

Media Release

Keppel nets profit of S\$203m in 1Q 2019

1Q profit lower yoy due mainly to smaller gains from en-bloc sales of residential projects

Singapore, 18 April 2019 – Keppel Corporation Limited (Keppel) reported a net profit of S\$203 million for the first three months of 2019, 40% below that of S\$337 million for 1Q 2018. In 1Q 2018, the Group benefitted from a S\$289 million gain arising from the en-bloc sale of Keppel Cove in Zhongshan, China as compared to gains of S\$174 million in the current period from the divestment of a 70% interest in Dong Nai Waterfront City, Vietnam and the re-measurement of previously held interests in M1 Limited (M1) at acquisition date.

The Group achieved revenue of S\$1,531 million for 1Q 2019, which was \$61 million or 4% higher than that of 1Q 2018. The increase was underpinned by higher revenues from power and gas sales, infrastructure projects in Singapore and Hongkong, asset management and the consolidation of M1, offset by lower contributions from property trading in Singapore.

In 1Q 2019, the Group achieved an annualised return on equity of 7.0%. Net gearing increased to 0.72x as at 31 March 2019, compared to 0.48x as at 31 December 2018, due to higher working capital requirements, financing for the acquisition of M1, and as a result of the inclusion of lease liabilities due to the adoption of the new accounting standard on leases. Free cash outflow was S\$617 million in 1Q 2019 compared to an inflow of S\$248 million in 1Q 2018, mainly due to higher working capital requirements in the Offshore & Marine and Property divisions.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, “The main pieces of our strategic transformation are in place. Our focus is now on execution. When we have successfully executed on our strategy, Keppel will be a powerhouse of urbanisation solutions, with not only higher profits, but also higher quality, recurrent earnings. We will work all our engines hard towards achieving a mid-to-long term ROE target of 15% for the Group.”

The Offshore & Marine (O&M) Division registered a net profit of S\$6 million for 1Q 2019, compared to a net loss of S\$23 million a year ago, due mainly to a share of results from associated companies which turned profitable year on year, as well as lower taxes. The

Division achieved a profit of S\$3 million at the operating level for 1Q 2019, compared to S\$8 million for 1Q 2018.

The O&M Division continues to pursue projects and opportunities in new markets and niche segments. In the year to date, the O&M Division has won new contracts of about S\$1 billion, or 59% of the S\$1.7 billion secured for the whole of 2018. The latest orders comprise a newbuild harsh environment semisubmersible for Awilco and contracts to upgrade a drilling semisubmersible and integrate an FPSO hull.

The Property Division was the largest contributor to the Group's 1Q 2019 net profit. The Division recorded a net profit of S\$132 million, 65% lower than \$378 million for 1Q 2018 due mainly to the absence of gains from the en-bloc sale of Keppel Cove in Zhongshan, China and lower contribution from Singapore property trading which was partly offset by gains from disposing a partial interest in Dong Nai Waterfront City, Vietnam.

The Infrastructure Division's net profit of S\$16 million for 1Q 2019, was 38% lower year on year, mainly due to lower contributions from the energy infrastructure and logistics businesses, as well as a share of losses from Keppel Infrastructure Trust in the current period as compared to a share of profits in the same period last year as a result of costs associated with the acquisition of Ixom in 2019. These were partly offset by higher contributions from businesses in environmental infrastructure and infrastructure services.

Excluding charges related to the acquisition of M1, the Investments Division recorded a net profit of S\$59 million for the first quarter, as compared to net loss of S\$44 million a year ago. This was due mainly to fair value gains 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, and a lower share of losses from KrisEnergy, which were partly offset by a higher fair value loss on KrisEnergy warrants and a provision for impairment of an associated company.

Financial Highlights

	1Q 2019 (S\$ m)	1Q 2018 (S\$ m)	Change (%)
Revenue	1,531	1,470	4
Operating Profit	322	486	(34)
Net Profit	203	337	(40)
Earnings per Share	11.2 cents	18.6 cents	(40)

- Annualised ROE was 7.0% for 1Q 2019

- Net Gearing was 0.72x at end-March 2019
- Free cash outflow was S\$617m in 1Q 2019 compared to an inflow of S\$248m in 1Q 2018

– END –

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KEPPEL CORPORATION LIMITED

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(Incorporated in the Republic of Singapore)

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KEPPEL CORPORATION LIMITED

First Quarter 2019 Financial Statements

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2019.

1. GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March

	Note	1Q 2019 \$'000	1Q 2018 \$'000	+/- %
Revenue		1,530,668	1,469,917	+4.1
Materials & subcontract costs	(i)	(1,023,783)	(998,221)	+2.6
Staff costs	(ii)	(261,850)	(238,917)	+9.6
Depreciation & amortisation	(iii)	(67,624)	(46,448)	+45.6
(Impairment loss)/Write-back of impairment loss on financial assets		(1,433)	48	NM
Other operating income - net	(iv)	145,634	300,007	-51.5
Operating profit		321,612	486,386	-33.9
Investment income		4,413	994	NM
Interest income		41,445	31,121	+33.2
Interest expenses	(v)	(69,034)	(43,700)	+58.0
Share of results of associated companies	(vi)	(15,675)	(26,174)	-40.1
Profit before tax		282,761	448,627	-37.0
Taxation	1b	(46,231)	(114,533)	-59.6
Profit for the period		236,530	334,094	-29.2
Attributable to:				
Shareholders of the Company		202,895	337,465	-39.9
Non-controlling interests		33,635	(3,371)	NM
		236,530	334,094	-29.2
Earnings per ordinary share				
- basic		11.2 cts	18.6 cts	-39.8
- diluted		11.1 cts	18.5 cts	-40.0

NM – Not meaningful

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	1Q 2019 \$'000	1Q 2018 \$'000	+/ %
Share-based payment expenses		8,246	9,619	-14.3
Profit on sale of fixed assets	(vii)	(157)	(230)	-31.7
Provision/(write-back of provision)				
- Stocks	(viii)	2	(12,683)	NM
- Doubtful debts	(ix)	1,433	(48)	NM
Fair value loss/(gain)				
- Investments	(x)	16,882	7,948	+112.4
- Forward contracts	(xi)	17,059	19,795	-13.8
- Financial derivatives		(188)	(884)	-78.7
Foreign exchange gain	(xii)	(2,104)	(6,646)	-68.3
Impairment/(write-back of impairment) of associated companies	(xiii)	18,671	(313)	NM
Gain on disposal of a subsidiary	(xiv)	(64,534)	(336,870)	-80.8
Gain on disposal of an associated company	(xv)	(54)	-	NM
(Gain)/loss from change in interest in associated companies	(xvi)	(4,121)	641	NM
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xvii)	(158,376)	-	NM

NM - Not Meaningful

Note:

- (i) Materials & subcontract costs increased mainly as a result of higher revenue from the Infrastructure and Investments (consolidation of M1 Limited ("M1") from date of acquisition) Divisions, partly offset by lower revenue in the Property Division.
- (ii) Staff costs increased due mainly to consolidation of M1 from date of acquisition and higher manpower cost in the Offshore & Marine and Infrastructure Divisions.
- (iii) Depreciation & amortisation increased 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 due mainly to the lower gain on disposal of a subsidiary (Note xiv), impairment of associated companies (Note xiii), provision for stocks (Note viii) and higher fair value loss on investments (Note x), partly offset by fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary (Note xvii) and gain from change in interest in associated companies (Note xvi).
- (v) 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.
- (vi) Share of losses of associated companies in the current period was lower due mainly to higher contribution from associated companies in the Offshore & Marine Division and lower share of losses of associated companies in the Investments Division, partly offset by share of losses of associated companies in the Infrastructure Division.
- (vii) Profit on sale of fixed assets in the current period was largely attributable to disposal of assets in the Offshore & Marine and Infrastructure Divisions.
- (viii) The provision for stocks in the current period arose mainly from the Infrastructure Division. The write-back of provision for stocks in the prior period arose mainly from the Property Division.

- (ix) 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.
 - (x) Fair value loss (mark-to-market) on investment portfolio was due to decrease in prices of stocks and warrants.
 - (xi) 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 and fair value loss 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 gain (Note xii).
 - (xii) Foreign exchange gain was mainly attributable to the revaluation of net liabilities denominated in United States dollar, which depreciated against Singapore dollar. Part of the foreign exchange gain arose from the revaluation of United States dollar loan which was hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value loss on forward contracts (Note xi).
 - (xiii) The impairment of associated companies in the current period 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.
 - (xiv) Gain on disposal of a subsidiary arose from the sale of 70% interest in Dong Nai Waterfront City LLC. In the prior period, gain on disposal of a subsidiary arose from the sale of 100% interest in Keppel China Marina Holdings Pte Ltd.
 - (xv) The gain on disposal of an associated company arose from the sale of interest in Anew Corporation Limited.
 - (xvi) Gain from change in interest in associated companies relates to change in interest in Keppel REIT and Keppel DC REIT.
 - (xvii) Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary arose from the acquisition of M1.
- 1b. Taxation expenses were lower mainly because of write-back of tax provision in the Property, Investments and Offshore & Marine Divisions.

1c. Earnings per ordinary share

	1Q 2019	1Q 2018	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	11.2 cts	18.6 cts	-39.8
- Weighted average number of shares (excluding treasury shares) ('000)	1,815,878	1,815,846	<0.1
(ii) On a fully diluted basis	11.1 cts	18.5 cts	-40.0
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,825,153	1,826,958	-0.1

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the first quarter ended 31 March**

	Note	1Q 2019 \$'000	1Q 2018 \$'000	+/- %
Profit for the period		236,530	334,094	-29.2
<u>Items that may be reclassified subsequently to profit & loss account:</u>				
Cash flow hedges				
- Fair value changes arising during the period, net of tax	(i)	192,941	75,607	+155.2
- Realised and transferred to profit & loss account	(ii)	14,920	(29,692)	NM
Foreign exchange translation				
- Exchange differences arising during the period	(iii)	44,337	58,401	-24.1
- Realised and transferred to profit & loss account		8,389	4,351	+92.8
Share of other comprehensive income of associated companies				
- Cash flow hedges		(783)	14,064	NM
- Foreign exchange translation		(23,363)	2,896	NM
		236,441	125,627	+88.2
<u>Items that will not be reclassified subsequently to profit & loss account:</u>				
Financial assets, at FVOCI				
- Fair value changes arising during the period	(iv)	5,028	(23,095)	NM
Foreign exchange translation				
- Exchange differences arising during the period	(iii)	2,919	11,503	-74.6
Share of other comprehensive income of associated companies				
- Financial assets, at FVOCI		119	726	-83.6
		8,066	(10,866)	NM
Other comprehensive income for the period, net of tax		244,507	114,761	+113.1
Total comprehensive income for the period		481,037	448,855	+7.2
Attributable to:				
Shareholders of the Company		444,300	440,862	+0.8
Non-controlling interests		36,737	7,993	NM
		481,037	448,855	+7.2

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 arose largely from 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 31 March

	Group		Company	
	31.3.2019 \$'000	31.12.2018 \$'000	31.3.2019 \$'000	31.12.2018 \$'000
Share capital	1,291,722	1,291,722	1,291,722	1,291,722
Treasury shares	(10,515)	(45,073)	(10,515)	(45,073)
Reserves	10,248,831	10,031,561	6,362,663	6,396,589
Share capital & reserves	11,530,038	11,278,210	7,643,870	7,643,238
Non-controlling interests	650,676	308,930	–	–
Total equity	12,180,714	11,587,140	7,643,870	7,643,238
Represented by:				
Fixed assets	3,111,561	2,372,560	6,844	6,676
Investment properties	3,081,183	2,851,380	–	–
Right-of-use assets	479,994	–	15,344	–
Subsidiaries	–	–	7,865,138	7,867,959
Associated companies	5,930,229	6,239,685	–	–
Investments	516,923	449,515	16,957	16,957
Long term assets	1,083,360	679,464	18,822	8,801
Intangibles	1,734,035	129,007	–	–
	15,937,285	12,721,611	7,923,105	7,900,393
Current assets				
Stocks	5,743,677	5,514,006	–	–
Contract assets	3,509,030	3,212,712	–	–
Amounts due from:				
- subsidiaries	–	–	5,641,507	4,043,121
- associated companies	298,638	291,729	327	548
Debtors	3,019,449	2,702,300	8,714	6,229
Derivative assets	86,530	45,976	19,479	23,217
Short term investments	155,669	136,587	27,034	27,400
Bank balances, deposits & cash	1,719,603	1,981,406	243	370
	14,532,596	13,884,716	5,697,304	4,100,885
Current liabilities				
Creditors	4,730,070	4,391,023	73,178	76,172
Derivative liabilities	43,798	119,405	16,533	27,796
Contract liabilities	1,805,187	1,918,547	–	–
Provisions for warranties	71,695	69,614	–	–
Amounts due to:				
- subsidiaries	–	–	153,420	162,611
- associated companies	125,109	115,824	–	–
Term loans	3,207,903	1,480,757	2,151,701	460,657
Lease liabilities	67,405	–	4,154	–
Taxation	304,587	297,922	36,519	43,519
	10,355,754	8,393,092	2,435,505	770,755
Net current assets	4,176,842	5,491,624	3,261,799	3,330,130
Non-current liabilities				
Term loans	6,573,062	6,067,752	3,432,409	3,495,610
Lease liabilities	625,837	–	14,369	–
Deferred taxation	414,887	196,626	–	–
Other non-current liabilities	319,627	361,717	94,256	91,675
	7,933,413	6,626,095	3,541,034	3,587,285
Net assets	12,180,714	11,587,140	7,643,870	7,643,238
<i>Group net debt</i>	8,754,604	5,567,103	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	0.72x	0.48x	<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 31.3.2019		As at 31.12.2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
399,064	2,876,244	412,412	1,068,345

(ii) Amount repayable after one year

As at 31.3.2019		As at 31.12.2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
857,829	6,341,070	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 \$1,132,621,000 (31 December 2018: \$1,065,652,000) to banks for loan facilities. Included in secured borrowings are current lease liabilities of \$67,405,000 and non-current lease liabilities of \$625,837,000 which are secured over the right-of-use assets of \$479,994,000.

3b. Net asset value

	Group			Company		
	31.3.2019	31.12.2018	+/-%	31.3.2019	31.12.2018	+/-%
Net asset value per ordinary share *	\$6.35	\$6.22	+2.1	\$4.21	\$4.22	-0.2
Net tangible asset per ordinary share *	\$5.39	\$6.15	-12.4	\$4.21	\$4.22	-0.2

* Based on share capital of 1,817,009,407 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 increased by \$0.25 billion to \$11.53 billion at 31 March 2019. The increase was mainly attributable to retained profits for the quarter ended 31 March 2019, increase in fair value on cash flow hedges and foreign exchange translation gains, partly offset by decrease in revenue reserves arising from the adoption of SFRS(I) 16 *Leases*.

Group total assets were \$30.47 billion at 31 March 2019, \$3.86 billion higher than the previous year end. Non-current assets increased due mainly to increase in fixed assets following the consolidation of M1 from date of acquisition, 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 increase in debtors, contract assets and stocks, partly offset by decrease in bank balances, deposits & cash.

Group total liabilities of \$18.29 billion at 31 March 2019 were \$3.27 billion higher than the previous year end. This was largely attributable to the increase in term loans and creditors, as well as recognition of lease liabilities arising from the adoption of SFRS(I) 16.

Group net debt increased by \$3.19 billion to \$8.75 billion at 31 March 2019. This was due mainly to the acquisition of M1 of \$1.15 billion, consolidation of M1's net debt of \$0.41 billion at date of acquisition, the recognition of lease liabilities of \$0.65 billion at date of adoption of SFRS(I) 16, as well as working capital requirements of \$0.76 billion.

Group net gearing ratio increased from 48% at 31 December 2018 to 72% at 31 March 2019. This was largely driven by increase in group net debt.

4. STATEMENTS OF CHANGES IN EQUITY for the first quarter ended 31 March

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							Total Equity \$'000
	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	
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
Adoption of SFRS(I) 16	-	-	-	(201,028)	-	(201,028)	(2,748)	(203,776)
As adjusted at 1 January 2019	1,291,722	(45,073)	194,943	10,129,259	(493,669)	11,077,182	306,182	11,383,364
Total comprehensive income for the quarter								
Profit for the quarter	-	-	-	202,895	-	202,895	33,635	236,530
Other comprehensive income *	-	-	212,042	-	29,363	241,405	3,102	244,507
Total comprehensive income for the quarter	-	-	212,042	202,895	29,363	444,300	36,737	481,037
Transactions with owners, recognised directly in equity								
<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
Total contributions by and distributions to owners	-	34,558	(26,002)	-	-	8,556	(259)	8,297
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of a subsidiary	-	-	-	-	-	-	308,016	308,016
Total change in ownership interests in subsidiaries	-	-	-	-	-	-	308,016	308,016
Total transactions with owners	-	34,558	(26,002)	-	-	8,556	307,757	316,313
As at 31 March 2019	1,291,722	(10,515)	380,983	10,332,154	(464,306)	11,530,038	650,676	12,180,714

* 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
Adoption of SFRS(I) 9	–	–	1,058	(236,296)	–	(235,238)	(255)	(235,493)
As previously reported at 1 January 2018	1,291,310	(74)	282,465	9,957,351	(323,556)	11,207,496	529,970	11,737,466
Total comprehensive income for the quarter								
Profit for the quarter	–	–	–	337,465	–	337,465	(3,371)	334,094
Other comprehensive income *	–	–	37,749	–	65,648	103,397	11,364	114,761
Total comprehensive income for the quarter	–	–	37,749	337,465	65,648	440,862	7,993	448,855
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Share-based payment	–	–	9,197	–	–	9,197	136	9,333
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(1,425)	(1,425)
Shares issued	412	–	–	–	–	412	–	412
Purchase of treasury shares	–	(62,223)	–	–	–	(62,223)	–	(62,223)
Treasury shares reissued pursuant to share plans and share option scheme	–	42,437	(39,431)	–	–	3,006	–	3,006
Transfer of statutory, capital and other reserves from revenue reserves	–	–	11,964	(11,964)	–	–	–	–
Contributions to defined benefits plans	–	–	(26)	–	–	(26)	–	(26)
Other adjustments	–	–	–	30	–	30	4,442	4,472
Total contributions by and distributions to owners	412	(19,786)	(18,296)	(11,934)	–	(49,604)	3,153	(46,451)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in subsidiaries	–	–	(1,605)	–	–	(1,605)	1,353	(252)
Disposal of interest in subsidiaries	–	–	–	–	–	–	5,568	5,568
Total change in ownership interests in subsidiaries	–	–	(1,605)	–	–	(1,605)	6,921	5,316
Total transactions with owners	412	(19,786)	(19,901)	(11,934)	–	(51,209)	10,074	(41,135)
As at 31 March 2018	1,291,722	(19,860)	300,313	10,282,882	(257,908)	11,597,149	548,037	12,145,186

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

4b. Statement of changes in equity of the Company

	<u>Share Capital</u> \$'000	<u>Treasury Shares</u> \$'000	<u>Capital Reserves</u> \$'000	<u>Revenue Reserves</u> \$'000	<u>Total</u> \$'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 quarter	–	–	–	(7,010)	(7,010)
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	7,507	–	7,507
Treasury shares reissued pursuant to share plans and share option scheme	–	34,558	(34,423)	–	135
Total transactions with owners	–	34,558	(26,916)	–	7,642
As at 31 March 2019	1,291,722	(10,515)	175,225	6,187,438	7,643,870
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Profit / Total comprehensive income for the quarter	–	–	–	628,912	628,912
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	8,645	–	8,645
Shares issued	412	–	–	–	412
Purchase of treasury shares	–	(62,223)	–	–	(62,223)
Treasury shares reissued pursuant to share plans and share option scheme	–	42,437	(39,431)	–	3,006
Other adjustments	–	–	–	30	30
Total transactions with owners	412	(19,786)	(30,786)	30	(50,130)
As at 31 March 2018	1,291,722	(19,860)	178,720	6,761,092	8,211,674

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	<u>Issued Share Capital</u>	<u>Treasury 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)
As at 31 March 2019	<u>1,818,394,180</u>	<u>1,384,773</u>

Treasury shares

During the quarter, the Company transferred 4,551,271 (31 March 2018: 4,978,382) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There was no treasury shares purchased (31 March 2018: 7,300,000) during the quarter. As at 31 March 2019, the number of treasury shares held by the Company represented 0.08% (31 March 2018: 0.13%) 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 quarter ended 31 March 2019.

Share options

As at 31 March 2019, there were unexercised options for 1,790,785 of unissued ordinary shares (31 March 2018: 4,252,685 ordinary shares) under the KCL Share Options Scheme. 44,000 options (31 March 2018: 446,700) and 388,800 options were exercised during the three months and twelve months ended 31 March 2019 respectively. Unexercised options for 55,400 unissued ordinary shares (31 March 2018: 1,389,400) and 2,073,100 of unissued ordinary shares were cancelled during the three months and twelve months ended 31 March 2019 respectively.

KCL Performance Share Plan (“KCL PSP”)

As at 31 March 2019, the number of contingent shares granted but not released were 2,250,000 (31 March 2018: 1,800,000) 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 3,375,000 under KCL PSP.

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

As at 31 March 2019, the number of contingent shares granted but not released were 5,965,967 (31 March 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 8,948,951 under KCL PSP-TIP.

KCL Restricted Share Plan (“KCL RSP”)

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

As at 31 March 2019, the number of awards released but not vested was 28,441 (31 March 2018: 1,740,818) 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 March 2019 and 31 March 2018.

As at 31 March 2019, the number of awards released but not vested was 3,889,647 (31 March 2018: 2,753,921) 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 31.3.19
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
	2,895,000	-	(264,400)	(380,600)	-	2,250,000
KCL PSP-TIP						
29.4.2016	3,935,967	-	-	-	-	3,935,967
28.4.2017	2,030,000	-	-	-	-	2,030,000
	5,965,967	-	-	-	-	5,965,967

Awards:

Date of Grant	Number of shares					
	At 1.1.19	Awards granted	Adjustment upon release	Released	Cancelled	At 31.3.19
KCL RSP-Deferred shares						
15.2.2019	-	3,908,536	-	(3,908,536)	-	-
	-	3,908,536	-	(3,908,536)	-	-

Awards released but not vested:

Date of Grant	Number of shares					
	At 1.1.19	Released	Vested	Cancelled	Other adjustments	At 31.3.19
KCL PSP						
29.4.2016	-	380,600	(380,600)	-	-	-
	-	380,600	(380,600)	-	-	-
KCL RSP						
31.3.2014	4,200	-	-	(600)	-	3,600
31.3.2015	11,000	-	-	(3,300)	-	7,700
29.4.2016	1,614,918	-	(1,565,032)	(32,745)	-	17,141
	1,630,118	-	(1,565,032)	(36,645)	-	28,441
KCL RSP-Deferred shares						
23.2.2018	2,586,237	-	(1,267,985)	(43,173)	-	1,275,079
15.2.2019	-	3,908,536	(1,293,654)	(314)	-	2,614,568
	2,586,237	3,908,536	(2,561,639)	(43,487)	-	3,889,647

4d. Capital reserves

	Group		Company	
	31.3.2019 \$'000	31.3.2018 \$'000	31.3.2019 \$'000	31.3.2018 \$'000
Share option and share plans reserve	186,257	180,384	159,309	155,383
Fair value reserve	74,544	78,093	16,957	15,012
Hedging reserve	8,382	(52,047)	-	-
Bonus issue by subsidiaries	40,000	40,000	-	-
Others	71,800	53,883	(1,041)	8,325
	380,983	300,313	175,225	178,720

5. CONSOLIDATED STATEMENT OF CASH FLOWS for the first quarter ended 31 March

	Note	1Q 2019 \$'000	1Q 2018 \$'000
OPERATING ACTIVITIES			
Operating profit		321,612	486,386
Adjustments:			
Depreciation and amortisation		67,624	46,448
Share-based payment expenses		8,246	9,619
Profit on sale of fixed assets		(157)	(230)
Impairment/(write-back of impairment) of associated companies		18,671	(313)
Gain on disposal of a subsidiary		(64,534)	(336,870)
Gain on disposal of an associated company		(54)	–
(Gain)/loss from change in interest in associated companies		(4,121)	641
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		(158,376)	–
Unrealised foreign exchange differences		(14,853)	(24,928)
Operational cash flow before changes in working capital		174,058	180,753
Working capital changes:			
Stocks		(184,310)	(183,245)
Contract assets		(127,521)	486,981
Debtors		(338,092)	(161,624)
Creditors		107,439	(371,641)
Contract liabilities		(114,628)	120,412
Investments		(81,462)	(13,456)
Amount due to/from associated companies		(20,711)	(5,824)
		(585,227)	52,356
Interest received		41,445	31,121
Interest paid		(69,032)	(43,700)
Income taxes paid, net of refunds received		(61,678)	(50,100)
Net cash used in operating activities		(674,492)	(10,323)
INVESTING ACTIVITIES			
Acquisition of a subsidiary	5a	(1,059,836)	–
Acquisition and further investment in associated companies		(184,864)	(1,172)
Acquisition of fixed assets and investment properties		(241,255)	(57,263)
Disposal of subsidiaries	5b	(1,746)	413,476
Proceeds from disposal of fixed assets		411	450
Proceeds from disposal of associated companies and return of capital		2,000	590
Advances to/from associated companies		37,075	(211,427)
Dividends received from investments and associated companies		47,730	102,294
Net cash (used in)/from investing activities		(1,400,485)	246,948
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		–	(252)
Proceeds from share options exercised with issue of treasury shares		135	3,006
Proceeds from non-controlling shareholders of subsidiaries		31,014	–
Proceeds from share issues		–	412
Proceeds from term loans		1,960,992	672,243
Repayment of term loans		(165,622)	(395,006)
Principal element of lease payments		(11,208)	–
Purchase of treasury shares		–	(62,223)
Dividend paid to non-controlling shareholders of subsidiaries		(596)	(1,425)
Net cash from financing activities		1,814,715	216,755
Net (decrease)/increase in cash and cash equivalents		(260,262)	453,380
Cash and cash equivalents as at 1 January		1,971,844	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		8,021	3,315
Cash and cash equivalents as at 31 March	5c	1,719,603	2,698,143

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:

	1Q 2019 \$'000
Fixed assets	760,510
Right-of-use assets	44,324
Intangible assets	672,872
Stocks	34,745
Contract assets	163,121
Debtors and other assets	197,211
Bank balances and cash	88,991
Creditors and other liabilities	(241,605)
Borrowings and lease liabilities	(494,771)
Current and deferred taxation	<u>(255,828)</u>
Total identifiable net assets at fair value	969,570
Non-controlling interests measured at fair value	(308,016)
Amount previously accounted for as associated company	(210,137)
Goodwill arising from acquisition	938,834
Remeasurement gain	<u>(158,376)</u>
Total purchase consideration	1,231,875
Less: Amount payable under compulsory acquisition	(83,048)
Less: Bank balances and cash acquired	<u>(88,991)</u>
Cash outflow on acquisition	<u>1,059,836</u>

During the quarter, the Group acquired 75% interest in M1 Limited, bringing to a total of 94% as at 31 March 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:

	1Q 2019 \$'000	1Q 2018 \$'000
Fixed assets	–	(4,070)
Stocks	(94,883)	(509,065)
Debtors and other assets	(707)	(4,760)
Bank balances and cash	(1,746)	(1,845)
Creditors and other liabilities	6,846	74,992
Borrowings	–	171,380
Non-controlling interest deconsolidated	<u>–</u>	<u>(5,610)</u>
Net assets disposed of	(90,490)	(278,978)
Net gain on disposal	(64,534)	(336,870)
Amount accounted for as associated company	18,320	–
Realisation of foreign currency translation reserve	<u>(8,489)</u>	<u>(4,369)</u>
Sale proceeds	(145,193)	(620,217)
Less: Bank balances and cash disposed	1,746	1,845
Less: Advance payments received in prior year	–	174,538
Less: Proceeds receivable	<u>145,193</u>	<u>30,358</u>
Cash outflow/(inflow) on disposal	<u>1,746</u>	<u>(413,476)</u>

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

Disposal during the prior period relates to the sale of 100% interest in Keppel China Marina Holdings Pte Ltd.

5c. Cash and cash equivalents

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

	1Q 2019	1Q 2018
	\$'000	\$'000
Bank balances, deposits and cash	1,719,603	2,739,801
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	-	(41,658)
	<u>1,719,603</u>	<u>2,698,143</u>

5d. Cash flow analysis

Net cash used in operating activities was \$674 million compared to \$10 million in the prior period. This was due mainly to higher working capital requirements.

Net cash used in investing activities was \$1,400 million compared to net cash from investing activities of \$247 million in the previous period. Acquisitions and capital expenditure of \$1,486 million was partly offset by the dividend income of \$48 million and receipts from associated companies of \$37 million. The acquisitions and capital expenditure comprised principally the acquisition of M1, as well as acquisitions of fixed assets and investment properties.

Net cash from financing activities was \$1,815 million compared to \$217 million in the prior period. This was mainly attributable to borrowings drawn down for the acquisition of M1 and working capital requirements.

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
	\$'000
Group Balance Sheets	
Increase in right-of-use assets	441,689
Decrease in debtors	(698)
Increase in lease liabilities	(653,882)
Decrease in creditors	9,115
Decrease in net assets	<u>(203,776)</u>
Decrease in revenue reserves	(201,028)
Decrease in non-controlling interests	(2,748)
Decrease in total equity	<u>(203,776)</u>

10. REVIEW OF GROUP PERFORMANCE

Group net profit attributable to shareholders was \$203 million, a decrease of 40% over the same quarter in 2018. Earnings per share decreased correspondingly by 40% to 11.2 cents. Annualised return on equity was 7.0%.

Group revenue of \$1,531 million was \$61 million or 4% higher than that in the first quarter of 2018. Revenue from the Offshore & Marine Division of \$332 million was at the same level as in the corresponding quarter of 2018. Major jobs delivered in 2019 include a jackup rig and a dredger. Revenue from the Property Division decreased by \$186 million to \$357 million due mainly to lower revenue from a few Singapore trading projects. Revenue from the Infrastructure Division grew by \$135 million to \$699 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. During the quarter, the Group gained majority control of M1 Limited (M1). Hence, revenue from the Investments Division was \$112 million higher at \$143 million due to consolidation of M1 as well as higher revenues from the asset management business.

Group pre-tax profit was \$283 million, \$165 million or 37% below the first quarter in 2018. The Offshore & Marine Division's pre-tax profit was \$1 million as compared to pre-tax loss of \$15 million in the first quarter of 2018. This was mainly due to share of associated companies' profits in the current period as compared to share of associated companies' losses in the same period last year and lower net interest expense. The positive variance was partly offset by lower operating results. Pre-tax profit from the Property Division decreased by \$292 million to \$181 million due mainly to the absence of gain from the en-bloc sale of a development project (Keppel Cove at Zhongshan) 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. Pre-tax profit of the Infrastructure Division was \$20 million, \$10 million below the same quarter in 2018. This was mainly due to lower contribution from Energy Infrastructure, our logistics business and share of losses from Keppel Infrastructure Trust in the current period as compared to share of profits in the same period last year. These were partly offset by higher contributions from Environmental Infrastructure and Infrastructure Services. Pre-tax profit of the Investments Division was \$81 million as compared to pre-tax loss of \$40 million in 2018. Arising from gaining majority control in M1, the Group recognised a fair value gain from the remeasurement of previously held interest in M1 at acquisition date as well as higher contribution from M1 resulting from the consolidation of M1. The Division also saw higher contribution from the asset management business and lower share of loss in KrisEnergy, partly offset by higher fair value loss on KrisEnergy warrants and provision for impairment of an associated company.

Taxation expenses decreased by \$68 million due mainly to write-back of tax provision. Non-controlling interests were \$37 million higher than the first quarter in 2018. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$203 million, a decrease of \$134 million from \$337 million from the same quarter in 2018. The Property Division was the largest contributor to the Group's net profit with a 65% share, followed by the Investments Division's 24%, Infrastructure Division's 8% 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 \$4.7 billion. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in production assets, specialised vessels, gas solutions, floating infrastructure and offshore renewables, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 390 homes in the first quarter of 2019, comprising about 50 in Singapore, 230 in China, 30 in Vietnam, 20 in Indonesia and 60 in India. Keppel REIT's office buildings in Singapore and Australia maintained a high portfolio committed occupancy rate of 99% as at 31 March 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 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 further land parcels to drive the Eco-City's further development.

The Group has gained majority control of M1, in collaboration with Singapore Press Holdings Limited, via a Voluntary Conditional General Offer in order to drive business changes in M1 that will enable M1 to compete more effectively in the telecommunications industry. The strategic initiative complements the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital platform and connectivity partner to complement and augment the Group's current suite of solutions, and at the same time benefit from harnessing the synergies of the Group. In addition, shareholders of Keppel Telecommunications & Transportation (Keppel T&T) have approved a Scheme of Arrangement to privatise Keppel T&T. The Scheme is consistent with the Group's strategy to simplify the group corporate structure, with a view to improving capital allocation and better aligning Keppel 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?

No

13b. Corresponding Period of the Immediately Preceding Financial Year

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

No

13c. Date Payable

Not applicable

13d. Books Closure Date

Not applicable

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

No dividend has been declared for the quarter ended 31 March 2019.

For the year ended 31 December 2018, the Directors had recommended a tax exempt one-tier final cash dividend of 15.0 cents per share for approval by shareholders at the Annual General Meeting to be held on 23 April 2019. If approved, the final dividend will be paid on 10 May 2019.

14. SEGMENT ANALYSIS

First Quarter ended 31 March 2019

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
Revenue						
External sales	332,226	356,797	698,517	143,128	–	1,530,668
Inter-segment sales	28	2,990	5,755	21,902	(30,675)	–
Total	332,254	359,787	704,272	165,030	(30,675)	1,530,668
Segment Results						
Operating profit	2,509	172,147	12,400	134,477	79	321,612
Investment income	2	4,410	–	1	–	4,413
Interest income	16,846	11,385	14,956	81,735	(83,477)	41,445
Interest expenses	(28,392)	(20,736)	(6,308)	(96,996)	83,398	(69,034)
Share of results of associated companies	9,596	14,242	(855)	(38,658)	–	(15,675)
Profit before tax	561	181,448	20,193	80,559	–	282,761
Taxation	5,425	(51,470)	(5,181)	4,995	–	(46,231)
Profit for the period	5,986	129,978	15,012	85,554	–	236,530
Attributable to:						
Shareholders of Company	5,856	132,326	15,864	48,849	–	202,895
Non-controlling interests	130	(2,348)	(852)	36,705	–	33,635
	5,986	129,978	15,012	85,554	–	236,530
Other information						
Segment assets	9,155,152	13,786,283	3,830,556	10,353,324	(6,655,434)	30,469,881
Segment liabilities	6,393,194	5,463,412	2,262,110	10,825,885	(6,655,434)	18,289,167
Net assets	2,761,958	8,322,871	1,568,446	(472,561)	–	12,180,714
Investment in associated companies	714,921	3,124,414	1,098,190	992,704	–	5,930,229
Additions to non-current assets	22,664	213,591	65,997	3,710	–	305,962
Depreciation and amortisation	28,004	8,802	14,007	16,811	–	67,624
(Write-back of impairment) / impairment loss	(1)	–	(326)	19,000	–	18,673

GEOGRAPHICAL SEGMENT

	Singapore \$'000	China \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	1,058,198	321,111	19,229	66,615	65,515	–	1,530,668
Non-current assets	8,699,354	2,913,918	305,109	1,670,439	748,182	–	14,337,002

First Quarter ended 31 March 2018

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
Revenue						
External sales	332,109	542,725	563,808	31,275	–	1,469,917
Inter-segment sales	–	1,608	5,244	16,043	(22,895)	–
Total	332,109	544,333	569,052	47,318	(22,895)	1,469,917
Segment Results						
Operating profit/(loss)	8,066	462,229	17,310	(1,333)	114	486,386
Investment income	–	134	–	860	–	994
Interest income	10,133	8,539	13,063	68,319	(68,933)	31,121
Interest expenses	(31,825)	(15,177)	(3,876)	(61,641)	68,819	(43,700)
Share of results of associated companies	(1,649)	18,037	3,784	(46,346)	–	(26,174)
(Loss)/profit before tax	(15,275)	473,762	30,281	(40,141)	–	448,627
Taxation	(8,980)	(98,302)	(4,008)	(3,243)	–	(114,533)
(Loss)/profit for the period	(24,255)	375,460	26,273	(43,384)	–	334,094
Attributable to:						
Shareholders of Company	(22,777)	377,821	26,188	(43,767)	–	337,465
Non-controlling interests	(1,478)	(2,361)	85	383	–	(3,371)
	(24,255)	375,460	26,273	(43,384)	–	334,094
Other information						
Segment assets	8,849,712	14,649,840	3,480,112	7,886,985	(7,196,563)	27,670,086
Segment liabilities	7,889,864	6,639,448	1,900,915	6,288,868	(7,196,563)	15,522,532
Net assets	959,848	8,010,392	1,579,197	1,598,117	–	12,147,554

Investment in associated companies	688,130	2,938,851	1,024,916	1,179,825	–	5,831,722
Additions to non-current assets	30,504	44,610	7,240	30	–	82,384
Depreciation and amortisation	26,262	8,861	10,901	424	–	46,448
Write-back of impairment loss	(296)	(12,390)	(310)	–	–	(12,996)

GEOGRAPHICAL SEGMENT

	Singapore \$'000	China \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	974,012	293,461	95,849	55,271	51,324	–	1,469,917
Non-current assets	5,853,361	3,444,958	263,865	1,441,197	890,214	–	11,893,595

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.
- Pricing of inter-segment goods and services is at fair market value.
- In 1Q 2019 and 1Q 2018, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.
- Revenue of \$182,294,000 is derived from a single external customer and is attributable to the Infrastructure Division for 1Q 2019. No single external customer accounted for 10% or more of the Group's revenue for 1Q 2018.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of \$1,531 million was \$61 million or 4% higher than that in the first quarter of 2018. Revenue from the Offshore & Marine Division of \$332 million was at the same level as in the corresponding quarter of 2018. Revenue from the Property Division decreased by \$186 million to \$357 million due mainly to lower revenue from a few Singapore trading projects. Revenue from the Infrastructure Division grew by \$135 million to \$699 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 \$112 million higher at \$143 million due to consolidation of M1 as well as higher revenues from the asset management business.

15b. Net profit by Segments

Group net profit of \$203 million was \$134 million or 40% lower than that of corresponding period in 2018. Net profit from the Offshore & Marine Division was \$6 million as compared to net loss of \$23 million in the first quarter of 2018 mainly due to write-back of tax provision, share of associated companies' profit in the current period as compared to share of associated companies' losses in the same period last year and lower net interest expenses. Profit from the Property Division of \$132 million decreased by \$246 million due mainly to the absence of gain from the en-bloc sale of a development project (Keppel Cove at Zhongshan) 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 and write-back of tax provision in relation to divestment of Beijing Aether. Profit from the Infrastructure Division was \$16 million, \$10 million below the same quarter in 2018, due mainly to 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 contributions from logistics business and Energy Infrastructure, partly offset by higher contributions from Environmental Infrastructure and Infrastructure Services. Net profit from the Investments Division was \$49 million as compared to net loss of \$44 million for the corresponding period in the prior year due mainly to the fair value gain from the remeasurement of previously held interest in M1 at acquisition date as well as higher contribution from M1 resulting from the consolidation of M1, higher contribution from the asset management business and lower share of loss in KrisEnergy, partly offset by higher fair value loss on KrisEnergy warrants and provision for impairment of an associated company. The Property Division was the largest contributor to the Group's net profit with a 65% share, followed by the Investments Division's 24%, Infrastructure Division's 8% and Offshore & Marine Division's 3%.

15c. Revenue by Geographical Segments

Revenue from Singapore of \$1,058 million was \$84 million higher than the first quarter of 2018, due largely to higher revenue from the Infrastructure Division, Investments Division (consolidation of M1 from date of acquisition) and the Offshore & Marine Division, 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 20 April 2018. 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)	
	3 months 31.3.2019 \$'000	3 months 31.3.2018 \$'000	3 months 31.3.2019 \$'000	3 months 31.3.2018 \$'000
Transaction for the Sale of Goods and Services				
PSA International Group	–	–	2,995	–
Sembcorp Marine Group	–	–	–	3
Singapore Power Group	–	–	136	261
Singapore Technologies Engineering Group	–	–	10	20
Singapore Telecommunications Group	–	–	7,291	–
Temasek Holdings Group (other than the above)	–	–	2,820	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	–	–	164	–
PSA International Group	–	–	279	–
MediaCorp Group	–	–	322	–
Pavilion Gas Pte Ltd	–	–	62,000	52,000
Singapore Technologies Engineering Group	–	–	611	–
Singapore Telecommunications Group	–	–	33,336	–
Temasek Holdings Group (other than the above)	–	–	17,534	–
Total Interested Person Transactions	–	–	127,498	52,284

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/LEON NG
Company Secretaries

18 April 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 first 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 April 2019