arose mainly from the Infrastructure, Offshore & Marine and Investments Divisions. In the prior year, the provision for doubtful debts arose mainly from the Offshore & Marine Division.

(xii) The bad debt write-off for the current year arose mainly from the Investments Division. The bad debt write-off in the prior year arose mainly from the Offshore & Marine Division.

(xiii) Fair value loss (mark-to-market) on investment portfolio for the current year was due to decrease in prices of warrants and prices of stocks. Fair value gain (mark-to-market) on investment portfolio for prior year was due to increase in prices of stocks.

(xiv) Fair value loss on forward contracts for the current year arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate. In the prior year, fair value loss on forward contracts arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate, 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 xv).

(xv) Foreign exchange gain for the current year was mainly attributable to the revaluation of net payables denominated in Brazilian Real and United States dollar, both of which depreciated against Singapore dollar, as well as revaluation of Qatari Riyal denominated receivables which appreciated against Singapore dollar, partly offset by foreign exchange loss arising from the receipt of Renminbi denominated dividends. Foreign exchange loss for the prior year was mainly attributable to the realisation of fair value changes in cash flow hedge to profit & loss account and revaluation of net liabilities denominated in United States dollar, which appreciated against Singapore dollar, partly offset by the revaluation of net assets denominated in United States dollar, which appreciated against Singapore dollar. Foreign exchange loss for prior year also included foreign exchange loss arising from the revaluation of United States dollar loan which was hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value loss on forward contracts (Note xiv).

(xvi) The impairment of an associated company for current year was mainly attributable to the Investments Division. The impairment of associated companies in prior year arose from the Investments, Offshore & Marine and Infrastructure Divisions.

(xvii) The impairment of fixed assets in the current year arose from the Property and Infrastructure Divisions. The impairment of fixed assets in prior year arose from the Offshore & Marine, Investments and the Infrastructure Divisions.

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

(xix) Loss on disposal of associated companies in the current year arose from disposal of Buena Homes (Sandoval) Inc, partly offset by gain on divestment of Anew Corporation Limited. In the prior year, gain on disposal of an associated company arose from the sale of interest in Quoc Loc Phat Joint Stock Company and Advanced Research Group.

(xx) Higher fair value gain on investment properties was attributable to higher fair value gain on the investment properties in the Property Division, partly offset by higher fair value loss on data centre assets.

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

(xxii) In the prior year, write-back of provision for claims arose from the Offshore & Marine Division.

(xxiii) In the prior year, provision for expected loss on contracts arose from the Offshore & Marine Division's contract related costs with Sete Brasil.

(xxiv) 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 current year were lower mainly because of write-back of tax provision in the Offshore & Marine Division, and lower taxable profits.

1c. Earnings per ordinary share

	2019	2018 Restated	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**38.9 cts**	52.3 cts	-25.6
- Weighted average number of shares (excluding treasury shares) ('000)	**1,815,701**	1,814,159	+0.1
(ii) On a fully diluted basis	**38.7 cts**	52.0 cts	-25.6
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,825,369**	1,824,887	+0.03

1d. Breakdown of sales

	2019 $'000	2018 $'000 Restated	+/-%
First Half			
Sales reported for first half year	**3,315,178**	2,992,733	+10.8
Profit after tax before deducting non-controlling interests reported for first half year	**389,673**	586,131	-33.5
Second Half			
Sales reported for second half year	**4,264,525**	2,972,048	+43.5
Profit after tax before deducting non-controlling interests reported for second half year	**371,465**	374,577	-0.8

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

		Fourth Quarter			Full Year		
		31.12.2019 $'000	31.12.2018 $'000 Restated	+/- %	**31.12.2019 $'000**	31.12.2018 $'000 Restated	+/- %
Profit for the quarter / year		**206,427**	145,973	+41.4	**761,138**	960,708	-20.8
Items that may be reclassified subsequently to profit & loss account:							
Cash flow hedges							
- Fair value changes arising during the quarter / year, net of tax	(i)	**(6,772)**	(367,764)	-98.2	**(70,056)**	(238,794)	-70.7
- Realised and transferred to profit & loss account	(ii)	**45,077**	179,477	-74.9	**94,645**	132,017	-28.3
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(iii)	**(17,029)**	6,739	NM	**(100,310)**	(132,866)	-24.5
- Realised and transferred to profit & loss account		**1,153**	(7,602)	NM	**7,345**	5,574	+31.8
Share of other comprehensive income of associated companies							
- Cash flow hedges		**1,302**	(3,288)	NM	**(18,898)**	20,031	NM
- Foreign exchange translation		**(31,774)**	(42,587)	-25.4	**(76,952)**	(42,821)	+79.7
		(8,043)	(235,025)	-96.6	**(164,226)**	(256,859)	-36.1
Items that will not be reclassified subsequently to profit & loss account:							
Financial assets, at FVOCI							
- Fair value changes arising during the quarter / year	(iv)	**(37,500)**	(31,512)	+19.0	**(78,459)**	(31,566)	+148.6
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(iii)	**(823)**	2,582	NM	**(1,936)**	(3,545)	-45.4
Share of other comprehensive income of associated companies							
- Financial assets, at FVOCI		**31**	(130)	NM	**342**	581	-41.1
		(38,292)	(29,060)	+31.8	**(80,053)**	(34,530)	+131.8
Other comprehensive expense for the quarter / year, net of tax		**(46,335)**	(264,085)	-82.5	**(244,279)**	(291,389)	-16.2
Total comprehensive income/(expense) for the quarter / year		**160,092**	(118,112)	NM	**516,859**	669,319	-22.8
Attributable to:							
Shareholders of the Company		**146,262**	(131,361)	NM	**462,946**	660,866	-29.9
Non-controlling interests		**13,830**	13,249	+4.4	**53,913**	8,453	>+500
		160,092	(118,112)	NM	**516,859**	669,319	-22.8

NM – Not Meaningful

Note:

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

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

(iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation losses for the year ended 31 December 2019 and 31 December 2018 arose largely from the weakening of foreign currencies, such as Renminbi against Singapore dollar.

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

3. BALANCE SHEETS as at 31 December

	Group			Company	
	31.12.2019	31.12.2018	01.01.2018	**31.12.2019**	31.12.2018
	$'000	$'000	$'000	**$'000**	$'000
		Restated	Restated		
Share capital	**1,291,722**	1,291,722	1,291,310	**1,291,722**	1,291,722
Treasury shares	**(14,009)**	(45,073)	(74)	**(14,009)**	(45,073)
Reserves	**9,933,140**	10,021,113	9,901,249	**6,772,318**	6,396,589
Share capital & reserves	**11,210,853**	11,267,762	11,192,485	**8,050,031**	7,643,238
Non-controlling interests	**435,178**	308,930	529,970	**–**	–
Total equity	**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238
Represented by:					
Fixed assets	**3,166,345**	2,372,560	2,432,963	**7,273**	6,676
Investment properties	**3,022,091**	2,851,380	3,460,608	**–**	–
Right-of-use assets	**495,429**	–	–	**12,833**	–
Subsidiaries	**–**	–	–	**7,962,528**	7,867,959
Associated companies	**6,350,845**	6,239,053	5,915,379	**–**	–
Investments	**649,069**	449,515	417,792	**19,230**	16,957
Long term assets	**1,656,362**	679,464	603,792	**23,469**	8,801
Intangibles	**1,682,981**	129,007	132,594	**–**	–
	17,023,122	12,720,979	12,963,128	**8,025,333**	7,900,393
Current assets					
Stocks	**5,542,755**	5,495,904	5,755,725	**–**	–
Contract assets	**3,497,476**	3,212,712	3,643,495	**–**	–
Amounts due from:					
- subsidiaries	**–**	–	–	**7,280,724**	4,043,121
- associated companies	**563,578**	291,729	342,960	**705**	548
Debtors	**2,748,484**	2,702,300	3,062,683	**8,844**	6,229
Derivative assets	**41,050**	45,976	181,226	**18,544**	23,217
Short term investments	**121,581**	136,587	202,776	**–**	27,400
Bank balances, deposits & cash	**1,783,514**	1,981,406	2,273,788	**1,047**	370
	14,298,438	13,866,614	15,462,653	**7,309,864**	4,100,885
Current liabilities					
Creditors	**4,604,544**	4,391,023	5,720,165	**78,725**	76,172
Derivative liabilities	**119,481**	119,405	37,969	**19,988**	27,796
Contract liabilities	**1,824,965**	1,918,547	1,950,151	**–**	–
Provisions for warranties	**36,448**	69,614	115,972	**–**	–
Amounts due to:					
- subsidiaries	**–**	–	–	**156,867**	162,611
- associated companies	**490,286**	115,824	253,331	**–**	–
Term loans	**4,555,237**	1,480,757	1,714,084	**3,400,430**	460,657
Lease liabilities	**67,387**	–	–	**4,154**	–
Taxation	**248,425**	297,922	220,761	**31,523**	43,519
	11,946,773	8,393,092	10,012,433	**3,691,687**	770,755
Net current assets	**2,351,665**	5,473,522	5,450,220	**3,618,177**	3,330,130
Non-current liabilities					
Term loans	**6,504,394**	6,067,752	6,078,919	**3,498,203**	3,495,610
Lease liabilities	**530,052**	–	–	**11,498**	–
Deferred taxation	**399,028**	188,340	325,359	**–**	–
Other non-current liabilities	**295,282**	361,717	286,615	**83,778**	91,675
	7,728,756	6,617,809	6,690,893	**3,593,479**	3,587,285
Net assets	**11,646,031**	11,576,692	11,722,455	**8,050,031**	7,643,238
Group net debt	***9,873,556***	*5,567,103*	*5,519,215*	***n.a.***	*n.a.*
Group net gearing ratio	***0.85x***	*0.48x*	*0.47x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 31.12.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
165,986	**4,456,638**	412,412	1,068,345

(ii) Amount repayable after one year

As at 31.12.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
840,911	**6,193,535**	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 $963,054,000 (31 December 2018: $1,065,652,000) to banks for loan facilities. Included in secured borrowings as at 31 December 2019 are current lease liabilities of $67,387,000 and non-current lease liabilities of $530,052,000 which are secured over the right-of-use assets of $495,429,000.

3b. Net asset value

	Group			**Company**		
	31.12.2019	31.12.2018 Restated	+/-%	**31.12.2019**	31.12.2018	+/-%
Net asset value per ordinary share *	**$6.17**	$6.22	-0.8	**$4.43**	$4.22	+5.0
Net tangible asset per ordinary share *	**$5.25**	$6.15	-14.6	**$4.43**	$4.22	+5.0

* Based on share capital of 1,816,379,444 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2018: 1,812,458,136 ordinary shares (excluding treasury shares)).

3c. Balance sheet analysis

Group shareholder's funds decreased by $0.06 billion to $11.21 billion at 31 December 2019. The decrease was mainly attributable to payment of final dividend of 15.0 cents per share in respect of financial year 2018, payment of interim dividend of 8.0 cents per share in respect of half year ended 30 June 2019, adoption of SFRS(I) 16 *Leases,* and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd, foreign exchange translation losses, decrease in value of investments accounted for at fair value through other comprehensive income, partly offset by retained profits for 2019.

Group total assets were $31.32 billion at 31 December 2019, $4.73 billion higher than the previous year end. Non-current assets increased due mainly to increase in fixed assets following the consolidation of M1, recognition of intangibles due to M1 acquisition, recognition of right-of-use assets arising from the adoption of SFRS(I) 16 and increase in long term assets. Increase in current assets was due mainly to the increase in contract assets and advances to associated companies, partly offset by decrease in bank balances, deposits and cash.

Group total liabilities of $19.68 billion at 31 December 2019 were $4.66 billion higher than the previous year end. This was largely attributable to the increase in term loans, recognition of lease liabilities arising from the adoption of SFRS(I) 16, as well as deposits by and advances from associated companies.

Group net debt increased by $4.31 billion to $9.87 billion at 31 December 2019. This was due mainly to the acquisition of M1 of $1.23 billion, consolidation of M1's net debt of $0.34 billion, acquisition of remaining interest in Keppel Telecommunications & Transportation Ltd of $0.22 billion, payment of final dividend in respect of financial year 2018 of $0.27 billion, payment of interim dividend in respect of half year ended 30 June 2019 of $0.15 billion, the recognition of lease liabilities of $0.60 billion arising from adoption of SFRS(I) 16, as well as working capital requirements of $1.44 billion.

Group net gearing ratio increased from 48% at 31 December 2018 to 85% at 31 December 2019. This was largely driven by increase in group net debt.

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

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2019								
As previously reported at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,330,287**	**(493,669)**	**11,278,210**	**308,930**	**11,587,140**
Effects of change in accounting policy on capitalisation of borrowing costs	**–**	**–**	**–**	**(10,448)**	**–**	**(10,448)**	**–**	**(10,448)**
As restated at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,319,839**	**(493,669)**	**11,267,762**	**308,930**	**11,576,692**
Adoption of SFRS(I) 16	**–**	**–**	**–**	**(78,201)**	**–**	**(78,201)**	**(2,797)**	**(80,998)**
As adjusted at 1 January 2019	**1,291,722**	**(45,073)**	**194,943**	**10,241,638**	**(493,669)**	**11,189,561**	**306,133**	**11,495,694**
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**706,975**	**–**	**706,975**	**54,163**	**761,138**
Other comprehensive income *	**–**	**–**	**(74,112)**	**–**	**(169,917)**	**(244,029)**	**(250)**	**(244,279)**
Total comprehensive income for the year	**–**	**–**	**(74,112)**	**706,975**	**(169,917)**	**462,946**	**53,913**	**516,859**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	**–**	**–**	**–**	**(417,938)**	**–**	**(417,938)**	**–**	**(417,938)**
Share-based payment	**–**	**–**	**34,991**	**–**	**–**	**34,991**	**125**	**35,116**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(11,623)**	**(11,623)**
Purchase of treasury shares	**–**	**(4,543)**	**–**	**–**	**–**	**(4,543)**	**–**	**(4,543)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**35,607**	**(35,472)**	**–**	**–**	**135**	**–**	**135**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**9,821**	**(9,821)**	**–**	**–**	**–**	**–**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**1,207**	**1,207**
Contributions to defined benefits plans	**–**	**–**	**(4,041)**	**–**	**–**	**(4,041)**	**(415)**	**(4,456)**
Other adjustments	**–**	**–**	**(31)**	**–**	**–**	**(31)**	**–**	**(31)**
Total contributions by and distributions to owners	**–**	**31,064**	**5,268**	**(427,759)**	**–**	**(391,427)**	**(10,706)**	**(402,133)**
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**308,001**	**308,001**
Acquisition of additional interest in subsidiaries	**–**	**–**	**–**	**(50,227)**	**–**	**(50,227)**	**(173,390)**	**(223,617)**
Disposal of interest in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(50,864)**	**(50,864)**
Effects of acquiring part of non-controlling interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**2,091**	**2,091**
Total change in ownership interests in subsidiaries	**–**	**–**	**–**	**(50,227)**	**–**	**(50,227)**	**85,838**	**35,611**
Total transactions with owners	**–**	**31,064**	**5,268**	**(477,986)**	**–**	**(441,654)**	**75,132**	**(366,522)**
As at 31 December 2019	**1,291,722**	**(14,009)**	**126,099**	**10,470,627**	**(663,586)**	**11,210,853**	**435,178**	**11,646,031**

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

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

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2018								
As previously reported at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Effects of change in accounting policy on capitalisation of borrowing costs	–	–	–	(15,011)	–	(15,011)	–	(15,011)
As restated at 1 January 2018	1,291,310	(74)	281,407	10,178,636	(323,556)	11,427,723	530,225	11,957,948
Adoption of SFRS(I) 9	–	–	1,058	(236,296)	–	(235,238)	(255)	(235,493)
As adjusted at 1 January 2018	1,291,310	(74)	282,465	9,942,340	(323,556)	11,192,485	529,970	11,722,455
Total comprehensive income for the year								
Profit for the year	–	–	–	948,392	–	948,392	12,316	960,708
Other comprehensive income *	–	–	(117,413)	–	(170,113)	(287,526)	(3,863)	(291,389)
Total comprehensive income for the year	–	–	(117,413)	948,392	(170,113)	660,866	8,453	669,319
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(526,152)	–	(526,152)	–	(526,152)
Share-based payment	–	–	33,073	–	–	33,073	481	33,554
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(20,321)	(20,321)
Shares issued	412	–	–	–	–	412	–	412
Purchase of treasury shares	–	(90,758)	–	–	–	(90,758)	–	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	–	45,759	(40,435)	–	–	5,324	–	5,324
Transfer of statutory, capital and other reserves from revenue reserves	–	–	44,771	(44,771)	–	–	–	–
Contributions to defined benefits plans	–	–	814	–	–	814	–	814
Other adjustments	–	–	–	30	–	30	4,442	4,472
Total contributions by and distributions to owners	412	(44,999)	38,223	(570,893)	–	(577,257)	(15,398)	(592,655)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(8,332)	–	–	(8,332)	(1,426)	(9,758)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(210,166)	(210,166)
Other adjustments	–	–	–	–	–	–	(2,503)	(2,503)
Total change in ownership interests in subsidiaries	–	–	(8,332)	–	–	(8,332)	(214,095)	(222,427)
Total transactions with owners	412	(44,999)	29,891	(570,893)	–	(585,589)	(229,493)	(815,082)
As at 31 December 2018	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692

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

4b. Statement of changes in equity of the Company

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2019					
As at 1 January 2019	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
Profit / Total comprehensive income for the year	**–**	**–**	**2,273**	**790,696**	**792,969**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(417,938)**	**(417,938)**
Share-based payment	**–**	**–**	**36,170**	**–**	**36,170**
Purchase of treasury shares	**–**	**(4,543)**	**–**	**–**	**(4,543)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**35,607**	**(35,472)**	**–**	**135**
Total transactions with owners	**–**	**31,064**	**698**	**(417,938)**	**(386,176)**
As at 31 December 2019	**1,291,722**	**(14,009)**	**205,112**	**6,567,206**	**8,050,031**
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Profit / Total comprehensive income for the year	–	–	1,945	588,420	590,365
Transactions with owners, recognised directly in equity					
Dividends paid	–	–	–	(526,152)	(526,152)
Share-based payment	–	–	31,125	–	31,125
Shares issued	412	–	–	–	412
Purchase of treasury shares	–	(90,758)	–	–	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	–	45,759	(40,435)	–	5,324
Other adjustments	–	–	–	30	30
Total transactions with owners	412	(44,999)	(9,310)	(526,122)	(580,019)
As at 31 December 2018	1,291,722	(45,073)	202,141	6,194,448	7,643,238

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2019	1,818,394,180	5,936,044
Treasury shares transferred pursuant to share option scheme	–	(44,000)
Treasury shares transferred pursuant to share plans	–	(4,630,467)
Treasury shares purchased	–	770,000
As at 30 September 2019	**1,818,394,180**	**2,031,577**
Treasury shares transferred pursuant to share plans	–	(16,841)
As at 31 December 2019	**1,818,394,180**	**2,014,736**

Treasury shares

During the year ended 31 December 2019, the Company transferred 4,691,308 (31 December 2018: 5,374,744) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There was 770,000 treasury shares purchased (31 December 2018: 11,300,000) during the year. As at 31 December 2019, the number of treasury shares held by the Company represented 0.11% (31 December 2018: 0.33%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the year ended 31 December 2019.

Share options

As at 31 December 2019, there were unexercised options for 910,900 of unissued ordinary shares (31 December 2018: 1,890,185 ordinary shares) under the KCL Share Options Scheme. 44,000 options (31 December 2018: 791,500) were exercised during year ended 31 December 2019. Unexercised options for 935,285 (31 December 2018: 3,407,100) of unissued ordinary shares were cancelled during the year ended 31 December 2019.

KCL Performance Share Plan ("KCL PSP")

As at 31 December 2019, the number of contingent shares granted but not released were 3,885,000 (31 December 2018: 2,895,000) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 5,827,500 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan ("KCL PSP-TIP")

As at 31 December 2019, the number of contingent shares granted but not released were 5,585,967 (31 December 2018: 5,965,967) for KCL PSP-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 8,378,951 under KCL PSP-TIP.

KCL Restricted Share Plan ("KCL RSP")

There are no contingent shares granted but not released as at 31 December 2019 and 31 December 2018.

As at 31 December 2019, the number of awards released but not vested was 26,241 (31 December 2018: 1,630,118) for KCL RSP.

KCL Restricted Share Plan – Deferred Shares ("KCL RSP-Deferred Shares")

There are no contingent shares granted but not released as at 31 December 2019 and 31 December 2018.

As at 31 December 2019, the number of awards released but not vested was 3,912,564 (31 December 2018: 2,586,237) for KCL RSP-Deferred Shares.

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

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.19	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.19
KCL PSP						
29.4.2016	645,000	–	(264,400)	(380,600)	–	–
28.4.2017	1,070,000	–	–	–	–	1,070,000
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	–	1,635,000	–	–	–	1,635,000
	2,895,000	1,635,000	(264,400)	(380,600)	–	3,885,000
KCL PSP-TIP						
29.4.2016	3,935,967	–	–	–	(350,000)	3,585,967
28.4.2017	2,030,000	–	–	–	(30,000)	2,000,000
	5,965,967	–	–	–	(380,000)	5,585,967

Awards:

	Number of shares					
Date of Grant	At 1.1.19	Awards granted	Adjustment upon release	Released	Cancelled	At 31.12.19
KCL RSP-Deferred shares						
15.2.2019	–	3,908,536	–	(3,908,536)	–	–
18.4.2019	–	325,635	–	(325,635)	–	–
	–	4,234,171	–	(4,234,171)	–	–

Awards released but not vested:	**Number of shares**					
Date of Grant	At 1.1.19	Released	Vested	Cancelled	Other adjustments	At 31.12.19
KCL PSP						
29.4.2016	–	380,600	(380,600)	–	–	–
	–	380,600	(380,600)	–	–	–
KCL RSP						
31.3.2014	4,200	–	–	(600)	–	3,600
31.3.2015	11,000	–	–	(3,700)	–	7,300
29.4.2016	1,614,918	–	(1,565,032)	(34,545)	–	15,341
	1,630,118	–	(1,565,032)	(38,845)	–	26,241
KCL RSP-Deferred shares						
23.2.2018	2,586,237	–	(1,276,901)	(94,045)	(492)	1,214,799
15.2.2019	–	3,908,536	(1,312,115)	(106,166)	(2,165)	2,488,090
18.4.2019	–	325,635	(112,660)	(3,300)	–	209,675
	2,586,237	4,234,171	(2,701,676)	(203,511)	(2,657)	3,912,564

4d. Capital reserves

	Group		**Company**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Share option and share plans reserve	**210,412**	203,926	**187,032**	177,529
Fair value reserve	**(17,300)**	69,700	**19,230**	16,957
Hedging reserve	**(192,864)**	(198,816)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**85,851**	80,133	**(1,150)**	7,655
	126,099	194,943	**205,112**	202,141

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

	Note	Fourth Quarter		Full Year	
		31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
		$'000	$'000	**$'000**	$'000
			Restated		Restated
OPERATING ACTIVITIES					
Operating profit		**211,252**	6,449	**876,501**	1,055,162
Adjustments:					
Depreciation and amortisation		**100,433**	49,304	**375,294**	182,386
Share-based payment expenses		**13,749**	6,440	**37,255**	34,885
Profit on sale of investments		**–**	(2,232)	**–**	(2,232)
Profit on sale of fixed assets and investment properties		**(5,566)**	(1,002)	**(6,277)**	(2,795)
Impairment of associated companies		**17,902**	61,721	**35,915**	60,782
Impairment of fixed assets		**8,432**	6,911	**8,432**	6,911
Loss/(gain) on disposal of subsidiaries		**65**	(5,774)	**(64,469)**	(604,638)
Loss/(gain) on disposal of associated companies		**76**	(6,771)	**22**	(48,783)
Gain from change in interest in associated companies		**(542)**	(2,845)	**(27,114)**	(63,622)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		**–**	–	**(158,376)**	–
Fair value gain on investment properties		**(62,673)**	(36,586)	**(101,020)**	(84,886)
Unrealised foreign exchange differences		**(18,554)**	(26,896)	**17,434**	27,622
Operational cash flow before changes in working capital		**264,574**	48,719	**993,597**	560,792
Working capital changes:					
Stocks		**(23,502)**	(284,403)	**(72,104)**	(408,506)
Contract assets		**100,080**	(141,931)	**(159,551)**	357,046
Debtors		**(152,544)**	574,170	**(806,164)**	543,245
Creditors		**77,851**	(384,264)	**(15,610)**	(694,363)
Contract liabilities		**38,835**	160,651	**(77,990)**	12,430
Investments		**(50,405)**	25,892	**(274,421)**	(5,448)
Intangibles		**(662)**	(561)	**(662)**	(561)
Amount due to/from associated companies		**15,627**	(22,708)	**(30,093)**	177
		269,854	(24,435)	**(442,998)**	364,812
Interest received		**53,468**	44,756	**179,503**	154,482
Interest paid		**(61,589)**	(54,137)	**(298,099)**	(198,637)
Income taxes paid, net of refunds received		**(11,190)**	(5,628)	**(263,856)**	(195,904)
Net cash from/(used in) operating activities		**250,543**	(39,444)	**(825,450)**	124,753
INVESTING ACTIVITIES					
Acquisition of a subsidiary	5a	**–**	(38,052)	**(1,143,012)**	(38,052)
Acquisition and further investment in associated companies		**(191,598)**	(299,630)	**(652,576)**	(365,818)
Acquisition of fixed assets and investment properties		**(138,628)**	(100,754)	**(516,794)**	(254,511)
Disposal of subsidiaries	5b	**8,636**	18,445	**27,117**	1,085,671
Proceeds from disposal of fixed assets		**13,684**	2,142	**16,094**	5,524
Proceeds from disposal of associated companies and return of capital		**100,687**	8,450	**106,117**	179,342
Advances to/from associated companies		**2,536**	(37,108)	**96,625**	(216,636)
Dividends received from investments and associated companies		**142,268**	71,811	**378,422**	281,375
Net cash (used in)/from investing activities		**(62,415)**	(374,696)	**(1,688,007)**	676,895

	Note	Fourth Quarter		Full Year	
		31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
		$'000	$'000	**$'000**	$'000
			Restated		Restated
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**–**	(1,802)	**(223,652)**	(3,337)
Proceeds from share options exercised with issue of treasury shares		**–**	32	**135**	5,324
Proceeds from non-controlling shareholders of subsidiaries		**969**	–	**1,178**	–
Proceeds from share issues		**–**	–	**–**	412
Proceeds from term loans		**850,253**	451,793	**4,392,341**	1,549,445
Repayment of term loans		**(565,878)**	(51,386)	**(1,342,450)**	(1,939,475)
Principal element of lease payments		**(2,019)**	–	**(47,306)**	–
Purchase of treasury shares		**–**	–	**(4,543)**	(90,758)
Dividend paid to shareholders of the Company		**–**	–	**(417,938)**	(526,152)
Dividend paid to non-controlling shareholders of subsidiaries		**(1,257)**	(4,934)	**(11,623)**	(20,321)
Net cash from/(used in) financing activities		**282,068**	393,703	**2,346,142**	(1,024,862)
Net decrease in cash and cash equivalents		**470,196**	(20,437)	**(167,315)**	(223,214)
Cash and cash equivalents as at beginning of quarter / year		**1,319,123**	1,987,082	**1,971,844**	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(12,075)**	5,199	**(27,285)**	(46,390)
Cash and cash equivalents as at end of quarter / year	5c	**1,777,244**	1,971,844	**1,777,244**	1,971,844

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of a subsidiary

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

	Fourth Quarter		Full Year	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**12,144**	360,047	**772,654**	360,047
Right-of-use assets	**–**	–	**44,324**	–
Intangible assets	**(36,196)**	–	**610,516**	–
Stocks	**–**	–	**34,745**	–
Contract assets	**–**	–	**163,121**	–
Debtors and other assets	**–**	530	**197,211**	530
Bank balances and cash	**–**	18,521	**88,991**	18,521
Creditors and other liabilities	**–**	(6,778)	**(241,555)**	(6,778)
Borrowings and lease liabilities	**(1,418)**	(297,923)	**(496,189)**	(297,923)
Current and deferred taxation	**4,330**	(3,827)	**(251,498)**	(3,827)
Non-controlling interests consolidated	**–**	–	**(2,091)**	–
Total identifiable net assets at fair value	**(21,140)**	70,570	**920,229**	70,570
Non-controlling interests measured at fair value	**–**	–	**(308,001)**	–
Amount previously accounted for as associated company	**–**	(32,484)	**(210,137)**	(32,484)
Goodwill arising from acquisition	**21,140**	–	**988,288**	–
Remeasurement loss/(gain)	**–**	18,487	**(158,376)**	18,487
Total purchase consideration	**–**	56,573	**1,232,003**	56,573
Less: Bank balances and cash acquired	**–**	(18,521)	**(88,991)**	(18,521)
Cash outflow on acquisition	**–**	38,052	**1,143,012**	38,052

During the year, the Group's 80% owned subsidiary, Konnectivity Pte Ltd, acquired approximately 81% interest in M1 Limited, bringing to a total of 100% as at 31 December 2019.

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

5b. Disposal of subsidiaries

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

	Fourth Quarter		Full Year	
	31.12.2019	31.12.2018	**31.12.2019**	31.12.2018
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**(80,973)**	–	**(80,973)**	(952,885)
Right-of-use Assets	**(4,433)**	–	**(4,433)**	–
Stocks	**(182)**	–	**(95,065)**	(692,651)
Debtors and other assets	**(16,643)**	–	**(17,350)**	(7,939)
Bank balances and cash	**(24,307)**	(573)	**(26,053)**	(39,194)
Creditors and other liabilities	**23,820**	5,989	**41,357**	446,973
Current and deferred taxation	**1,891**	89	**1,891**	139,863
Borrowings and lease liabilities	**6,713**	–	**6,713**	171,380
Non-controlling interest	**50,099**	–	**50,099**	210,166
Net assets disposed of	**(44,015)**	5,505	**(123,814)**	(724,287)
Net loss/(gain) on disposal	**65**	(5,774)	**(64,469)**	(604,638)
Amount accounted for as associated company	**8,664**	–	**26,984**	–
Realisation of foreign currency translation reserve	**1,154**	(244)	**(7,335)**	(7,575)
Sale proceeds	**(34,132)**	(513)	**(168,634)**	(1,336,500)
Less: Bank balances and cash disposed	**24,307**	573	**26,053**	39,194
Less: Advanced payments received in prior year	**–**	–	**–**	174,538
Less: Proceeds receivable/(Deferred proceeds received)	**1,189**	(18,505)	**115,464**	37,097
Cash inflow on disposal	**(8,636)**	(18,445)	**(27,117)**	(1,085,671)

During the year, disposal relates to the sale of 70% interest in Dong Nai Waterfront City LLC, Keppel Logistics (Foshan Sanshui Port) Company Ltd and Keppel Logistics (Hong Kong) Ltd.

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

5c. Cash and cash equivalents

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

	Group	
	2019	2018
	$'000	$'000
Bank balances, deposits and cash	**1,783,514**	1,981,406
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(6,270)**	(9,562)
	1,777,244	1,971,844

5d. Cash flow analysis

(i) Fourth Quarter

Net cash from operating activities for the quarter was $251 million compared to net cash used in the prior period of $39 million. This was due mainly to working capital generation as compared to working capital requirements in prior period.

Net cash used in investing activities for the quarter was $62 million. Acquisitions and capital expenditure of $330 million was partly offset by the divestment and dividend income of $265 million, as well as advances to associated companies of $3 million.

Net cash from financing activities was $282 million. This was mainly attributable to net borrowings drawn down.

(ii) Full year

Net cash used in operating activities was $825 million compared to net cash from operating activities of $125 million in the prior year. This was due mainly to higher working capital requirements.

Net cash used in investing activities was $1,688 million. Acquisitions and capital expenditure of $2,312 million was partly offset by the divestments and dividend income of $528 million and receipts from associated companies of $97 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 $2,346 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend of $430 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the year 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 year compared with those of the audited financial statements as at 31 December 2018.

9. CHANGES IN THE ACCOUNTING POLICIES

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

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

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

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

Adoption of SFRS(I) 16

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

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

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

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

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

Group Balance Sheets	01.01.2019 $'000
Increase in right-of-use assets	465,006
Increase in investment properties	5,765
Decrease in debtors	(14,213)
Increase in lease liabilities	(573,363)
Decrease in creditors	14,687
Increase in deferred tax assets	21,120
Decrease in net assets	(80,998)
Decrease in revenue reserves	(78,201)
Decrease in non-controlling interests	(2,797)
Decrease in total equity	(80,998)

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

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

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

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

Impact on the comparatives for the Fourth Quarter and the year ended 31 December 2019 Financial Statements

The financial effect of the change in accounting policy:

	Fourth Quarter	Full Year
Group Profit and Loss Account	31.12.2018	31.12.2018
	$'000	$'000
Decrease in materials & subcontract costs	1,306	12,596
Increase in interest expenses	–	(6,381)
Decrease in share of results of associated companies	(368)	(623)
Increase in taxation	(222)	(1,029)
Increase in profit for the quarter / year attributable to shareholders of the Company	716	4,563
Increase in basic EPS	0.1 cts	0.3 cts
Increase in diluted EPS	0.1 cts	0.3 cts
	31.12.2018	01.01.2018
Group Balance Sheets	$'000	$'000
Decrease in associated companies	(632)	(9)
Decrease in stocks	(18,102)	(24,317)
Decrease in deferred taxation	8,286	9,315
Decrease in net assets	(10,448)	(15,011)
Decrease in revenue reserves	(10,448)	(15,011)
Decrease in total equity	(10,448)	(15,011)

10. REVIEW OF GROUP PERFORMANCE

(i) Fourth Quarter

Group revenue for 4Q2019 of $2,198 million was $521 million or 31% above that of 4Q2018. Revenue from the Offshore & Marine Division increased by $255 million to $775 million due mainly to higher revenue recognition from ongoing projects. Revenue from the Property Division decreased by $50 million to $323 million due mainly to lower revenue from property trading projects in Vietnam and China, partly offset by higher revenue from property trading projects in Singapore. The Infrastructure Division's revenue increased by $16 million to $760 million due mainly to higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $300 million higher at $340 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit for 4Q2019 was $73 million or 44% higher at $238 million as compared to $165 million for 4Q2018. The Offshore & Marine Division's pre-tax loss for 4Q2019 was $37 million as compared to pre-tax loss of $97 million for 4Q2018. The lower loss was due mainly to higher operating results arising from higher revenue, lower impairment provisions, partly offset by share of losses from associated companies as well as the absence of write-back of provisions for claims in 2018. Pre-tax profit of the Property Division of $242 million was $26 million or 12% higher than 4Q2018. This was due mainly to higher fair value gains on investment properties, higher contribution from property trading projects in Singapore and higher investment income, partly offset by lower contribution from property trading projects in Vietnam and China as well as higher net interest expense. Pre-tax profit of the Infrastructure Division was $25 million as compared to $50 million in 4Q2018. This was due mainly to fair value losses on data centres in 4Q2019 as compared to fair value gains in 2018, lower contribution from Infrastructure Services, partly offset by higher contributions from Energy Infrastructure and Environmental Infrastructure. Investments Division's pre-tax profit was $8 million as compared to pre-tax loss of $4 million for 4Q2018. This was due mainly to higher contribution from the asset management business, lower

provision for impairment of an associated company, partly offset by lower contribution from the Sino-Singapore Tianjin Eco-City and write-off of a receivable.

Taxation expenses increased by $13 million due mainly to higher taxable profits. Non-controlling interests were $3 million higher than those of 4Q2018. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 4Q2019 was $192 million, $57 million or 42% above the net profit of $135 million for 4Q2018.

(ii) Full year

Group net profit attributable to shareholders decreased by $241 million or 25% to $707 million. Earnings per share decreased correspondingly by 26% to 38.9 cents. Return on equity was 6.3%.

Group revenue of $7,580 million for 2019 was $1,615 million or 27% higher than in the preceding year. Revenue from the Offshore & Marine Division improved by $345 million or 18% to $2,220 million due mainly to higher revenue recognition from ongoing projects, partly offset by the absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Major jobs delivered in 2019 include five jackup rigs, three FPSO/FSRU conversions and four dredgers. Revenue from the Property Division decreased marginally by $4 million to $1,336 million due mainly to lower revenue from property trading projects in Singapore, partly offset by higher revenue from property trading projects in China. Revenue from the Infrastructure Division grew by $298 million to $2,927 million as a result of increased sales in the power and gas business as well as higher 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 increased by $976 million to $1,097 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit for the current year was $954 million, $291 million or 23% below the previous year. The Offshore & Marine Division's pre-tax loss was $24 million as compared to pre-tax loss of $113m in 2018. The lower loss was due mainly to higher operating results arising from higher revenue, lower impairment provisions and lower net interest expense, partly offset by share of losses from associated companies, and the absence of write-back of provisions for claims in 2018. Pre-tax profit from the Property Division decreased by $486 million to $707 million due mainly to the lower gains from the en-bloc sale of development projects in 2019 (disposal of a partial interest in the Dong Nai project in Vietnam) as compared to 2018 (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), the absence of gain from divestment as compared against 2018 (Aether Limited), lower contribution from property trading projects in Singapore and higher net interest expense, partly offset by higher contribution from property trading projects in China, higher investment income, higher fair value gains on investment properties and higher contribution from associated companies. Pre-tax profit of the Infrastructure Division was $188 million, $4 million above that in 2018. This was due mainly to higher fair value gains on data centres, higher contributions from Energy Infrastructure and Environmental Infrastructure, partly offset by lower contribution from Infrastructure Services and the logistics business, as well as the absence of gain arising from the sale of stake in Keppel DC REIT in 2018. Pre-tax profit of the Investments Division was $83 million as compared to pre-tax loss of $19 million in 2018. This was due mainly to fair value gain from the remeasurement of the previously held interest in M1 at acquisition date, higher contributions from asset management business as well as from M1 resulting from the consolidation of M1, lower provision for impairment of an associated company, partly offset by lower share of profit from the Sino-Singapore Tianjin Eco-City, higher net interest expense, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1, as well as write-off of a receivable.

Taxation expenses decreased by $92 million or 32% due mainly to lower taxable profits. Non-controlling interests were $42 million higher than in the preceding year. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2019 was $707 million, a decrease of $241 million from $948 million in 2018. The Property Division was the largest contributor to the Group's net profit with a 73% share, followed by the Infrastructure Division's 24%, the Investments Division's 2% and the Offshore & Marine Division's 1%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division's net order book, excluding the Sete rigs, stands at $4.4 billion. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in gas solutions, offshore renewables, production assets, specialised vessels, 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 5,150 homes in 2019, comprising about 250 in Singapore, 3,400 in China, 950 in Vietnam, 300 in Indonesia and 250 in India. Keppel REIT's office buildings in Singapore, Australia and Korea maintained a high portfolio committed occupancy rate of 99% as at 31 December 2019. The Division will remain focused on strengthening its presence in its key markets such as Singapore, China and Vietnam and scaling up in other markets such as Indonesia and India, while seeking opportunities to unlock value and recycle capital.

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

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 sectors.

Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable precincts. Starting with Saigon Sports City in Ho Chi Minh City, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd will continue the development of the Eco-City, including selling land parcels to drive the Eco-City's further development.

The strategic acquisition of M1 complements the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 serves as a digital platform and connectivity partner to complement and augment the Group's suite of solutions, and at the same time can benefit from harnessing the synergies of the Group.

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

13. DIVIDEND

13a. Current Financial Period Reported On

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

The Directors are pleased to recommend a final cash dividend of 12.0 cents per share tax exempt one-tier (2018: 15.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2019 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 8.0 cents per share tax exempt one-tier (2018: cash dividend of 10.0 cents per share tax exempt one-tier and a special cash dividend of 5.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2019 will be 20.0 cents in cash per share (2018: 30.0 cents in cash per share).

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

13b. Corresponding Period of the Immediately Preceding Financial Year

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

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

13c. Date Payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 24 April 2020, will be paid on 14 May 2020.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 4 May 2020 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 4 May 2020 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 4 May 2020 will be entitled to the proposed final dividend.

13e. Total Annual Dividend

Total distribution paid and proposed in respect of the financial year ended 31 December 2019 will be 20.0 cents in cash per share (2018: 30.0 cents in cash per share).

	2019	2018	+/-
	$'000	$'000	%
Interim cash dividend	**145,370**	181,241	-19.8
Special cash dividend	**–**	90,621	NM
Final cash dividend	**217,966**	272,568	-20.0
Total annual dividend	**363,336**	544,430	-33.3

* Estimated based on share capital of 1,816,379,444 ordinary shares (excluding treasury shares) at the end of the financial year.

14. SEGMENT ANALYSIS

2019

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**2,219,397**	**1,336,236**	**2,927,331**	**1,096,739**	**–**	**7,579,703**
Inter-segment sales	**323**	**11,187**	**31,018**	**112,809**	**(155,337)**	**–**
Total	**2,219,720**	**1,347,423**	**2,958,349**	**1,209,548**	**(155,337)**	**7,579,703**
Segment Results						
Operating profit	**60,041**	**507,740**	**113,612**	**194,988**	**120**	**876,501**
Investment income	**4,988**	**48,131**	**1,410**	**10,065**	**–**	**64,594**
Interest income	**74,444**	**48,776**	**63,443**	**356,896**	**(365,884)**	**177,675**
Interest expenses	**(107,123)**	**(85,966)**	**(28,753)**	**(456,638)**	**365,764**	**(312,716)**
Share of results of associated companies	**(56,823)**	**188,189**	**38,079**	**(22,032)**	**–**	**147,413**
(Loss)/profit before tax	**(24,473)**	**706,870**	**187,791**	**83,279**	**–**	**953,467**
Taxation	**33,182**	**(179,055)**	**(23,982)**	**(22,474)**	**–**	**(192,329)**
Profit for the year	**8,709**	**527,815**	**163,809**	**60,805**	**–**	**761,138**
Attributable to:						
Shareholders of Company	**10,050**	**517,373**	**168,391**	**11,161**	**–**	**706,975**
Non-controlling interests	**(1,341)**	**10,442**	**(4,582)**	**49,644**	**–**	**54,163**
	8,709	**527,815**	**163,809**	**60,805**	**–**	**761,138**
Other Information						
Segment assets	**9,493,583**	**14,081,759**	**3,960,727**	**12,028,650**	**(8,243,159)**	**31,321,560**
Segment liabilities	**6,663,302**	**6,435,784**	**2,552,695**	**12,266,907**	**(8,243,159)**	**19,675,529**
Net assets	**2,830,281**	**7,645,975**	**1,408,032**	**(238,257)**	**–**	**11,646,031**
Investment in associated companies	**645,946**	**3,443,534**	**1,067,436**	**1,193,929**	**–**	**6,350,845**
Additions to non-current assets	**95,440**	**622,622**	**188,819**	**297,711**	**–**	**1,204,592**
Depreciation and amortisation	**121,126**	**38,275**	**58,393**	**157,500**	**–**	**375,294**
Impairment loss/(write-back of impairment loss)	**6,827**	**(10)**	**(776)**	**37,445**	**–**	**43,486**

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**5,704,097**	**1,005,803**	**83,769**	**429,351**	**356,683**	**–**	**7,579,703**
Non-current assets	**8,741,671**	**3,111,521**	**286,862**	**1,891,462**	**686,175**	**–**	**14,717,691**

2018 (Restated)

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	1,874,571	1,340,235	2,628,571	121,404	–	5,964,781
Inter-segment sales	–	6,139	22,729	60,872	(89,740)	–
Total	1,874,571	1,346,374	2,651,300	182,276	(89,740)	5,964,781
Segment Results						
Operating (loss)/profit	(73,433)	1,044,448	105,332	(23,019)	1,834	1,055,162
Investment income	1,199	3,976	2,230	2,586	–	9,991
Interest income	53,675	57,268	57,265	295,233	(299,181)	164,260
Interest expenses	(102,630)	(77,250)	(16,969)	(305,322)	297,347	(204,824)
Share of results of associated companies	8,001	164,688	36,499	11,707	–	220,895
(Loss)/profit before tax	(113,188)	1,193,130	184,357	(18,815)	–	1,245,484
Taxation	2,523	(254,992)	(7,837)	(24,470)	–	(284,776)
(Loss)/profit for the year	(110,665)	938,138	176,520	(43,285)	–	960,708
Attributable to:						
Shareholders of Company	(109,250)	942,459	169,584	(54,401)	–	948,392
Non-controlling interests	(1,415)	(4,321)	6,936	11,116	–	12,316
	(110,665)	938,138	176,520	(43,285)	–	960,708
Other Information						
Segment assets	8,461,013	13,831,333	3,649,336	7,596,099	(6,950,188)	26,587,593
Segment liabilities	5,556,134	5,684,310	2,248,589	8,472,056	(6,950,188)	15,010,901
Net assets	2,904,879	8,147,023	1,400,747	(875,957)	–	11,576,692
Investment in associated companies	706,189	3,206,355	1,066,849	1,259,660	–	6,239,053
Additions to non-current assets	87,478	461,857	61,394	28,225	–	638,954
Depreciation and amortisation	99,091	32,762	44,930	5,603	–	182,386
Impairment loss	32,503	796	1,754	53,000	–	88,053

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	4,370,849	741,759	224,573	374,430	253,170	–	5,964,781
Non-current assets	6,119,072	2,747,668	229,917	1,648,108	847,235	–	11,592,000

Note:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. Investments consist mainly of the Group's investments in fund management, M1 Limited, KrisEnergy Limited, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities. M1 Limited, which was part of Investments prior to the acquisition, continues to be reported under that segment as it currently undergoes transformation of its business. M1 accounts for about 13% and 10% of the Group's total revenue and net profit respectively for the financial year ended 31 December 2019.

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

(c) For the years ended 31 December 2019 and 31 December 2018, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2019. Revenue of $730,615,000 is derived from a single external customer and is attributable to the Infrastructure Division for the year ended 31 December 2018.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $7,580 million for the year was $1,615 million or 27% higher than that of prior year. Revenue from the Offshore & Marine Division of $2,220 million was $345 million above prior year due mainly to higher revenue recognition from ongoing projects, partly offset by absence of revenue recognised in 2018 from the sale of jackup rigs to Borr Drilling Limited. Revenue from the Property Division decreased by $4 million to $1,336 million due mainly to lower revenue from property trading projects in Singapore, partly offset by higher revenue from property trading projects in China. Revenue from the Infrastructure Division grew by $298 million to $2,927 million as a result of increased sales in the power and gas business as well as higher 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 $976 million higher at $1,097 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 $707 million was $241 million or 25% higher than that of prior year. Net profit from the Offshore & Marine Division was $10 million as compared to net loss of $109 million in 2018. This was mainly due to higher operating results, lower impairment provisions, lower net interest expense and higher write back of tax provision, partly offset by share of losses from associated companies and absence of write-back of provisions for claims in 2018. Profit from the Property Division of $517 million decreased by $425 million due mainly to the lower gains from the en-bloc sale of development projects in 2019 (disposal of a partial interest in the Dong Nai project in Vietnam) as compared to 2018 (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), the absence of gain from divestment as compared against 2018 (Aether Limited), lower contribution from Singapore property trading projects and higher net interest expense, partly offset by higher contribution from China property trading projects, higher investment income, higher fair value gains on investment properties and higher contribution from associated companies. Profit from the Infrastructure Division was $169 million for both years. Net profit from the Investments Division was $11 million as compared to net loss of $54 million for prior year due mainly to fair value gain from the remeasurement of previously held interest in M1 at acquisition date, higher contribution from asset management business as well as M1 resulting from the consolidation of M1, lower provision for impairment of an associated company, partly offset by lower share of profit from the Sino-Singapore Tianjin Eco-City, higher net interest expense, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1 as well as write-off of a receivable. The Property Division was the largest contributor to the Group's net profit with a 73% share, followed by the Infrastructure Division's 24%, the Investments Division's 2% and the Offshore & Marine Division's 1%.

15c. Revenue by Geographical Segments

Revenue from Singapore of $5,704 million was $1,333 million higher than that of prior year, due largely to higher revenue from the Infrastructure Division, Offshore & Marine Division and Investments Division (consolidation of M1 from date of acquisition), partly offset by lower revenue from the Property Division.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 23 April 2019. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Transaction for the Sale of Goods and Services				
PSA International Group	**–**	–	**4,319**	208
SembCorp Marine Group	**–**	–	**869**	2,202
Singapore Power Group	**–**	–	**876**	923
Singapore Technologies Engineering Group	**–**	–	**988**	1,272
Singapore Telecommunications Group	**–**	–	**8,276**	–
Starhub Group	**–**	–	**3,349**	–
Temasek Holdings Group (other than the above)	**–**	–	**470**	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**801**	549
Mapletree Investments Group	**–**	–	**–**	773
Pavilion Gas Pte Ltd	**–**	–	**62,000**	52,000
PSA International Group	**–**	–	**151**	501
Singapore Power Group	**–**	–	**126**	43
Starhub Group	**–**	–	**19,791**	28
MediaCorp Group	**–**	–	**442**	–
SembCorp Marine Group	**–**	–	**327**	–
Singapore Technologies Engineering Group	**–**	–	**4,632**	418
Singapore Telecommunications Group	**–**	–	**38,111**	6,776
SMRT Corporation Group	**–**	–	**1,258**	209
Temasek Holdings Group (other than the above)	**–**	–	**1,377**	336
Total Interested Person Transactions	**–**	–	**148,163**	66,238

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

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

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

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

BY ORDER OF THE BOARD

CAROLINE CHANG/KENNY LEE
Company Secretaries
23 January 2020

CONFIRMATION BY THE BOARD