

FINANCE

Overall Financial Performance

For 1997, Group attributable profit amounted to \$104.7 million. This profit was arrived at after recognising contributions from the Group's office projects, industrial building projects as well as residential projects, and higher rental earnings from the Group's office buildings.

Proposed dividend per share was 4 cents, same as the previous year's.

Earnings per share was 16.7 cents, marginally lower than the 16.8 cents for 1996.

At end-1997, shareholders' funds remained unchanged at about \$2.8 billion.

Return on shareholders' funds was 3.7% compared with 3.6% for 1996.

Sales

Total sales (including associates) were \$1,501.5 million compared with \$1,412.8 million for 1996. Consolidated sales (i.e. sales excluding associates) increased from \$591.7 million last year to \$621.2 million.

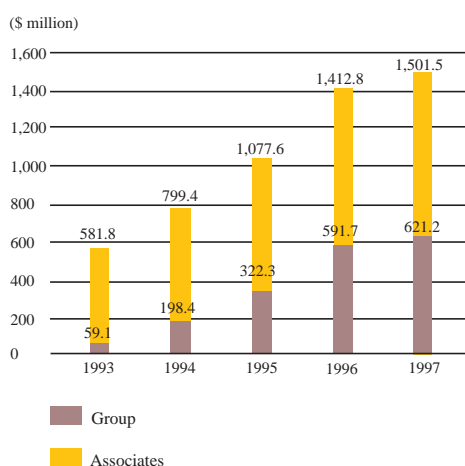
Revenues from Property Investment and Property Services rose by 10% and 24.4% respectively whilst that for Property Trading declined by 1.5%.

Earnings

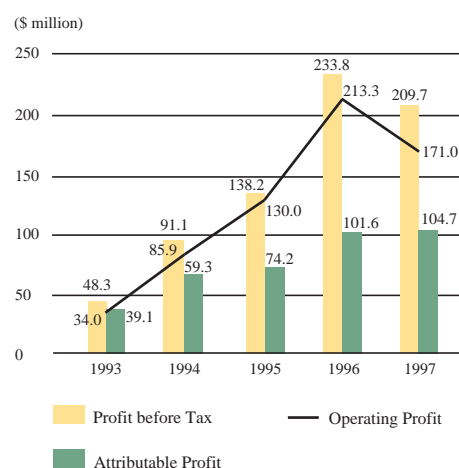
Operating profit for 1997 decreased by 19.8% to \$171 million. However, profit was uplifted by \$48.1 million from the sale by the Group of a 30% shareholding in a property subsidiary.

The Group's share of associated companies' profit declined by \$5.6 million to \$11.4 million.

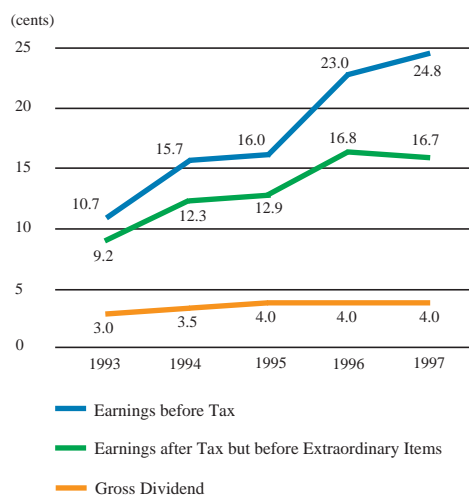
Total Sales



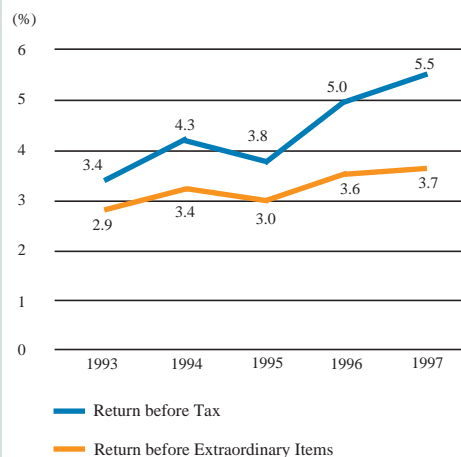
Group Profit



Earnings and Dividend Per Share



Return on Shareholders' Equity



Group profit before tax was \$209.7 million, a decrease of 10.3%.

Taxation for the year was \$64.9 million or 31% of Group pre-tax profit.

After deduction for minority interests, Group attributable profit for the year was \$104.7 million, up 3% over that for the previous year.

Cash Flows

During 1997, the Group incurred \$1,382.7 million in development expenditure. Purchases of fixed assets, additional investment and advances to associated companies amounted to \$119.1 million. A further amount of \$55.3 million was for tax payments and dividends to shareholders.

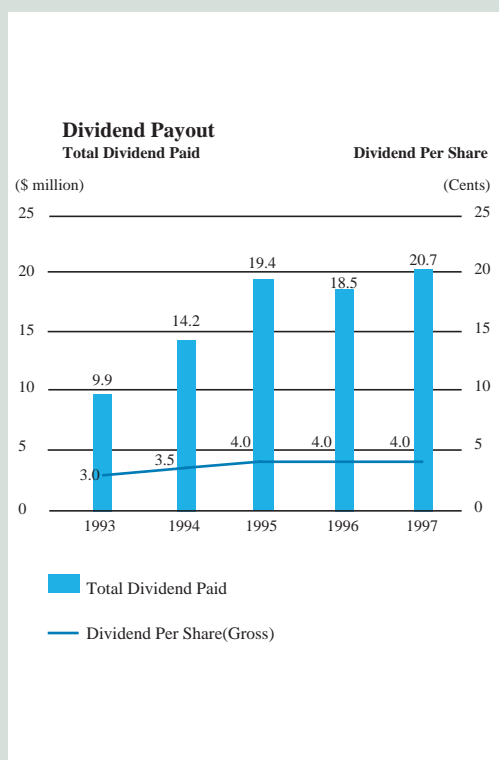
Cash generated from operations amounted to \$793.1 million. Proceeds from conversion of Warrants 2000 and share options were \$136.5 million, and the net loan drawdown was \$87 million.

The overall net cash outflow was \$502.2 million represented mainly by increases of short-term borrowings from related companies. In 1996, there was a net cash outflow of \$212.7 million.

Dividend

A final dividend of 8% (4 cents per share) less tax at 26% amounting to \$19.4 million on the existing issued share capital, has been proposed for the financial year ended 31 December 1997. For 1996, a dividend of 8% (4 cents per share) less tax of

FINANCE (continued)



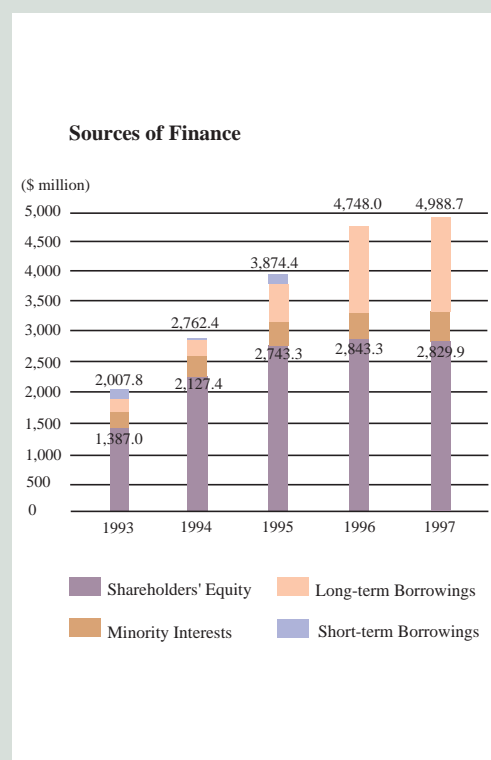
\$19.4 million was declared and paid. This included an additional payment of \$1.3 million on shares issued after the year-end under the Keppel Land Option Scheme and on the exercise of Keppel Land Warrants 2000.

The dividend cover was 5 times compared with 5.5 times in 1996.

Financial Condition at End-1997

The Group's financial position continued to be strong.

At 31 December 1997, share capital and reserves totalled \$2.8 billion. Net borrowings at \$2.1 billion represented 75.5% of total shareholders' funds. The increase in net borrowings of \$689.8 million from a year ago was due to the increase of short-term borrowings from related



companies and increase in bank loans.

The Company's paid-up share capital grew from \$305 million at the end of 1996 to \$327.8 million this year. The increase came mainly from the conversion of Keppel Land Warrants 2000 into equity. At the same time, total reserves declined by \$36.1 million. Overall, shareholders' funds decreased by \$13.4 million.

Net tangible assets backing per share was \$4.32, a decrease of 7.3% from the previous year's figure.

Five-Year Profit Record

In 1993, the improved Group profit before extraordinary items of \$36.3 million was due to additional earnings from the newly completed investment properties, a realised

exchange gain and lower taxes. Group operating and pre-tax earnings were also higher at \$34 million and \$48.3 million respectively.

In 1994, the Group had a good year. Higher profits were achieved on the back of improved rentals for investment properties and the sales of residential properties (The Courtyard, Casuarina Cove, Cluny Park and Chatsworth). At the attributable profit level, Group profit before extraordinary items rose to \$59.3 million from \$36.3 million in 1993. At operating and pre-tax profit levels, new record earnings of \$85.9 million and \$91.1 million respectively were achieved.

The uptrend continued in 1995. The Pebble Bay project was launched, adding to the profit contributions from four other residential projects.

Higher earnings also came from the Group's office buildings. Group pre-tax profit reached \$138.2 million, and attributable profit was \$74.2 million.

Further progress was made in 1996. Group's profit before tax increased to \$233.8 million and attributable profit to \$101.6 million. Improvements came from the Pebble Bay condominium project and the initial profit recognition from the two industrial building projects.

For 1997, whilst Group's profit before tax showed a decline, attributable profit improved by 3% to a record \$104.7 million. These results included the partial sale of Prudential Tower, the disposal of 30% share holding in a property subsidiary and shop units at Heritage Court and Bukit Timah Plaza.

