Directors' Statement & Financial Statements

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Directors' Statement

For the financial year ended 31 December 2018

The Directors present their statement together with the audited consolidated financial statements of the Group, and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company as set out on pages 123 to 204, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and the cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. Directors

The Directors of the Company in office at the date of this statement are:

Lee Boon Yang (Chairman)
Loh Chin Hua (Chief Executive Officer)
Tow Heng Tan
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Tan Puay Chiang
Till Bernhard Vestring
Veronica Eng
Jean-François Manzoni (appointed on 1 October 2018)

2. Audit Committee

The Audit Committee of the Board of Directors comprises four independent non-executive Directors. Members of the Committee are:

Danny Teoh (Chairman)
Alvin Yeo Khirn Hai
Tan Ek Kia
Veronica Eng

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

– Reviewed audit scopes, plans and reports of the Company's independent auditors and internal auditors and considered effectiveness of actions/policies taken by management on the recommendations and observations;
– Carried out independent review of quarterly financial reports and year-end financial statements;
– Examined effectiveness of financial, operational, compliance and information technology controls;
– Reviewed the independence and objectivity of the independent auditors annually;
– Reviewed the nature and extent of non-audit services performed by independent auditors;
– Met with independent auditors and internal auditors, without the presence of management, at least annually;
– Ensured that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually;
– Reviewed interested person transactions; and
– Investigated any matters within the Audit Committee's term of reference, whenever it deemed necessary.

The Audit Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditors at the forthcoming Annual General Meeting of the Company.

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Restricted Share Plan, KCL Performance Share Plan and Remuneration Shares to Directors of the Company.

4. Directors' interests in shares and debentures

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	Holdings At		
	1.1.2018	31.12.2018	21.1.2019
Keppel Corporation Limited			
(No. of ordinary shares)			
Lee Boon Yang	264,000	290,000	290,000
Loh Chin Hua	694,557	895,341	895,341
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Tow Heng Tan	48,888	55,888	55,888
Tow Heng Tan (deemed interest)	28,789	28,789	28,789
Alvin Yeo Khirn Hai	38,225	44,225	44,225
Alvin Yeo Khirn Hai (deemed interest)	42,000	42,000	42,000
Tan Ek Kia	34,825	42,825	42,825
Danny Teoh	65,825	73,825	73,825
Tan Puay Chiang	50,600	57,600	57,600
Tan Puay Chiang (deemed interest)	7,103	7,103	7,103
Till Bernhard Vestring	68,000	74,000	74,000
Veronica Eng	12,000	19,000	19,000
(Unvested restricted shares to be delivered after 2015)			
Loh Chin Hua	50,000	-	-
(Unvested restricted shares to be delivered after 2016)			
Loh Chin Hua	120,000	60,000	60,000
(Unvested restricted shares to be delivered after 2017)			
Loh Chin Hua	-	181,568	181,568
(Contingent award of performance shares issued in 2015 to be delivered after 2017) [1]			
Loh Chin Hua	220,000	-	-
(Contingent award of performance shares issued in 2016 to be delivered after 2018) [1]			
Loh Chin Hua	300,000	300,000	300,000
(Contingent award of performance shares issued in 2017 to be delivered after 2019) [1]			
Loh Chin Hua	330,000	330,000	330,000
(Contingent award of performance shares issued in 2018 to be delivered after 2020) [1]			
Loh Chin Hua	-	320,000	320,000
(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2021) [1]			
Loh Chin Hua	750,000	750,000	750,000
(3.145% Fixed Rate Notes due 2022)			
Tan Puay Chiang	$250,000	$250,000	$250,000
Subsidiary			
- Keppel Land Limited			
(3.90% Fixed Rate Notes due 2024)			
Tan Puay Chiang	$250,000	$250,000	$250,000

4. Directors' interests in shares and debentures (continued)

	Holdings At		
	1.1.2018	31.12.2018	21.1.2019
Associated Companies			
- Keppel REIT			
(No. of units)			
Lee Boon Yang	16,989	17,385	17,385
Loh Chin Hua	7,000	7,000	7,000
Loh Chin Hua (deemed interest)	556,160	556,160	556,160
Tow Heng Tan	5,568	5,568	5,568
Tow Heng Tan (deemed interest)	8,070	8,070	8,070
Alvin Yeo Khirn Hai	4,303	4,303	4,303
Alvin Yeo Khirn Hai (deemed interest)	210,663	210,663	210,663
Tan Ek Kia	1,939	1,939	1,939
Danny Teoh	8,911	8,911	8,911
Tan Puay Chiang	12,000	12,000	12,000
Tan Puay Chiang (deemed interest)	6,000	6,000	6,000
- Keppel DC REIT			
(No. of units)			
Alvin Yeo Khirn Hai	95,550	95,550	95,550
Tan Puay Chiang	100,000	100,000	100,000

[1] Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

5. Share options of the Company

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were 791,500 Shares issued by virtue of exercise of options and options to take up 3,407,100 Shares were cancelled during the financial year. At the end of the financial year, there were 1,890,185 Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2018	Exercised	Cancelled	Balance at 31.12.2018	Exercise price	Date of expiry
14.02.08	1,444,800	(136,800)	(1,308,000)	-	$8.46	13.02.18
14.08.08	2,077,000	(73,700)	(2,003,300)	-	$8.73	13.08.18
05.02.09	88,400	(15,400)	(4,400)	68,600	$3.07	04.02.19
06.08.09	1,036,785	(307,600)	(40,800)	688,385	$6.86	05.08.19
09.02.10	1,441,800	(258,000)	(50,600)	1,133,200	$6.89	08.02.20
	6,088,785	(791,500)	(3,407,100)	1,890,185		

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

6. Share plans of the Company

The KCL Performance Share Plan ("KCL PSP") and KCL Restricted Share Plan ("KCL RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL PSP, KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP"), KCL RSP and KCL RSP-Deferred Shares are disclosed in Note 3 to the financial statements and as follows:

Contingent awards:

	Number of Shares					
Date of Grant	**Balance at 1.1.2018**	**Contingent awards granted**	**Adjustments upon release**	**Released**	**Cancelled**	**Balance at 31.12.2018**
KCL PSP						
31.3.2015	405,000	-	(405,000)	-	-	-
30.7.2015	170,000	-	(170,000)	-	-	-
29.4.2016	830,000	-	-	-	(185,000)	645,000
28.4.2017	1,120,000	-	-	-	(50,000)	1,070,000
30.4.2018	-	1,180,000	-	-	-	1,180,000
	2,525,000	1,180,000	(575,000)	-	(235,000)	2,895,000
KCL PSP-TIP						
29.4.2016	4,707,491	-	-	-	(771,524)	3,935,967
28.4.2017	2,040,000	-	-	-	(10,000)	2,030,000
	6,747,491	-	-	-	(781,524)	5,965,967

Awards:

	Number of Shares					
Date of Grant	**Balance at 1.1.2018**	**Awards granted**	**Adjustments upon release**	**Released**	**Cancelled**	**Balance at 31.12.2018**
KCL RSP- Deferred shares						
23.2.2018	-	4,099,369	-	(4,097,507)	(1,862)	-
	-	4,099,369	-	(4,097,507)	(1,862)	-

Awards released but not vested:

	Number of Shares					
Date of Grant	**Balance at 1.1.2018**	**Released**	**Vested**	**Cancelled**	**Other adjustments**	**Balance at 31.12.2018**
KCL RSP						
31.3.2014	5,400	-	-	(1,200)	-	4,200
31.3.2015	1,359,391	-	(1,312,918)	(35,473)	-	11,000
30.7.2015	224,325	-	(223,925)	(400)	-	-
29.4.2016	3,513,249	-	(1,741,200)	(141,531)	(15,600)	1,614,918
	5,102,365	-	(3,278,043)	(178,604)	(15,600)	1,630,118
KCL RSP- Deferred shares						
23.2.2018	-	4,097,507	(1,365,201)	(111,969)	(34,100)	2,586,237
	-	4,097,507	(1,365,201)	(111,969)	(34,100)	2,586,237

6. Share plans of the Company (continued)

The information on Director of the Company participating in the KCL RSP, the KCL PSP and the KCL PSP-TIP who receive 5% or more of the total number of contingent award of shares granted to date is as follows:

Contingent awards:

Name of Director	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP					
Director of the Company					
Loh Chin Hua	-	644,757	-	(644,757)	-
KCL PSP					
Director of the Company					
Loh Chin Hua	320,000	1,520,814	(501,014)	(69,800)	950,000
KCL PSP-TIP					
Director of the Company					
Loh Chin Hua	-	750,000	-	-	750,000

Awards:

Name of Director	Awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP-Deferred shares					
Director of the Company					
Loh Chin Hua	272,352	272,352	-	(272,352)	-

Awards released but not vested:

Name of Director	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
KCL RSP			
Director of the Company			
Loh Chin Hua	644,757	(584,757)	60,000
KCL RSP-Deferred shares			
Director of the Company			
Loh Chin Hua	272,352	(90,784)	181,568
KCL PSP			
Director of the Company			
Loh Chin Hua	69,800	(69,800)	-

No Director or employee received more than 5% or more of the total number of contingent award of Shares granted during the financial year and aggregated to date, except for the following:

Name of Director	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
Loh Chin Hua	11.2%	6.0%

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP, KCL RSP-Deferred shares, the KCL PSP and the KCL PSP-TIP.

7. Share options and share plans of a subsidiary

The particulars of share option and share plans of a subsidiary of the Company are as follows:

Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

At the end of the financial year, there were no unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 1,225,485 unvested shares under Keppel T&T Restricted Share Plan and 830,000 contingent shares granted under Keppel T&T Performance Share Plan at the end of the financial year. Details and terms of the options and share plans have been disclosed in the Directors' Statement of Keppel Telecommunications & Transportation Ltd.

8. Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board

LEE BOON YANG
Chairman

LOH CHIN HUA
Chief Executive Officer

Singapore, 25 February 2019

Independent Auditor's Report

to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2018

Report on the audit of the financial statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Keppel Corporation Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Group and of the Company, comprise:

- the balance sheets of the Group and of the Company as at 31 December 2018;
- the consolidated profit and loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of changes in equity of the Group and of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Recoverability of contract assets and stocks (work-in-progress) in relation to Offshore and Marine ("O&M") business unit *(Refer to Notes 2.27(ii), 13 and 14 to the financial statements)* As at 31 December 2018, the Group has: (i) Stocks (work-in-progress) ("WIP") amounting to $594 million (after a provision of $52 million made in prior year); and (ii) contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, amounting to $1,383 million (after a provision for expected credit loss of $21 million in 2018). We focused on this area because significant judgement and assumptions are required in: (i) estimating the net realisable values ("NRV") of the WIP balance; and (ii) estimating the expected credit loss of the contract asset balance.	We reviewed management's assessment of the NRV of the WIP and the recovery of the contract assets balance. We reviewed the most significant inputs to the DCF calculations and engaged our valuation specialists to review the discount rates applied. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's judgement around the NRV of the WIP and the recovery of contract assets to be appropriate.

Key Audit Matter	How our audit addressed the Key Audit Matter
In determining whether the NRV of the WIP exceeds its carrying amount, management has considered arrangements to market the WIP and estimated its NRV based on Discounted Cash Flow ("DCF") model. NRV of the WIP was estimated to be above the carrying value at the balance sheet date. For contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, in the event that the customers are unable to fulfil their contractual obligations, the Group can exercise their right to retain payments received to date and take legal possession of the rigs under construction. Management has assessed if the values of the rigs would exceed the carrying values of the contract assets. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using DCF calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates. Arising from management's assessment, an expected credit loss provision of $21 million was made against contract assets in 2018.	In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in assessment of the valuation. We also found the disclosures in the financial statements in respect of the critical judgement and sources of estimation uncertainty to be adequate.
2. Assessment of impairment of investment in KrisEnergy *(Refer to Note 9 to the financial statements)* The Group has a 40% equity interest in KrisEnergy Ltd ("KrisEnergy"), an associated company listed on the Singapore Exchange. KrisEnergy is an independent upstream company focused on the production and development of oil and gas in the basins of Southeast Asia. At 31 December 2018, the carrying value of the Group's equity interest in KrisEnergy was significantly higher than the fair value of the investment (based on KrisEnergy's quoted market share price on that date). The existence of the above impairment indicator required management to estimate the recoverable amount of the Group's investment in KrisEnergy. This assessment was done on a Value-In-Use ("VIU") basis using a DCF model with the assistance of an independent professional firm. Based on the result of the assessment, an impairment loss of $53 million was recognised in 2018 to write down the carrying amount of the investment to its estimated recoverable amount. We focused on this area as the assessment of the recoverable amount required management to make projections of cash flows arising from oil reserves in which several estimates and assumptions were applied.	We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy and its ability to repay its debt obligations. We evaluated the reasonableness of the estimates and assumptions in the DCF model, with focus on the estimates of reserves available and estimated future oil prices of US$67 to US$73 per barrel for 2019 to 2037, which were the most sensitive inputs to the model. We also involved our valuation specialists in the evaluation of the model and the discount rates applied. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found the significant estimates and key assumptions within the discounted cash flow model to be reasonable. In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of KrisEnergy. We also found the disclosures in the financial statements in respect of the impairment to be adequate.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Financial exposure in relation to contracts with Sete Brasil *(Refer to Note 2.27(ii) to the financial statements)*	
The Group's customer, Sete Brasil ("Sete") filed for bankruptcy protection on 21 April 2016. Sete had previously contracted with the Group for the construction of six rigs. Sete had stopped making payments to the Group under these contracts since November 2014. The Group suspended construction of these six rigs in November 2015. The difficulties faced by Sete, as well as the uncertain economic and political conditions in Brazil, have resulted in significant uncertainty on the outcome of these contracts. Since 2016, Sete's authorised representatives have been in discussions with the Group on the eventual completion and delivery of some of the rigs. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. Based on the latest information available at 31 December 2018, taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, an expected credit loss of $102 million and a provision of $65 million for contract related costs were recognised in the current year. The total cumulative expected losses recognised on these contracts amounted to $476 million. We focused on this area because of the significant judgement required in assessing if the expected credit loss and contract related costs recognised by the Group as at 31 December 2018 was adequate.	We enquired with management on their assessment of the contracts with Sete, including their expectation of the probable outcomes on these contracts. We reviewed the terms of each contract and correspondences with Sete or its authorised representatives to validate the assumptions applied by management. We reviewed management's computation of the provisions recognised during the year and corroborated the inputs against supporting documents and externally available information. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's assessment in respect of the expected credit loss and contract related costs recognised in 2018 from these contracts to be reasonable. We also found that the disclosures in the financial statements in respect of this matter to be adequate.
4. Global resolution with criminal authorities in relation to corrupt payments *(Refer to Note 19 to the financial statements)*	
In December 2017, a wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("KOM") reached a global resolution with the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, the U.S. Department of Justice ("DOJ"), and the Public Prosecutor's Office in Brazil, Ministério Público Federal ("MPF") in relation to corrupt payments made in Brazil by Zwi Skornicki, a former agent of certain Keppel subsidiaries in the O&M division. As part of the resolution, KOM and its subsidiary has paid US$106 million and US$211 million to the United States Treasury and MPF respectively. In addition, under the Conditional Warning issued by CPIB, KOM has committed to certain undertakings, has paid US$52 million to CPIB and recorded a further US$52 million payable.	We obtained understanding of management's compliance and governance regime, including the progress of its implementation, through enquiries of appropriate personnel within the Group and attendance at the board of directors meetings. We read the reporting by KOM to DOJ and CPIB and sighted the ISO 37001 certificate. We discussed with management to understand the scope, approach and findings of the anti-bribery and corruption compliance audits performed during the year. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found that the disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. Anti-bribery and corruption compliance audits were also performed during the year on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions and further review. Notwithstanding, based on information currently available, management is of the opinion that no additional provisions would be required in relation to these matters. We focused on this area because of the management judgement required in determining if additional provision is required.	Based on our procedures and representations obtained from management, we found management's assessment of the matter described to be appropriate.
5. Revenue recognition - measurement of progress towards performance obligation *(Refer to Notes 2.20 and 23 to the financial statements)* During the year, the Group recognised $1,876 million of revenue relating to its rigbuilding, shipbuilding and repairs, and long-term engineering contracts ("construction contracts"). The Group recognises revenue over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion was measured by reference to either the percentage of the physical proportion of the contract work completed or the proportion of contract costs incurred to date to the estimated total contract costs. We focused on this area because of the significant management judgement required in: • the estimation of the physical proportion of the contract work completed for the contracts; and • the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims.	In respect of construction contracts where progress was measured based on the percentage of the physical proportion of the contract work completed, we sighted certified progress reports from engineers, performed site visits, and obtained confirmations from project owners to assess the appropriateness of management's estimates of the physical proportion of work completed. In respective of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, we evaluated the effectiveness of management's controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred. We then recomputed the revenues recognised for the current financial year based on the respective percentage of completion and traced these to the accounting records. We also considered the adequacy of the Group's disclosures in respect of this matter. Based on our procedures, we found that assumptions made in the measurement of the progress of construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
6. Valuation of properties held for sale *(Refer to Note 13 to the financial statements)* At 31 December 2018, the Group has residential properties held for sale of $4,653 million mainly in China, Singapore, Indonesia and Vietnam. Properties held for sale are stated at the lower of cost and net realisable values. The determination of the estimated net realisable values of these properties is highly dependent on the Group's expectation of future selling prices and the estimated cost to complete the development project. For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties. We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the discount rate and price of comparable plots and properties. Continued unfavourable market conditions in certain of the markets in which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is therefore a risk that the estimates of carrying values at the date of these financial statements exceed future selling prices, resulting in losses when the properties are sold.	We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information. Management applied their knowledge of the business in their regular review of these estimates. We corroborated the Group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale. We compared management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated cost to complete and corroborated the underlying assumptions made with our understanding of past completed projects. For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuer and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computation of the provision for properties held for sale. We also considered the adequacy of the disclosures in the financial statements, in describing the provision for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
7. Valuation of investment properties *(Refer to Note 7 and Note 33 to the financial statements)* At 31 December 2018, the Group owns a portfolio of investment properties of $2,851 million comprising office buildings, hotel, retail mall and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. Investment properties are stated at their fair values based on independent external valuations. We focused on this area as the valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such as the capitalisation rate, discount rate, net initial yield, terminal yield and price of comparable plots and properties.	We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the reliability of inputs of the projected cash flows used in the valuation to supporting lease agreements and other documents. We corroborated the inputs such as the capitalisation rate, net initial yield, terminal yield, discount rate and price of comparable plots used in the valuation methodology by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates. The valuers are members of recognised professional bodies for external valuers. We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.

Other information

Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and other sections of the Keppel Corporation Limited Report to Shareholders 2018 ("Other Sections of the Annual Report") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor’s Report

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor’s report is Yeoh Oon Jin.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 February 2019

Balance Sheets

As at 31 December 2018

	Note	Group			Company		
		31 December		1 January	31 December		1 January
		2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Share capital	3	**1,291,722**	1,291,310	1,288,394	**1,291,722**	1,291,310	1,288,394
Treasury shares	3	**(45,073)**	(74)	(15,523)	**(45,073)**	(74)	(15,523)
Reserves	4	**10,031,561**	10,151,498	10,395,101	**6,396,589**	6,341,656	5,346,838
Share capital & reserves		**11,278,210**	11,442,734	11,667,972	**7,643,238**	7,632,892	6,619,709
Non-controlling interests	5	**308,930**	530,225	676,918	**-**	-	-
Total equity		**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892	6,619,709
Represented by:							
Fixed assets	6	**2,372,560**	2,432,963	2,645,456	**6,676**	296	852
Investment properties	7	**2,851,380**	3,460,608	3,550,290	**-**	-	-
Subsidiaries	8	**-**	-	-	**7,867,959**	7,972,849	8,154,201
Associated companies	9	**6,239,685**	5,913,777	5,423,831	**-**	-	-
Investments	10	**449,515**	458,638	377,704	**16,957**	15,012	14,340
Long term assets	11	**679,464**	774,316	814,438	**8,801**	14,346	97,557
Intangibles	12	**129,007**	132,594	140,669	**-**	-	-
		12,721,611	13,172,896	12,952,388	**7,900,393**	8,002,503	8,266,950
Current assets							
Stocks	13	**5,514,006**	5,780,042	6,567,740	**-**	-	-
Contract assets	14	**3,212,712**	3,643,495	4,157,146	**-**	-	-
Amounts due from:							
- subsidiaries	15	**-**	-	-	**4,043,121**	3,498,920	3,982,362
- associated companies	15	**291,729**	342,960	433,380	**548**	733	688
Debtors	16	**2,702,300**	3,088,417	3,373,841	**6,229**	4,590	2,965
Derivative assets		**45,976**	181,226	98,984	**23,217**	93,530	42,923
Short term investments	17	**136,587**	202,776	273,928	**27,400**	-	-
Bank balances, deposits & cash	18	**1,981,406**	2,273,788	2,087,078	**370**	2,213	542
		13,884,716	15,512,704	16,992,097	**4,100,885**	3,599,986	4,029,480
Current liabilities							
Creditors	19	**4,391,023**	5,720,165	5,483,318	**76,172**	68,585	112,471
Derivative liabilities		**119,405**	37,969	379,910	**27,796**	29,528	345,313
Contract liabilities	14	**1,918,547**	1,950,151	1,612,984	**-**	-	-
Provisions for warranties	20	**69,614**	115,972	81,679	**-**	-	-
Amounts due to:							
- subsidiaries	15	**-**	-	-	**162,611**	236,403	1,062,722
- associated companies	15	**115,824**	253,331	111,543	**-**	-	-
Term loans	21	**1,480,757**	1,714,084	1,835,321	**460,657**	551,530	692,311
Taxation	27	**297,922**	220,761	364,845	**43,519**	33,955	17,263
		8,393,092	10,012,433	9,869,600	**770,755**	920,001	2,230,080
Net current assets		**5,491,624**	5,500,271	7,122,497	**3,330,130**	2,679,985	1,799,400
Non-current liabilities							
Term loans	21	**6,067,752**	6,078,919	7,217,721	**3,495,610**	2,939,800	3,325,600
Deferred taxation	22	**196,626**	334,674	331,175	**-**	-	-
Other non-current liabilities	19	**361,717**	286,615	181,099	**91,675**	109,796	121,041
		6,626,095	6,700,208	7,729,995	**3,587,285**	3,049,596	3,446,641
Net assets		**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892	6,619,709

The accompanying notes form an integral part of these financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	23	5,964,781	5,963,773
Materials and subcontract costs		(4,187,631)	(3,957,402)
Staff costs	24	(987,830)	(1,027,019)
Depreciation and amortisation		(182,386)	(212,380)
Impairment loss on financial assets		(95,457)	(130,110)
Other operating income - net		531,089	164,184
Operating profit	25	1,042,566	801,046
One-off financial penalty & related costs [i]		-	(618,722)
Investment income	26	9,991	19,871
Interest income	26	164,260	137,928
Interest expenses	26	(198,443)	(189,227)
Share of results of associated companies	9	221,518	290,533
Profit before tax		1,239,892	441,429
Taxation	27	(283,747)	(244,049)
Profit for the year		956,145	197,380
Attributable to:			
Shareholders of the Company		943,829	196,025
Non-controlling interests	5	12,316	1,355
		956,145	197,380
Earnings per ordinary share	28		
- basic		52.0 cts	10.8 cts
- diluted		51.7 cts	10.7 cts

[i] One-off financial penalty and related costs arose from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore and related legal, accounting and forensics costs.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Profit for the year	**956,145**	197,380
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale assets		
- Fair value changes arising during the year	-	1,619
- Realised and transferred to profit and loss account	-	(28,815)
Cash flow hedges		
- Fair value changes arising during the year, net of tax	(238,794)	357,211
- Realised and transferred to profit and loss account	132,017	(49,852)
Foreign exchange translation		
- Exchange difference arising during the year	(132,866)	(220,787)
- Realised and transferred to profit and loss account	5,574	(9,537)
Share of other comprehensive income of associated companies		
- Available-for-sale assets	-	719
- Cash flow hedges	20,031	(8,384)
- Foreign exchange translation	(42,821)	(93,232)
	(256,859)	(51,058)
Items that will not be reclassified subsequently to profit and loss account:		
Financial assets, at FVOCI		
- Fair value changes arising during the year	(31,566)	-
Foreign exchange translation		
- Exchange difference arising during the year	(3,545)	(17,311)
Share of other comprehensive income of associated companies		
- Financial assets, at FVOCI	581	-
	(34,530)	(17,311)
Other comprehensive expense for the year, net of tax	**(291,389)**	(68,369)
Total comprehensive income for the year	**664,756**	129,011
Attributable to:		
Shareholders of the Company	656,303	144,491
Non-controlling interests	8,453	(15,480)
	664,756	129,011

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2018

	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
Group								
2018								
As at 31 December 2017								
As previously reported	1,291,310	(74)	281,407	10,486,054	(626,009)	11,432,688	527,746	11,960,434
Adoption of SFRS(I) 1	-	-	-	(302,453)	302,453	-	-	-
Adoption of SFRS(I) 15	-	-	-	10,046	-	10,046	2,479	12,525
As adjusted 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 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 year								
Profit for the year	-	-	-	943,829	-	943,829	12,316	956,145
Other comprehensive income *	-	-	(117,413)	-	(170,113)	(287,526)	(3,863)	(291,389)
Total comprehensive income for the year	-	-	(117,413)	943,829	(170,113)	656,303	8,453	664,756
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 29)	-	-	-	(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	10,330,287	(493,669)	11,278,210	308,930	11,587,140

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

The accompanying notes form an integral part of these financial statements.

	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
Group								
2017								
As at 1 January 2017								
As previously reported	1,288,394	(15,523)	11,486	10,655,379	(280,787)	11,658,949	674,691	12,333,640
Adoption of SFRS(I) 1	-	-	-	(280,787)	280,787	-	-	-
Adoption of SFRS(I) 15	-	-	-	9,023	-	9,023	2,227	11,250
As adjusted at 1 January 2017	1,288,394	(15,523)	11,486	10,383,615	-	11,667,972	676,918	12,344,890
Total comprehensive income for the year								
Profit for the year	-	-	-	196,025	-	196,025	1,355	197,380
Other comprehensive income *	-	-	272,022	-	(323,556)	(51,534)	(16,835)	(68,369)
Total comprehensive income for the year	-	-	272,022	196,025	(323,556)	144,491	(15,480)	129,011
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	-	-	-	(363,531)	-	(363,531)	-	(363,531)
Share-based payment	-	-	31,124	-	-	31,124	470	31,594
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(26,574)	(26,574)
Shares issued	2,916	-	-	-	-	2,916	-	2,916
Purchase of treasury shares	-	(19,428)	-	-	-	(19,428)	-	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	-	34,877	(33,503)	-	-	1,374	-	1,374
Transfer of statutory, capital and other reserves from revenue reserves	-	-	22,462	(22,462)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	77	77
Contributions to defined benefits plans	-	-	707	-	-	707	152	859
Other adjustments	-	-	-	-	-	-	3,368	3,368
Total contributions by and distributions to owners	2,916	15,449	20,790	(385,993)	-	(346,838)	(22,507)	(369,345)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	-	-	(22,891)	-	-	(22,891)	(43,489)	(66,380)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(69,451)	(69,451)
Other adjustments	-	-	-	-	-	-	4,234	4,234
Total change in ownership interests in subsidiaries	-	-	(22,891)	-	-	(22,891)	(108,706)	(131,597)
Total transactions with owners	2,916	15,449	(2,101)	(385,993)	-	(369,729)	(131,213)	(500,942)
As at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959

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

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
Company					
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Total comprehensive income for the year					
Profit for the year	-	-	-	588,420	588,420
Other comprehensive income	-	-	1,945	-	1,945
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
Company					
2017					
As at 1 January 2017	1,288,394	(15,523)	213,116	5,133,722	6,619,709
Total comprehensive income for the year					
Profit for the year	-	-	-	1,361,959	1,361,959
Other comprehensive income	-	-	672	-	672
Total comprehensive income for the year	-	-	672	1,361,959	1,362,631
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(363,531)	(363,531)
Share-based payment	-	-	29,221	-	29,221
Shares issued	2,916	-	-	-	2,916
Purchase of treasury shares	-	(19,428)	-	-	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	-	34,877	(33,503)	-	1,374
Total transactions with owners	2,916	15,449	(4,282)	(363,531)	(349,448)
As at 31 December 2017	1,291,310	(74)	209,506	6,132,150	7,632,892

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Operating profit		1,042,566	801,046
Adjustments:			
Depreciation and amortisation		182,386	212,380
Share-based payment expenses		34,885	32,583
Profit on sale of fixed assets and an investment property		(2,795)	(20,142)
Gain on disposal of subsidiaries		(604,638)	(146,542)
Gain on disposal of associated companies		(48,783)	(62,673)
Impairment/write-off of fixed assets		6,911	15,530
Impairment/(write-back of impairment) of associated companies		60,782	(39,192)
Impairment of investments		-	14,330
Fair value gain on investment properties		(84,886)	(177,939)
Profit on sale of investments		(2,232)	(35,294)
(Gain)/loss from change in interest in associated companies		(63,622)	13,075
Unrealised foreign exchange differences		27,622	(87,745)
Operational cash flow before changes in working capital		548,196	519,417
Working capital changes:			
Stocks		(394,258)	438,670
Contract assets		357,046	478,634
Debtors		543,245	122,556
Creditors		(696,015)	(217,728)
Contract liabilities		12,430	357,652
Investments		(5,448)	(17,549)
Intangibles		(561)	(731)
Amount due to/from associated companies		177	(60,578)
		364,812	1,620,343
Interest received		154,482	130,832
Interest paid		(198,637)	(184,841)
Net income taxes paid		(195,904)	(363,377)
Net cash from operating activities		124,753	1,202,957
Investing activities			
Acquisition of subsidiaries	A	(38,052)	-
Acquisition and further investment in associated companies		(365,818)	(291,356)
Acquisition of fixed assets and investment properties		(254,511)	(392,991)
Disposal of subsidiaries	B	1,085,671	878,873
Proceeds from disposal of associated companies and return of capital		179,342	96,954
Proceeds from disposal of fixed assets		5,524	37,385
Advances to/from associated companies		(216,636)	(42,555)
Dividends received from investments and associated companies		281,375	270,199
Net cash from investing activities		676,895	556,509
Financing activities			
Acquisition of additional interest in subsidiaries		(3,337)	(66,380)
Proceeds from share issues		412	2,916
Proceeds from reissuance of treasury shares pursuant to share option scheme		5,324	1,374
Proceeds from non-controlling shareholders of subsidiaries		-	77
Proceeds from term loans		1,549,445	1,700,023
Repayment of term loans		(1,939,475)	(2,707,102)
Purchase of treasury shares		(90,758)	(19,428)
Dividend paid to shareholders of the Company		(526,152)	(363,531)
Dividend paid to non-controlling shareholders of subsidiaries		(20,321)	(26,574)
Net cash used in financing activities		(1,024,862)	(1,478,625)
Net (decrease)/increase in cash and cash equivalents		(223,214)	280,841
Cash and cash equivalents as at beginning of year		2,241,448	2,018,772
Effects of exchange rate changes on the balance of cash held in foreign currencies		(46,390)	(58,165)
Cash and cash equivalents as at end of year	C	1,971,844	2,241,448

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Reconciliation of liabilities arising from financing activities

2018

	1 January 2018 $'000	Principal and interest payments (net of proceeds) $'000	Non-cash changes				31 December 2018 $'000
			Acquisition of subsidiaries $'000	Disposal of subsidiaries $'000	Interest expense (Note 26) $'000	Foreign exchange movement $'000	
Term loans	7,793,003	(588,667)	297,923	(171,380)	199,464	18,166	7,548,509

2017

	1 January 2017 $'000	Principal and interest payments (net of proceeds) $'000	Non-cash changes			31 December 2017 $'000
			Disposal of subsidiaries $'000	Interest expense (Note 26) $'000	Foreign exchange movement $'000	
Term loans	9,053,042	(1,191,920)	(138,288)	189,223	(119,054)	7,793,003

Notes to Consolidated Statement of Cash Flows

A. Acquisition of Subsidiaries

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

	2018 $'000	2017 $'000
Fixed assets	47	-
Investment Properties	360,000	-
Debtors and other assets	530	-
Bank balances and cash	18,521	-
Creditors	(6,778)	-
Borrowings	(297,923)	-
Current and deferred taxation	(3,827)	-
Total identifiable net assets at fair value	70,570	-
Amount previously accounted for as associated companies	(32,484)	-
Loss on remeasurement of previously held equity interest at fair value at acquisition date	18,487	-
Net assets acquired	56,573	-
Total purchase consideration	56,573	-
Less: Bank balances and cash acquired	(18,521)	-
Cash outflow on acquisition	38,052	-

Acquisition of subsidiaries during the year relates mainly to the acquisition of 77.6% interest in PRE 1 Investments Pte Ltd on 20 December 2018.

The accompanying notes form an integral part of these financial statements.

B. Disposal of Subsidiaries

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

	2018 $'000	2017 $'000
Fixed assets	(4,272)	(129,536)
Investment properties	(948,613)	(405,604)
Long term investments	-	(2,102)
Stocks	(692,651)	(282,344)
Debtors and other assets	(7,939)	(159,030)
Bank balances and cash	(39,194)	(36,374)
Creditors and other liabilities	446,973	77,431
Borrowings	171,380	138,288
Current and deferred taxation	139,863	13,280
Non-controlling interests	210,166	69,451
	(724,287)	(716,540)
Amount accounted for as associated company	-	73,593
Net assets disposed of	(724,287)	(642,947)
Net profit on disposal	(604,638)	(146,542)
Realisation of foreign currency translation reserve	(7,575)	9,698
Sale proceeds	(1,336,500)	(779,791)
Add: Payments received in advance	-	(174,538)
Less: Advance payments received in prior year	174,538	-
Less: Bank balances and cash disposed	39,194	36,374
Less: Deferred proceeds	37,097	39,082
Cash inflow on disposal	(1,085,671)	(878,873)

Significant disposal of subsidiaries during the 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.

Significant disposal in the prior year relates to the sale of Keppel Lakefront (Nantong) Property Development Co Ltd, Wiseland Investment (Myanmar) Limited, 80% interest in PT Sentral Tunjungan Perkasa, Keppel DC Singapore 4, 90% interest in Keppel DC Singapore 3, Keppel Verolme and Kepwealth Property Phils., Inc. In addition, the Group lost control of some entities in the prior year but continued to retain significant influence. These entities were deconsolidated from the Group's financial statements for the financial year ended 31 December 2017 and were accounted for as associated companies using the equity method from their respective dates of ceasing control.

C. 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:

	2018 $'000	2017 $'000
Bank balances, deposits and cash	1,981,406	2,273,788
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(9,562)	(32,340)
	1,971,844	2,241,448

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment; and
- investments and asset management.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet and statement of changes in equity of the Company at 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2019.

2. Significant accounting policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of SFRS(I)s and IFRSs

The Group has adopted a new financial reporting framework, SFRS(I)s, on 1 January 2018. SFRS(I)s comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. An entity that complies with SFRS(I)s can also elect to simultaneously include an explicit and unreserved statement of compliance with IFRS. The Group has elected to assert dual compliance with both SFRS(I)s and IFRSs with effect from annual periods beginning on or after 1 January 2018. All references to SFRS(I)s and IFRSs are referred to collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements for the year ended 31 December 2018 are the first set of annual financial statements the Group prepared in accordance with SFRS(I)s. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

(a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and associated companies during the financial year ended 31 December 2017 were adjusted.

The Group has presented (i) land appreciation tax under taxation instead of materials and subcontract costs, and (ii) share of taxation of associated companies under share of results of associated companies instead of taxation.

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 *Financial Instruments* on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

The Group has elected to apply the optional exemption relating to SFRS(I) 3 *Business Combinations*. Accordingly, SFRS(I) 3 has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS. The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under FRS 21.

(b) Reconciliation of the Group's balance sheets reported in accordance with FRS to SFRS(I)

	Explanatory Note	As at 1 Jan 2017 reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	As at 1 Jan 2017 reported under SFRS(I) $'000
Share capital		1,288,394	-	-	1,288,394
Treasury shares		(15,523)	-	-	(15,523)
Reserves	A1, C	10,386,078	*	9,023	10,395,101
Share capital & reserves		11,658,949	-	9,023	11,667,972
Non-controlling interests	A1	674,691	-	2,227	676,918
Total equity		12,333,640	-	11,250	12,344,890
Represented by:					
Fixed assets		2,645,456	-	-	2,645,456
Investment properties		3,550,290	-	-	3,550,290
Associated companies	A1	5,412,581	-	11,250	5,423,831
Investments		377,704	-	-	377,704
Long term assets		814,438	-	-	814,438
Intangibles		140,669	-	-	140,669
		12,941,138	-	11,250	12,952,388
Current assets					
Stocks & work-in-progress in excess of related billings	A2	10,025,805	-	(10,025,805)	-
Stocks	A2	-	-	7,116,105	7,116,105
Contract assets	A2	-	-	3,608,781	3,608,781
Amounts due from associated companies		433,380	-	-	433,380
Debtors		3,373,841	-	-	3,373,841
Derivative assets		98,984	-	-	98,984
Short term investments		273,928	-	-	273,928
Bank balances, deposits & cash		2,087,078	-	-	2,087,078
		16,293,016	-	699,081	16,992,097
Current liabilities					
Creditors	A2, C	4,753,492	(25,737)	755,563	5,483,318
Derivative liabilities		379,910	-	-	379,910
Billings on work-in-progress in excess of related costs	A2	1,669,466	-	(1,669,466)	-
Contract liabilities	A2	-	-	1,612,984	1,612,984
Provisions for warranties		81,679	-	-	81,679
Amounts due to associated companies		111,543	-	-	111,543
Term loans		1,835,321	-	-	1,835,321
Taxation	C	339,108	25,737	-	364,845
		9,170,519	-	699,081	9,869,600
Net current assets		7,122,497	-	-	7,122,497
Non-current liabilities					
Term loans		7,217,721	-	-	7,217,721
Deferred taxation		331,175	-	-	331,175
Other non-current liabilities		181,099	-	-	181,099
		7,729,995	-	-	7,729,995
Net assets		12,333,640	-	11,250	12,344,890

* Effects of applying SFRS (I) 1 includes a reclassification of cumulative translation losses of $280,787,000 from foreign exchange translation account to revenue reserves as at 1 January 2017. Both foreign exchange translation account and revenue reserves are recorded under Reserves on the balance sheets.

2. Significant accounting policies (continued)

	Explanatory Note	As at 31 Dec 2017 reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	As at 31 Dec 2017 reported under SFRS(I) $'000	Effect of applying SFRS(I) 9 $'000	As at 1 Jan 2018 reported under SFRS(I) $'000
Share capital		1,291,310	-	-	1,291,310	-	1,291,310
Treasury shares		(74)	-	-	(74)	-	(74)
Reserves	A1, B1, B2, C	10,141,452	*	10,046	10,151,498	(235,238)	9,916,260
Share capital & reserves		11,432,688	-	10,046	11,442,734	(235,238)	11,207,496
Non-controlling interests	A1, B1, B2	527,746	-	2,479	530,225	(255)	529,970
Total equity		11,960,434	-	12,525	11,972,959	(235,493)	11,737,466
Represented by:							
Fixed assets		2,432,963	-	-	2,432,963	-	2,432,963
Investment properties		3,460,608	-	-	3,460,608	-	3,460,608
Associated companies	A1	5,901,252	-	12,525	5,913,777	1,611	5,915,388
Investments	B1	458,638	-	-	458,638	(40,846)	417,792
Long term assets	B1	774,316	-	-	774,316	(170,524)	603,792
Intangibles		132,594	-	-	132,594	-	132,594
		13,160,371	-	12,525	13,172,896	(209,759)	12,963,137
Current assets							
Stocks & work-in-progress in excess of related billings	A2	8,782,251	-	(8,782,251)	-	-	-
Stocks	A2	-	-	5,981,322	5,981,322	-	5,981,322
Contract assets	A2	-	-	3,442,215	3,442,215	-	3,442,215
Amounts due from associated companies		342,960	-	-	342,960	-	342,960
Debtors	A2, B2	3,169,417	-	(81,000)	3,088,417	(25,734)	3,062,683
Derivative assets		181,226	-	-	181,226	-	181,226
Short term investments		202,776	-	-	202,776	-	202,776
Bank balances, deposits & cash		2,273,788	-	-	2,273,788	-	2,273,788
		14,952,418	-	560,286	15,512,704	(25,734)	15,486,970
Current liabilities							
Creditors	A2, C	5,371,618	(26,462)	375,009	5,720,165	-	5,720,165
Derivative liabilities		37,969	-	-	37,969	-	37,969
Billings on work-in-progress in excess of related costs	A2	1,764,874	-	(1,764,874)	-	-	-
Contract liabilities	A2	-	-	1,950,151	1,950,151	-	1,950,151
Provisions for warranties		115,972	-	-	115,972	-	115,972
Amounts due to associated companies		253,331	-	-	253,331	-	253,331
Term loans		1,714,084	-	-	1,714,084	-	1,714,084
Taxation	C	194,299	26,462	-	220,761	-	220,761
		9,452,147	-	560,286	10,012,433	-	10,012,433
Net current assets		5,500,271	-	-	5,500,271	(25,734)	5,474,537
Non-current liabilities							
Term loans		6,078,919	-	-	6,078,919	-	6,078,919
Deferred taxation		334,674	-	-	334,674	-	334,674
Other non-current liabilities		286,615	-	-	286,615	-	286,615
		6,700,208	-	-	6,700,208	-	6,700,208
Net assets		11,960,434	-	12,525	11,972,959	(235,493)	11,737,466

* Effects of applying SFRS (I) 1 relate to a reclassification of cumulative translation losses of $302,453,000 from foreign exchange translation account to revenue reserves as at 31 December 2017. Both foreign exchange translation account and revenue reserves are recorded under Reserves on the balance sheets.

(c) Reconciliation of the Group's total comprehensive income reported in accordance with FRS to SFRS(I)

For the financial year ended 31 December 2017	Explanatory Note	Reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	Reported under SFRS(I) $'000
Revenue		5,963,773	-	-	5,963,773
Materials and subcontract costs	C	(3,999,053)	41,651	-	(3,957,402)
Staff costs		(1,027,019)	-	-	(1,027,019)
Depreciation and amortisation		(212,380)	-	-	(212,380)
Impairment loss on financial assets		(130,110)	-	-	(130,110)
Other operating income/(expenses) - net	C	180,467	(16,283)	-	164,184
Operating profit		775,678	25,368	-	801,046
One-off financial penalty & related costs		(618,722)	-	-	(618,722)
Investment income		19,871	-	-	19,871
Interest income		137,928	-	-	137,928
Interest expenses		(189,227)	-	-	(189,227)
Share of results of associated companies	A1, C	390,039	(100,781)	1,275	290,533
Profit before tax		515,567	(75,413)	1,275	441,429
Taxation	C	(298,388)	54,339	-	(244,049)
Profit for the year		217,179	(21,074)	1,275	197,380
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account:					
Available-for-sale assets					
- Fair value changes arising during the year		1,619	-	-	1,619
- Realised and transferred to profit and loss account		(28,815)	-	-	(28,815)
Cash flow hedges					
- Fair value changes arising during the year		357,211	-	-	357,211
- Realised and transferred to profit and loss account		(49,852)	-	-	(49,852)
Foreign exchange translation					
- Exchange difference arising during the year		(237,715)	16,928	-	(220,787)
- Realised and transferred to profit and loss account		(30,994)	21,457	-	(9,537)
Share of other comprehensive income of associated companies					
- Available-for-sale assets		719	-	-	719
- Cash flow hedges		(8,384)	-	-	(8,384)
- Foreign exchange translation		(93,232)	-	-	(93,232)
Items that will not be reclassified subsequently to profit and loss account:					
Foreign exchange translation					
- Exchange difference arising during the year		-	(17,311)	-	(17,311)
		(89,443)	21,074	-	(68,369)
Total comprehensive income for the year		127,736	-	1,275	129,011

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from FRS to SFRS(I).

(e) The adoption of SFRS(I)s has no impact on the financial statements of the Company for the financial year ended 31 December 2017.

Notes to the Financial Statements

2. Significant accounting policies (continued)

Explanatory notes to reconciliations:
The effects of transition to SFRS(I) mainly arises from the adoption of SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 as well as the application of SFRS (I) 1.

A. Adoption of SFRS (I) 15
SFRS (I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS (I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

In accordance with the requirements of SFRS(I) 1, the Group has adopted the SFRS(I) 15 retrospectively. The adoption of the SFRS(I) 15 resulted in adjustments to the previously issued FRS financial statements as explained below:

A1. The Group has equity accounted for an associated company's impact arising from the application of SFRS (I) 15.

A2. Presentation of contract assets and contract liabilities
The Group has also changed the presentation of balances relating to construction contracts with customers in the balance sheets. Balances which were previously presented under work-in-progress in excess of related billings and billings on work-in-progress in excess of related costs were reclassified to contract assets, debtors, contract liabilities and creditors.

B. Adoption of SFRS(I) 9
As disclosed in Note 2.2(a), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

B1. Classification and measurement of financial assets
For financial assets held by the Group on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

	Note	Investments at fair value through profit & loss (FVPL) $'000	Available-for-sale investments (AFS) $'000	Long term assets and debtors $'000	Associated companies $'000	Investments at fair value through other comprehensive income (FVOCI) $'000	Fair value reserve $'000	Revenue reserves $'000	Non-controlling interests $'000
Balance as at 31 December 2017 - before adoption of SFRS(I) 9		**253,438**	**407,976**	**3,862,733**	**5,913,777**	**-**	**99,169**	**10,193,647**	**530,225**
Reclassify unlisted equities from AFS to FVOCI	(i)	-	(270,904)	-	-	271,956	1,058	-	(6)
Reclassify listed equities from AFS to FVOCI	(i)	-	(55,048)	-	-	55,048	-	-	-
Reclassify unlisted debt securities from AFS to FVPL	(ii)	22,256	(22,256)	-	-	-	-	-	-
Reclassify unquoted preference shares from AFS to FVPL	(ii)	17,870	(42,989)	-	-	-	-	(25,119)	-
Reclassify loan to associate from amortised cost to FVPL	(iii)	-	-	(185,692)	-	-	-	(185,692)	-
Reclassify listed equity from FVPL to FVOCI	(iv)	(4,123)	-	-	-	4,123	-	-	-
Reclassify unquoted shares from AFS to associated company and long term assets	(v)	-	(16,779)	15,168	1,611	-	-	-	-
Provision for expected credit losses									
- Trade debtors	B2	-	-	(25,734)	-	-	-	(25,485)	(249)
Balance as at 1 January 2018 - after adoption of SFRS(I) 9		**289,441**	**-**	**3,666,475**	**5,915,388**	**331,127**	**100,227**	**9,957,351**	**529,970**

(i) Equity investments reclassified from AFS to FVOCI
The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income.

As a result, unlisted equities with fair value of $271,956,000 were reclassified from AFS to FVOCI on 1 January 2018, with related fair value gain of $1,058,000 recognised in fair value reserve. Listed equities with fair value of $55,048,000 were also reclassified from AFS to FVOCI on 1 January 2018.

(ii) Reclassification of unlisted debt securities and unquoted preference shares from AFS to FVPL
Investments in unlisted debt securities and unquoted preference shares was reclassified from AFS to FVPL. They are non-equity instruments that do not meet the criteria to be classified as amortised cost in accordance with SFRS(I) 9, because their cash flows do not represent solely payments of principal and interest. Related fair value loss of $25,119,000 was recognised in revenue reserves on 1 January 2018.

(iii) Reclassification of loan to associate from amortised cost to FVPL
Loan to an associated company where the cash flows do not represent solely payments of principal and interest was reclassified from amortised cost to FVPL at its fair value of $93,312,000 at 1 January 2018. Related fair value loss of $185,692,000 was recognised in revenue reserves on 1 January 2018. The loan to an associated company is presented as part of “long term assets” in the balance sheet.

(iv) Reclassify listed equity from FVPL to FVOCI
The Group has elected to recognise changes in the fair value of an equity investment in other comprehensive income from 1 January 2018.

(v) Reclassify unquoted shares from AFS to associated companies and long term assets
Long term investment amounting to $1,611,000 and $15,168,000 have been reclassified from AFS to investment in associated company and long term assets following reassessment of the investments.

B2. Impairment of financial assets
SFRS(I) 9 replaces the ‘incurred loss model’ in FRS 39 with an ‘expected credit loss’ model. The new impairment model applies to financial assets measured at amortised cost and FVOCI, and contract assets. The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment of $25,734,000.

C. Application of SFRS(I) 1
As disclosed in Note 2.2(a), the Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of $280,787,000 was reclassified from foreign exchange translation account to revenue reserves as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and associated companies in 2017 were adjusted, resulting in a reduction of $21,074,000 to the profit for the year ended 31 December 2017 or a reduction of $21,666,000 to the net profit attributable to shareholders of the Company for the year ended 31 December 2017.

The Group has presented (i) the land appreciation tax expenses of $41,651,000 for the year ended 31 December 2017 under taxation instead of materials and subcontract costs and the corresponding land appreciation tax balances of $26,462,000 as at 31 December 2017 and $25,737,000 as at 1 January 2017 under taxation instead of creditors, and (ii) the share of taxation of associated companies of $95,990,000 for the year ended 31 December 2017 under share of results of associated companies instead of taxation.

2.3 Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets transferred, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

2. Significant accounting policies (continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2.4 Fixed Assets

Fixed assets are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is added to the carrying amount only when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 15 to 60 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	3 to 30 years
Furniture, fittings & office equipment	2 to 10 years
Cranes	5 to 30 years
Small equipment and tools	2 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

2.6 Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

2.7 Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company is included in the consolidated profit and loss account and other comprehensive income respectively. The Group's share of net assets of the associated company is included in the consolidated balance sheet.

Any excess of the cost of acquisition over the Group's share of net identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition measured at their fair values is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net identifiable assets, liabilities and contingent liabilities measured at their fair values over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account as a bargain purchase gain.

2.8 Intangibles

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net identifiable assets acquired and the liabilities assumed measured at their fair values at acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

Management Rights

Management rights acquired is initially recognised at cost and subsequently carried at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

Other Intangible Assets

Intangible assets include development expenditure, customer contracts and customer relationships initially recognised at cost and subsequently carried at cost less accumulated amortisation. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight line basis over their useful lives, ranging from 3 to 20 years.

2. Significant accounting policies (continued)

2.9 Service Concession Arrangement

The Group entered into a service concession arrangement with a governing agency (the grantor) to design, build, own and operate a desalination plant in Singapore. Under the service concession arrangement, the Group will operate the plant for 25 years. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. Such service concession arrangement falls within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

The Group constructs the plant (construction services) used to provide public services and operates and maintains the plant (operation services) for the concession period as specified in the contract. The Group recognises and measures revenue in accordance with SFRS(I) 15 for the services it performs.

The Group recognises a financial asset arising from the provision of the construction services when it has a contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised amount using the effective interest method.

2.10 Investments

(i) Before 1 January 2018

Investments are classified as held for trading or available-for-sale. Investments acquired for the purpose of selling in the short term are classified as held for trading. Other investments held by the Group are classified as available-for-sale.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments are initially measured at fair value plus transaction costs except for investments held for trading, which are recognised at fair value. Transaction costs for investments held for trading are recognised immediately as expenses. Investments are subsequently carried at fair value. For unquoted equity investments whose fair value cannot be reliably measured using alternative valuation methods, they are carried at cost less any impairment loss.

For investments held for trading, gains and losses arising from changes in fair value are included in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income and accumulated in the fair value reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

(ii) From 1 January 2018

Investments are classified as fair value through other comprehensive income or fair value through profit or loss.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments at fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the investments. Investments at fair value through profit or loss are initially measured at fair value with the related transaction costs recognised immediately as expenses in the profit and loss account.

Investments are subsequently carried at fair value. For investments at fair value through other comprehensive income, gains or losses arising from changes in fair value are included in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the revenue reserves. For investments at fair value through profit or loss, gains or losses arising from changes in fair value are included in the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market prices are the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

2.11 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income and accumulated in the hedging reserve, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in the profit and loss account.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of electricity future contracts is determined based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

2.12 Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits and are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.13 Stocks

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

2.14 Contract Assets and Contract Liabilities

For contract where the customer is invoiced on a milestone payment schedule, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

2. Significant accounting policies (continued)

2.15 Impairment of Assets

Financial Assets

(i) Before 1 January 2018
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables
Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Investments
In addition to the objective evidence of impairment described in the preceding paragraph, significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account - is removed from equity and recognised in the profit and loss account. For available-for-sale equity investments, impairment losses previously recognised in the profit and loss account are not reversed through the profit and loss account in a subsequent period.

(ii) From 1 January 2018
The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Goodwill
Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets
Tangible and intangible assets are tested for impairment whenever there is any indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

2.16 Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently carried at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

2.18 Leases

When a group company is the lessee

Operating leases

Leases of assets in which the Group does not transfer substantially all the risks and rewards of ownership of the assets by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a group company is the lessor

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

2.19 Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.20 Revenue

Revenue consists of:

- Revenue recognised on rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts;
- Sale of goods and services;
- Rental income from investment properties;
- Investment and fee income; and
- Dividend income.

Revenue recognition

The Group enters into rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

The contract work, except for overseas property construction contracts, has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the contract work. For overseas property construction contracts, the Group does not have enforceable rights to payment arising from the contractual terms. Revenue from overseas property construction contracts is recognised at a point in time when the rights to payment become enforceable.

The measure of progress for rigbuilding contracts, and shipbuilding and repair contracts, is determined by engineers' estimates. The measure of progress for property construction and long term engineering contracts is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services including electricity supply, logistic services, and operations and maintenance under service concession arrangement, is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Rental income from operating leases on investment properties are recognised on a straight-line basis over the lease term.

Dividend income is recognised in the profit and loss account when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

2.21 Borrowing Costs

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

2.22 Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued, or to the treasury shares account when treasury shares are re-issued to the employee.

2.23 Income Taxes

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset/liability is realised/settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheets date, and based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.24 Foreign Currencies

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. Profit or loss of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign subsidiaries and associated companies. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in Foreign Exchange Translation Account until disposal.

Disposal or partial disposal of a foreign operation

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified from equity to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Significant accounting policies (continued)

2.25 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When shares are reacquired by the Company, the amount of consideration paid and any directly attributable transaction cost is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in non-distributable capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 Segment Reporting

The Group has four reportable segments, namely Offshore & Marine, Property, Infrastructure and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

2.27 Critical Accounting Estimates and Judgments

(i) Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

Control over Keppel REIT

The Group has approximately 47% (2017: approximately 45%) gross ownership interest of units in Keppel REIT as at 31 December 2018. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it does not have control over Keppel REIT but continues to have significant influence over the investment.

Control over KrisEnergy

The Group has approximately 40% (2017: approximately 40%) gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2018. The management assessed whether or not the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgment, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 20% (2017: approximately 26%) interest held by another two shareholders (2017: another single shareholder) of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy but continues to have significant influence over the investment.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Expected credit loss on financial assets measured at amortised cost and fair value through other comprehensive income

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI"). The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The carrying amounts of trade, intercompany and other receivables, and financial assets at FVOCI are disclosed in the balance sheet.

Impairment of non-financial assets
Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investments in subsidiaries, investment in associates and joint ventures, and intangibles are disclosed in the balance sheet. Management performed impairment tests on these non-financial assets as at 31 December 2018. Refer to Notes 6, 8, 9 and 12 for more details.

Revenue recognition and contract cost
The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 23.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Recoverability of contract asset and receivable balances in relation to Offshore & Marine construction contracts
Contracts with Sete Brasil ("Sete")
The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. During the financial year ended 31 December 2018, an expected credit loss on trade receivables of $102,000,000 (2017: $81,000,000) was recognised and a provision for contract related costs of $65,000,000 was made. Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000.

Other contracts
As at 31 December 2018, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years. See Note 14 on contract assets balances.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects to determine if a provision for expected loss is necessary.

In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise their right to retain payments received to date and the legal possession of the rigs under construction. Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using Discounted Cash Flow ("DCF") calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates.

During the financial year ended 31 December 2018, an expected credit loss on contract assets of $21,000,000 was recognised.

Income taxes
The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, litigations and reviews
The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

2. Significant accounting policies (continued)

Civil action by EIG funds
In February 2018, the Company's subsidiary, Keppel Offshore & Marine Limited ("KOM") was served a summons by eight investment funds ("plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. The plaintiffs seek damages for its loss of investment of US$221 million in Sete Brasil, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the United States District Court, District of Columbia against, among others, the Company and KOM. The case was dismissed by the Court on 30 March 2017.

Management is of the view that the reported cause of action by the plaintiffs is without merit and KOM will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of the action and hence, the potential amount of any loss cannot currently be assessed. KOM has filed a motion to dismiss EIG's complaint.

3. Share capital

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2018	2017	**2018**	2017
Balance at 1 January	**1,818,334,180**	1,817,910,180	**(10,788)**	(2,232,510)
Issue of shares under the share option scheme	**60,000**	424,000	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**731,500**	208,900
Treasury shares transferred pursuant to KCL RSP	**-**	-	**4,643,244**	4,862,822
Treasury shares purchased	**-**	-	**(11,300,000)**	(2,850,000)
Balance at 31 December	**1,818,394,180**	1,818,334,180	**(5,936,044)**	(10,788)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2018	2017	**2018**	2017
Balance at 1 January	**1,291,310**	1,288,394	**(74)**	(15,523)
Issue of shares under the share option scheme	**412**	2,916	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**6,253**	1,437
Treasury shares transferred pursuant to KCL RSP	**-**	-	**39,506**	33,440
Treasury shares purchased	**-**	-	**(90,758)**	(19,428)
Balance at 31 December	**1,291,722**	1,291,310	**(45,073)**	(74)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 60,000 (2017: 424,000) Shares at an average weighted price of $6.86 (2017: $6.88) per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 4,643,244 (2017: 4,862,822) Shares under the KCL Restricted Share Plan ("KCL RSP") were vested.

During the financial year, the Company transferred 5,374,744 (2017: 5,071,722) treasury shares to employees under vesting of shares released under the KCL Share Option Scheme and KCL Share Plans. The Company also purchased 11,300,000 (2017: 2,850,000) treasury shares in the Company in the open market during the financial year. The total amount paid was $90,758,000 (2017: $19,428,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Option Scheme
The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Till Bernhard Vestring (Chairman)
Lee Boon Yang
Danny Teoh
Tow Heng Tan

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average closing prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2018		2017	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**6,088,785**	**$7.83**	14,025,974	$8.92
Exercised	**(791,500)**	**$7.25**	(632,900)	$6.78
Cancelled	**(3,407,100)**	**$8.57**	(7,304,289)	$10.01
Balance at 31 December	**1,890,185**	**$6.74**	6,088,785	$7.83
Exercisable at 31 December	**1,890,185**	**$6.74**	6,088,785	$7.83

The weighted average share price at the date of exercise for options exercised during the financial year was $8.15 (2017: $7.58). The options outstanding at the end of the financial year had a weighted average exercise price of $6.74 (2017: $7.83) and a weighted average remaining contractual life of 0.9 year (2017: 1.0 year).

KCL Share Plans
The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

3. Share capital (continued)

Details of the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP and the KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP") are as follows:

	KCL RSP	KCL RSP-Deferred Shares	KCL PSP	KCL PSP-TIP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a six-year performance period
Performance Conditions	Return on Equity (2016 award)	-	(a) Economic Value Added (b) Absolute Total Shareholder's Return (c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN) (2015 and 2016 awards) (a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit (2017 and 2018 awards)	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement
Final Award	0% to 100% of the contingent award granted, depending on achievement of pre-determined targets	100% of the awards granted	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	Awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the six-year performance period subject to fulfilment of service requirements

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

	2018			2017		
	KCL RSP-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	KCL RSP	KCL PSP	KCL PSP-TIP
Contingent awards/Awards (KCL RSP-Deferred Shares)						
Balance at 1 January	**-**	**2,525,000**	**6,747,491**	5,726,426	2,562,212	5,625,000
Granted	**4,099,369**	**1,180,000**	**-**	-	1,120,000	2,040,000
Adjustments upon released	**-**	**(575,000)**	**-**	-	(565,082)	-
Released	**(4,097,507)**	**-**	**-**	(5,676,157)	-	-
Cancelled	**(1,862)**	**(235,000)**	**(781,524)**	(50,269)	(592,130)	(917,509)
Balance at 31 December	**-**	**2,895,000**	**5,965,967**	-	2,525,000	6,747,491

	2018		2017
	KCL RSP	**KCL RSP-Deferred Shares**	KCL PSP
Awards released but not vested:			
Balance at 1 January	**5,102,365**	**-**	4,854,898
Released	**-**	**4,097,507**	5,676,157
Vested	**(3,278,043)**	**(1,365,201)**	(4,862,822)
Cancelled	**(178,604)**	**(111,969)**	(539,868)
Other adjustments	**(15,600)**	**(34,100)**	(26,000)
Balance at 31 December	**1,630,118**	**2,586,237**	5,102,365

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2018, there were 1,630,118 (2017: 5,102,365) shares under the KCL RSP and 2,586,237 (2017: nil) shares under the KCL RSP-Deferred Shares that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 2,895,000 (2017: 2,525,000) under the KCL PSP and 5,965,967 (2017: 6,747,491) under the KCL PSP-TIP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 4,342,500 under the KCL PSP and zero to a maximum of 8,948,951 under the KCL PSP-TIP.

The fair values of the contingent award of shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 23 February 2018, the Company granted awards of 4,099,369 Shares under the KCL RSP-Deferred Shares and the estimated fair value of the shares granted was $7.76. On 30 April 2018 (2017: 28 April 2017), the Company granted contingent awards of 1,180,000 (2017: 1,120,000) Shares under the KCL PSP and the estimated fair value of the shares granted was $6.59 (2017: $5.22). In the prior year, the Company granted contingent awards of 2,040,000 Shares under the KCL PSP-TIP on 28 April 2017 and the estimated fair value of the shares granted was $1.74.

The significant inputs into the model are as follows:

	2018	
	KCL RSP-Deferred Shares	**KCL PSP**
Date of grant	**23.02.2018**	**30.04.2018**
Prevailing share price at date of grant	**$7.96**	**$8.19**
Expected volatility of the Company	**26.88%**	**27.00%**
Expected term	**0.00 - 2.00 years**	**2.83 years**
Risk free rate	**1.52% - 1.70%**	**2.05%**
Expected dividend yield	*****	*****

	2017	
	KCL PSP	KCL PSP-TIP
Date of grant	28.04.2017	28.04.2017
Prevailing share price at date of grant	$6.51	$6.51
Expected volatility of the Company	23.47%	23.47%
Expected term	2.83 years	4.83 years
Risk free rate	1.35%	1.64%
Expected dividend yield	*	*

* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price and the MXAPJIN price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

Share option and share plans of a subsidiary
Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

Details of share option and share plans granted by Keppel T&T are disclosed in its audited financial statements.

4. Reserves

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Capital Reserves						
Share option and share plan reserve	**203,926**	202,048	207,139	**177,529**	177,599	184,593
Fair value reserve	**69,700**	99,169	126,014	**16,957**	15,012	14,340
Hedging reserve	**(198,816)**	(111,930)	(410,797)	**-**	-	-
Bonus issue by subsidiaries	**40,000**	40,000	40,000	**-**	-	-
Others	**80,133**	52,120	49,130	**7,655**	16,895	14,183
	194,943	281,407	11,486	**202,141**	209,506	213,116
Revenue Reserves	**10,330,287**	10,193,647	10,383,615	**6,194,448**	6,132,150	5,133,722
Foreign Exchange Translation Account	**(493,669)**	(323,556)	-	**-**	-	-
	10,031,561	10,151,498	10,395,101	**6,396,589**	6,341,656	5,346,838

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity. Movements in hedging reserve by risk categories are as follows:

	Foreign exchange risk $'000	**Interest rate risk $'000**	**Price risk $'000**	**Total $'000**
Group				
2018				
As at 1 January	**(174,557)**	**(30,052)**	**92,679**	**(111,930)**
Fair value changes arising during the year, net of tax	**(53,261)**	**(23,137)**	**(162,396)**	**(238,794)**
Realised and transferred to profit and loss account				
- Revenue	**94,440**	**-**	**-**	**94,440**
- Materials and subcontract costs	**18,903**	**-**	**(82,973)**	**(64,070)**
- Other operating income – net	**86,400**	**-**	**-**	**86,400**
- Interest expenses	**-**	**15,247**	**-**	**15,247**
Share of associated companies' fair value gains	**717**	**19,314**	**-**	**20,031**
Less: Non-controlling interests	**(140)**	**-**	**-**	**(140)**
As at 31 December	**(27,498)**	**(18,628)**	**(152,690)**	**(198,816)**

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognise in profit or loss. Fair value loss arising from hedge ineffectiveness for cash flow hedges of $16,513,000 was recognised in profit or loss during the year.

5. Non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest			Carrying amount of NCI			Profit after tax allocated to NCI	
	31 December		1 January	31 December		1 January	31 December	
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000
Beijing Aether Property Development Limited	**-**	49%	49%	**-**	199,716	202,855	**(277)**	2,150
Keppel Telecommunications & Transportation Ltd	**21%**	21%	20%	**184,067**	174,784	165,461	**12,728**	11,317
Other subsidiaries with immaterial NCI				**124,863**	155,725	308,602	**(135)**	(12,112)
Total				**308,930**	530,225	676,918	**12,316**	1,355

Summarised financial information before inter-group elimination

	Beijing Aether Property Development Limited		Keppel Telecommunications & Transportation Ltd	
	31 December		31 December	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Non-current assets	-	934,671	1,360,166	1,276,908
Current assets	-	2,001	326,630	272,816
Non-current liabilities	-	139,547	490,930	366,009
Current liabilities	-	389,542	194,919	222,985
Net assets	-	407,583	1,000,947	960,730
Less: NCI	-	-	(115,160)	(113,499)
	-	407,583	885,787	847,231
Revenue	-	-	183,223	176,988
(Loss)/profit for the year	(294)	4,387	69,236	60,184
Total comprehensive income/(loss)	2,322	(36,347)	61,326	65,478
Net cash flow (used in)/from operations	(4,829)	(8,909)	4,123	9,736
Total comprehensive income allocated to NCI	1,282	(17,810)	11,387	12,499
Dividends paid to NCI	-	-	6,804	6,495

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2018 $'000	2017 $'000
Amounts paid/payable on changes in ownership interest in subsidiaries	(9,758)	(66,380)
Non-controlling interest acquired	1,426	43,489
Total amount recognised in equity reserves	(8,332)	(22,891)

6. Fixed assets

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others (1) $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2018						
Cost						
At 1 January	115,711	2,068,595	292,682	2,015,487	368,501	4,860,976
Additions	202	1,269	174	54,633	104,134	160,412
Disposals	(18)	(7,946)	(8,248)	(32,845)	-	(49,057)
Write-off	-	-	-	(6,184)	(4,388)	(10,572)
Subsidiaries acquired	-	-	-	47	-	47
Subsidiaries disposed	-	-	(4,191)	(1,601)	(557)	(6,349)
Reclassification						
- Stocks	-	-	-	(319)	-	(319)
- Other fixed assets categories	812	14,076	71,135	30,693	(116,716)	-
Exchange differences	(2,406)	(21,042)	3,607	(22,342)	(3,356)	(45,539)
At 31 December	114,301	2,054,952	355,159	2,037,569	347,618	4,909,599
Accumulated Depreciation						
At 1 January	60,077	865,244	139,400	1,303,505	59,787	2,428,013
Depreciation charge	3,597	54,324	9,667	110,111	-	177,699
Disposals	(18)	(7,474)	(8,234)	(30,262)	-	(45,988)
Write-off	-	-	-	(3,661)	-	(3,661)
Subsidiaries disposed	-	-	(979)	(1,098)	-	(2,077)
Reclassification						
- Other fixed assets categories	(170)	10	12,410	160	(12,410)	-
Exchange differences	(559)	(5,915)	(1,109)	(8,806)	(558)	(16,947)
At 31 December	62,927	906,189	151,155	1,369,949	46,819	2,537,039
Net Book Value	51,374	1,148,763	204,004	667,620	300,799	2,372,560

6. Fixed assets (continued)

Included in freehold land & buildings are freehold land amounting to $7,812,000 (31 December 2017: $8,726,000, 1 January 2017: $8,758,000).

Certain fixed assets with carrying amount of $159,996,000 (31 December 2017: $155,748,000, 1 January 2017: $273,363,000) are mortgaged to banks for loan facilities (Note 21).

Interest capitalised during the financial year amounted to $2,009,000 (2017: $1,460,000).

The Group has $1,545,641,000 of fixed assets as at 31 December 2018 where management performed an impairment review.

Each rigbuilding, shipbuilding and repair facilities in the Offshore & Marine Division has been identified as individual cash generating units (CGUs). The recoverable amounts of these CGUs were determined using value-in-use models that incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 11% (31 December 2017: 6% to 13%, 1 January 2017: 6% to 14%) per annum, depending on the location of the facilities. In the prior year, the Group recognised impairment losses amounting to $3,102,000 relating to the Offshore & Marine Division's assets.

In relation to the Infrastructure Division's assets in China, the Group has estimated the recoverable amount of the relevant assets on the basis of their value in use. The discount rate used in measuring the value in use was 8.2% (31 December 2017: 9.0%, 1 January 2017: 9.3%). In the prior year, the Group recognised impairment losses amounting to $3,700,000 relating to the Infrastructure Division's assets in China.

In the prior year, the Group also recognised an impairment loss of $8,501,000 relating to the Property Division's assets in China, which was based on the difference between the recoverable amount and the net book value of the fixed assets. The recoverable amount of the fixed assets was based on fair value determined using the income approach.

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others [(1)] $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2017						
Cost						
At 1 January	121,640	2,150,487	516,442	2,075,836	311,979	5,176,384
Additions	173	9,775	1,334	51,108	149,079	211,469
Disposals	(606)	(22,319)	(45,837)	(57,415)	-	(126,177)
Write-off	-	-	-	(12,305)	(10)	(12,315)
Subsidiaries disposed	(4)	(49,646)	(172,064)	(55,406)	(16,320)	(293,440)
Reclassification						
- Stocks and other assets	-	(775)	(46)	82	(1,370)	(2,109)
- Investment properties (Note 7)	-	-	-	(1,376)	-	(1,376)
- Other fixed assets categories	1,356	7,636	2,211	60,273	(71,476)	-
Exchange differences	(6,848)	(26,563)	(9,358)	(45,310)	(3,381)	(91,460)
At 31 December	115,711	2,068,595	292,682	2,015,487	368,501	4,860,976
Accumulated Depreciation & Impairment Losses						
At 1 January	59,736	850,850	255,130	1,304,783	60,429	2,530,928
Depreciation charge	3,776	56,206	20,318	127,073	-	207,373
Disposals	(526)	(16,752)	(40,756)	(47,304)	-	(105,338)
Impairment loss	-	9,242	10	6,002	49	15,303
Write-off	-	26	-	(12,114)	-	(12,088)
Subsidiaries disposed	(4)	(24,745)	(91,352)	(47,803)	-	(163,904)
Reclassification						
- Stocks and other assets	-	(1,791)	-	(152)	-	(1,943)
- Other fixed assets categories	690	(690)	(4)	4	-	-
Exchange differences	(3,595)	(7,102)	(3,946)	(26,984)	(691)	(42,318)
At 31 December	60,077	865,244	139,400	1,303,505	59,787	2,428,013
Net Book Value	55,634	1,203,351	153,282	711,982	308,714	2,432,963

(1) Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.

	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others [2] $'000	Capital Work-in-Progress $'000	Total $'000
Company				
2018				
Cost				
At 1 January	1,233	8,693	-	9,926
Additions	-	550	6,139	6,689
Disposals	-	(452)	-	(452)
At 31 December	1,233	8,791	6,139	16,163
Accumulated Depreciation				
At 1 January	1,231	8,399	-	9,630
Depreciation charge	2	307	-	309
Disposals	-	(452)	-	(452)
At 31 December	1,233	8,254	-	9,487
Net Book Value	-	537	6,139	6,676
2017				
Cost				
At 1 January	1,233	8,570	-	9,803
Additions	-	177	-	177
Disposals	-	(54)	-	(54)
At 31 December	1,233	8,693	-	9,926
Accumulated Depreciation				
At 1 January	1,220	7,731	-	8,951
Depreciation charge	11	722	-	733
Disposals	-	(54)	-	(54)
At 31 December	1,231	8,399	-	9,630
Net Book Value	2	294	-	296

[2] Others comprise furniture, fittings and office equipment.

7. Investment properties

	Group	
	31 December	
	2018 $'000	2017 $'000
At 1 January	3,460,608	3,550,290
Development expenditure	94,099	181,522
Fair value gain		
- Attributable to the Group (Note 25)	84,886	177,939
- Attributable to third parties under a contractual agreement	-	4,814
Disposal	(2,870)	-
Subsidiary acquired	360,000	-
Subsidiary disposed	(948,613)	(405,604)
Reclassification		
- Stocks (Note 13)	(158,300)	-
- Fixed assets (Note 6)	-	1,376
Exchange differences	(38,430)	(49,729)
At 31 December	2,851,380	3,460,608

The Group's investment properties (including integral plant and machinery) are stated at Management's assessments based on the following valuations (open market value basis), performed on an annual basis, by independent firms of professional valuers as at 31 December 2018:

- Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Colliers International (Hong Kong) Limited for properties in China;
- Savills Vietnam Co. Ltd for properties in Vietnam;
- CBRE Limited for a property in the Netherlands;
- Knight Frank LLP for a property in United Kingdom; and
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised during the financial year amounted to $3,408,000 (2017: $6,777,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $905,656,000 (31 December 2017: $552,684,000, 1 January 2017: $517,726,000) to banks for loan facilities (Note 21).

During the year, the Group reclassified $158,300,000 from investment properties to properties held for sale upon change of use of the asset from holding for capital gain and/or rental yield to property trading.

In 2017, the Group reclassified $1,376,000 from fixed assets to investment properties as there is a change in use of the properties arising from the commencement of operating leases to another party.

8. Subsidiaries

	Company		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Quoted shares, at cost			
Market value: $829,294,000 (2017: $701,714,000)	**398,140**	398,140	398,140
Unquoted shares, at cost	**7,821,604**	7,821,594	7,919,131
	8,219,744	8,219,734	8,317,271
Provision for impairment	**(351,785)**	(246,885)	(163,070)
	7,867,959	7,972,849	8,154,201

Movements in the provision for impairment of subsidiaries are as follows:

	Company		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
At 1 January	**246,885**	163,070	31,070
Charge to profit and loss account	**104,900**	83,815	132,000
At 31 December	**351,785**	246,885	163,070

Impairment of $104,900,000 (2017: $83,815,000) made during the year mainly relates to an investment holding subsidiary that holds equity investments in the Oil & Gas segment. Due to the economic downturn in that segment, recoverable amount of the equity investments, based on a value-in-use ("VIU") calculation, was projected to be below the Company's cost of investment. Cash flows in the VIU calculation was discounted at 11.7% (2017: 10.0%) per annum.

Cash and cash equivalents of $684,375,000 (31 December 2017: $857,168,000, 1 January 2017: $946,797,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 37.

9. Associated companies

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Quoted shares, at cost			
Market value: $3,149,785,000 (31 Dec 2017: $3,484,189,000; 1 Jan 2017: $2,978,817,000)	**3,149,917**	3,105,919	3,080,800
Unquoted shares, at cost	**2,096,656**	1,784,809	1,640,502
	5,246,573	4,890,728	4,721,302
Provision for impairment	**(161,367)**	(100,297)	(150,845)
	5,085,206	4,790,431	4,570,457
Share of reserves	**534,106**	526,582	510,871
Carrying amount of equity interest	**5,619,312**	5,317,013	5,081,328
Notes issued by associated companies	**315,787**	310,242	245,000
Advances to associated companies	**304,586**	286,522	97,503
	6,239,685	5,913,777	5,423,831

Notes issued by an associated company of $245,000,000 are unsecured and will mature in 2040. The remaining Notes are denominated in USD, secured and will mature in 2024. Interest is charged at rates ranging from 0% to 17.5% (31 December 2017: 0% to 17.5%, 1 January 2017: 17.5%) per annum.

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 3.0% to 7.0% (31 December 2017: 3.0% to 7.0%, 1 January 2017: 6.0%) per annum on interest-bearing advances.

9. Associated companies (continued)

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2018 $'000	2017 $'000
At 1 January	**100,297**	150,845
Impairment loss/(write-back of impairment loss)	**60,782**	(39,192)
Disposal	**-**	(9,873)
Exchange differences	**288**	(1,483)
At 31 December	**161,367**	100,297

Impairment loss made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of certain associated companies.

Write-back of impairment losses in the prior year mainly relates to the excess of recoverable amount of an associated company over the carrying amount of the investment which includes share of losses recognised by the Group in 2017.

	Group	
	2018 $'000	2017 $'000
The Group's share of net profit of associated companies is as follows:		
Share of profit before tax	**317,699**	386,773
Share of taxation	**(96,181)**	(96,240)
Share of net profit	**221,518**	290,533

The carrying amount of the Group's material associated companies, all of which are equity accounted for and whose activities are strategic to the Group's activities, are as follows:

	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Keppel REIT	**1,972,303**	1,850,409	1,844,738
Keppel Infrastructure Trust	**254,035**	267,169	284,320
KrisEnergy Limited	**196,311**	321,562	347,397
Keppel DC REIT	**377,616**	396,152	392,834
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	**560,818**	541,837	416,262
Floatel International Limited	**362,760**	342,694	334,697
Other associated companies	**2,515,842**	2,193,954	1,803,583
	6,239,685	5,913,777	5,423,831

The summarised financial information of the material associated companies, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Keppel REIT		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	274,529	208,307	290,193
Non-current assets	7,509,922	7,395,981	7,245,132
Total assets	7,784,451	7,604,288	7,535,325
Current liabilities	134,156	492,865	59,869
Non-current liabilities	2,314,699	2,196,165	2,576,898
Total liabilities	2,448,855	2,689,030	2,636,767
Net assets	5,335,596	4,915,258	4,898,558
Less: Non-controlling interests	(578,311)	(151,834)	(151,841)
	4,757,285	4,763,424	4,746,717
Proportion of the Group's ownership	47%	45%	45%
Group's share of net assets	2,255,429	2,146,723	2,128,798
Other adjustments	(283,126)	(296,314)	(284,060)
Carrying amount of equity interest	1,972,303	1,850,409	1,844,738
Revenue	165,858	164,516	#
Profit after tax	154,588	180,154	#
Other comprehensive income/(loss)	3,028	(49,789)	#
Total comprehensive income	157,616	130,365	#
Fair value of ownership interest (if listed) **	1,834,206	1,914,043	1,505,741
Dividends received	87,247	80,011	#

	Keppel Infrastructure Trust		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	521,616	488,154	516,723
Non-current assets	3,283,391	3,468,262	3,601,919
Total assets	3,805,007	3,956,416	4,118,642
Current liabilities	1,233,598	919,010	937,324
Non-current liabilities	1,393,153	1,725,512	1,727,348
Total liabilities	2,626,751	2,644,522	2,664,672
Net assets	1,178,256	1,311,894	1,453,970
Less: Non-controlling interests	(125,780)	(158,959)	(198,580)
	1,052,476	1,152,935	1,255,390
Proportion of the Group's ownership	18%	18%	18%
Group's share of net assets	191,761	209,949	228,607
Other adjustments	62,274	57,220	55,713
Carrying amount of equity interest	254,035	267,169	284,320
Revenue	637,387	632,476	#
(Loss)/profit after tax	(2,358)	13,776	#
Other comprehensive income/(loss)	13,876	(10,051)	#
Total comprehensive income	11,518	3,725	#
Fair value of ownership interest (if listed) **	341,023	403,858	333,622
Dividends received	26,134	26,126	#

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

Information for 1 January 2017 is not available.

9. Associated companies (continued)

	KrisEnergy Limited *		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**147,702**	191,987	183,440
Non-current assets	**761,267**	869,374	1,236,024
Total assets	**908,969**	1,061,361	1,419,464
Current liabilities	**103,342**	74,604	273,951
Non-current liabilities	**671,960**	653,172	546,346
Total liabilities	**775,302**	727,776	820,297
Net assets	**133,667**	333,585	599,167
Less: Non-controlling interests	**-**	-	-
	133,667	333,585	599,167
Proportion of the Group's ownership	**40%**	40%	40%
Group's share of net assets	**53,213**	133,067	239,607
Other adjustments	**72,311**	123,253	107,790
Carrying amount of equity interest	**125,524**	256,320	347,397
Notes issued by associated company	**70,787**	65,242	-
	196,311	321,562	347,397
Revenue	**216,454**	196,612	#
Loss after tax	**(201,924)**	(293,277)	#
Other comprehensive (loss)/income	**(132)**	32	#
Total comprehensive loss	**(202,056)**	(293,245)	#
Fair value of ownership interest (if listed) **	**43,673**	60,425	110,679
Dividends received	**-**	-	#

	Keppel DC REIT		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**220,244**	178,078	338,312
Non-current assets	**2,032,687**	1,585,204	1,244,687
Total assets	**2,252,931**	1,763,282	1,582,999
Current liabilities	**186,779**	53,224	35,144
Non-current liabilities	**590,158**	593,556	473,987
Total liabilities	**776,937**	646,780	509,131
Net assets	**1,475,994**	1,116,502	1,073,868
Less: Non-controlling interests	**(31,155)**	(26,786)	(343)
	1,444,839	1,089,716	1,073,525
Proportion of the Group's ownership	**25%**	35%	35%
Group's share of net assets	**364,244**	380,617	375,841
Other adjustments	**13,372**	15,535	16,993
Carrying amount of equity interest	**377,616**	396,152	392,834
Revenue	**175,535**	139,050	#
Profit after tax	**146,009**	70,274	#
Other comprehensive (loss)/income	**(4,628)**	21,044	#
Total comprehensive income	**141,381**	91,318	#
Fair value of ownership interest (if listed) **	**459,925**	562,990	466,534
Dividends received	**27,876**	20,958	#

* As at the date of approval of these financial statements, the most recent available financial information on which equity accounting for the current year can be practically applied are those financial information from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

\# Information for 1 January 2017 is not available.

	Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**889,954**	816,431	1,004,529
Non-current assets	**438,662**	458,652	508,672
Total assets	**1,328,616**	1,275,083	1,513,201
Current liabilities	**190,317**	165,498	608,565
Non-current liabilities	**16,668**	25,912	72,116
Total liabilities	**206,985**	191,410	680,681
Net assets	**1,121,631**	1,083,673	832,520
Less: Non-controlling interests	**-**	-	-
	1,121,631	1,083,673	832,520
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**560,815**	541,836	416,260
Other adjustments	**3**	1	2
Carrying amount of equity interest	**560,818**	541,837	416,262
Revenue	**492,503**	1,247,882	#
Profit after tax	**111,222**	267,163	#
Other comprehensive income	**-**	-	#
Total comprehensive income	**111,222**	267,163	#
Dividends received	**22,493**	-	#

	Floatel International Limited		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**186,613**	334,668	263,092
Non-current assets	**1,771,181**	1,818,093	2,038,004
Total assets	**1,957,794**	2,152,761	2,301,096
Current liabilities	**104,714**	48,606	62,292
Non-current liabilities	**1,141,620**	1,432,657	1,584,259
Total liabilities	**1,246,334**	1,481,263	1,646,551
Net assets	**711,460**	671,498	654,545
Less: Non-controlling interests	**-**	-	-
	711,460	671,498	654,545
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**355,161**	335,212	326,749
Other adjustments	**7,599**	7,482	7,948
Carrying amount of equity interest	**362,760**	342,694	334,697
Revenue	**393,535**	443,442	#
Profit after tax	**22,225**	48,829	#
Other comprehensive income	**6,796**	7,728	#
Total comprehensive income	**29,021**	56,557	#
Dividends received	**-**	-	#

Information for 1 January 2017 is not available.

9. Associated companies (continued)

For the investment in KrisEnergy Limited ("KrisEnergy"), management performed an assessment on the recoverable amount using a discounted cash flow model based on a cash flow projection from 2019 to 2037 applying certain estimates and assumptions, such as oil prices, discount rates, production volume, lifting costs, reserves and operating costs. The assumption for oil prices, ranging from US$67 to US$73 per barrel for 2019 to 2037 (31 December 2017: US$52 to US$70 per barrel for 2018 to 2036, 1 January 2017: US$59 to US$76 per barrel for 2017 to 2032), is determined by taking reference from external information sources. The discount rate used is 11.7% (31 December 2017 and 1 January 2017: 10%). The Group has recognised an impairment charge of $53,000,000 (2017: write-back of impairment charge of $46,000,000) during the financial year. The estimates and assumptions used are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the investment in KrisEnergy. If the estimated oil prices applied to the discounted cash flows had been 10% (2017: 10%) lower than management's estimates, the Group would have recognised a further impairment charge of $55,000,000 (2017: reduction in write-back of impairment charge by $24,000,000).

In addition, the Group carried out a review of the recoverable amount of an associated company held by its Offshore & Marine Division, in consideration of the fact that the fair value of the investment is significantly below its carrying amount as at the balance sheet date. The recoverable amount of the associated company was determined based on a value-in-use calculation where cash flow projections were based on financial forecasts by management. Management had determined the forecasted cash flows based on past performance and their current expectations of market development. Cash inflows were based on revenue projections from existing order books with an estimate of the terminal growth rate of 1.2% (31 December 2017: 2.2%, 1 January 2017: 2.0%) and a discount rate ranging from 9.3% to 11.2% (31 December 2017: 7.9%, 1 January 2017: 7.6%) per annum on the cash flows. An impairment charge of $6,000,000 (2017: $8,000,000) was recognised in the profit and loss account within other operating expense as a result of the above review.

An independent professional firm was engaged to assist in the impairment assessment for the financial year ended 31 December 2018.

Aggregate information about the Group's investments in other associated companies are as follows:

	2018 $'000	2017 $'000
Share of profit before tax	**172,557**	168,364
Share of taxation	**(56,897)**	(26,698)
Share of other comprehensive loss	**(26,215)**	(41,061)
Share of total comprehensive income	**89,445**	100,605

Information relating to significant associated companies, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 37.

10. Investments

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Available-for-sale investments:						
Carried at fair value						
- Quoted equity shares	**-**	8,854	12,878	**-**	-	-
- Unquoted equity shares	**-**	53,419	47,736	**-**	15,012	14,340
- Unquoted property funds	**-**	185,187	174,154	**-**	-	-
- Unquoted - others	**-**	-	11,788	**-**	-	-
Total – Carried at fair value	**-**	247,460	246,556	**-**	15,012	14,340
Carried at cost						
- Unquoted equity shares	**-**	83,212	98,481	**-**	-	-
- Unquoted - others	**-**	22,256	23,694	**-**	-	-
Total – Carried at cost	**-**	105,468	122,175	**-**	-	-
Total available-for-sale investments	**-**	352,928	368,731	**-**	15,012	14,340
Investments at fair value through other comprehensive income ("OCI"):						
- Quoted equity shares	**6,527**	-	-	**-**	-	-
- Unquoted equity shares	**96,903**	-	-	**16,957**	-	-
- Unquoted property funds	**104,927**	-	-	**-**	-	-
Total investments at fair value through OCI	**208,357**	-	-	**16,957**	-	-
Investments at fair value through profit or loss:						
- Quoted warrants	**29,332**	31,647	-	**-**	-	-
- Unquoted equity shares	**189,559**	74,063	8,973	**-**	-	-
- Unquoted - others	**22,267**	-	-	**-**	-	-
Total investments at fair value through profit or loss	**241,158**	105,710	8,973	**-**	-	-
Total investments	**449,515**	458,638	377,704	**16,957**	15,012	14,340

The breakdown of the investments at fair value through other comprehensive income is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Unquoted property funds managed by a related company	**104,927**	-	-	**-**	-	-
Unquoted equity shares in real estate industry	**48,115**	-	-	**16,957**	-	-
Quoted and unquoted equity shares in oil and gas industry	**34,235**	-	-	**-**	-	-
Others	**21,080**	-	-	**-**	-	-
	208,357	-	-	**16,957**	-	-

Quoted warrants are issued by an associated company, KrisEnergy.

Unquoted investments included a bond amounting to $39,868,000 (31 December 2017: $39,256,000, 1 January 2017: $41,700,000) bearing interest at 4% (31 December 2017 and 1 January 2017: 4%) per annum which is maturing in 2027.

During the prior year, the Group recognised an impairment loss of $14,330,000 for certain unquoted equity securities in which the Group does not expect to recover its cost of investment.

11. Long term assets

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Staff loans	**633**	933	1,395	**105**	386	504
Derivative assets	**22,002**	26,780	125,508	**8,751**	14,101	97,199
Call option	**150,500**	137,200	120,600	**-**	-	-
Service concession receivable	**235,959**	115,835	-	**-**	-	-
Long term receivables and others	**313,350**	535,762	569,334	**-**	-	-
	722,444	816,510	816,837	**8,856**	14,487	97,703
Less: Amounts due within one year and included in debtors (Note 16)	**(42,980)**	(42,194)	(2,399)	**(55)**	(141)	(146)
	679,464	774,316	814,438	**8,801**	14,346	97,557

Included in staff loans are interest-free advances to directors of related corporations amounting to $47,000 (31 December 2017: $179,000, 1 January 2017: $221,000) under an approved car loan scheme.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties Pte. Limited to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of $1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2018, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 843-year leasehold and 92-year leasehold (31 December 2017: based on the remaining 844-year leasehold and 93-year leasehold, 1 January 2017: based on the remaining 845-year leasehold and 94-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 33.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant is expected to be operational in 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. In arriving at the carrying value of the service concession arrangements as at the end of the reporting year, effective interest rates of 4.30% (31 December 2017: 4.33%) per annum were used to discount the future expected cash flows.

Long term receivables are unsecured, largely repayable after five years (31 December 2017 and 1 January 2017: five years) and bears effective interest ranging from 2.00% to 9.00% (31 December 2017: 2.00% to 6.00%, 1 January 2017: 2.00% to 11.00%) per annum.

The carrying amounts of the long term receivables of the Group approximate their fair values.

Included in the long term receivables is an unsecured, interest-bearing USD loan amounting to $139,799,000 (31 December 2017: secured, interest-bearing US$ loan amounting to $279,004,000, 1 January 2017: secured, interest-bearing US$ loan amounting to $285,167,000) which is repayable on 2025 by an associated company.

12. Intangibles

	Goodwill $'000	Development Expenditure $'000	Management Rights $'000	Customer Contracts $'000	Customer Relationships $'000	Total $'000
Group						
2018						
At 1 January	**59,270**	**19,073**	**16,757**	**13,227**	**24,267**	**132,594**
Additions	**-**	**561**	**-**	**-**	**-**	**561**
Amortisation	**-**	**(1,760)**	**-**	**(1,464)**	**(1,463)**	**(4,687)**
Exchange differences	**-**	**143**	**-**	**-**	**396**	**539**
At 31 December	**59,270**	**18,017**	**16,757**	**11,763**	**23,200**	**129,007**
Cost	**59,270**	**38,808**	**16,757**	**24,963**	**28,342**	**168,140**
Accumulated amortisation	**-**	**(20,791)**	**-**	**(13,200)**	**(5,142)**	**(39,133)**
	59,270	**18,017**	**16,757**	**11,763**	**23,200**	**129,007**
2017						
At 1 January	59,270	20,779	16,757	14,694	29,169	140,669
Additions	-	731	-	-	-	731
Amortisation	-	(1,646)	-	(1,467)	(1,894)	(5,007)
Reversal	-	-	-	-	(1,195)	(1,195)
Exchange differences	-	(791)	-	-	(1,813)	(2,604)
At 31 December	59,270	19,073	16,757	13,227	24,267	132,594
Cost	59,270	38,122	16,757	24,963	27,775	166,887
Accumulated amortisation	-	(19,049)	-	(11,736)	(3,508)	(34,293)
	59,270	19,073	16,757	13,227	24,267	132,594

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Out of the total goodwill of $59,270,000, goodwill allocated to a cash-generating unit in the Infrastructure Division amounted to $57,178,000 (31 December 2017 and 1 January 2017: $57,178,000). The recoverable amount of the cash-generating unit at the balance sheet date is based on current bid prices of the quoted shares of the cash-generating unit.

The recoverable amount of management rights is determined based on cash flow projections from the provision of asset management services using a pre-tax discount rate of 5.0% (31 December 2017: 5.0%, 1 January 2017: 6.5%) per annum. The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

13. Stocks

		Group		
		31 December		1 January
		2018 $'000	2017 $'000	2017 $'000
Consumable materials and supplies		**162,445**	110,434	150,096
Finished products for sale		**103,995**	96,978	85,889
Work-in-progress (net of provision)		**594,312**	763,255	724,890
Properties held for sale	(a)	**4,653,254**	4,809,375	5,606,865
		5,514,006	5,780,042	6,567,740

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The provision for work-in-progress at the end of the financial year was $53,697,000 (31 December 2017: $52,483,000, 1 January 2017: $55,055,000).

(a) Properties held for sale

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Properties under development			
Land cost	**2,587,958**	2,380,942	2,738,209
Development cost incurred to date	**544,505**	866,949	784,947
Related overhead expenditure	**244,828**	314,834	288,238
	3,377,291	3,562,725	3,811,394
Completed properties held for sale	**1,304,119**	1,284,426	1,867,887
	4,681,410	4,847,151	5,679,281
Provision for properties held for sale	**(28,156)**	(37,776)	(72,416)
	4,653,254	4,809,375	5,606,865
Movements in the provision for properties held for sale are as follows:			
At 1 January	**37,776**	72,416	83,959
Charge to profit and loss account	**799**	-	19,008
Exchange differences	**(33)**	(383)	(400)
Amount written off	**(10,386)**	(28,866)	(15,155)
Subsidiary disposed	**-**	(5,391)	(14,996)
At 31 December	**28,156**	37,776	72,416

The provision for properties held for sale is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

Interest capitalised during the financial year amounted to $31,288,000 (2017: $44,187,000) at rate of 3.30% (2017: 1.60% to 3.36%) per annum for Singapore properties and 4.75% to 15.00% (2017: 0.05% to 15.00%) per annum for overseas properties.

In 2017, certain properties held for sale with carrying amount of $1,186,296,000 are mortgaged to banks for loan facilities (Note 21).

14. Contract assets/liabilities

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Contract assets	**3,212,712**	3,643,495	4,157,146
Contract liabilities	**1,918,547**	1,950,151	1,612,984

Contract assets relating to certain rig building contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to $1,383,286,000 (2017: $1,127,566,000, 1 January 2017: $868,535,000).

Contract liabilities included proceeds received from sale of properties of $890,139,000 (31 December 2017: $677,997,000, 1 January 2017: $424,376,000).

Revenue recognised during the financial year ended 31 December 2018 in relation to contract liability balance at 1 January 2018 was $544,361,000 (2017: $409,175,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is $4,553,150,000 and the Group expects to recognise this revenue over the next 1 to 6 years.

As permitted under the transitional provisions in the SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 December 2017 and 1 January 2017 is not disclosed.

14. Contract assets/liabilities (continued)

Movements in the provision for contract assets are as follows:

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
At 1 January	**-**	-	-
Charge to profit and loss account	**21,000**	-	-
At 31 December	**21,000**	-	-

15. Amounts due from/to

	Company		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Subsidiaries			
Amounts due from			
- trade	**163,800**	97,984	86,001
- advances	**3,885,921**	3,407,536	3,902,961
	4,049,721	3,505,520	3,988,962
Provision for doubtful debts	**(6,600)**	(6,600)	(6,600)
	4,043,121	3,498,920	3,982,362
Amounts due to			
- trade	**8,130**	4,726	900,632
- advances	**154,481**	231,677	162,090
	162,611	236,403	1,062,722
Movements in the provision for doubtful debts are as follows:			
At 1 January/31 December	**6,600**	6,600	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates up to 4.00% (2017: up to 4.00%) per annum on interest-bearing advances.

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Associated Companies						
Amounts due from						
- trade	**84,201**	66,482	61,117	**548**	733	688
- advances	**223,526**	291,735	373,394	**-**	-	-
	307,727	358,217	434,511	**548**	733	688
Provision for doubtful debts	**(15,998)**	(15,257)	(1,131)	**-**	-	-
	291,729	342,960	433,380	**548**	733	688
Amounts due to						
- trade	**51,979**	34,110	16,094	**-**	-	-
- advances	**63,845**	219,221	95,449	**-**	-	-
	115,824	253,331	111,543	**-**	-	-
Movements in the provision for doubtful debts are as follows:						
At 1 January	**15,257**	1,131	46	**-**	-	-
Charge to profit and loss account	**741**	14,126	1,085	**-**	-	-
At 31 December	**15,998**	15,257	1,131	**-**	-	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.45% to 11.50% (31 December 2017: 0.25% to 8.00%, 1 January 2017: 0.13% to 8.90%) per annum on interest-bearing advances.

16. Debtors

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Trade debtors	**1,831,028**	2,214,444	2,569,022	**2**	7	-
Provision for doubtful debts	**(246,879)**	(122,027)	(15,723)	**-**	-	-
	1,584,149	2,092,417	2,553,299	**2**	7	-
Long term receivables due within one year (Note 11)	**42,980**	42,194	2,399	**55**	141	146
Sundry debtors	**203,069**	155,568	182,536	**478**	3,902	2,173
Prepayments	**137,518**	118,565	88,321	**104**	112	168
Tax recoverable	**7,109**	15,171	22,693	**-**	-	-
Goods & Services Tax receivable	**90,057**	59,040	52,648	**83**	-	-
Interest receivable	**15,830**	19,410	12,314	**21**	20	32
Deposits paid	**28,971**	25,235	25,104	**279**	408	446
Land tender deposits	**145,411**	103,346	-	**-**	-	-
Recoverable accounts	**155,747**	125,740	150,507	**5,207**	-	-
Accrued receivables	**197,059**	169,873	141,926	**-**	-	-
Purchase consideration receivable from disposal of subsidiaries/ associated companies	**37,097**	61,228	-	**-**	-	-
Advances to subcontractors	**47,736**	73,455	86,132	**-**	-	-
Advances to non-controlling shareholders of subsidiaries	**26,705**	41,081	69,789	**-**	-	-
	1,135,289	1,009,906	834,369	**6,227**	4,583	2,965
Provision for doubtful debts	**(17,138)**	(13,906)	(13,827)	**-**	-	-
	1,118,151	996,000	820,542	**6,227**	4,583	2,965
Total	**2,702,300**	3,088,417	3,373,841	**6,229**	4,590	2,965
Movements in the provision for doubtful debts are as follows:						
At 1 January	**135,933**	29,550	41,447	**-**	-	-
Adoption of SFRS(I) 9	**25,734**	-	-	**-**	-	-
Charge to profit and loss account	**95,457**	115,780	11,435	**-**	-	-
Amount written off	**(5,959)**	(7,361)	(23,504)	**-**	-	-
Subsidiary disposed	**-**	(1,926)	-	**-**	-	-
Exchange differences	**8**	(110)	172	**-**	-	-
Reclassification	**12,844**	-	-	**-**	-	-
Total	**264,017**	135,933	29,550	**-**	-	-

During the financial year ended 31 December 2018, a provision of $102,000,000 (2017: $81,000,000) was recognised for the rig contracts with Sete Brasil.

17. Short term investments

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 **$'000**	2017 $'000	2017 $'000	**2018** **$'000**	2017 $'000	2017 $'000
Available-for-sale investments:						
Quoted equity shares	**-**	55,048	77,264	**-**	-	-
Unquoted equity funds	**-**	-	49,610	**-**	-	-
Total available-for-sale investments	**-**	55,048	126,874	**-**	-	-
Total investments at fair value through other comprehensive income:						
Quoted equity shares	**34,428**	-	-	**-**	-	-
Investments at fair value through profit or loss:						
Quoted equity shares	**74,759**	147,654	147,054	**-**	-	-
Unquoted equity shares	**-**	74	-	**-**	-	-
Total investments at fair value through profit or loss	**74,759**	147,728	147,054	**-**	-	-
Total investments at amortised cost:						
Unquoted - others	**27,400**	-	-	**27,400**	-	-
Total short term investments	**136,587**	202,776	273,928	**27,400**	-	-

Investments at fair value through other comprehensive income are in the oil and gas industry.

The unquoted investment at amortised cost is repayable upon the repayment of a short term borrowing of an associated company.

18. Bank balances, deposits and cash

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 **$'000**	2017 $'000	2017 $'000	**2018** **$'000**	2017 $'000	2017 $'000
Bank balances and cash	**779,003**	590,248	437,654	**370**	2,213	542
Fixed deposits with banks	**1,042,052**	1,515,887	1,436,485	**-**	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**9,562**	32,340	68,306	**-**	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**150,789**	135,313	144,633	**-**	-	-
	1,981,406	2,273,788	2,087,078	**370**	2,213	542

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (31 December 2017: 1 day to 12 months, 1 January 2017: 1 day to 3 months). This comprises Singapore dollar fixed deposits of $34,824,000 (31 December 2017: $121,525,000, 1 January 2017: $10,051,000) at interest rates ranging from 0.60% to 1.59% (31 December 2017: 0.35% to 1.24%, 1 January 2017: 0.15% to 0.85%) per annum, and foreign currency fixed deposits of $1,007,228,000 (31 December 2017: $1,394,362,000, 1 January 2017: $1,426,434,000) at interest rates ranging from 0.02% to 7.55% (31 December 2017: 0.01% to 13.15%, 1 January 2017: 0.03% to 14.21%) per annum.

The bank balances at 31 December 2018 include an amount of $99,450,000 (31 December 2017: $102,000,000, 1 January 2017: $nil) pledged to a bank in relation to certain banking arrangement.

19. Creditors

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Trade creditors	**486,278**	579,371	589,834	**3,139**	161	-
Customers' advances and deposits	**87,102**	89,656	64,788	**-**	-	-
Sundry creditors	**896,743**	1,380,955	1,431,539	**3,007**	4,070	3,591
Accrued expenses	**2,584,096**	3,274,077	2,955,039	**47,020**	39,074	86,458
Advances from non-controlling shareholders	**145,998**	177,151	209,726	**-**	-	-
Retention monies	**148,895**	176,850	194,673	**-**	-	-
Interest payables	**41,911**	42,105	37,719	**23,006**	25,280	22,422
	4,391,023	5,720,165	5,483,318	**76,172**	68,585	112,471
Other non-current liabilities:						
Accrued expenses	**191,990**	204,121	112,885	**48,372**	49,275	54,409
Derivative liabilities	**169,727**	82,494	68,214	**43,303**	60,521	66,632
	361,717	286,615	181,099	**91,675**	109,796	121,041

The carrying amount of the non-current liabilities approximates their fair value.

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 2.00% to 4.75% (31 December 2017: 2.00% to 4.35%, 1 January 2017: 2.03% to 4.31%) per annum on interest-bearing advances.

During the financial year ended 31 December 2018, there was a write-back of provision for claims of $96,380,000. This was in relation to customer potential claims arising from a rig contract in the Offshore & Marine Division. In view of commercial sensitivity, the Group is unable to disclose the name of the customer or the amount of the potential claims. The original contract value was adjusted for cost escalations. The validity of the contract value adjustments was subsequently challenged. Due to prolonged uncertainty, provisions were made by the Group for the potential claims in the past, the first such provision being made more than ten years ago. For the current financial year, the Group has assessed, including seeking legal opinion, its position in respect of these potential claims and concluded that there are reasonable grounds for the write-back.

During the financial year ended 31 December 2018, a provision for related contract costs of $65,000,000 was recognised for the rig contracts with Sete Brasil, bringing the total provision to $245,000,000 as at 31 December 2018. These were included in sundry creditors as at 31 December 2018, 31 December 2017 and 1 January 2017.

In the prior year, a wholly-owned subsidiary, Keppel Land China Limited ("KLCL"), entered into a Sale & Purchase Agreement to divest its interest in a wholly-owned subsidiary, Keppel China Marina Holdings Pte Ltd ("KCMH"), which indirectly owns a 80% interest in Sunsea Yacht Club (Zhongshan) Company Limited ("SYCZS") ("Divestment"). KLCL has received an advance payment of $174,538,000 and the amount was included in sundry creditors as at 31 December 2017. Both KLCL and KCMH had, on 20 November 2017, been served as co-defendants a writ of summons filed by Sunsea Yacht Club (Hong Kong) Company Limited ("SYCHK"), which indirectly owns the remaining 20% interest in SYCZS, in the High Court of Singapore ("the Suit"). The reliefs claimed by SYCHK in the Suit are essentially to, amongst others, restrain both KLCL and KCMH from completing the Divestment. The Interim Injunction application was dismissed by the High Court on 15 December 2017. However, when SYCHK informed the High Court of its intention to apply to the Court of Appeal for permission to appeal the Dismissal of Application ("Application to CA"), the High Court on 22 December 2017 imposed an order restraining KLCL from completing the Divestment until the Application to CA is disposed of by the Court of Appeal. The Court of Appeal dismissed the Application to CA on 26 February 2018 and the divestment was subsequently completed during the year.

In the prior year, a wholly owned subsidiary, Keppel Offshore & Marine Limited ("KOM"), reached a global resolution with the criminal authorities in the United States, Brazil and Singapore in relation to corrupt payments made by KOM's former agent in Brazil, which were made with knowledge or approval of former KOM executives. Fines in an aggregated amount of US$422,216,980, or equivalent to approximately S$570 million, paid/payable are allocated between the three jurisdictions.

As part of the global resolution, KOM has accepted a Conditional Warning from the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, and entered into a Deferred Prosecution Agreement ("DPA") with the U.S. Department of Justice ("DOJ"), while Keppel FELS Brasil S.A., a wholly-owned subsidiary of KOM, has entered into a Leniency Agreement with the Public Prosecutor's Office in Brazil, the Ministério Público Federal ("MPF"). The Leniency Agreement has become effective following the approval of the Fifth Chamber for Coordination and Review of the MPF. In addition, Keppel Offshore & Marine USA, Inc. ("KOM USA"), also a wholly owned subsidiary of KOM, has pleaded guilty to one count of conspiracy to violate the U.S. Foreign Corrupt Practices Act and has entered into a Plea Agreement with the DOJ.

19. Creditors (continued)

Pursuant to the DPA, KOM has paid a monetary penalty of US$105,554,245, of which US$4,725,000 has been paid as a criminal fine by KOM USA, to the United States Treasury. In addition, KOM has paid US$211,108,490 to the MPF. Under the Conditional Warning issued by CPIB, KOM has committed to certain undertakings and has paid US$52,777,122.50 and a further US$52,777,122.50 will be payable within three years from the date of the Conditional Warning (less any penalties paid by KOM to specified Brazilian authorities during this period). The amount payable was included in accrued expenses as at 31 December 2018 and 31 December 2017.

As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System.

Anti-bribery and corruption compliance audits were also performed during the year on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions and further review. Notwithstanding, based on currently available information, management is of the opinion that no additional provisions would be required in relation to these matters.

20. Provisions for warranties

	$'000
Group	
2018	
At 1 January	**115,972**
Write-back to profit and loss account	**(1,550)**
Amount utilised	**(43,640)**
Exchange differences	**(1,168)**
At 31 December	**69,614**
2017	
At 1 January	81,679
Charge to profit and loss account	39,280
Amount utilised	(4,205)
Subsidiary disposed	(397)
Exchange differences	(385)
At 31 December	115,972

21. Term loans

		31 December				1 January	
		2018		2017		2017	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000	Due within one year $'000	Due after one year $'000
Group							
Keppel Corporation Medium Term Notes	(a)	**-**	**1,700,000**	-	1,700,000	-	1,700,000
Keppel Land Medium Term Notes	(b)	**342,316**	**729,196**	-	916,027	99,964	786,873
Keppel Telecommunications & Transportation Medium Term Notes	(c)	**-**	**100,000**	-	100,000	-	120,000
Keppel GMTN Floating Rate Notes	(d)	**-**	**274,000**	-	269,800	-	286,600
Bank and other loans							
- secured	(e)	**412,412**	**185,874**	150,591	580,825	391,046	744,449
- unsecured	(f)	**726,029**	**3,078,682**	1,563,493	2,512,267	1,344,311	3,579,799
		1,480,757	**6,067,752**	1,714,084	6,078,919	1,835,321	7,217,721
Company							
Keppel Corporation Medium Term Notes	(a)	**-**	**1,700,000**	-	1,700,000	-	1,700,000
Unsecured bank loans	(f)	**460,657**	**1,795,610**	551,530	1,239,800	692,311	1,625,600
		460,657	**3,495,610**	551,530	2,939,800	692,311	3,325,600

(a) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to $1,700,000,000 (31 December 2017 and 1 January 2017: $1,700,000,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2042 (31 December 2017 and 1 January 2017: from 2020 to 2042) with interest rates ranging from 3.10% to 4.00% (31 December 2017 and 1 January 2017: 3.10% to 4.00%) per annum.

(b) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $642,060,000 (31 December 2017: $486,696,000, 1 January 2017: $357,691,000), of which $299,744,000 (31 December 2017: $149,818,000, 1 January 2017: $nil) are denominated in Singapore dollar and $342,316,000 (31 December 2017: $336,878,000, 1 January 2017: $357,691,000) are denominated in foreign currency. The fixed rate notes are unsecured and are due from 2019 to 2023 (31 December 2017: 2019 to 2023, 1 January 2017: 2020 to 2042), with interest rates ranging from 2.68% to 2.84% (31 December 2017: 2.84%) per annum for fixed rate notes denominated in Singapore dollar and with interest rates of 3.26% (31 December 2017 and 1 January 2017: 3.26%) per annum for fixed rate notes denominated in foreign currency.

At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to $429,452,000 (31 December 2017: $429,331,000, 1 January 2017: $529,146,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2024 (31 December 2017: 2020 to 2024, 1 January 2017: 2017 to 2024) with interest rates ranging from 2.83% to 3.90% (31 December 2017 and 1 January 2017: 2.83% to 3.90%) per annum.

(c) At the end of the financial year, notes issued under the S$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to $100,000,000 (31 December 2017: $100,000,000, 1 January 2017: $120,000,000). The fixed rates notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024 (31 December 2017: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024, 1 January 2017: 2.63% per annum from August 2012 to August 2017 and 3.83% per annum from August 2017 to August 2019).

(d) At the end of the financial year, US$200,000,000 notes issued under the US$2,000,000,000 Euro Medium Term Note Programme by Keppel GMTN Pte Ltd amounted to $274,000,000 (31 December 2017: $269,800,000, 1 January 2017: $286,600,000). The floating rate notes due in 2020 are unsecured and bear interest rate payable quarterly at 3-month US Dollar London Interbank Offered Rate plus 0.89% per annum and ranging from 2.24% to 3.30% (31 December 2017: 1.75% to 2.24%, 1 January 2017: 1.21% to 1.75%) per annum.

(e) The secured bank loans consist of:

- A term loan of $297,923,000 drawn down by a subsidiary. The term loan is repayable in 2019 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 2.89% per annum.

- A term loan of $3,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 2.74% per annum.

- Other secured bank loans comprised $297,363,000 (31 December 2017: $474,918,000, 1 January 2017: $504,943,000) of foreign currency loans. They are repayable between one to fifteen (31 December 2017: one to sixteen, 1 January 2017: one to seventeen) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 1.59% to 9.59% (31 December 2017: 1.49% to 7.23%, 1 January 2017: 1.60% to 10.89%) per annum.

The secured bank loans as of 31 December 2017 consist of a term loan of $256,498,000 (1 January 2017: $351,557,000) which was drawn down by a subsidiary. The term loan was repaid in 2018 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.35% to 1.94% (1 January 2017: 0.93% to 2.30%) per annum.

The secured bank loans as of 1 January 2017 also include:

- A term loan of $175,874,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.28% to 2.68% per annum.

- A term loan of $53,121,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.21% to 2.94% per annum.

- A term loan of $50,000,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was fixed at 2.62% per annum.

Notes to the Financial Statements

21. Term loans (continued)

(f) The unsecured bank and other loans of the Group totalling $3,804,711,000 (31 December 2017: $4,075,760,000, 1 January 2017: $4,924,110,000) comprised $2,604,736,000 (31 December 2017: $2,823,820,000, 1 January 2017: $3,136,786,000) of loans denominated in Singapore dollar and $1,199,975,000 (31 December 2017: $1,251,940,000, 1 January 2017: $1,787,324,000) of foreign currency loans. They are repayable between one to thirteen (31 December 2017: one to fourteen, 1 January 2017: one to fifteen) years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 2.13% to 3.08% (31 December 2017: 1.18% to 3.38%, 1 January 2017: 0.84% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 9.30% (31 December 2017: 0.48% to 10.69%, 1 January 2017: 0.25% to 13.76%) per annum.

The unsecured bank loans of the Company totalling $2,256,267,000 (31 December 2017: $1,791,330,000, 1 January 2017: $2,317,911,000) comprise $1,707,050,000 (31 December 2017: $1,550,000,000, 1 January 2017: $1,707,350,000) of loans denominated in Singapore dollar and $549,217,000 (31 December 2017: $241,330,000, 1 January 2017: $610,561,000) of foreign currency loans. They are repayable within one to six years (31 December 2017 and 1 January 2017: one to seven years). Interest on loans denominated in Singapore dollar is based on money market rates ranging from 2.13% to 3.08% (31 December 2017: 1.46% to 3.38%, 1 January 2017: 0.84% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 3.96% (31 December 2017: 0.50% to 2.10%, 1 January 2017: 0.41% to 2.30%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $1,065,652,000 (31 December 2017: $1,894,728,000, 1 January 2017: $2,810,528,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $7,672,894,000 (31 December 2017: $7,864,285,000, 1 January 2017: $9,055,975,000) and $3,935,905,000 (31 December 2017: $3,556,370,000, 1 January 2017: $4,024,498,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Years after year-end:						
After one but within two years	**1,153,733**	1,403,471	1,839,458	**705,500**	-	400,000
After two but within five years	**3,686,101**	3,174,902	3,027,749	**2,069,580**	1,900,000	1,000,000
After five years	**1,227,918**	1,500,546	2,350,514	**720,530**	1,039,800	1,925,600
	6,067,752	6,078,919	7,217,721	**3,495,610**	2,939,800	3,325,600

22. Deferred taxation

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Deferred tax liabilities:			
Accelerated tax depreciation	**116,707**	108,936	115,424
Investment properties valuation	**49,843**	184,429	152,751
Offshore income & others	**80,163**	90,502	96,334
	246,713	383,867	364,509
Deferred tax assets:			
Other provisions	**(34,740)**	(32,778)	(29,711)
Unutilised tax benefits	**(15,347)**	(16,415)	(3,623)
	(50,087)	(49,193)	(33,334)
Net deferred tax liabilities	**196,626**	334,674	331,175

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of $84,027,000 (31 December 2017: $105,725,000, 1 January 2017: $86,905,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of $682,317,000 (31 December 2017: $886,858,000, 1 January 2017: $950,132,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses amounting to $145,177,000 (31 December 2017: $227,747,000, 1 Jan 2017: $322,206,000) can be carried forward for a period of one to eight years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged/ (credited) to profit or loss $'000	Charged/ (credited) to other comprehensive income $'000	Subsidiaries disposed $'000	Subsidiaries acquired $'000	Reclassification $'000	Exchange differences $'000	At 31 December $'000
Group								
2018								
Deferred Tax Liabilities								
Accelerated tax depreciation	**108,936**	**4,262**	**-**	**-**	**3,670**	**-**	**(161)**	**116,707**
Investment properties valuation	**184,429**	**6,263**	**-**	**(139,774)**	**-**	**-**	**(1,075)**	**49,843**
Offshore income & others	**90,502**	**(9,437)**	**(243)**	**-**	**-**	**-**	**(659)**	**80,163**
Total	**383,867**	**1,088**	**(243)**	**(139,774)**	**3,670**	**-**	**(1,895)**	**246,713**
Deferred Tax Assets								
Other provisions	**(32,778)**	**(3,045)**	**1,046**	**-**	**-**	**-**	**37**	**(34,740)**
Unutilised tax benefits	**(16,415)**	**1,245**	**-**	**-**	**-**	**-**	**(177)**	**(15,347)**
Total	**(49,193)**	**(1,800)**	**1,046**	**-**	**-**	**-**	**(140)**	**(50,087)**
Net Deferred Tax Liabilities	**334,674**	**(712)**	**803**	**(139,774)**	**3,670**	**-**	**(2,035)**	**196,626**
2017								
Deferred Tax Liabilities								
Accelerated tax depreciation	115,424	(2,320)	-	(2,753)	-	(1,195)	(220)	108,936
Investment properties valuation	152,751	32,196	-	-	-	-	(518)	184,429
Offshore income & others	96,334	(5,028)	898	(1,441)	-	-	(261)	90,502
Total	364,509	24,848	898	(4,194)	-	(1,195)	(999)	383,867
Deferred Tax Assets								
Other provisions	(29,711)	(3,392)	229	(53)	-	(49)	198	(32,778)
Unutilised tax benefits	(3,623)	(7,402)	-	(6,052)	-	(131)	793	(16,415)
Total	(33,334)	(10,794)	229	(6,105)	-	(180)	991	(49,193)
Net Deferred Tax Liabilities	331,175	14,054	1,127	(10,299)	-	(1,375)	(8)	334,674

23. Revenue

	Group	
	2018 $'000	2017 $'000
Revenue from contracts with customers		
Revenue from construction contracts	**1,875,857**	1,771,007
Sale of property	**1,215,915**	1,633,059
Sale of goods	**44,297**	49,835
Sale of electricity, utilities and gases	**2,090,651**	1,662,772
Revenue from other services rendered	**683,843**	754,521
	5,910,563	5,871,194
Other sources of revenue		
Rental income from investment properties	**49,176**	54,592
Gain on sale of investments	**2,232**	34,953
Dividend income from quoted shares	**2,703**	2,760
Others	**107**	274
	5,964,781	5,963,773

Sales are made with credit terms that are consistent with market practice. During the financial year, there was a sale of five rigs to a customer where amounts are paid in instalments within five years from the respective delivery dates of each individual rig.

24. Staff costs

	Group	
	2018 $'000	2017 $'000
Wages and salaries	**780,104**	821,201
Employer's contribution to Central Provident Fund	**68,357**	75,609
Share options and share plans granted to Director and employees	**34,885**	32,583
Other staff benefits	**104,484**	97,626
	987,830	1,027,019

25. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2018 $'000	2017 $'000
Included in materials and subcontract costs:		
Fair value loss/(gain) on		
- investments	**942**	(9,094)
- forward foreign exchange contracts	**18,095**	3,305
Cost of stocks & contract assets recognised as expense	**771,465**	1,165,049
Direct operating expenses		
- investment properties that generated rental income	**24,951**	27,528
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**9,015**	10,783
- post-employment benefits	**95**	124
- share options and share plans granted	**7,771**	7,740
Included in impairment loss on financial assets:		
Provision for doubtful debts (Note 16)	**95,457**	115,780
Impairment of investments (Note 10)	**-**	14,330
Included in other operating income - net:		
Rental expense		
- operating leases	**84,854**	94,090
Impairment/write-off of fixed assets	**6,911**	15,530
Impairment/(write-back of impairment) of associated companies (Note 9)	**60,782**	(39,192)
Provision for stocks	**6,271**	3,377
Provision for related contract costs (Note 19)	**65,000**	-
Provision for contract assets (Note 14)	**21,000**	-
Write-back of provision for claims (Note 19)	**(96,380)**	-
Fair value gain on investment properties (Note 7)	**(84,886)**	(177,939)
Fair value (gain)/loss on		
- investments	**(13,823)**	(18,861)
- forward foreign exchange contracts	**(6,966)**	35,181
Loss/(gain) on differences in foreign exchange	**42,070**	(5,389)
Profit on sale of fixed assets and an investment property	**(2,795)**	(20,142)
Profit on sale of investments	**-**	(341)
Gain on disposal of subsidiaries	**(604,638)**	(146,542)
Gain on disposal of associated companies	**(48,783)**	(62,673)
(Gain)/loss from change in interest in associated companies	**(63,622)**	13,075
Fees and other remuneration to Directors of the Company	**2,373**	2,341
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**3,510**	3,926
Auditors' remuneration		
- auditors of the Company	**3,121**	2,770
- other auditors of subsidiaries	**2,001**	2,218
Non-audit fees paid to		
- auditors of the Company	**486**	135
- other auditors of subsidiaries	**154**	129

26. Investment income, interest income and interest expenses

	Group	
	2018 $'000	2017 $'000
Investment income from:		
Shares - quoted outside Singapore	**34**	129
Shares - unquoted	**9,957**	19,742
	9,991	19,871
Interest income from:		
Bonds, debentures and deposits	**100,376**	84,051
Associated companies	**56,760**	52,622
Service concession arrangement	**7,124**	1,255
	164,260	137,928
Interest expenses on notes, loans and overdrafts	**(199,464)**	(189,223)
Fair value gain/(loss) on interest rate caps and swaps	**1,021**	(4)
	(198,443)	(189,227)

27. Taxation

(a) Income tax expense

	Group	
	2018 $'000	2017 $'000
Tax expense comprised:		
Current tax	**245,091**	184,624
Adjustment for prior year's tax	**(32,200)**	(6,365)
Others	**10,958**	10,085
Deferred tax movement:		
Movements in temporary differences (Note 22)	**(712)**	14,054
Land appreciation tax:		
Current year	**60,610**	41,651
	283,747	244,049

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2018 $'000	2017 $'000
Profit before tax	**1,239,892**	441,429
Share of profit of associated companies, net of tax	**(221,518)**	(290,533)
Profit before tax and share of profit of associated companies	**1,018,374**	150,896
Tax calculated at tax rate of 17% (2017: 17%)	**173,124**	25,652
Income not subject to tax	**(170,942)**	(151,650)
Expenses not deductible for tax purposes	**232,299**	313,952
Utilisation of previously unrecognised tax benefits	**(17,314)**	(12,637)
Effect of different tax rates in other countries	**39,861**	43,859
Adjustment for prior year's tax	**(32,200)**	(6,365)
Effects of changes in tax rates	**13,461**	-
Land appreciation tax	**60,610**	41,651
Effect of tax reduction on land appreciation tax	**(15,152)**	(10,413)
	283,747	244,049

Notes to the Financial Statements

27. Taxation (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
At 1 January	**220,761**	364,845	**33,955**	17,263
Exchange differences	**(4,291)**	(4,217)	**-**	-
Tax expense	**245,091**	184,624	**10,200**	12,400
Adjustment for prior year's tax	**(32,200)**	(6,365)	**(636)**	4,400
Land appreciation tax	**60,610**	41,651	**-**	-
Net income taxes paid	**(195,904)**	(363,377)	**-**	(108)
Subsidiaries acquired	**157**	-	**-**	-
Subsidiaries disposed	**(89)**	(2,981)	**-**	-
Reclassification				
- tax recoverable and others	**3,787**	6,581	**-**	-
At 31 December	**297,922**	220,761	**43,519**	33,955

28. Earnings per ordinary share

	Group			
	2018 $'000		2017 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders	**943,829**	**943,829**	196,025	196,025
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,814,159**	**1,814,159**	1,816,965	1,816,965
Adjustment for dilutive potential ordinary shares	**-**	**10,728**	-	12,737
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,814,159**	**1,824,887**	1,816,965	1,829,702
Earnings per ordinary share	**52.0 cts**	**51.7 cts**	10.8 cts	10.7 cts

29. Dividends

A final cash dividend of 15.0 cents per share tax exempt one-tier (2017: final cash dividend of 14.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2018 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim cash dividend of 10.0 cents per share tax exempt one-tier and the special cash dividend of 5.0 cents per share tax exempt one-tier (2017: interim cash dividend of 8.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2018 will be 30.0 cents per share (2017: 22.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 14.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	254,290
An interim cash dividend of 10.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	181,241
A special cash dividend of 5.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	90,621
	526,152

In the prior year, total distributions of $363,531,000 were made.

30. Commitments

(a) Capital commitments

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Capital expenditure/commitments not provided for in the financial statements:			
In respect of contracts placed:			
- for purchase and construction of investment properties	**372,292**	175,759	261,950
- for purchase of other fixed assets	**13,034**	17,341	46,730
- for purchase/subscription of shares mainly in property development companies	**406,662**	174,311	376,308
- for commitments to private funds	**388,093**	450,247	169,953
Amounts approved by Directors in addition to contracts placed:			
- for purchase and construction of investment properties	**19,665**	105,115	108,422
- for purchase of other fixed assets	**158,677**	224,903	313,196
- for purchase/subscription of shares mainly in property development companies	**77,260**	36,509	-
	1,435,683	1,184,185	1,276,559
Less: Non-controlling shareholders' shares	**(65,018)**	(69,698)	(34,584)
	1,370,665	1,114,487	1,241,975

In addition to the above, the Group made a voluntary conditional general offer ("Offer") for all the issued and paid up ordinary shares in the capital of M1 Limited and proposed to acquire all the issued ordinary shares in the capital of Keppel T&T by way of a scheme of arrangement ("Scheme") in 2018. The assumed maximum consideration for the Offer and the Scheme was $1,506,865,000.

There was no significant future capital expenditure/commitment for the Company.

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Years after year-end:						
Within one year	**81,555**	89,315	94,214	**199**	40	121
From two to five years	**255,324**	300,506	326,154	**179**	-	40
After five years	**572,156**	684,204	806,359	**-**	-	-
	909,035	1,074,025	1,226,727	**378**	40	161

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Years after year-end:						
Within one year	**98,856**	88,087	104,100	**-**	-	-
From two to five years	**159,497**	166,553	212,861	**-**	-	-
After five years	**60,457**	61,638	81,721	**-**	-	-
	318,810	316,278	398,682	**-**	-	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

31. Contingent liabilities and guarantees (unsecured)

	Group		Company	
	2018 **$'000**	2017 $'000	**2018** **$'000**	2017 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**676,470**	585,207	**1,376,427**	1,574,853
Bank guarantees	**23,996**	1,677	**-**	-
	700,466	586,884	**1,376,427**	1,574,853

See Note 2.27 for further disclosures relating to the Group's claims and litigations.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

32. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant related party transactions as follows:

	Group	
	2018 **$'000**	2017 $'000
Sales of goods and/or services to		
- associated companies	**183,486**	168,705
- other related parties	**63,544**	82,884
	247,030	251,589
Purchase of goods and/or services from		
- associated companies	**105,056**	83,761
- other related parties	**61,321**	28,842
	166,377	112,603
Treasury transactions with		
- associated companies	**21,412**	9,093

33. Financial risk management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) **Currency risk**
The Group has receivables and payables denominated in foreign currencies via US dollars, Renminbi and other currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $5,284,557,000 (31 December 2017: $6,344,009,000, 1 January 2017: $7,865,165,000). The net negative fair value of forward foreign exchange contracts is $4,778,000 (31 December 2017: net positive fair value of $58,266,000, 1 January 2017: net negative fair value of $270,025,000) comprising assets of $28,143,000 (31 December 2017: $105,511,000, 1 January 2017: $138,169,000) and liabilities of $32,921,000 (31 December 2017: $47,245,000, 1 January 2017: $408,194,000). These amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $5,203,754,000 (31 December 2017: $6,269,592,000, 1 January 2017: $7,716,396,000). The net negative fair value of forward foreign exchange contracts is $4,972,000 (31 December 2017: net positive fair value of $56,859,000, 1 January 2017: net negative fair value of $265,342,000) comprising assets of $27,731,000 (31 December 2017: $104,045,000, 1 January 2017: $137,860,000) and liabilities of $32,703,000 (31 December 2017: $47,186,000, 1 January 2017: $403,202,000). These amounts are recognised as derivative assets and derivative liabilities.

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2018			2017		
	USD $'000	**RMB $'000**	**Others $'000**	USD $'000	RMB $'000	Others $'000
Group						
Financial Assets						
Debtors	**22,038**	**19,388**	**374,124**	187,377	1,001	90,994
Investments	**197,976**	**-**	**92,244**	278,092	-	98,973
Bank balances, deposits & cash	**134,222**	**186,215**	**27,109**	140,111	245,835	14,323
Financial Liabilities						
Creditors	**88,895**	**7,878**	**25,874**	68,066	214	52,988
Term loans	**611,546**	**-**	**131,718**	55,896	-	241,330
Company						
Financial Assets						
Debtors	**776**	**83**	**-**	-	52	-
Investments	**27,400**	**-**	**-**	-	-	-
Bank balances, deposits & cash	**78**	**236**	**-**	1	330	13
Financial Liabilities						
Creditors	**3,757**	**246**	**69**	-	-	-
Term loans	**294,550**	**-**	**13,607**	-	-	-

Sensitivity analysis for currency risk
If the relevant foreign currency change against SGD by 5% (2017: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Group				
USD against SGD				
- Strengthened	**(25,195)**	10,109	**7,759**	13,812
- Weakened	**25,195**	(10,109)	**(7,759)**	(13,812)
RMB against SGD				
- Strengthened	**9,886**	12,331	**-**	-
- Weakened	**(9,886)**	(12,331)	**-**	-
Company				
USD against SGD				
- Strengthened	**(13,602)**	-	**-**	-
- Weakened	**13,602**	-	**-**	-
RMB against SGD				
- Strengthened	**3**	19	**-**	-
- Weakened	**(3)**	(19)	**-**	-

(ii) Interest rate risk
The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its SGD, USD and Renminbi variable rate term loans (Note 21). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $1,667,483,000 (31 December 2017: $1,778,962,000, 1 January 2017: $1,678,235,000) whereby it receives variable rates equal to SIBOR and LIBOR (31 December 2017: SIBOR and LIBOR, 1 January 2017: SIBOR, LIBOR and SHIBOR) and pays fixed rates of between 1.33% and 3.62% (31 December 2017: 1.27% and 3.62%, 1 January 2017: 1.27% and 4.90%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $62,841,000 (31 December 2017: net negative fair value of $58,025,000, 1 January 2017: net negative fair value of $10,605,000) comprising assets of $4,677,000 (31 December 2017: $4,339,000, 1 January 2017: $2,703,000) and liabilities of $67,518,000 (31 December 2017: $62,364,000, 1 January 2017: $13,308,000). These amounts are recognised as derivative assets and derivative liabilities.

33. Financial risk management (continued)

Sensitivity analysis for interest rate risk
If interest rates increase/decrease by 0.5% (2017: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $10,827,000 (2017: $13,649,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk
The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling $938,774,000 (31 December 2017: $542,679,000, 1 January 2017: $579,270,000) and $10,001,000 (31 December 2017 and 1 January 2017: $Nil) respectively. The net negative fair value of HSFO forward contracts for the Group is $147,250,000 (31 December 2017: net positive fair value of $89,599,000, 1 January 2017: net positive fair value of $57,122,000) comprising assets of $25,568,000 (31 December 2017: $97,957,000, 1 January 2017: $83,215,000) and liabilities of $172,818,000 (31 December 2017: $8,358,000, 1 January 2017: $26,093,000). These amounts are recognised as derivative assets and derivative liabilities. The net negative fair value of Dated Brent forward contracts for the Group of $14,138,000 (31 December 2017 and 1 January 2017: $Nil) is recognised as derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts with notional amounts totalling $80,055,000 (31 December 2017: $47,042,000, 1 January 2017: $6,964,000). The net positive fair values of electricity futures contracts is $7,857,000 (31 December 2017: net negative fair value of $2,297,000, 1 January 2017: net negative fair value of $124,000) comprising assets of $9,002,000 (31 December 2017: $199,000, 1 January 2017: $405,000) and liabilities of $1,145,000 (31 December 2017: $2,496,000, 1 January: $529,000). These amount are recognised as derivative assets and derivative liabilities.

The Group is exposed to equity securities price risk arising from equity investments classified as investments at fair value through profit or loss and investments at fair value through other comprehensive income, in the case of 2017, available-for-sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk
If prices for HSFO and Dated Brent increase/decrease by 5% (31 December 2017 and 1 January 2017: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $39,366,000 (31 December 2017: $30,635,000, 1 January 2017: $31,820,000) and $252,000 (31 December 2017 and 1 January 2017: $Nil) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (31 December 2017 and 1 January 2017: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $2,849,000 (31 December 2017: $2,467,000, 1 January 2017: $15,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2017: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $5,205,000 (2017: $8,965,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $2,047,000 (2017: $3,195,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income, in the case of 2017, available-for-sale investments.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

Credit Risk
Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets which are mainly debtors, amounts due from associated companies and bank balances, deposits and cash.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
Offshore & Marine					
Expected loss rate	0.02%	0.4%	0.5%	21.6%	
Trade receivables	164,367	27,776	11,511	1,128,408	1,332,062
Loss allowance	28	107	52	243,665	243,852
Infrastructure					
Expected loss rate	0.1%	0.7%	5.0%	51.7%	
Trade receivables	134,201	33,701	4,378	3,928	176,208
Loss allowance	128	244	219	2,032	2,623

For the remaining subsidiaries which transact with low volume of customers and customers are monitored individually for credit loss assessment, the receivables (including concession service receivable and contract assets) are assessed individually for lifetime expected credit losses at each reporting date. In calculating the expected credit loss, the Group uses a probability-weighted amount that is determined by evaluating a range of possible outcomes. The possible outcomes include an unbiased estimate of the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

Individual customer will be evaluated periodically for its credit risk and the credit risk assessment is based on historical, current and forward-looking information such as:

- Historical financial and default rate of the customer
- Any publicly available information on the customer
- Any macro-economic or geopolitical information relevant to the customer
- Any other objectively supportable information on the quality and abilities of the customer's management relevant for its performance

Property

For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.

In measuring the expected credit losses, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are subject to immaterial credit loss under the property segment.

Investments

Trade receivables are subject to immaterial credit loss under the investments segment.

Balances due from associated companies are subject to immaterial credit loss.

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and hence does not expect significant credit losses.

33. Financial risk management (continued)

Previous accounting policy for impairment of debtors
Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Debtors and amounts due from associated companies that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits, forward foreign exchange contracts, interest rate caps and interest rate swaps are mainly transacted with banks of high credit ratings assigned by international credit-rating agencies.

The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	31 December 2017 $'000	1 January 2017 $'000
Past due zero to three months but not impaired	88,280	120,531
Past due three to six months but not impaired	74,420	74,905
Past due over six months and partially impaired	1,180,123	1,262,615
	1,342,823	1,458,051

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Liquidity Risk
Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury Department also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 21.

The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,371,906**	**595,863**	**291,056**	**-**
- Payments	**(4,376,578)**	**(590,895)**	**(293,122)**	**-**
Net-settled HSFO forward contracts				
- Receipts	**18,276**	**5,291**	**2,001**	**-**
- Payments	**(78,658)**	**(89,608)**	**(4,551)**	**-**
Net-settled Dated Brent forward contracts				
- Receipts	**588**	**-**	**-**	**-**
- Payments	**(11,333)**	**(2,377)**	**(1,019)**	**-**
Net-settled electricity futures contracts				
- Receipts	**3,042**	**5,960**	**-**	**-**
- Payments	**(986)**	**(159)**	**-**	**-**
Borrowings	**(1,880,464)**	**(1,107,664)**	**(3,958,879)**	**(1,565,429)**
31 December 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,367,540	989,250	48,742	-
- Payments	(5,310,740)	(989,397)	(50,423)	-
Net-settled HSFO forward contracts				
- Receipts	85,426	12,150	381	-
- Payments	(4,564)	(1,841)	(1,953)	-
Net-settled electricity futures contracts				
- Receipts	52	147	-	-
- Payments	(2,390)	(106)	-	-
Borrowings	(1,903,567)	(1,567,496)	(3,457,684)	(1,884,254)
1 January 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,417,222	1,419,776	681,250	-
- Payments	(5,688,831)	(1,402,107)	(663,117)	-
Net-settled HSFO forward contracts				
- Receipts	55,851	25,690	1,673	-
- Payments	(17,390)	(7,354)	(1,349)	-
Net-settled electricity futures contracts				
- Receipts	513	-	-	-
- Payments	(495)	(142)	-	-
Borrowings	(1,542,315)	(2,011,240)	(3,415,261)	(2,794,455)
Company				
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,295,278**	**591,445**	**291,056**	**-**
- Payments	**(4,300,024)**	**(586,549)**	**(293,122)**	**-**
Borrowings	**(767,884)**	**(592,033)**	**(2,224,328)**	**(982,992)**
31 December 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,306,832	973,865	48,742	-
- Payments	(5,251,003)	(974,631)	(50,423)	-
Borrowings	(644,666)	(85,514)	(2,096,221)	(1,333,585)
1 January 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,286,287	1,405,221	675,651	-
- Payments	(5,559,747)	(1,387,357)	(657,486)	-
Borrowings	(312,060)	(486,119)	(1,230,036)	(2,262,454)

In addition to the above, creditors (Note 19) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

33. Financial risk management (continued)

Capital Risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital undertakings for the financial year ended 31 December 2018. Externally imposed capital undertakings are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to total equity not exceeding ratios ranging from 2.00 to 3.00 times.

Management monitors capital based on the Group net gearing. The Group net gearing is calculated as net borrowings divided by total equity. Net borrowings are calculated as bank balances, deposits & cash (Note 18) less total term loans (Note 21).

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Net debt	**5,567,103**	5,519,215	6,965,964
Total equity	**11,587,140**	11,972,959	12,344,890
Net gearing ratio	**0.48x**	0.46x	0.56x

Fair Value of Financial Instruments and Investment Properties
The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2018				
Financial assets				
Derivative financial instruments	-	67,978	-	67,978
Call option	-	-	150,500	150,500
Investments				
- Investments at fair value through other comprehensive income	6,527	-	201,830	208,357
- Investments at fair value through profit or loss	29,332	43,800	168,026	241,158
Short term investments				
- Investments at fair value through other comprehensive income	34,428	-	-	34,428
- Investments at fair value through profit or loss	74,759	-	-	74,759
	145,046	111,778	520,356	777,180
Financial liabilities				
Derivative financial instruments	-	289,132	-	289,132
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,716,314	1,716,314
- Commercial, under construction	-	-	1,135,066	1,135,066
	-	-	2,851,380	2,851,380

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2017				
Financial assets				
Derivative financial instruments	-	208,006	-	208,006
Call option	-	-	137,200	137,200
Investments				
- Available-for-sale investments	8,854	-	238,606	247,460
- Investments at fair value through profit or loss	31,647	43,250	30,813	105,710
Short term investments				
- Available-for-sale investments	55,048	-	-	55,048
- Investments at fair value through profit or loss	147,654	-	74	147,728
	243,203	251,256	406,693	901,152
Financial liabilities				
Derivative financial instruments	-	120,463	-	120,463
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,404,294	1,404,294
- Commercial, under construction	-	-	2,056,314	2,056,314
	-	-	3,460,608	3,460,608
Group				
1 January 2017				
Financial assets				
Derivative financial instruments	-	224,492	-	224,492
Call option	-	-	120,600	120,600
Investments				
- Available-for-sale investments	12,878	11,788	221,890	246,556
- Investments at fair value through profit or loss	-	-	8,973	8,973
Short term investments				
- Available-for-sale investments	77,264	49,610	-	126,874
- Investments at fair value through profit or loss	147,054	-	-	147,054
	237,196	285,890	351,463	874,549
Financial liabilities				
Derivative financial instruments	-	448,124	-	448,124
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,639,368	1,639,368
- Commercial, under construction	-	-	1,910,922	1,910,922
	-	-	3,550,290	3,550,290

33. Financial risk management (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
31 December 2018				
Financial assets				
Derivative financial instruments	**-**	**31,968**	**-**	**31,968**
Investments				
- Investments at fair value through other comprehensive income	**-**	**-**	**16,957**	**16,957**
	-	**31,968**	**16,957**	**48,925**
Financial liabilities				
Derivative financial instruments	**-**	**71,099**	**-**	**71,099**
31 December 2017				
Financial assets				
Derivative financial instruments	-	107,631	-	107,631
Investments				
- Available-for-sale investments	-	-	15,012	15,012
	-	107,631	15,012	122,643
Financial liabilities				
Derivative financial instruments	-	90,049	-	90,049
1 January 2017				
Financial assets				
Derivative financial instruments	-	140,122	-	140,122
Investments				
- Available-for-sale investments	-	-	14,340	14,340
	-	140,122	14,340	154,462
Financial liabilities				
Derivative financial instruments	-	411,945	-	411,945

There have been no transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2018 and 2017.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
At 1 January	**406,693**	351,463	**15,012**	14,340
Adoption of SFRS(I) 9				
- Reclassification of investments previously held at cost	**90,408**	-	**-**	-
- Fair value loss	**(25,119)**	-	**-**	-
Purchases	**105,664**	22,522	**-**	-
Sales	**(122,034)**	(8,265)	**-**	-
Fair value (loss)/gain recognised in other comprehensive income	**(1,124)**	17,062	**1,945**	672
Fair value gain recognised in profit or loss	**47,785**	24,199	**-**	-
Reclassification	**16,877**	-	**-**	-
Exchange differences	**1,206**	(288)	**-**	-
At 31 December	**520,356**	406,693	**16,957**	15,012

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2018 $'000	2017 $'000
At 1 January	**3,460,608**	3,550,290
Development expenditure	**94,099**	181,522
Fair value gain	**84,886**	182,753
Disposal	**(2,870)**	-
Subsidiary acquired	**360,000**	-
Subsidiary disposed	**(948,613)**	(405,604)
Reclassification		
- Stocks	**(158,300)**	-
- Fixed assets	**-**	1,376
Exchange differences	**(38,430)**	(49,729)
At 31 December	**2,851,380**	3,460,608

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties. The fair value of investment at fair value through profit or loss categorised under Level 2 of the fair value hierarchy is based on the consideration specified in a sales and purchase agreement.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	**Fair value as at 31 December 2018 $'000**	**Valuation Techniques**	**Unobservable Inputs**	**Range of Unobservable Inputs**
Investments	369,856	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	150,500	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,500 to $3,200
			Capitalisation rate	3.5% to 3.65%

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

33. Financial risk management (continued)

Description	Fair value as at 31 December 2018 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investment Properties				
- Commercial and residential, completed	1,716,314	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	10.25% to 12.45%
			Terminal yield	7.00%
			Capitalisation rate	4.25% to 12.00%
			Net initial yield	3.7%
			Price of comparable land plots (psm)	$4,700 to $5,707
			Transacted price of comparable properties (psf)	$1,727 to $3,294
- Commercial, under construction	1,135,066	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$6,737 to $11,990
			Gross development value ($'million)	$636 to $1,898

Description	Fair value as at 31 December 2017 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	269,493	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	137,200	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,600 to $3,200
			Capitalisation rate	3.5% to 3.75%
Investment Properties				
- Commercial and residential, completed	1,404,294	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	11.50% to 13.00%
			Terminal yield	7.00%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	3.8%
			Price of comparable land plots (psm)	$7,627 to $12,463
			Transacted price of comparable properties (psf)	$1,321 to $2,500
- Commercial, under construction	2,056,314	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$7,627 to $12,463
			Gross development value ($'million)	$588 to $1,866

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

Description	Fair value as at 1 January 2017 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	230,863	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	120,600	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$3,000 to $3,400
			Capitalisation rate	3.5% to 3.75%
Investment Properties - Commercial and residential, completed	1,639,368	Direct comparison method, investment method, income capitalisation method, cost replacement method and/or discounted cash flow method	Discount rate	7.50% to 13.70%
			Occupancy rate	95%
			Terminal yield	7.25% to 7.70%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	5.3%
			Price of comparable land plots (psm)	$9,513 to $13,213
			Transacted price of comparable properties (psf)	$1,296 to $2,100
- Commercial, under construction	1,910,922	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$9,513 to $13,213
			Gross development value ($'million)	$629 to $1,699

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of investments at fair value through other comprehensive income on a quarterly basis.

Valuation process of investment properties is described in Note 7.

34. Segment analysis

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Offshore & Marine
Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) Property
Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) Infrastructure
Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iv) Investments
The Investments Division consists mainly of the Group's investments in fund management, KrisEnergy Limited, M1 Limited, k1 Ventures Ltd, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities.

34. Segment analysis (continued)

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable segments is presented in the following table:

	Offshore & Marine $'000	Property $'000	Infrastructure $'000	Investments $'000	Elimination $'000	Total $'000
2018						
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)	1,031,852	105,332	(23,019)	1,834	1,042,566
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)	(70,869)	(16,969)	(305,322)	297,347	(198,443)
Share of results of associated companies	8,001	165,311	36,499	11,707	-	221,518
(Loss)/Profit before tax	(113,188)	1,187,538	184,357	(18,815)	-	1,239,892
Taxation	2,523	(253,963)	(7,837)	(24,470)	-	(283,747)
(Loss)/Profit for the year	(110,665)	933,575	176,520	(43,285)	-	956,145
Attributable to:						
Shareholders of Company	(109,250)	937,896	169,584	(54,401)	-	943,829
Non-controlling interests	(1,415)	(4,321)	6,936	11,116	-	12,316
	(110,665)	933,575	176,520	(43,285)	-	956,145
External revenue from contracts with customers						
- At a point in time	97,835	825,480	28,642	10,469	-	962,426
- Over time	1,776,736	469,357	2,596,393	105,651	-	4,948,137
	1,874,571	1,294,837	2,625,035	116,120	-	5,910,563
Other sources of revenue	-	45,398	3,536	5,284	-	54,218
Total	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Other information						
Segment assets	8,461,013	13,850,067	3,649,336	7,596,099	(6,950,188)	26,606,327
Segment liabilities	5,556,134	5,692,596	2,248,589	8,472,056	(6,950,188)	15,019,187
Net assets	2,904,879	8,157,471	1,400,747	(875,957)	-	11,587,140
Investment in associated companies	706,189	3,206,987	1,066,849	1,259,660	-	6,239,685
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 information

	Singapore $'000	China $'000	Brazil $'000	Other Far East & 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	6,119,704	2,747,668	229,917	1,648,108	847,235	-	11,592,632

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2018.

Information about a major customer

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.

Note: Pricing of inter-segment goods and services is at fair market value.

	Offshore & Marine $'000	Property $'000	Infrastructure $'000	Investments $'000	Elimination $'000	Total $'000
2017						
Revenue						
External sales	1,801,347	1,782,343	2,207,162	172,921	-	5,963,773
Inter-segment sales	584	6,217	20,031	62,795	(89,627)	-
Total	1,801,931	1,788,560	2,227,193	235,716	(89,627)	5,963,773
Segment Results						
Operating (loss)/profit	(166,747)	667,610	124,984	175,100	99	801,046
One-off financial penalty & related costs	(618,722)	-	-	-	-	(618,722)
Investment income	2,112	12,377	-	5,382	-	19,871
Interest income	50,897	40,413	47,801	263,754	(264,937)	137,928
Interest expenses	(127,080)	(67,053)	(16,009)	(243,923)	264,838	(189,227)
Share of results of associated companies	(2,650)	190,492	12,587	90,104	-	290,533
(Loss)/Profit before tax	(862,190)	843,839	169,363	290,417	-	441,429
Taxation	14,180	(198,552)	(27,797)	(31,880)	-	(244,049)
(Loss)/Profit for the year	(848,010)	645,287	141,566	258,537	-	197,380
Attributable to:						
Shareholders of Company	(825,773)	649,826	133,813	238,159	-	196,025
Non-controlling interests	(22,237)	(4,539)	7,753	20,378	-	1,355
	(848,010)	645,287	141,566	258,537	-	197,380
External revenue from contracts with customers						
- At a point in time	230,402	899,744	27,365	12,360	-	1,169,871
- Over time	1,570,945	831,530	2,176,390	122,458	-	4,701,323
	1,801,347	1,731,274	2,203,755	134,818	-	5,871,194
Other sources of revenue	-	51,069	3,407	38,103	-	92,579
Total	1,801,347	1,782,343	2,207,162	172,921	-	5,963,773
Other information						
Segment assets	10,102,851	14,949,530	3,417,867	7,791,404	(7,576,052)	28,685,600
Segment liabilities	8,913,463	6,892,999	1,867,633	6,614,598	(7,576,052)	16,712,641
Net assets	1,189,388	8,056,531	1,550,234	1,176,806	-	11,972,959
Investment in associated companies	690,086	2,918,425	1,032,008	1,273,258	-	5,913,777
Additions to non-current assets	183,879	342,337	224,996	173,216	-	924,428
Depreciation and amortisation	129,527	36,869	43,953	2,031	-	212,380
Impairment loss/(write-back of impairment loss)	28,800	8,499	2,554	(45,808)	-	(5,955)

Geographical information

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	3,969,057	807,780	456,727	436,187	294,022	-	5,963,773
Non-current assets	5,937,794	3,367,171	267,965	1,473,070	893,942	-	11,939,942

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2017.

Information about a major customer
No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2017.

Note: Pricing of inter-segment goods and services is at fair market value.

35. New accounting standards and interpretations

At the date of authorisation of these financial statements, the following new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- 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 management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 16 *Leases*
SFRS(I) 16 will result 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 will not change significantly.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitment of $909,035,000 (Note 30) that may result in the recognition of an asset and a liability for future payments.

The Group is currently finalising the transition adjustments.

36. Subsequent event

(a) On 28 January 2019, the Group announced that its 50% owned associate, Dong Nai Waterfront City LLC ("DNWC") is undergoing a demerger and upon issuance of the Investment Registration Certificate by the relevant Vietnamese authorities, DNWC will become a wholly owned subsidiary of the Group.

The Group will then divest its 70% interest (the "Sale Stake") in DNWC to the Group's associate, Nam Long Investment Corporation at a consideration of VND 2,313 billion (approximately S$136 million). The consideration was arrived on a willing-buyer and willing-seller basis. The unaudited net asset value attributable to the Sale Stake was approximately S$57 million as at 31 December 2018.

(b) On 27 September 2018, a subsidiary of the Company, Konnectivity Pte Ltd, announced its intention to make a voluntary conditional general offer ("Offer") for all the issued and paid up ordinary shares in the capital of M1 Limited. The Offer is subject to satisfaction of certain conditions. On 15 February 2019, the Offer turned unconditional and M1 Limited will become a subsidiary of the Group. The closing date of the Offer has been extended to 4 March 2019. The disclosure of the effect of the business combination on the financial statements could not be made as the purchase price allocation has not commenced at the date of this financial statements.

37. Significant subsidiaries and associated companies

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
OFFSHORE & MARINE									
Offshore									
Subsidiaries									
Keppel Offshore and Marine Ltd	100	100	100	100	801,720	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltd (1a)	100	100	100	100	#	#	#	Brazil	Holding of long-term investments and property management
Deepwater Technology Group Pte Ltd	100	100	100	100	#	#	#	Singapore	Research and experimental development on deepwater engineering
Estaleiro BrasFELS Ltda (1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
Fernvale Pte Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda (1a)	75	75	75	75	#	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	75	#	#	#	Singapore	Project management, engineering and procurement
Greenwood Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
Guanabara Navegacao Ltda (1a)	100	100	100	100	#	#	#	Brazil	Ship owning
Keppel AmFELS, LLC	100	100	100	100	#	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd (1a)	100	100	100	100	#	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA (1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Floatec LLC	100	100	100	100	#	#	#	USA	Fabrication of offshore platforms and structures
Keppel Letourneau USA, Inc	100	100	100	100	#	#	#	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine Engineering Services Mumbai Pte Ltd (1a)	100	100	100	100	#	#	#	India	Marine and offshore engineering services
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	100	#	#	#	Singapore	Research & development on marine and offshore engineering
Keppel Offshore & Marine USA Inc	100	100	100	100	#	#	#	USA	Offshore and marine-related services
Keppel Sea Scan Pte Ltd	100	100	100	100	#	#	#	Singapore	Trading and installation of hardware, industrial, marine and building related products, leasing and provision of services
KV Enterprises BV (3)	100	100	100	100	#	#	#	Netherlands	Holding of long-term investments

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
KVE Adminstradora de Bens Imoveis Ltda (1a)	100	100	100	100	#	#	#	Brazil	Holding of long-term investments and property management
Lindel Pte Ltd	100	100	100	100	#	#	#	Singapore	Project management, engineering and procurement
Offshore Partners Pte Ltd (fka Caspian Rigbuilders Pte Ltd)	100	100	100	100	#	#	#	Singapore	Building of ships, tankers and other ocean-going vessels; environmental engineering services
Offshore Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd (1a)	51	51	51	51	#	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Willalpha Limited (3)	100	100	100	100	#	#	#	BVI	Holding of long-term investments
Associated Companies									
Asian Lift Pte Ltd	50	50	50	50	#	#	#	Singapore	Provision of heavy-lift equipment and related services
Atwin Offshore & Marine Pte Ltd (2)	30	30	30	30	#	#	#	Singapore	Investment holding company
FloaTEC Singapore Pte Ltd (2)	50	50	50	50	#	#	#	Singapore	Manufacturing and repair of oil rigs
Floatel International Ltd (1a)	50	50	50	50	#	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Marine Housing Services Pte Ltd	50	50	50	50	#	#	#	Singapore	Provision of housing services for marine workers
Seafox 5 Ltd (2)	49	49	49	49	#	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Marine									
Subsidiaries									
Keppel Shipyard Ltd	100	100	100	100	#	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc (1a)	98	98	98	98	#	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	100	#	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag
Keppel Nantong Heavy Industry Co Ltd (1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd (1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	100	#	#	#	Singapore	Shipbuilding and repairing
Keppel Subic Shipyard Inc (1a)	87+	86+	86+	86+	3,020	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd (3)	100	100	100	100	#	#	#	BVI	Holding of long-term investments
Marine Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of technical consultancy for ship design and engineering works

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Associated Companies									
Arab Heavy Industries PJSC (2)	33	33	33	33	#	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd	24	24	24	24	#	#	#	Singapore	Investment holding
Keppel Smit Towage Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Maju Maritime Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd (2)	20	20	20	20	#	#	#	Qatar	Ship repairing
PV Keez Pte Ltd (2)	20	20	20	20	#	#	#	Singapore	Chartering of ships, barges and boats with crew
PROPERTY									
Subsidiaries									
Keppel Land Ltd	100	100	100	100	4,793,367	4,793,367	4,716,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Philippines Properties Inc (1a)	87+	87+	87+	80+	493	493	493	Philippines	Investment holding
Aether Ltd (3)	-	-	51	51	-	#	#	HK	Disposed
Aether Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Agathese Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Aintree Assets Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Bayfront Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd (3)	-	-	51	51	-	#	#	China	Disposed
Beijing Kingsley Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Broad Elite Investments Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hilltop Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Corredance Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Corson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
DC REIT Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Double Peak Holdings Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Estella JV Co Ltd (1a)	98	98	98	98	#	#	#	Vietnam	Property development and investment
Eternal Commercial Ltd (n)(1a)	100	100	-	-	#	-	-	HK	Investment holding
Evergro Properties Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
First King Properties Ltd (3)	100	100	100	100	#	#	#	Jersey	Property investment
Flemmington Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Floraville Estate Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Harbourfront One Pte Ltd	100	100	100	100	#	#	#	Singapore	Property investment
Harvestland Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Hillsvale Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Hillwest Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Jencity Ltd (3)	100	100	90	90	#	#	#	BVI	Investment holding
Jiangyin Evergro Properties Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development
Katong Retail Trust (n)	100	100	-	-	#	#	#	Singapore	Investment trust
KeplandeHub Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Property Development (Shenyang) Co Ltd (3)	-	-	100	100	-	#	#	China	Disposed
Keppel China Marina Holdings Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Disposed
Keppel China Township Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Digihub Holdings Ltd	100	100	100	100	#	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd (1a)	100	100	100	100+	#	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd (1a)	100	100	100	100+	#	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Keppel Land (Mayfair) Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd (1a)	100	100	100	100	#	#	#	HK	Investment holding

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Keppel Land (Singapore) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Financial services
Keppel Land International Ltd	100	100	100	100	#	#	#	Singapore	Property services
Keppel Land Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land Retail Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Watco IV Co Ltd (1a)	84	84	84	68	#	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd (1a)	84	84	84	68	#	#	#	Vietnam	Property development
Keppel REIT Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel REIT Property Management Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Disposed
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd (n)(1a)	100	100	-	-	#	-	-	China	Property development
Keppel Tianjin Eco-City Holdings Pte Ltd	100	100	100	100+	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	100+	#	#	126,137	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd (3)	-	-	100	100	-	#	#	China	Disposed
Keppel Yongxiang Corporate Management (Shanghai) Company Ltd (n)(1a)	100	100	-	-	#	-	-	China	Property services
Kingsdale Development Pte Ltd	86	86	86	86	#	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Main Full Ltd (1a)	100	100	100	100	#	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Meadowsville Investment Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Dissolved
Merryfield Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Pasir Panjang Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Pembury Properties Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	-	#	#	-	Singapore	Investment holding
Portsville Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Pre-1 Investments Pte Ltd (n)	100	100	-	-	#	-	-	Singapore	Investment holding
PT Harapan Global Niaga (1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Kepland Investama (1a)	100	100	100	100	#	#	#	Indonesia	Property investment
PT Puri Land Development (1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Ria Bintan (1a)	100	46	46	46	#	#	#	Indonesia	Golf course ownership and operations
PT Straits-CM Village (1a)	100	39	39	39	#	#	#	Indonesia	Hotel ownership and operations
PT Sukses Manis Indonesia (1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Sukses Manis Tangguh (1a)	100	100	100	-	#	#	-	Indonesia	Property development
Riviera Cove LLC (1a)	100	100	100	100	#	#	#	Vietnam	Property development
Riviera Point LLC (1a)	75	75	75	75	#	#	#	Vietnam	Property development
Saigon Centre Investment Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Saigon Sports City Ltd (1a)	100	100	90	90	#	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd (1a)	99	99	99	99	#	#	#	China	Property investment
Shanghai Hongda Property Development Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Ji Lu Land Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development and investment
Shanghai Ji Xiang Land Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd (1a)	100	99	99	99	#	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd (1a)	99	99	99	99	#	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd (1a)	99	99	99	99	#	#	#	China	Property development
Sherwood Development Pte Ltd	70	70	70	70	#	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd (1a)	80	69	69	69	#	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Straits Greenfield Ltd (2)	100	100	100	100	#	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd	100	100	100	100	#	#	#	Singapore	Property development
Straits Property Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd (3)	-	-	80	80	-	#	#	China	Disposed
Sunseacan Investment (HK) Co Ltd (3)	-	-	80	80	-	#	#	HK	Disposed
Third Dragon Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Tianjin Fulong Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Tianjin Fushi Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Tianjin Keppel Hong Hui Procurement Headquarter Co Ltd (1a)	100	100	100	100	#	#	#	China	Trading of construction materials
Triumph Jubilee Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
West Gem Properties Ltd (3)	100	100	100	100	#	#	#	Jersey	Investment holding
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	100+	100+	100+	1,460	1,460	1,460	Singapore	Investment holding
FELS Property Holdings Pte Ltd	100	100	100	100	29,814	29,814	78,214	Singapore	Investment holding
FELS SES International Pte Ltd	98+	98+	98+	98+	48	48	48	Singapore	Investment holding
Keppel Houston Group LLC (3)	100+	100+	100+	100+	#	#	#	USA	Property investment
Keppel Kunming Resort Ltd (1a)	100+	98+	98+	98+	4	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	100+	100+	100+	122,785	122,785	122,785	Singapore	Property development and investment
Petro Tower Ltd (1a)	76	74	74	74	#	#	#	Vietnam	Property investment
Associated Companies									
Bellenden Investments Ltd (3)	67	67	67	67	#	#	#	BVI	Investment holding
Chengdu Taixin Real Estate Development Co Ltd (2)	35	35	35	35	#	#	#	China	Property investment
CityOne Township Development Pte Ltd (2)	50	50	50	50	#	#	#	Singapore	Investment holding
City Square Office Co Ltd (2)	40	40	40	40	#	#	#	Myanmar	Property development
Davinelle Ltd (3)	67	67	67	67	#	#	#	BVI	Investment holding
Dong Nai Waterfront City LLC (1a)	50	50	50	50	#	#	#	Vietnam	Property development
Empire City Limited LLC (2)	40	40	40	40	#	#	#	Vietnam	Property development

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
EM Services Pte Ltd	25	25	25	25	#	#	#	Singapore	Property management
Equity Rainbow II Pte Ltd (2)	43	43	43	43	#	#	#	Singapore	Property investment
Garden Development Pte Ltd	60	60	60	-	#	#	-	Singapore	Property development
Keppel Land Watco I Co Ltd (1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd (1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd (1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel REIT	47	47	46	46	#	#	#	Singapore	Real estate investment trust
Marina Bay Suites Pte Ltd (3)	-	-	33	33	-	#	#	Singapore	Liquidated
Nam Long Investment Corporation (2)	10	10	5	5	#	#	#	Vietnam	Trading of development properties
PT Pulomas Gemala Misori (2)	25	25	25	25	#	#	#	Indonesia	Property development
Raffles Quay Asset Management Pte Ltd (2)	33	33	33	33	#	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd (1a)	40	40	40	40	#	#	#	Malaysia	Property investment
Quoc Loc Phat Joint Stock Company (3)	-	-	45	45	-	#	#	Vietnam	Disposed
South Rach Chiec LLC (1a)	42	42	42	42	#	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd	25	25	25	25	#	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd (2)	30	30	30	30	#	#	#	Vietnam	Property investment
Vision (III) Pte Ltd (2)	30	30	30	-	#	#	-	Singapore	Investment holding
INFRASTRUCTURE									
Subsidiaries									
Keppel Infrastructure Holdings Pte Ltd	100	100	100	100	445,892	445,892	445,892	Singapore	Investment holding
Energy Infrastructure									
Subsidiaries									
Keppel Energy Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	100	#	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	100	#	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Associated Companies									
Keppel Merlimau Cogen Pte Ltd (2)	49	49	49	49	#	#	#	Singapore	Commercial power generation
Environmental Infrastructure									
Subsidiaries									
Keppel Seghers Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV (1a)	100	100	100	100	#	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV (1a)	100	100	100	100	#	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Marina East Water Pte Ltd	100	100	100	-	#	#	-	Singapore	Design and construction of desalination plant
Associated Companies									
Tianjin Eco-City Energy Investment & Construction Co Ltd (2)	20	20	20	20	#	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd (2)	20	20	20	20	#	#	#	China	Investment, construction and operation of infrastructure for environmental protection
Infrastructure Services									
Subsidiaries									
Keppel Infrastructure Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of technical support including engineering, construction, operations and maintenance of plants and facilities
KMC O&M Pte Ltd	100	100	100	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Investments									
Subsidiaries									
Keppel Integrated Engineering Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Prince Engineering Pty Ltd (1a)	100	100	100	100	#	#	#	Australia	Metal fabrication
Keppel XTE Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Associated Companies									
Keppel Infrastructure Trust (2)	18	18	18	18	#	#	#	Singapore	Public trust

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Logistics & Data Centres									
Subsidiaries									
Keppel Telecommunications & Transportation Ltd	79	79	79	80	397,647	397,647	397,647	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	79	79	80	#	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Logistics (Foshan) Ltd (2)	70	55	55	56	#	#	#	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics (Foshan Sanshui Port) Co Ltd (2)	60	33	33	33	#	#	#	China	Integrated logistics port operations and warehousing
Jilin Sino-Singapore Food Zone International Logistics Co Ltd (2)	70	55	55	56	#	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd (2)	60	47	47	48	#	#	#	China	Integrated logistics services, food trading hub, warehousing and distribution
UrbanFox Pte Ltd (2) (fka Courex Pte Ltd)	85	67	47	48	#	#	#	Singapore	Omnichannel logistics and channel management solutions provider
Keppel Data Centres Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100[+]	85[+]	85[+]	86[+]	#	#	#	Singapore	Investment holding and management services
Keppel DC Singapore 1 Ltd	100[+]	85[+]	85[+]	86[+]	#	#	#	Singapore	Data centre facilities management
Keppel DC Singapore 2 Pte Ltd	100[+]	85[+]	85[+]	86[+]	#	#	#	Singapore	Data centre facilities management
Keppel DC Investment Holdings Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd	100	79	79	80	#	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Associated Companies									
Asia Airfreight Terminal Company Ltd (3)	-	-	8	8	-	#	#	HK	Disposed
Computer Generated Solutions Inc (2)	21	17	17	17	#	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT (2)	25[+]	20[+]	29[+]	29[+]	#	#	#	Singapore	Data centre facilities and colocation services
Nautilus Data Technologies, Inc. (2)	21	17	17	-	#	#	-	USA	Water-cooled data centre leasing, colocation and interconnection services
Radiance Communications Pte Ltd	50	40	40	40	#	#	#	Singapore	Distribution and maintenance of communications equipment and systems
SVOA Public Company Ltd (2)	32	25	25	25	#	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd (2)	50	40	40	40	#	#	#	China	Integrated logistics services and port operations

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
INVESTMENTS									
Subsidiaries									
Keppel Capital Holdings Pte Ltd	100	100	100	100	783,000	783,000	783,000	Singapore	Investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	100	100	#	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100+	90+	90+	90+	#	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Trust management
Keppel REIT Management Ltd	100	100	100	100	#	#	#	Singapore	Investment advisory and property fund management
Keppel Philippines Holdings Inc (1a)	82+	81+	81+	81+	#	#	#	Philippines	Investment holding
Alpha Real Estate Securities Fund	99	99	99	99	#	#	#	Singapore	Investment holding
Kephinance Investment Pte Ltd	100	100	100	100	90,000	90,000	90,000	Singapore	Investment holding
Kepinvest Holdings Pte Ltd (n)	100	100	-	-	10	-	-	Singapore	Investment holding
Kepinvest Singapore Pte Ltd	100	100	100	100	18,425	18,425	18,425	Singapore	Investment holding
Kepital Management Ltd (1a)	100	100	100	100	#	#	#	HK	Investment company
Keppel Group Eco-City Investments Pte Ltd	100+	100+	100+	100+	126,744	126,744	126,744	Singapore	Investment holding
Keppel Funds Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	100	10	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	100	594,922	594,922	594,922	Singapore	Investment holding
KI Investments (HK) Ltd (3)	-	-	100	100	-	#	#	HK	Liquidated
Primero Investments Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Liquidated
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90+	90+	90+	90+	#	#	#	Singapore	Investment holding
Substantial Enterprises Ltd (3)	100+	100+	100+	100+	#	#	#	BVI	Investment holding
Travelmore Pte Ltd	100	100	100	100	265	265	265	Singapore	Travel agency
Associated Companies									
k1 Ventures Ltd (2)	36	36	36	36	#	#	#	Singapore	Investment holding (under liquidation)
Keppel-KBS US REIT (2)	8	7	7	-	#	#	-	Singapore	Real estate investment trust

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
KrisEnergy Ltd (2)	40	40	40	40	#	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
M1 Ltd (2)	19	15	15	15	#	#	#	Singapore	Telecommunications services
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (2)	50	45	45	45	#	#	#	China	Property development
Total subsidiaries					8,209,626	8,209,616	8,307,153		

Notes:

(i) All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:

(1a) Audited by overseas practice of PricewaterhouseCoopers LLP;

(2) Audited by other firms of auditors; and

(3) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated/acquired during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vii) Abbreviations:

British Virgin Islands (BVI)	United Arab Emirates (UAE)
Hong Kong (HK)	United States of America (USA)

(viii) The Company has 260 significant subsidiaries and associated companies as at 31 December 2018. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

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 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)	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**–**	–	**–**	174,000
PSA International Group	**–**	–	**208**	8,077
SATS Group	**–**	–	**–**	24,400
SembCorp Marine Group	**–**	–	**2,202**	1,783
Singapore Power Group	**–**	–	**923**	2,657
Singapore Technologies Engineering Group	**–**	–	**1,272**	189
Temasek Holdings Group	**–**	–	**–**	338
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	**–**	–	**–**	254
Certis CISCO Security Group	**–**	–	**549**	718
Mapletree Investments Group	**–**	–	**773**	1,020
Pavilion Gas Pte Ltd	**–**	–	**52,000**	51,000
PSA International Group	**–**	–	**501**	305
Singapore Power Group	**–**	–	**43**	353
Singapore Technologies Engineering Group	**–**	–	**350**	3,289
Singapore Telecommunications Group	**–**	–	**6,772**	441
SMRT Corporation Group	**–**	–	**209**	–
Temasek Holdings Group	**–**	–	**436**	546
Total Interested Person Transactions	**–**	–	**66,238**	269,370

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Key Executives

Chan Hon Chew, 53
Bachelor of Accountancy (Honours), National University of Singapore; CFA® charterholder; Member of the Institute of Chartered Accountants Australia and Fellow Member of the Institute of the Singapore Chartered Accountants.

Mr Chan is the Chief Financial Officer of Keppel Corporation Limited, appointed with effect from 1 February 2014.

Prior to joining Keppel Corporation, Mr Chan was with Singapore Airlines Limited (SIA) and served as Senior Vice President (SVP) of Finance since June 2006. As SVP of Finance, Mr Chan was responsible for a diverse range of functions including investor relations, corporate accounting and reporting, treasury, risk management and insurance. He was also involved in SIA's strategic planning process and had represented SIA as Director on the Boards of various companies including Tiger Airways and Virgin Atlantic Airways Limited.

Prior to joining SIA, Mr Chan was Assistant General Manager for Finance and Corporate Services at Wing Tai Holdings Limited, where he oversaw all financial matters as well as tax, legal and corporate secretarial functions from 1998 to 2003.

Mr Chan was appointed by Singapore's Ministry of Finance to the Board of the Accounting Standard Council in November 2015. He also serves on the management board of the Institute of System Science, National University of Singapore since 15 April 2015.

Mr Chan's principal directorships include Keppel Offshore & Marine Ltd, Keppel Land Limited, Keppel Infrastructure Holdings Pte Ltd, Keppel Telecommunications & Transportation Ltd, and Keppel Capital Holdings Pte Ltd.

Past principal directorships in the last five years
KrisEnergy Ltd and Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT).

Ong Tiong Guan, 60
Bachelor of Engineering (First Class Honours), Monash University, Australia; Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia.

Dr Ong was appointed Executive Director of Keppel Energy Pte Ltd from November 1999. He became Managing Director of Keppel Energy Pte Ltd with effect from 1 May 2003 and was appointed Deputy Chairman of Keppel Integrated Engineering Ltd in April 2013.

Upon reorganisation of Keppel Energy Pte Ltd and Keppel Integrated Engineering Ltd under Keppel Infrastructure Holdings Pte Ltd in May 2013, Dr Ong was appointed Chief Executive Officer of Keppel Infrastructure Holdings Pte Ltd, responsible for the Keppel Group's energy and environmental infrastructure businesses.

Dr Ong's career spans across the energy industry from engineering and contracting to investment and ownership of energy assets.

His principal directorships include Keppel Infrastructure Holdings Pte Ltd, Keppel Energy Pte Ltd, Keppel Electric Pte Ltd, Keppel Gas Pte Ltd, Keppel DHCS Pte Ltd, Keppel Infrastructure Services Pte Ltd, Keppel Seghers Pte Ltd and Keppel Capital Holdings Pte Ltd.

Past principal directorships in the last five years
Keppel Merlimau Cogen Pte Ltd, GE Keppel Energy Services Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of Keppel Infrastructure Trust) and Energy Studies Institute.

Christina Tan Hua Mui, 53
Bachelor of Accountancy (Honours), National University of Singapore; CFA® charterholder.

Ms Tan is the Chief Executive Officer of Keppel Capital Holdings Pte Ltd (Keppel Capital), Chairman of Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT) and Deputy Chairman of Alpha Investment Partners Limited (Alpha).

Ms Tan has more than 20 years of experience and expertise in investing and fund management across the United States, Europe and Asia. She previously served as the Chief Financial Officer of GRA (Singapore) Private Limited, the Asian real estate fund management arm of the Prudential Insurance Company of America, managing more than US$1 billion in real estate funds. Prior to that, she was the Treasury Manager with Chartered Industries of Singapore, managing the group's cash positions and investments. Ms Tan started her career with Ernst & Young before joining the Government of Singapore Investment Corporation (GIC).

Ms Tan's principal directorships include Keppel Capital, as well as the listed REITs and Business Trust – Keppel REIT Management Limited, Keppel DC REIT Management Pte Ltd and Keppel Infrastructure Fund Management Pte Ltd, and the private funds. She also sits on the Investment Committee for the private funds, and is instrumental in developing and implementing the funds' portfolio strategy.

Past principal directorships in the last five years
Nil.

Chris Ong Leng Yeow, 44
Bachelor and Master Degree in Electrical and Electronics Engineering, National University of Singapore.

Mr. Chris Ong is the Chief Executive Officer of Keppel Offshore & Marine Ltd (Keppel O&M) with effect from 1 July 2017. Prior to this appointment, he was Acting Chief Executive Officer of Keppel O&M. Mr. Ong's career began in Keppel FELS since 1999 as a Commissioning Superintendent (E&I) and he has held appointments as Project Engineer, Section Manager, Deputy Engineering Manager, Assistant General Manager (Engineering), General Manager (Engineering), Acting Executive Director (Operation), Executive Director (Commercial) and Managing Director of Keppel FELS Limited.

In addition to his current appointment, Mr Ong is also a board member of the Maritime and Port Authority of Singapore and The Institute of Technical Education Board of Governors (BOG), a member of the Workplace Safety & Health Council Marine Industries Committee, U EnTech Steering Committee, Keppel Chair Professor Management/Selection Committee and the Governance Board of Keppel-NUS Corporate Laboratory.

Mr. Ong is a Chartered Engineer, a Fellow of the Institute of Marine Engineering, Science and Technology and a member of the American Bureau of Shipping, DNV GL South East Asia and Pacific Committee as well as Bureau Veritas Asia-Australia Committee.

Mr. Ong is the Chairman of Floatel International Ltd, Keppel Nantong Heavy Industry Co. Ltd, Keppel Nantong Shipyard Ltd and Keppel FELS Brasil S.A. He is also director of various subsidiaries or associated companies of Keppel O&M.

Mr. Ong is also a non-executive director of KrisEnergy Ltd.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel O&M.

Tan Swee Yiow, 58
Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration in Accountancy, Nanyang Technological University.

Mr Tan has been appointed the Chief Executive Officer and Executive Director of Keppel Land with effect from 1 January 2019.

Mr Tan joined the Keppel Group in 1990. Prior to his current appointment, Mr Tan was the Chief Executive Officer and Executive Director of Keppel REIT Management Limited (the Manager of Keppel REIT). Before this, he was President, Singapore, at Keppel Land and concurrently Head, Keppel Land Hospitality Management.

Mr Tan continues to serve on the Board of Keppel REIT Management Limited as a Non-Executive Director. He is also President of the Singapore Green Building Council and a Director of the World Green Building Council. Mr Tan serves as Deputy Chairman of the Workplace Safety and Health Council (Construction and Landscape Committee) and is second Vice-President on the Management Council of Real Estate Developers' Association of Singapore.

Past principal directorships in the last five years
Nil.

Thomas Pang Thieng Hwi, 54
Bachelor of Arts (Engineering) and Master of Arts (Honorary Award), University of Cambridge.

Mr Pang is currently Executive Director and Chief Executive Officer of Keppel Telecommunications & Transportation Ltd (Keppel T&T), a position he held since July 2014. From June 2010 to June 2014, he was Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT).

Mr Pang joined Keppel Offshore & Marine Ltd (Keppel O&M) in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger and integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions, as well as strategic planning of Keppel O&M. Prior to that, Mr Pang was an Investment Manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as the Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore from 1988 to 1995.

Mr Pang currently holds directorships in several of Keppel T&T's subsidiaries, associates and joint venture companies. He is also a Director of ADCF C Private Limited, Keppel Capital Holdings Pte Ltd, Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT) and Keppel Technology and Innovation Pte Ltd.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel T&T, KDC REIT and KIT.

Key Executives

Paul Tham Wei Hsing, 37
Bachelor of Science in Civil & Environmental Engineering, Cornell University; Masters in Business Administration, Singapore Management University.

Mr Tham was appointed the Chief Executive Officer of Keppel REIT Management Limited (the Manager of Keppel REIT) with effect from 1 January 2019, after having served as its Deputy Chief Executive Officer since 1 February 2018.

Before his current appointment, Mr Tham was the Chief Financial Officer of Keppel Capital Holdings Pte Ltd (Keppel Capital), the asset management arm of Keppel Corporation Limited, overseeing the finance, compliance, legal and investor relations functions. Prior to that, Mr Tham was part of Keppel Corporation's Group Strategy & Development department, where he played a key role in the formation of Keppel Capital.

Before Keppel, Mr Tham served as a management consultant for Bain & Company working with leading global companies in Asia Pacific across a range of topics including financial performance management and growth strategy. Mr Tham started his career as a structural engineer in New York and has experience with building developments and infrastructure.

Mr Tham is also a Director of Keppel-KBS US REIT Management Pte. Ltd. (the Manager of Keppel-KBS US REIT).

Past principal directorships in the last five years
Nil.

Matthew R. Pollard, 51
Bachelors of Arts Degree, Columbia University; Masters in Business Administration, University of Chicago.

Mr Pollard was appointed Chief Executive Officer (CEO) of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT), with effect from 1 July 2018.

As CEO of the Trustee-Manager, Mr Pollard is responsible for working with the Board to determine the strategy for KIT. He works with other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Pollard joined Keppel Capital Holdings Pte Ltd (Keppel Capital) as Managing Director, Infrastructure, in November 2017.

Prior to joining Keppel Capital, Mr Pollard spent more than 28 years of his career in investment banking, direct investment and entrepreneurship, of which 25 years have been in Asia. He has been involved in the energy, power, renewable and infrastructure sectors his entire career.

Mr Pollard was founder and managing director of Capital Partners Group, Singapore, from 2014 to 2017. He was Head of Infrastructure (Asia) at Arcapita Group from 2008 to 2013. In addition, he was the Chairman of China-based Honiton Energy Group from 2009 to 2015. Prior to joining Arcapita Bank, Mr Pollard held senior positions in the energy and utilities teams of Citigroup, Dresdner Kleinwort, Enron Corp, and Power Pacific Co.

Past principal directorships in the last five years
Nil.

Chua Hsien Yang, 41
Bachelor of Engineering (Civil), University of Canterbury; Master of Business Administration, University of Western Australia.

Mr Chua is the Chief Executive Officer of Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT). Mr Chua has extensive experience in real estate funds management and the hospitality industries, with more than 17 years of experience in mergers and acquisitions, real estate investments, fund management, business development and asset management in the real estate sector within the Asia-Pacific region.

Prior to joining the Manager of Keppel DC REIT, Mr Chua held the position of Senior Vice President of Keppel REIT Management Limited (the Manager of Keppel REIT) since May 2008, where he headed the investment team.

From January 2006 to April 2008, Mr Chua was with Ascott Residence Trust Management Limited (the Manager of Ascott Residence Trust) as Director of Business Development and Asset Management. From October 2001 to December 2005, Mr Chua was with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management. He was responsible for the business development and asset management activities of the group-owned properties.

Past principal directorships in the last five years
Mirvac 8 Chifley Pty Limited and Mirvac (Old Treasury) Pty Limited.

David Eric Snyder, 48
Bachelor of Science in Business Administration, Biola University, California.

Mr Snyder is the Chief Executive Officer/Chief Investment Officer of Keppel-KBS US REIT Management Pte Ltd (the Manager of Keppel-KBS US REIT).

Prior to this, Mr Snyder was a consultant to KBS where he oversaw overall management of the AFRT portfolio and assisted in formulating the operational strategy and tactics for the portfolio. From 2008 to 2015, Mr Snyder was the Chief Financial Officer at KBS where he managed and advised five non-traded REITs. In addition, he oversaw, directed and participated in all aspects of investor relations, finance, financial reporting, accounting and financial planning, including the negotiation and management of a portfolio transfer of over 800 properties with a value of over US$1.7 billion.

Mr Snyder started out as a Senior Accountant with Arthur Andersen LLP in 1993 where he was responsible for the design, testing and supervision of the financial statements of various public and private enterprises. From 1996 to 1997, Mr Snyder joined Regency Health Services as its Director of Financial Reporting. Subsequently, from 1998 to 2008, he was with Nationwide Health Properties, starting out as a Financial Controller before rising to become Vice President & Financial Controller in 2005. Mr Snyder was one of four members on the senior management team which determined the corporate strategy and financial decisions of the firm.

Past principal directorships in the last five years
Nil.

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Completed properties					
Keppel REIT	47%	Bugis Junction Towers Victoria Street, Singapore	15-storey office tower	99 years leasehold	Commercial office building with rentable area of 23,119 sqm
		Ocean Financial Centre Collyer Quay, Singapore	Land area: 6,221 sqm 43-storey office tower with ancillary retail space	999 years leasehold	Commercial office building with rentable area of 81,509 sqm
		One Raffles Quay, Singapore	Land area: 15,497 sqm Two office towers of 50-storey and 29-storey	99 years leasehold	Commercial office building with rentable area of 123,349 sqm
		Marina Bay Financial Centre (Phase 1) Marina Boulevard, Singapore	Land area: 32,978 sqm Two office towers of 33-storey and 50-storey with ancillary retail space	99 years leasehold	Commercial office building with rentable area of 161,348 sqm
		Marina Bay Financial Centre (Phase 2) Marina Boulevard, Singapore	Land area: 9,710 sqm 46-storey office tower with retail podium	99 years leasehold	Commercial office building with rentable area of 124,472 sqm
		275 George Street Brisbane, Australia	Land area: 3,655 sqm 31-storey office tower	Freehold	Commercial office building with rentable area of 41,749 sqm
		8 Exhibition Street Melbourne, Australia	Land area: 4,329 sqm 35-storey office tower with ancillary retail space	Freehold	Commercial office building with rentable area of 45,227 sqm
		8 Chifley Square Sydney, Australia	Land area: 1,581 sqm 30-storey office tower	99 years leasehold	Commercial office building with rentable area of 19,337 sqm
		David Malcolm Justice Centre Perth, Australia	Land area: 2,947 sqm 33-storey office tower	99 years leasehold	Commercial office building with rentable area of 31,175 sqm
Keppel DC REIT	25%	Keppel DC Singapore 1 Serangoon, Singapore	Land area: 7,333 sqm 6-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 10,193 sqm
		Keppel DC Singapore 2 Tampines, Singapore	Land area: 5,000 sqm 5-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 3,447 sqm
		Keppel DC Singapore 3 Tampines, Singapore	Land area: 5,000 sqm 5-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 5,103 sqm
		Keppel DC Singapore 5 Jurong, Singapore	Land area: 7,742 sqm 5-storey data centre	23 years lease	Data centre with rentable area of 9,176 sqm
		Gore Hill Data Centre Sydney, Australia	Land area: 6,692 sqm 4-storey data centre	Freehold	Data centre with rentable area of 8,450 sqm
		Almere Data Centre Amsterdam, Netherlands	Land area: 7,930 sqm 3-storey data centre	Freehold	Data centre with rentable area of 11,000 sqm
		Keppel DC Dublin 2 Dublin, Ireland	Land area: 13,900 sqm Single-storey data centre	999 years leasehold	Data centre with rentable area of 2,334 sqm

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
		maincubes Data Centre Offenbach am Main, Germany	Land area: 5,596 sqm	Freehold	Data centre with rentable area of 9,016 sqm
Thorium DC Pte Ltd	65%	Keppel DC Singapore 4 Tampines, Singapore	Land area: 6,805 sqm	30 years lease with option for another 30 years	Data centre with gross floor area of 16,917 sqm
Calcium DC Pte Ltd	68%	Graphite DC Heinrich-Lanz-Allee 47 Kalbach, Frankfurt, Germany	Land area: 38,445 sqm	Freehold	Data centre with gross floor area of 20,000 sqm
Keppel-KBS US REIT	7%	The Plaza Buildings 8th Street, Bellevue, Washington, USA	Land area: 16,295 sqm 16 and 10 storey multi-tenanted office buildings	Freehold	Commercial office building with rentable area of 45,615 sqm
		Bellevue Technology Center 24th Street, Bellevue, Washington, USA	Land area: 188,570 sqm Office campus featuring 9 multi-tenanted office buildings	Freehold	Commercial office buildings with rentable area of 30,705 sqm
		The Westpark Portfolio 8200-8644 154th Avenue NE Redmond, Washington, USA	Land area: 166,989 sqm Business campus comprising 19 office buildings and 2 flex buildings which are multi-tenanted	Freehold	Commercial office and flex buildings with rentable area of 72,667 sqm
		Westmoor Center Westmoor Drive, Colorado, USA	Land area: 176,953 sqm Office campus featuring 6 multi-tenanted office buildings	Freehold	Commercial office building with rentable area of 56,939 sqm
		1800 West Loop South Houston, USA	Land area: 7,627 sqm A 21-storey high rise office multi-tenanted property	Freehold	Commercial office building with rentable area of 37,171 sqm
Mansfield Development Pte Ltd	100%	Keppel Towers and Keppel Towers 2 Hoe Chiang Rd, Singapore	Land area: 9,127 sqm 27-storey and 13-storey office towers	Freehold	Commercial office building with rentable area of 45,355 sqm
Keppel Bay Pte Ltd	100%	Reflections at Keppel Bay Singapore	Land area: 83,538 sqm	99 years leasehold	A 1,129-unit waterfront condominium development
	100%	Corals at Keppel Bay Singapore	Land area: 38,830 sqm	99 years leasehold	A 366-unit waterfront condominium development
HarbourFront One Pte Ltd	100%	Keppel Bay Tower HarbourFront Avenue, Singapore	Land area: 17,267 sqm 18-storey office tower	99 years leasehold	Commercial office building with rentable area of 36,015 sqm
Katong Retail Trust	100%	I12 Katong East Coast Road and Joo Chiat Road, Singapore	Land area: 7,261 sqm	99 years leasehold	A 6-storey shopping mall
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd)	69%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,507,653 sqm Two 18-hole golf courses, a club house	70 years lease (residential) 50 years lease (golf course)	Integrated resort comprising golf courses, resort homes and resort facilities
Vision (III) Pte Ltd	30%	Trinity Tower Shanghai, China	Land area: 16,427 sqm	50 years lease (office) 40 years lease (retail)	A mixed-use development in Hong Kou District

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
PT Kepland Investama	100%	International Financial Centre (Tower 1) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 27,933 sqm
	100%	International Financial Centre (Tower 2) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 50,200 sqm
Keppel Land Watco I Co Ltd	61%	Saigon Centre (Phase 1) Ho Chi Minh City, Vietnam	Land area: 2,730 sqm 25-storey office, retail cum serviced apartments development	50 years leasehold	Commercial building with rentable area of 11,683 sqm office and 89 units of serviced apartments
Keppel Land Watco II & III Co Ltd	61%	Saigon Centre (Phase 2) Ho Chi Minh City, Vietnam	Land area: 8,355 sqm	50 years leasehold	Commercial building with rentable area of 37,600 sqm retail, 34,000 sqm office and 195 units of serviced apartments
Tanah Sutera Development Sdn Bhd	18%	Taman Sutera and Taman Sutera Utama Johor Bahru, Malaysia	Land area: 2,018,390 sqm	Freehold	A township comprising residential units, commercial space and recreational facilities in Skudai
City Square Office Co Ltd	40%	Junction City Tower (Phase 1) Yangon, Myanmar	Land area: 26,406 sqm	50 years BOT with option for another two 10-years	A mix-used development in CBD
Straits Greenfield Ltd	100%	Sedona Hotel Yangon Yangon, Myanmar	Land area: 32,000 sqm	50 years BOT with option for another two 10-years	A 5-star hotel in Yangon with 797 rooms
First King Properties Ltd	100%	75 King William Street London, United Kingdom	Land area: 1,947 sqm 9-storey office tower	Freehold	Commercial office building with rentable area of 11,731 sqm
Properties under development					
Keppel REIT	47%	311 Spencer Street Melbourne, Australia	Land area: 5,136 sqm	Freehold	An office development located in CBD *(2020)
Garden Development Pte Ltd	60%	The Garden Residences Serangoon, Singapore	Land area: 17,189 sqm	99 years leasehold	A 613-unit condominium development *(2020)
Parksville Development Pte Ltd	100%	Nassim Woods Nassim Road, Singapore	Land area: 5,785 sqm	99 years leasehold	A 100-unit condominium development *(2022)
Keppel Bay Pte Ltd	100%	Keppel Bay Plot 6 Singapore	Land area: 43,701 sqm	99 years leasehold	A proposed 86-unit waterfront condominium development
Shanghai Floraville Land Co Ltd	99%	Park Avenue Central Shanghai, China	Land area: 28,488 sqm	40 years lease (retail) 50 years lease (office)	An office and retail development *(2023)
Shanghai Jinju Real Estate Development Co Ltd	99%	Sheshan Riviera Shanghai, China	Land area: 175,191 sqm	70 years lease (residential) 40 years lease (commercial)	A 217-unit landed development in Sheshan *(2021 Phase 2)
Chengdu Taixin Real Estate Development Co Ltd	35%	V-City Chengdu, China	Land area: 167,357 sqm	70 years lease (residential) 40 years lease (commercial)	A 5,399-unit residential development with retail facilities *(2019 Phase 4)
Keppel Heights (Wuxi) Property Development Co Ltd	100%	Park Avenue Heights Wuxi, China	Land area: 66,010 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,285-unit residential development with commercial facilities in Liangxi District *(2019 Phase 2)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Seasons Residences Property Development (Wuxi) Co Ltd	100%	Seasons Residences Wuxi, China	Land area: 180,258 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,904-unit residential development with integrated facilities in Xinwu District *(2020 Phases 1 & 2)
Keppel Lakefront (Wuxi) Property Development Co Ltd	100%	Waterfront Residence Wuxi, China	Land area: 215,230 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,403-unit residential development with commercial and SOHO facilities in Binhu District *(2019 Phase 4)
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd/ Keppel Hong Tai (Tianjin Eco-City) Property Development Co Ltd/ Keppel Hong Teng (Tianjin Eco-City) Property Development Co Ltd	100%	Seasons City in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 40,451 sqm	40 years leasehold	A commercial sub-centre comprising a retail complex and three office towers *(2020 Phase 1)
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd	100%	Development in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 313,265 sqm	70 years lease (residential) 40 years lease (commercial)	A 4,297-unit residential development with office and retail space *(2019 Seasons Garden Plot 9)
Nanjing Jinsheng Real Estate Development Co Ltd	40%	Nanjing Jinsheng Nanjing, China	Land area: 87,790 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,597-unit residential development in the core of Nanjing Jiangbei New Area *(2021 Phase 1)
Chengdu Hilltop Development Co Ltd	100%	Hill Crest Villa Chengdu, China	Land area: 249,330 sqm	70 years leasehold	A 274-unit landed development in Xinjin County *(2020 Phase 1)
Chengdu Shengshi Jingwei Real Estate Co Ltd	100%	Serenity Villa Chengdu, China	Land area: 286,667 sqm	70 years leasehold	A 867-unit landed development in Xinjin County *(2020 Phase 2)
PT Harapan Global Niaga	100%	West Vista at Puri Jakarta, Indonesia	Land area: 28,851 sqm	30 years lease with option for another 20 years	A 2,855-unit residential development with ancillary shop houses *(2019 Phase 1)
Tanah Sutera Development Sdn Bhd	18%	Taman Sutera and Taman Sutera Utama Johor Bahru, Malaysia	Land area: 2,018,390 sqm	Freehold	A township comprising residential units, commercial space and recreational facilities in Skudai
City Square Tower Co Ltd	40%	Junction City Tower (Phase 2) Yangon, Myanmar	Land area: 26,406 sqm	50 years BOT with option for another two 10-years	A mix-used development in CBD *(2022)
Saigon Sports City Ltd	100%	Saigon Sports City Ho Chi Minh City, Vietnam	Land area: 640,477 sqm	50 years leasehold	A 4,300-unit residential township, commercial complexes and public sports facilities *(2022 Phase 1)
South Rach Chiec LLC	42%	Palm City (South Rach Chiec) Ho Chi Minh City, Vietnam	Land area: 289,365 sqm	50 years leasehold	A 3,670-unit residential township and commercial space *(2019 Phase 1)
Empire City LLC	40%	Empire City Ho Chi Minh City, Vietnam	Land area: 146,000 sqm	50 years leasehold	A residential development with commercial space in Thu Thiem New Urban Area, District 2 *(2020 Phases 1 & 2)
Riviera Point Ltd	75%	Riviera Point Ho Chi Minh City, Vietnam	Land area: 89,727 sqm	50 years leasehold	A 2,400-unit residential development with commercial space in District 7 *(2019 Phase B)
Dong Nai Waterfront City LLC (owned by Portsville Pte Ltd)	50%	Dong Nai Waterfront City Dong Nai Province, Vietnam	Land area: 3,667,127 sqm	50 years leasehold	A 7,850-unit residential township with commercial space in Long Thanh District *(2024 Phase 1)

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Industrial properties					
Keppel FELS Limited	100%	Pioneer and Crescent Yard, Singapore	Land area: 522,097 sqm buildings, workshops, building berths, drydocks and wharves	16 - 30 years leasehold	Offshore oil rig construction and repair
Estaleiro BrasFELS Ltda	100%	Angra dos Reis, Rio de Janeiro, Brazil	Land area: 409,020 sqm buildings, workshops, drydock, berths and wharf	30 years leasehold	Offshore oil rig construction and repair
Keppel Shipyard Limited	100%	Benoi and Pioneer Yard, Singapore	Land area: 799,111 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

* Expected year of completion

Group Five-Year Performance

	2014#	2015#	2016#	2017#	2018
Selected Profit & Loss Account Data					
($ million)					
Revenue	13,283	10,296	6,767	5,964	**5,965**
Operating profit	2,391	1,576	901	801	**1,043**
Profit before tax	2,835	1,991	1,088	442^	**1,240**
Net profit attributable to shareholders of the Company	1,885	1,525	784	196^	**944**
Selected Balance Sheet Data					
($ million)					
Fixed assets & properties	4,661	6,118	6,195	5,894	**5,224**
Investments	5,718	6,030	6,076	6,575	**6,841**
Stocks, debtors, cash & long term assets	19,851	16,672	17,532	16,084	**14,412**
Intangibles	102	100	141	133	**129**
Assets classified as held for sale	1,259	-	-	-	**-**
Total assets	31,591	28,920	29,944	28,686	**26,606**
Less:					
Creditors	8,579	7,925	8,034	8,298	**6,912**
Borrowings	7,383	8,259	9,053	7,793	**7,549**
Other liabilities	451	810	512	622	**558**
Liabilities directly associated with assets classified as held for sale	450	-	-	-	**-**
Net assets	14,728	11,926	12,345	11,973	**11,587**
Share capital & reserves	10,381	11,096	11,668	11,443	**11,278**
Non-controlling interests	4,347	830	677	530	**309**
Total Equity	14,728	11,926	12,345	11,973	**11,587**
Per Share					
Earnings (cents) (Note 1) :					
Before tax	120.9	104.2	57.1	23.3^	**67.4**
After tax	103.8	84.0	43.2	10.8^	**52.0**
Total distribution (cents)	48.0	34.0	20.0	22.0	**30.0***
Net assets ($)	5.73	6.13	6.43	6.29	**6.22**
Net tangible assets ($)	5.67	6.07	6.35	6.22	**6.15**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax	21.9	17.6	9.1	3.7	**10.8**
Net profit	18.8	14.2	6.9	1.7	**8.3**
Dividend cover (times)	2.2	2.5	2.2	0.5	**1.7***
Net cash/(gearing) (times)	(0.11)	(0.53)	(0.56)	(0.46)	**(0.48)**
Employees					
Average headcount (number)	39,049	36,153	28,879	21,862	**18,186**
Wages & salaries ($ million)	1,859	1,662	1,282	1,107	**1,018**

\# 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)s"). 2014 to 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards ("FRS") and certain amounts have been reclassified for comparability purpose.
^ Includes the one-off financial penalty from the global resolution and related costs of $619 million.
* Includes the special dividend paid of 5.0 cents per share.

Notes:
1. Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
2. In calculating return on shareholders' funds, average shareholders' funds has been used.

Group Five-Year Performance

2018
Group revenue of $5,965 million for 2018 was at almost the same level as in 2017. Revenue from the O&M Division improved by $73 million or 4% to $1,875 million due to revenue recognition in relation to the jackup rigs sold to Borr Drilling Limited and higher revenue recognition from ongoing projects. Major jobs completed and delivered in 2018 included two jackup rigs, a gas carrier refurbishment, two Floating Production Storage and Offloading (FPSO) conversions, a Roll-on/Roll-off (RORO) conversion and two dual-fuel Liquified Natural Gas (LNG) tugs. Revenue from the Property Division decreased by $442 million to $1,340 million due mainly to lower revenue from Singapore, China and Vietnam property trading. Revenue from the Infrastructure Division grew by $422 million to $2,629 million as a result of increased sales in the power and gas businesses, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project. Revenue from the Investments Division decreased by $52 million to $121 million due mainly to the absence of sale of investments and lower revenue from the asset management business.

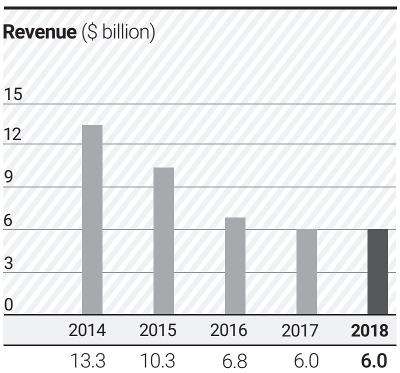
Group pre-tax profit for the current year was $1,240 million, $798 million or 181% above the previous year. Group pre-tax profit for 2017 included $619 million for the one-off financial penalty and related costs. Excluding the one-off financial penalty and related costs from 2017, Group pre-tax profit for 2018 of $1,240 million was $179 million or 17% above the pre-tax profit of $1,061 million for 2017.

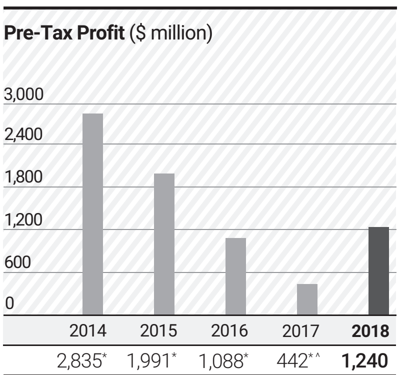
The O&M Division's pre-tax loss was $113 million as compared to pre-tax loss, excluding the one-off financial penalty and related costs, of $243 million in 2017. This was mainly due to higher operating results arising from higher revenue, write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions and absence of gain from divestment of Keppel Verolme. Pre-tax profit from the Property Division increased by $344 million to $1,188 million due mainly to en-bloc sales of development projects (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company) and gain from divestment of the stake in Aether Limited. The positive variance was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of associated companies' profits. Pre-tax profit of the Infrastructure Division was $184 million, $14 million above that in 2017. This was mainly due to dilution gain following Keppel DC REIT's private placement exercise, the gain arising from the sale of stake in Keppel DC REIT, as well as higher contribution from Environmental Infrastructure and Infrastructure Services, partly offset by lower contribution from Energy Infrastructure, lower share of profits from Keppel Infrastructure Trust, and absence of gain from divestment of GE Keppel Energy Services Pte Ltd compared against last year. Pre-tax loss of the Investments Division was $19 million as compared to pre-tax profit of $290 million in 2017. This was mainly due to lower profit from land sales in the Sino-Singapore Tianjin Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefitted from the share of profit from k1 Ventures, write-back of provision for impairment of an associated company, and profit from sale of investments.

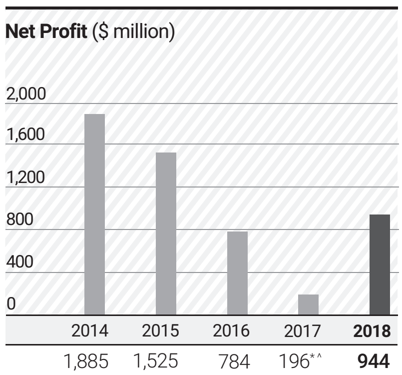
Taking into account income tax expenses and non-controlling interests, and excluding the one-off financial penalty from the global resolution and related costs of $619 million in 2017, net profit attributable to shareholders for 2018 was $944 million, an increase of $129 million from $815 million in 2017. The Property Division was the largest contributor to the Group's net profit with a 99% share, followed by the Infrastructure Division's 18% while the O&M Division and Investments Division contributed negative 11% and negative 6% to the Group's net profit respectively.

2017
Group revenue of $5,964 million for 2017 was $803 million or 12% below that of 2016. Revenue from the O&M Division declined by $1,052 million to $1,802 million due to lower volume of work and deferment of some projects. Major jobs completed and delivered in 2017 include a semisubmersible (semi), a subsea construction vessel, an FPSO conversion, an FPSO topsides installation/integration, a module fabrication & integration, a floating LNG conversion and an ice-class multi-purpose vessel project. Revenue from the Property Division decreased by $253 million to $1,782 million due mainly to lower revenue from China and Singapore, partly offset by higher revenue from Vietnam. Revenue from the Infrastructure Division grew by $463 million to $2,207 million as a result of increased sales in the power and gas businesses and progressive revenue recognition from the Keppel Marina East Desalination Plant project.

Group pre-tax profit for the current year was $442 million, $646 million or 59% below the previous year. Excluding the one-off financial penalty from the global resolution and related costs, the Group registered a pre-tax profit of $1,061 million which is $27 million lower than that of the preceding year.







* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2014 to 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purpose.

^ Includes the one-off financial penalty and related costs of $619 million.

The O&M Division's pre-tax loss in 2017 was $862 million. Excluding the one-off financial penalty from the global resolution and related costs, the Division's pre-tax loss was $243 million as compared to pre-tax profit of $76 million in 2016. This was mainly due to lower operating results arising from lower revenue and lower share of associated companies' profits, partly offset by lower impairment provisions and lower net interest expense. Provisions mainly for impairment of fixed assets, stocks & works-in-progress (WIP), investments and an associated company, and restructuring costs, of $140 million in 2017 was lower than the $277 million impairment provisions recorded in 2016. Pre-tax profit from the Property Division of $844 million was $11 million or 1% higher than that in 2016. This was due mainly to higher fair value gains on investment properties and higher contribution from Singapore and Vietnam property trading, and en-bloc sales of development projects, partly offset by lower share of associated companies' profits, mainly resulting from the absence of the gains from divestment of the stakes in Life Hub @ Jinqiao and 77 King Street last year, and the absence of reversal of impairment for hospitality assets. Pre-tax profit of the Infrastructure Division increased by $47 million to $170 million due mainly to higher contribution from Energy Infrastructure, the gain on divestment of its interest in GE Keppel Energy Services Pte Ltd, as well as the recognition of fair value gain on investment. These were partly offset by lower contribution from the data centre business, due mainly to the absence of contribution from Keppel DC Singapore 3, which was injected into Keppel DC REIT in January 2017. Pre-tax profit of the Investments Division increased by $234 million to $290 million due mainly to higher share of profit from Sino-Singapore Tianjin Eco-City and k1 Ventures, higher contribution from asset management business, write-back of provision for impairment of investments and profit on sale of investments. These were partly offset by the share of loss in KrisEnergy and recognition of fair value loss on KrisEnergy warrants.

Taking into account income tax expenses and non-controlling interests, and excluding the one-off financial penalty from the global resolution and related costs of $619 million, net profit attributable to shareholders was $815 million, an increase of $31 million from last year. The Property Division was the largest contributor to the Group's net profit with an 80% share, followed by the Investments Division's 29% and Infrastructure Division's 16% while the O&M Division contributed negative 25% to the Group's net profit.

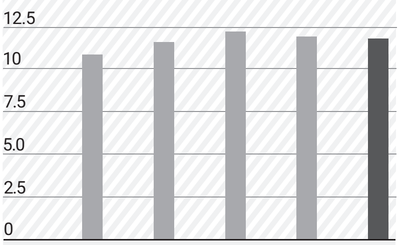
2016

Group revenue of $6,767 million for 2016 was $3,529 million or 34% lower than that for the full year of 2015. O&M Division's revenue of $2,854 million was 54% below the $6,241 million for 2015 because of lower volume of work, deferment of some projects and the suspension of the Sete contracts. Major jobs completed in 2016 include four jackup rigs, a land rig, a derrick lay vessel, an accommodation semi and two FPSO conversions. The Property Division saw its revenue increase by 12% to $2,035 million due mainly to higher revenue from Singapore and China. Revenue from the Infrastructure Division contracted by $293 million to $1,744 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume.

The Group's pre-tax profit for the current year was $1,088 million, $903 million or 45% below the previous year. The O&M Division reported a $614 million drop in pre-tax profit to $76 million due mainly to lower operating results arising from lower revenue, lower share of associated companies' profits and impairment of assets. Impairment of assets in the year amounted to $277 million and comprises impairment of fixed assets, stocks & WIP and investments. The negative variance was partially offset by the absence of provision for losses for the Sete rigbuilding contracts of about $230 million in 2015. The Property Division's profit of $833 million for 2016 was $31 million or 4% lower than 2015 due mainly to lower fair value gains on investment properties, lower contribution from Singapore property trading, lower share of associated companies' profits and the absence of cost write-back upon finalisation of project cost for Reflections at Keppel Bay in 4Q 2015, partially offset by reversal of impairment of hospitality assets. The lower share of associated companies' profits was due mainly to lower share of fair value gains on investment properties, partly offset by share of profits arising from divestment of the stake in Life Hub @ Jinqiao and 77 King Street. Profit from the Infrastructure Division decreased by $116 million to $123 million due mainly to lower fair value gains on data centres and the absence of gains recognised in 2015. In 2015, there were gains from disposal of the 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust, which were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant. Pre-tax profit of the Investments Division decreased by $142 million to $56 million due mainly to share of losses and impairment losses of an associated company, and the absence of gain from sale of investments last year, partially offset by share of profits from Sino-Singapore Tianjin Eco-City.

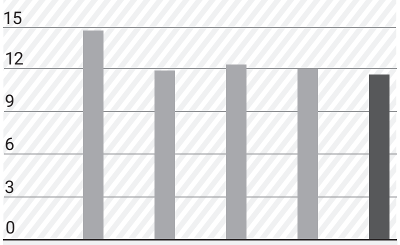
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $784 million, $741 million or 49% lower than last year. The Property Division was the largest contributor to Group net profit at 79%, followed by the Infrastructure Division's 13%, the Investments Division's and the O&M Division's at 4% each.

Shareholders' Fund ($ billion)



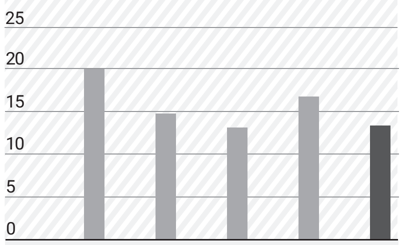
2014	2015	2016	2017	**2018**
10.4	11.1	11.7	11.4	**11.3**

Total Equity ($ billion)



2014	2015	2016	2017	**2018**
14.7	11.9	12.3	12.0	**11.6**

Market Capitalisation ($ billion)



2014	2015	2016	2017	**2018**
16.0	11.8	10.5	13.4	**10.7**

Group Five-Year Performance

2015

Group revenue of $10,296 million for 2015 was $2,987 million or 22% lower than that for the full year of 2014. O&M Division's revenue of $6,241 million was 27% below the $8,556 million for 2014 due to lower volume of work, deferment of some projects and the suspension of the Sete contracts. Major jobs completed in 2015 include seven jackup rigs, an accommodation semi, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. The Property Division saw its revenue increase by 12% to $1,823 million due mainly to higher revenue from China partly offset by lower revenue from Singapore and the absence of the sale of a residential development in Jeddah, Saudi Arabia which was sold in 2014. Revenue from the Infrastructure Division contracted by $877 million to $2,037 million as a result of a drop in revenue recorded by the power and gas business due to lower prices and volume, lower revenue from engineering, procurement and construction (EPC) projects, lower contribution from the data centre business, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in December 2014.

The Group's pre-tax profit for the current year was $1,991 million, $844 million or 30% below the previous year. The O&M Division reported a $667 million drop in pre-tax profit to $690 million. Lower operating results arising from lower revenue, provision for losses for Sete rigbuilding contracts of about $230 million and lower net interest income were partially offset by an increase in share of associated companies' profits. The Property Division's profit of $864 million for 2015 was $80 million or 8% below that of 2014. This was due mainly to lower operating results, reduction in share of associated companies' profits, higher net interest expense and absence of gains from the disposal of investment properties (Equity Plaza, Prudential Tower and Marina Bay Financial Centre Tower 3 (MBFC T3) were disposed in 2014), partly offset by higher fair value gains on investment properties and cost write-back upon finalisation of project cost for the Reflections at Keppel Bay. Profit from the Infrastructure Division decreased by $193 million to $239 million. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Works and the reduced contribution from the power and gas business. There were also gains from divestment of data centre assets and Keppel FMO in 2014.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $1,525 million, $360 million or 19% lower than last year. The Property Division was the largest contributor to Group net profit at 43%, followed by the O&M Division's 32%, the Infrastructure Division's 13% and the Investments Division's at 12%.

2014

Group revenue of $13,283 million for 2014 was $903 million or 7% higher than that for the full year of 2013. O&M Division's revenue of $8,556 million was 20% above the $7,126 million for 2013, driven mainly by progress from on-going jobs. Major jobs completed in 2014 include 7 jackup rigs, 3 FPSO upgrades, 2 FPSO conversions, one FPSO integration and one semi upgrade. The Property Division saw its revenue weakened by 2% to $1,629 million mainly from weaker sales in Singapore. In addition, Keppel REIT did not contribute any revenue in 2014 as it was deconsolidated from 31 August 2013. This was partly offset by sale of a residential development in Jeddah, Saudi Arabia. Revenue from the Infrastructure Division decreased by $538 million to $2,914 million mainly due to lower revenue contributed by Keppel Infrastructure's power generation plant, partially offset by stronger contribution from Keppel Telecommunications & Transportation's (Keppel T&T) logistics and data centre businesses.

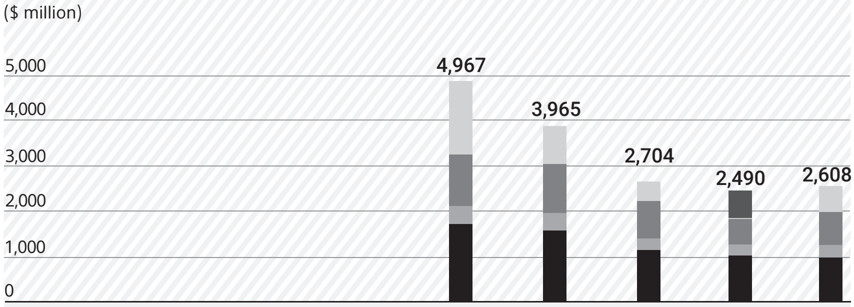
The Group's pre-tax profit for the current year was $2,835 million, $28 million or 1% above the previous year. The O&M Division posted a higher pre-tax profit of $1,357 million mainly from better operating results and higher interest income partially offset by lower share of associated companies' profits. The Property Division's profit of $944 million for 2014 was $476 million or 34% below that of 2013. Lower operating results, lower fair value gains on investment properties and absence of gains from deconsolidation of Keppel REIT recognised in 2013 was partially offset by gains from the disposals of Equity Plaza, Prudential Tower and MBFC T3 in 2014. Profit from the Infrastructure Division increased by $366 million to $432 million due mainly to better operating results from both Keppel Infrastructure and Keppel T&T as well as gains from divestments of data centre assets and Keppel FMO.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $1,885 million, $39 million or 2% higher than last year. The O&M Division was the largest contributor to Group net profit at 55%, followed by the Property Division's 25%, the Infrastructure Division's 16% and the Investments Division's at 4%.

Group Value-Added Statements

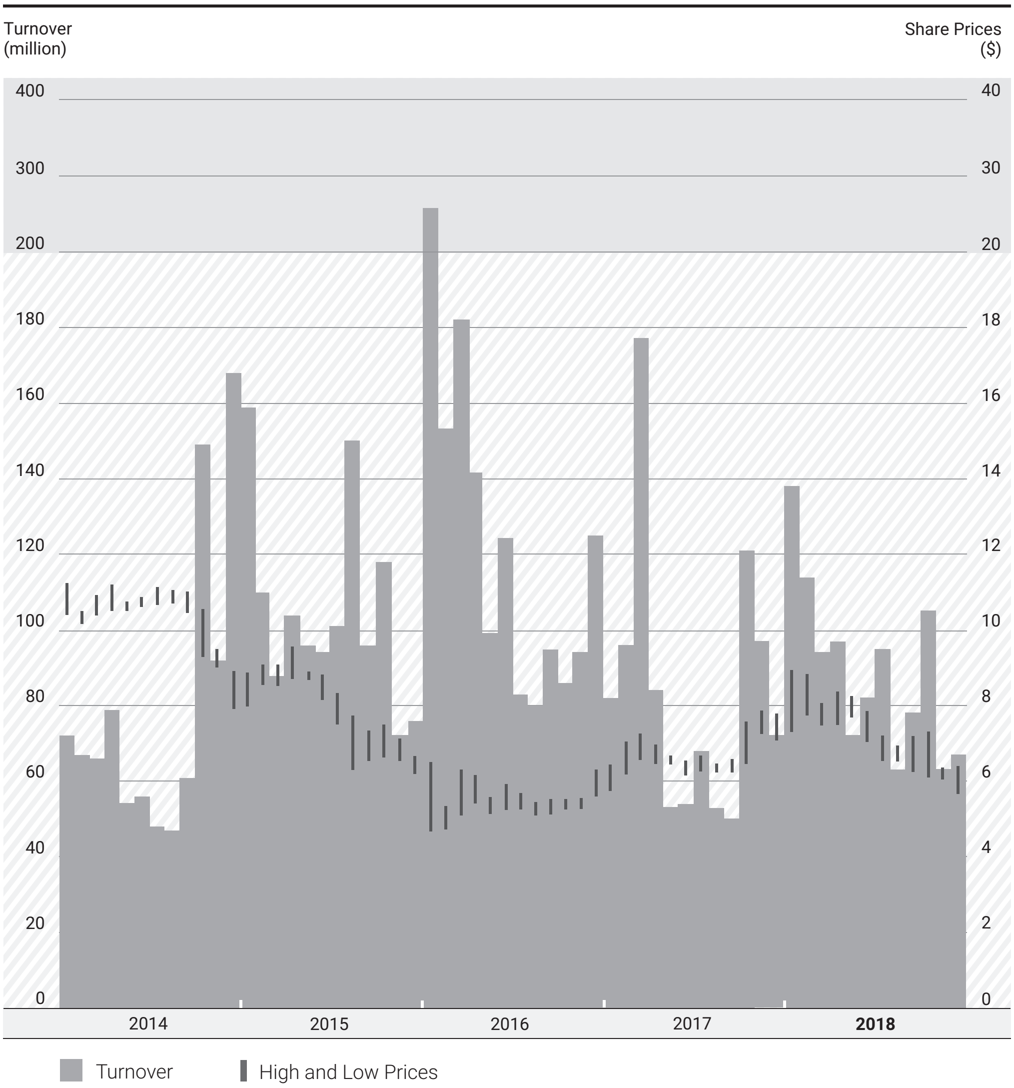
($ million)	2014*	2015*	2016*	2017*	2018
Value added from:					
Revenue earned	13,283	10,296	6,767	5,964	**5,965**
Less: purchases of materials and services	(9,456)	(7,303)	(4,287)	(4,119)	**(3,939)**
Gross value added from operation	3,827	2,993	2,480	1,845	**2,026**
In addition:					
Interest and investment income	145	134	139	158	**174**
Share of associated companies' profits	432	436	272	291	**222**
Other operating income/(expenses)	563	402	(187)	196	**186**
	4,967	3,965	2,704	2,490	**2,608**
Distribution of Group's value added:					
To employees in wages, salaries and benefits	1,733	1,600	1,155	1,027	**988**
To government in taxation	408	398	266	244	**284**
To providers of capital on:					
Interest on borrowings	134	155	225	189	**198**
Dividends to our partners in subsidiaries	266	83	77	27	**20**
Dividends to our shareholders	763	872	545	364	**526**
	1,163	1,110	847	580	**744**
One-off financial penalty & related costs	-	-	-	619	**-**
Total Distribution	3,304	3,108	2,268	2,470	**2,016**
Balance retained in the business:					
Depreciation & amortisation	265	220	236	212	**182**
Non-controlling interests share of profits in subsidiaries	276	(15)	(39)	(25)	**(8)**
Retained profit for the year	1,122	652	239	(167)	**418**
	1,663	857	436	20	**592**
	4,967	3,965	2,704	2,490	**2,608**
Number of employees	39,049	36,153	28,879	21,862	**18,186**
Productivity data:					
Gross value added per employee ($'000)	98	83	86	84	**111**
Gross value added per dollar employment cost ($)	2.21	1.87	2.15	1.80	**2.05**
Gross value added per dollar sales ($)	0.29	0.29	0.37	0.31	**0.34**

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2014 to 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purpose.



	2014	2015	2016	2017	2018
One-off financial penalty and related cost	-	-	-	619	**-**
Depreciation & Retained Profit	1,663	857	436	20	**592**
Interest Expenses & Dividends	1,163	1,110	847	580	**744**
Taxation	408	398	266	244	**284**
Wages, Salaries & Benefits	1,733	1,600	1,155	1,027	**988**

Share Performance



	2014	2015	2016	2017	**2018**
Share Price ($) *					
Last transacted (Note 3)	8.85	6.51	5.79	7.35	**5.91**
High	11.24	9.54	6.56	7.83	**8.92**
Low	7.91	6.20	4.64	5.73	**5.67**
Volume weighted average (Note 2)	10.01	7.92	5.46	6.79	**7.35**
Per Share					
Earnings (cents) (Note 1)	103.8	84.0	43.2	10.8#^	**52.0**
Total distribution (cents)	48.0	34.0	20.0	22.0	**30.0@**
Distribution yield (%) (Note 2)	4.8	4.3	3.7	3.2	**4.1@**
Net price earnings ratio (Note 2)	9.6	9.4	12.6	62.9	**14.1**
Net assets backing ($)	5.67	6.07	6.35#	6.22#	**6.15**
At Year End					
Share price ($)	8.85	6.51	5.79	7.35	**5.91**
Distribution yield (%) (Note 3)	5.4	5.2	3.5	3.0	**5.1@**
Net price earnings ratio (Note 3)	8.5	7.8	13.4	68.1	**11.4**
Net price to book ratio (Note 3)	1.6	1.1	0.9	1.2	**1.0**

Notes:
1. Earnings per share are calculated based on the Group net profit by reference to the weighted average number of shares in issue during the year.
2. Volume weighted average share price is used in calculating distribution yield and net price earnings ratio.
3. Last transacted share price is used in calculating distribution yield, net price earnings ratio and net price to book ratio.

* Historical share prices are not adjusted for special dividends, capital distribution and dividend in specie.

^ Includes the one-off financial penalty from the global resolution and related costs of $619 million.

2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2014 to 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purpose.

@ Includes the special dividend paid of 5.0 cents per share.

Shareholding Statistics

As at 5 March 2019

Issued and Fully paid-up capital (including Treasury Shares)	:	$1,291,720,897.98
Issued and Fully paid-up capital (excluding Treasury Shares)	:	$1,281,221,788.97
Number of Issued shares (including Treasury Shares)	:	1,818,394,180
Number of Issued shares (excluding Treasury Shares)	:	1,817,009,407
Number/Percentage of Treasury Shares	:	1,384,773 (0.08%)
Number/Percentage of Subsidiary Holdings [1]	:	0 (0%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	One Vote Per Share. The Company cannot exercise any voting rights in respect of treasury shares

Subject to the Companies Act, Chapter 50, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings.

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	173	0.24	5,924	0.00
100 - 1,000	16,580	23.07	13,500,831	0.74
1,001 - 10,000	45,252	62.96	178,205,142	9.81
10,001 - 1,000,000	9,838	13.69	298,075,370	16.41
1,000,001 & Above	29	0.04	1,327,222,140	73.04
Total	71,872	100.00	1,817,009,407	100.00

Twenty Largest Shareholders	No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.44
Citibank Nominees Singapore Pte Ltd	314,398,607	17.30
DBS Nominees Pte Ltd	226,126,815	12.45
DBSN Services Pte Ltd	113,271,708	6.23
HSBC (Singapore) Nominees Pte Ltd	88,578,995	4.87
United Overseas Bank Nominees Pte Ltd	51,958,823	2.86
Raffles Nominees (Pte) Limited	49,073,283	2.70
BPSS Nominees Singapore (Pte.) Ltd.	30,281,441	1.67
OCBC Nominees Singapore Pte Ltd	13,493,272	0.74
OCBC Securities Private Ltd	9,085,641	0.50
Shanwood Development Pte Ltd	7,040,000	0.39
Phillip Securities Pte Ltd	6,126,521	0.34
UOB Kay Hian Pte Ltd	5,886,625	0.32
DB Nominees (Singapore) Pte Ltd	5,248,353	0.29
Maybank Kim Eng Securities Pte. Ltd.	3,774,906	0.21
BNP Paribas Nominees Singapore Pte Ltd	3,625,575	0.20
Chen Chun Nan	3,618,100	0.20
Societe Generale S'pore Branch	3,427,365	0.19
DBS Vickers Securities (S) Pte Ltd	3,285,400	0.18
CGS-CIMB Securities (Singapore) Pte Ltd	3,151,583	0.17
Total	1,312,861,305	72.25

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Temasek Holdings (Private) Limited [2]	371,408,292	20.44	13,780,895	0.75	385,189,187	21.19

Notes:

1 "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

2 Temasek Holdings (Private) Limited is deemed interested in 14,774,336 shares in which its subsidiaries and associated companies have direct or deemed interests.

Public Shareholders

Based on the information available to the Company as at 5 March 2019, approximately 78% of the issued shares of the Company is held by the public and therefore, pursuant to Rules 723 and 1207 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

Notice of Annual General Meeting & Closure of Books

Keppel Corporation

Keppel Corporation Limited
Company Registration No. 196800351N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 51st Annual General Meeting of the Company will be held at Suntec Singapore Convention and Exhibition Centre, Nicoll 1-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Tuesday, 23 April 2019 at 3.00 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2018. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 15.0 cents per share for the year ended 31 December 2018 (2017: final tax-exempt (one-tier) dividend of 14.0 cents per share). **Resolution 2**

3. To re-elect the following directors of the Company ("Directors"), each of whom will be retiring by rotation pursuant to Regulation 83 of the Constitution of the Company ("Constitution") and who, being eligible, offers himself for re-election pursuant to Regulation 84 of the Constitution (see Note 3):

   (i) Mr Alvin Yeo **Resolution 3**

   (ii) Mr Tan Ek Kia **Resolution 4**

   (iii) Mr Loh Chin Hua **Resolution 5**

4. To re-elect Prof Jean-François Manzoni, whom being appointed by the board of Directors after the last annual general meeting of the Company, will retire in accordance with Regulation 82(a) of the Constitution and who, being eligible, offers himself for re-election (see Note 3). **Resolution 6**

5. To approve the sum of S$2,218,222 as Directors' fees for the year ended 31 December 2018 (2017: S$2,191,000) (see Note 4). **Resolution 7**

6. To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company, and authorise the Directors to fix their remuneration. **Resolution 8**

Special Business

To consider and, if thought fit, approve with or without any modifications, the following ordinary resolutions:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), authority be and is hereby given to the Directors to: **Resolution 9**

   (1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

   (b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force;

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty (50) per cent. of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed five (5) per cent. of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or sub-division of Shares,

and in sub-paragraph (i) above and this sub-paragraph (ii), "subsidiary holdings" has the meaning given to it in the listing manual of the SGX-ST ("Listing Manual");

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being in force; and

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier (see Note 5).

8. That: **Resolution 10**

(1) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(2) (unless varied or revoked by the members of the Company in a general meeting) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next annual general meeting of the Company is held;

(b) the date on which the next annual general meeting of the Company is required by law to be held; or

(c) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(3) in this Resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price of each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Limit" means that number of issued Shares representing two (2) per cent. of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has at any time during the Relevant Period reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period (as hereinafter defined), made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the court, as the case may be. Any Shares which are held as treasury shares and any subsidiary holdings will be disregarded for purposes of computing the two (2) per cent. limit;

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a Market Purchase or an Off-Market Purchase, 105 per cent. of the Average Closing Price;

"Relevant Period" means the period commencing from the date of the passing of this Resolution and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier; and

"subsidiary holdings" has the meaning given to it in the Listing Manual; and

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution (see Note 6).

9. That: **Resolution 11**

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and target associated companies (as defined in Appendix 2 to this Notice of Annual General Meeting ("Appendix 2")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 2, with any person who falls within the classes of Interested Persons described in Appendix 2, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 2 (the "IPT Mandate");

(2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting is held or is required by law to be held, whichever is the earlier;

(3) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution (see Note 7).

To transact such other business which can be transacted at the annual general meeting of the Company.

NOTICE IS ALSO HEREBY GIVEN THAT:

(a) the Share Transfer Books and the Register of Members of the Company will be closed on 30 April 2019 at 5.00 p.m., for the preparation of dividend warrants. Duly completed transfers of Shares received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 30 April 2019 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 30 April 2019 will be entitled to the proposed final dividend. The proposed final dividend if approved at this annual general meeting will be paid on 10 May 2019; and

(b) the electronic copy of the Company's Annual Report 2018 will be published on the Company's website on 1 April 2019. The Company's website address is http://www.kepcorp.com, and the electronic copy of the Annual Report 2018 can be viewed or downloaded from the annual report microsite at www.kepcorp.com/annualreport2018/. To download the electronic copy of the Annual Report 2018, click on the link at the top right hand corner of the microsite webpage. You will need an internet browser and PDF reader to view the document.

BY ORDER OF THE BOARD

Caroline Chang/Leon Ng
Company Secretaries

Singapore, 1 April 2019

Notice of Annual General Meeting & Closure of Books

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary is entitled to appoint one proxy or two proxies to attend and vote in his place. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote in his place, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. A proxy need not be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 72 hours before the time appointed for holding the annual general meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the annual general meeting as certified by The Central Depository (Pte) Limited to the Company.

3. Detailed information on these directors can be found on pages 22 to 25 and 93 to 94 of the Company's Annual Report for the financial year ended 31 December 2018 ("Annual Report 2018").

   Mr Alvin Yeo will, upon his re-election, continue to serve as a member of the Audit Committee and Nominating Committee. Mr Alvin Yeo is the Chairman and Senior Partner of WongPartnership LLP, a member of the Monetary Authority of Singapore's advisory panel to advise the Minister of Finance on appeals under various financial services legislation, the Court of the Singapore International Arbitration Centre, the Singapore Medical Council's Panel of Disciplinary Tribunal Chairmen, and the Panel of Disciplinary Tribunal Chairmen of the Supreme Court of Singapore, as well as a Fellow of the Singapore Institute of Arbitrators. He is also a director and chairman of the remuneration committee of United Industrial Corporation Limited and a director of United Overseas Bank Limited.

   Mr Tan Ek Kia will, upon his re-election, continue to serve as the Chairman of the Board Safety Committee and member of the Board Risk Committee and Audit Committee. Mr Tan is a seasoned executive in the oil and gas and petrochemicals business. Prior to his retirement as the Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore) in September 2006, Mr Tan held senior positions in Shell including Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd (both based in Beijing, China). His other directorships include Transocean Ltd, KrisEnergy Ltd (Chairman), PT Chandra Asli Petrochemical Tbk, SMRT Corporation Ltd, Star Energy Group Holdings Pte Ltd (Chairman), Singapore LNG Corporation Pte Ltd and Dialog Systems (Asia) Pte Ltd.

   Mr Loh Chin Hua will, upon his re-election, continue to serve as a member of Board Safety Committee. Mr Loh is currently the Chief Executive Officer of the Company, after having served as its Chief Financial Officer from 1 January 2012 to 1 January 2014, playing a pivotal role in all its major investment initiatives and financial decisions as well as shaping the Group's business strategy. Mr Loh has over 30 years of experience in real estate investing and fund management spanning the United States of America, Europe and Asia. He joined the Keppel Group in 2002 as the Managing Director of Alpha Investment Partners Ltd. Prior to this, he was the Managing Director at Prudential Investment Inc leading its Asian real estate fund management business and overseeing all investment and asset management for the real estate funds managed out of Asia. Mr Loh began his career with the Government of Singapore Investment Corporation, where he held key appointments in its San Francisco and London office.

   Prof Jean-François Manzoni will, upon his re-election, continue to serve as a member of the Board Risk Commitee. Prof Manzoni is currently the President (Dean) and Nestlé Professor at the International Institute for Management Development (IMD) in Switzerland, where he is based. Prior to re-joining IMD in 2016, he had served at INSEAD's Singapore campus where he co-directed the International Directors Program. He was also on the faculty of INSEAD (Fontainebleau), where he founded and directed the PwC Research Initiative on High Performance Organisations. Prof Manzoni is the recipient of several awards for excellence in research and teaching, and has been involved in consulting, top management team support and leadership development with several international organisations, spanning more than 30 countries over the years. Prof Manzoni is a member of the International Advisory Panels of Digital Switzerland, Singapore's Public Service Division and the Russian Presidential Academy of National Economy and Public Administration. He is a Fellow of the Singapore Institute of Directors, and served on the Board of Singapore's Civil Service College from 2015 to 2017. Prof Manzoni also sits on the board of AACSB International, the world's largest business education alliance.

   Mr Alvin Yeo, Mr Tan Ek Kia and Prof Jean-François Manzoni are considered by the board of Directors to be independent Directors. Please see pages 23 and 25 of the Annual Report 2018.

4. Resolution 7 is to approve the payment of an aggregate sum of S$2,218,222 as Directors' fees for the non-executive Directors of the Company for FY2018. The fees include pro-rated fees payable to Prof Jean-François Manzoni, who was appointed as a non-executive and independent Director of the Company on 1 October 2018.

   If approved, each of the non-executive Directors (including the Chairman) will receive 70% of his/her total Directors' fees in cash ("Cash Component") and 30% in the form of Shares ("Remuneration Shares") (both amounts subject to adjustment as described below). The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the annual general meeting ("Trading Day") for delivery to the respective non-executive Directors, will be based on the market price of the Company's shares on the SGX-ST on the Trading Day. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash.

   The Remuneration Shares will rank pari passu with the then existing issued Shares. Details of the Directors' remuneration can be found on page 80 of the Annual Report 2018. The non-executive Directors will abstain from voting, and will procure that their respective associates abstain from voting, in respect of this Resolution.

5. Resolution 9 is to empower the Directors from the date of this annual general meeting until the date of the next annual general meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury shares and subsidiary holdings) (with a sub-limit of 5 per cent. of the total number of Shares (excluding treasury shares and subsidiary holdings) in respect of Shares to be issued other than on a *pro rata* basis to shareholders). The 5 per cent. sub-limit for non-*pro rata* issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual. Of the 5 per cent. sub-limit, in relation to the Company's Restricted Share Plan and Performance Share Plan (collectively, the "Share Plans"), the Company shall not award Shares ("Awards") under the Share Plans exceeding in aggregate 2 per cent. of the total number of issued Shares ("Yearly Limit"). However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by the Company to make grants of Awards in subsequent years. For the purpose of determining the total number of Shares (excluding treasury shares and subsidiary holdings) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time that this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

6. Resolution 10 relates to the renewal of the Share Purchase Mandate which was originally approved by Shareholders on 18 February 2000 and was last renewed at the annual general meeting of the Company on 20 April 2018. At this annual general meeting, the Company is seeking a lower "Maximum Limit" of 2 per cent. of the total number of issued Shares, which is lower than the 10 per cent. limit allowed under the Listing Manual. Please refer to Appendix 1 to this Notice of Annual General Meeting for details.

7. Resolution 11 relates to the renewal of a mandate given by Shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.

8. **Personal Data Privacy:**
   By submitting an instrument appointing a proxy(ies), and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes") and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Corporate Information

Board of Directors
Lee Boon Yang (Chairman)
Loh Chin Hua (Chief Executive Officer)
Tow Heng Tan
Alvin Yeo
Tan Ek Kia
Danny Teoh
Tan Puay Chiang
Till Vestring
Veronica Eng
Jean-François Manzoni

Audit Committee
Danny Teoh (Chairman)
Alvin Yeo
Veronica Eng
Tan Ek Kia

Remuneration Committee
Till Vestring (Chairman)
Lee Boon Yang
Danny Teoh
Tow Heng Tan

Nominating Committee
Tan Puay Chiang (Chairman)
Lee Boon Yang
Tow Heng Tan
Alvin Yeo
Till Vestring

Board Risk Committee
Veronica Eng (Chairman)
Tow Heng Tan
Danny Teoh
Tan Ek Kia
Jean-François Manzoni

Board Safety Committee
Tan Ek Kia (Chairman)
Lee Boon Yang
Loh Chin Hua
Tan Puay Chiang

Company Secretaries
Caroline Chang
Leon Ng

Registered Office
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Telephone: (65) 6270 6666
Facsimile No.: (65) 6413 6391
Email: keppelgroup@kepcorp.com
Website: www.kepcorp.com

Share Registrar
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Auditors
PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View
Marina One East Tower
Level 12
Singapore 018936
Audit Partner: Yeoh Oon Jin
Year appointed: 2018

Financial Calendar

FY2018	
Financial year-end	31 December 2018
Announcement of 2018 1Q results	19 April 2018
Announcement of 2018 2Q results	19 July 2018
Announcement of 2018 3Q results	18 October 2018
Announcement of 2018 full year results	24 January 2019
Despatch of Annual Report to Shareholders	1 April 2019
Annual General Meeting	23 April 2019
2018 Proposed final dividend	
Books closure date	5.00 p.m., 30 April 2019
Payment date	10 May 2019

FY2019	
Financial year-end	31 December 2019
Announcement of 2019 1Q results	April 2019
Announcement of 2019 2Q results	July 2019
Announcement of 2019 3Q results	October 2019
Announcement of 2019 full year results	January 2020

Keppel Corporation

Keppel Corporation Limited
Company Registration No. 196800351N
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING

Proxy Form

IMPORTANT
1. Relevant Intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy ordinary shares in the capital of Keppel Corporation Limited ("Shares"), this report is forwarded to them at the request of their Agent Banks/SRS Operators and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his Agent Bank/SRS Operator so that his Agent Bank/SRS Operator may appoint him as its proxy within the specified timeframe. (Agent Banks/SRS Operators: Please refer to Notes 2(b) and 4 on the reverse side of this form on the required details.)

Personal Data Privacy
By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 1 April 2019.

I/We, ______________________________ (Name) ______________ (NRIC/Passport/UEN Number)

of ____ (Address)

being a member or members of KEPPEL CORPORATION LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company ("AGM") to be held on Tuesday, 23 April 2019 at Suntec Singapore Convention and Exhibition Centre, Nicoll 1-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting and at any adjournment thereof.

Resolutions	Number of Votes For *	Number of Votes Against *
Ordinary Business		
1. Adoption of Directors' Statement and Audited Financial Statements		
2. Declaration of Dividend		
3. Re-election of Mr Alvin Yeo as Director		
4. Re-election of Mr Tan Ek Kia as Director		
5. Re-election of Mr Loh Chin Hua as Director		
6 Re-election of Prof Jean-François Manzoni as Director		
7. Approval of fees to non-executive Directors		
8. Re-appointment of Auditors		
Special Business		
9. Authority to issue shares and convertible instruments		
10. Renewal of Share Purchase Mandate		
11. Renewal of Shareholders' Mandate for Interested Person Transactions		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✔) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the boxes provided.

Dated this __________ day of ________________ 2019

Total Number of Shares held	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).

2. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a member of the Company appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one proxy is appointed, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares, class of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore ("Companies Act").

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
Keppel Corporation Limited
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

3. Completion and return of the proxy form shall not preclude a member from attending and voting in person at the meeting. Any appointment of a proxy or proxies will be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form, to the meeting.

4. The proxy form must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 72 hours before the time appointed for the Annual General Meeting.

5. The proxy form appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised in writing. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act.

7. The Company shall be entitled to reject the proxy form appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form (including any related attachment) appointing a proxy or proxies. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.-

Notes

Notes