

KEPPEL CORPORATION LIMITED

Proforma Financial Statement and Dividend Announcement

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2003

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2003.

1(a) GROUP PROFIT AND LOSS ACCOUNTS for the first quarter ended 31 March 2003

	Group		
	1Q 2003	1Q 2002	
	\$'000	\$'000	+/(-)%
Turnover	1,744,101	1,163,567	+49.9
Materials and subcontract costs	(1,335,903)	(864,247)	+54.6
Staff costs	(170,576)	(115,493)	+47.7
Depreciation and amortisation	(54,853)	(42,298)	+29.7
Other operating expenses	(62,301)	(26,275)	+137.1
Operating profit	120,468	115,254	+4.5
Investment income	1,748	1,676	+4.3
Interest income	7,101	7,700	-7.8
Interest expenses	(13,903)	(13,492)	+3.0
Share of results of associated companies	16,162	19,918	-18.9
Profit before tax & exceptional items	131,576	131,056	+0.4
Exceptional items	827	-	NM
Profit before taxation	132,403	131,056	+1.0
Taxation	(12,555)	(25,969)	-51.7
Profit after taxation	119,848	105,087	+14.0
Minority interests	(24,889)	(23,007)	+8.2
Profit attributable to shareholders	94,959	82,080	+15.7
Comprising:			
Profit before exceptional items	94,107	82,080	+14.7
Exceptional items	852	-	NM
	94,959	82,080	+15.7
Group earnings per ordinary shares			
Before exceptional items			
- basic	12.2 cts	10.7 cts	+14.0
- diluted	12.1 cts	10.6 cts	+14.2
After exceptional items			
- basic	12.3 cts	10.7 cts	+15.0
- diluted	12.3 cts	10.6 cts	+16.0

NM - Not Meaningful

Notes:

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

	1Q 2003	G r o u p	
	\$'000	1Q 2002	+/(-)%
		\$'000	
Depreciation and amortisation	54,853	42,298	+29.7
Profit on sale of fixed assets	(633)	(3,076)	-79.4
Bad debts recovered	(4,454)	-	NM
Provision/write-down for stocks	14,708	-	NM
Provision/(write-back) for quoted securities	1,244	(8,239)	NM
Foreign exchange gain	(1,701)	(1,131)	+50.4

- (ii) Taxation expense in 1Q 2003 included write-back of \$14 million (attributable to the Company - \$8 million) in respect of prior year's over provision.

- (iii) Exceptional items in 1Q 2003 of \$852,000 was in respect of the following:

	Amount \$'000
Gain on disposal of subsidiary and associated company	18,961
Provision for diminution in investments	(18,134)
	<u>827</u>
Minority share of exceptional items	<u>25</u>
Net exceptional items	<u><u>852</u></u>

- (iv) There was no extraordinary item.

1(b)(i) BALANCE SHEETS as at 31 March 2003

	Group		Company	
	31.03.03 \$'000	31.12.02 \$'000	31.03.03 \$'000	31.12.02 \$'000
Share capital	385,691	384,907	385,691	384,907
Reserves	2,428,151	2,332,680	2,650,362	2,369,690
Share capital & reserves	2,813,842	2,717,587	3,036,053	2,754,597
Minority interests	1,227,535	1,154,557	-	-
Capital employed	4,041,377	3,872,144	3,036,053	2,754,597
Represented by:				
Fixed assets	2,576,373	2,577,606	8,006	8,493
Investment properties	1,982,993	1,721,849	-	-
Development properties	188,371	187,919	-	-
Subsidiaries	-	-	3,510,300	3,510,300
Associated companies	904,379	984,693	3,074	3,074
Investments	123,563	191,760	1,701	1,701
Loans receivable	54,354	57,116	451,502	451,502
Intangibles	132,763	141,434	-	-
	5,962,796	5,862,377	3,974,583	3,975,070
Current assets				
Stocks & work-in-progress	2,624,996	2,592,718	-	-
Amounts due from:				
- subsidiaries	-	-	1,189,713	729,662
- associated companies	498,171	500,443	51	12,496
Debtors	1,507,941	1,482,717	25,335	19,056
Short term investments	210,203	222,580	-	-
Bank balances, deposits & cash	876,168	814,764	38,662	48,974
	5,717,479	5,613,222	1,253,761	810,188
Current liabilities				
Creditors	1,880,693	1,947,349	25,406	27,220
Provisions	12,363	14,158	5,000	5,000
Amounts due to:				
- subsidiaries	-	-	481,357	196,120
- associated companies	235,859	254,113	-	-
Term loans	2,149,044	2,262,986	1,209,508	1,331,457
Taxation	90,198	125,171	150	-
Bank overdrafts	1,494	2,849	6	-
	4,369,651	4,606,626	1,721,427	1,559,797
Net current assets/(liabilities)	1,347,828	1,006,596	(467,666)	(749,609)
Non-current liabilities				
Term loans	2,724,148	2,438,772	450,000	450,000
Deferred taxation	243,099	256,057	20,864	20,864
Proceeds from sale of future residential receivables	302,000	302,000	-	-
	3,269,247	2,996,829	470,864	470,864
Net assets	4,041,377	3,872,144	3,036,053	2,754,597

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES**Amount repayable in one year or less, or on demand**

As at 31 Mar 2003		As at 31 Dec 2002	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
22,900	2,127,638	63,998	2,201,837

Amount repayable after one year

As at 31 Mar 2003		As at 31 Dec 2002	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
671,753	2,052,395	643,479	1,795,293

Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The net book value of properties and other assets pledged/mortgaged to financial institutions amounted to \$1,205,616,000.

1(c) CONSOLIDATED CASH FLOW STATEMENTS for the first quarter ended 31 March 2003

	Note	1Q 2003 \$'000	1Q 2002 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		120,468	115,254
Adjustments:			
Depreciation and amortisation		54,853	42,298
Provisions		-	245
Operational cash flow before changes in working capital		<u>175,321</u>	<u>157,797</u>
Working capital changes:			
Stocks & work-in-progress		15,281	30,534
Debtors		(15,934)	(146,452)
Creditors		(103,907)	(41,559)
Investments in bonds and shares		20,580	65,165
Translation of foreign subsidiaries		(4,373)	(220)
		<u>86,968</u>	<u>65,265</u>
Interest received		7,101	7,700
Interest paid		(13,903)	(13,492)
Income taxes paid		(56,254)	(19,944)
Net cash from operating activities		<u>23,912</u>	<u>39,529</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	A	(65,372)	-
Acquisition of additional shares in subsidiaries		-	(220,812)
Disposal of subsidiaries	B	14,993	-
Loans to associated companies		(51,581)	(4,445)
Proceeds from disposal of associated companies		29,574	-
Loans to an investee company		(1,334)	-
Acquisition of fixed assets and investment properties		(65,308)	(21,398)
Expenditure on development properties		(452)	(15,538)
Dividends received from investments		2,607	1,904
Net cash used in investing activities		<u>(136,873)</u>	<u>(260,289)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issues		4,286	3,183
Proceeds from minority shareholders of subsidiaries		-	7,382
Proceeds from term loans		171,434	134,151
Dividend paid to minority shareholders of subsidiaries		-	(2,597)
Net cash from financing activities		<u>175,720</u>	<u>142,119</u>
Net increase/(decrease) in cash and cash equivalents		62,759	(78,641)
Cash and cash equivalents as at 1 January		811,915	729,999
Cash and cash equivalents as at 31 March	C	<u>874,674</u>	<u>651,358</u>

Notes to Consolidated Cash Flow Statements

1Q 2003 1Q 2002
\$'000 \$'000

A. Acquisition of Subsidiaries

The fair values of net assets and liabilities of subsidiaries acquired were as follows:

Fixed assets and investment properties	255,638	-
Stocks	47,559	-
Debtors	146	-
Bank balances and cash	50	-
Creditors	(29,981)	-
Minority interests	(50,576)	-
	222,836	-
Amount previously accounted for as associated companies	(157,414)	-
Purchase consideration	65,422	-
Less: Bank balances and cash acquired	(50)	-
	65,372	-
Cash flow on acquisition net of cash acquired		-

B. Disposal of Subsidiaries

The fair values of net assets and liabilities of subsidiaries disposed were as follows:

Fixed assets and investment properties	(7,480)	-
Investments	(242)	-
Debtors	(6,046)	-
Bank balances and cash	(207)	-
Creditors	7,675	-
	(6,300)	-
Net profit on disposal	(8,900)	-
Sale proceeds	(15,200)	-
Add: Bank balances and cash disposed	207	-
	(14,993)	-
Cash flow on disposal net of cash disposed		-

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 cash flow statements comprise the following balance sheet amounts:

Bank balances, deposits and cash	876,168	652,173
Bank overdrafts	(1,494)	(815)
	874,674	651,358

1(d)(i) STATEMENTS OF CHANGES IN EQUITY for the first quarter ended 31 March 2003

	Share Capital \$'000	Share Premium Account \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Total \$'000
Group						
1Q 2003						
As at 1 January 2003	384,907	963,900	364,725	1,055,295	(51,240)	2,717,587
Currency translation loss	-	-	-	-	(2,990)	(2,990)
Loss not recognised in profit & loss account	-	-	-	-	(2,990)	(2,990)
Net profit for the quarter	-	-	-	94,959	-	94,959
Transfer of statutory, capital and other reserves to revenue reserves on disposal of subsidiaries	-	-	738	(629)	(109)	-
Shares issued	784	3,502	-	-	-	4,286
As at 31 March 2003	385,691	967,402	365,463	1,149,625	(54,339)	2,813,842
1Q 2002						
As at 1 January 2002	382,869	954,600	422,538	918,678	(20,388)	2,658,297
Currency translation loss	-	-	-	-	(530)	(530)
Losses not recognised in profit & loss account	-	-	-	-	(530)	(530)
Net profit for the quarter	-	-	-	82,080	-	82,080
Transfer of statutory, capital and other reserves to revenue reserves	-	-	(105)	105	-	-
Shares issued	738	2,445	-	-	-	3,183
As at 31 March 2002	383,607	957,045	422,433	1,000,863	(20,918)	2,743,030
Company						
1Q 2003						
As at 1 January 2003	384,907	963,900	240,782	1,165,008	-	2,754,597
Net profit for the quarter	-	-	-	277,170	-	277,170
Shares issued	784	3,502	-	-	-	4,286
As at 31 March 2003	385,691	967,402	240,782	1,442,178	-	3,036,053
1Q 2002						
As at 1 January 2002	382,869	954,600	240,782	771,661	-	2,349,912
Net profit for the quarter	-	-	-	4,136	-	4,136
Shares issued	738	2,445	-	-	-	3,183
As at 31 March 2002	383,607	957,045	240,782	775,797	-	2,357,231

1(d)(ii) SHARE CAPITAL

During the quarter, the Company issued 1,569,000 ordinary shares of \$0.50 each upon the exercise of options granted under the KCL Share Options Scheme to employees. The share capital of the Company as at the end of the financial period was 771,383,091 ordinary shares of \$0.50 each.

As at 31 March 2003, there were unexercised options for 14,935,666 of unissued ordinary shares of \$0.50 each under the KCL Share Options Scheme.

2. AUDIT

The figures have not been audited or reviewed by the Company's auditors.

3. AUDITORS' REPORT

Not applicable

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2002.

5. CHANGES IN THE ACCOUNTING POLICIES

There are no changes in accounting policies.

6. EARNINGS PER ORDINARY SHARE

	GROUP		
	1Q 2003	1Q 2002	+/(-)%
Earnings per Ordinary Share of the Group for the first quarter based on net profit attributable to shareholders:-			
(i) Based on the weighted average number of shares	12.3 cts	10.7 cts	+15.0
- Weighted average number of shares	771,028,758	766,889,924	+0.5
(ii) On a fully diluted basis	12.3 cts	10.6 cts	+16.0
- Adjusted weighted average number of shares	774,666,984	771,366,970	+0.4

7. NET ASSET VALUE

	GROUP			COMPANY		
	31.3.2003	31.12.2002	+/(-)%	31.3.2003	31.12.2002	+/(-)%
Net asset value per Ordinary Share based on issued share capital at the end of the financial period/year	\$3.65	\$3.53	+3.4	\$3.94	\$3.58	+10.1

8. REVIEW OF GROUP PERFORMANCE

Group performance in the quarter showed improvement over the corresponding period in 2002 despite difficult market conditions.

Group turnover of \$1.7 billion was significantly higher than the first quarter of last year largely due to Singapore Petroleum Company (SPC). The core businesses, Offshore & Marine, Property and Infrastructure continued to report increased revenue.

The improved performance in the quarter was achieved through increased earnings from Property's residential developments in Singapore and China and contributions from Infrastructure's power generation contract in Brazil. Offshore & Marine's earnings were marginally lower due to lower interest income. Under Investments, earnings were lower following divestment of certain non-core businesses.

Taxation of \$12.6 million was substantially lower due to the reversal of provision for tax on certain gains from sale of investments following confirmation that the gains were not taxable.

Group attributable profit before exceptional items of \$94.1 million, which included a reversal of tax provision of \$8.0 million, was \$12.0 million or 15% higher than the corresponding quarter last year. Exceptional items of \$0.9 million comprised gain on disposal of non-core businesses less provision for investments.

9. VARIANCE FROM PROSPECT STATEMENT

No variance from previous statement.

10. PROSPECTS

Based on the level of enquiries, prospects for Offshore & Marine remain good and it will continue to be the major contributor. Earnings growth from Property will be underpinned by increased sale of residential development projects overseas, particularly China. Infrastructure's earnings will report significant improvement from a full year's contribution from the power barge contract in Brazil.

For the remaining nine months of the year, the Group is likely to continue to operate under a tough business environment due to global political and economic uncertainties. The corporate restructuring implemented over the last two years has placed the Group in a strong position to meet the challenges ahead.

Barring unforeseen circumstances, the Group is expected to maintain its performance and report further growth in earnings for 2003.

11. DIVIDEND**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? No

Name of Dividend	Nil
Dividend Type	Nil
Dividend Rate	Nil
Par value of Shares	Nil
Tax Rate	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	Nil
Dividend Type	Nil
Dividend Rate	Nil
Par value of Shares	Nil
Tax Rate	Nil

(c) DATE PAYABLE

Not applicable

(d) BOOKS CLOSURE DATE

Not applicable

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

No dividend has been declared for the first quarter ended 31 March 2003 (31 March 2002: NIL).

13. SEGMENT ANALYSIS

1Q 2003

BUSINESS SEGMENT

	<u>Offshore & Marine</u> \$'000	<u>Property</u> \$'000	<u>Infra- structure</u> \$'000	<u>Invest- ments</u> \$'000	<u>Elimina- tion</u> \$'000	<u>Total</u> \$'000
Revenue						
External sales	393,192	170,214	182,445	998,250	-	1,744,101
Inter-segment sales	1,617	2,543	7,416	14,981	(26,557)	-
Total	394,809	172,757	189,861	1,013,231	(26,557)	1,744,101
Results						
Operating profit	48,841	39,815	13,229	18,583	-	120,468
Net investment income & interest income	(2,365)	(2,564)	(1,530)	1,405	-	(5,054)
Share of results of associated companies	1,049	892	2,956	11,265	-	16,162
Profit before tax & exceptional items	47,525	38,143	14,655	31,253	-	131,576
Exceptional items	-	-	(9,100)	9,927	-	827
Profit before tax	47,525	38,143	5,555	41,180	-	132,403
Other Information						
Segment assets	2,087,041	6,295,577	945,693	4,328,197	(2,880,612)	10,775,896
Investment in associated companies	57,322	378,545	68,323	400,189	-	904,379
Total	2,144,363	6,674,122	1,014,016	4,728,386	(2,880,612)	11,680,275
Segment liabilities	1,532,381	4,657,675	521,585	3,807,869	(2,880,612)	7,638,898
Net assets	611,982	2,016,447	492,431	920,517	-	4,041,377
Capital expenditure	41,175	5,287	11,933	6,913	-	65,308
Depreciation & amortisation	16,549	4,029	19,443	14,832	-	54,853

GEOGRAPHICAL SEGMENT

	<u>Singapore</u> \$'000	<u>Far East & Other ASEAN Countries</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales	1,398,613	131,846	213,642	-	1,744,101
Segment assets	7,825,599	2,025,457	1,380,481	(455,641)	10,775,896
Capital expenditure	34,542	-	30,766	-	65,308

1Q 2002

BUSINESS SEGMENT

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Investments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	384,467	92,382	129,572	557,146	-	1,163,567
Inter-segment sales	662	927	5,677	12,243	(19,509)	-
Total	385,129	93,309	135,249	569,389	(19,509)	1,163,567
Results						
Operating profit	48,461	30,751	8,312	27,730	-	115,254
Net investment income & interest income	4,278	(2,460)	(2,409)	(3,525)	-	(4,116)
Share of results of associated companies	1,462	2,768	4,303	11,385	-	19,918
Profit before tax & exceptional items	54,201	31,059	10,206	35,590	-	131,056
Exceptional items	-	-	-	-	-	-
Profit before tax	54,201	31,059	10,206	35,590	-	131,056
Other Information						
Segment assets	3,982,310	6,279,405	1,186,645	4,118,211	(5,083,658)	10,482,913
Investment in associated companies	57,095	468,105	84,067	556,278	-	1,165,545
Total	4,039,405	6,747,510	1,270,712	4,674,489	(5,083,658)	11,648,458
Segment liabilities	2,385,149	4,559,386	810,112	4,920,941	(5,083,658)	7,591,930
Net assets	1,654,256	2,188,124	460,600	(246,452)	-	4,056,528
Capital expenditure	7,873	5,145	3,047	5,333	-	21,398
Depreciation & amortisation	12,925	5,630	6,767	16,976	-	42,298

GEOGRAPHICAL SEGMENT

	Singapore \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	936,026	86,080	141,461	-	1,163,567
Segment assets	8,271,019	1,475,994	1,153,120	(417,220)	10,482,913
Capital expenditure	4,853	3,593	12,952	-	21,398

Notes :

(a) Business Segment

The Group is focused on three key business divisions: Offshore & Marine, Property and Infrastructure. The Investments division consists of the Group's investments in SPC, Logistics, Shipping and MobileOne Ltd which the Company will continue to build value for timely divestment. These four divisions are the basis on which the Group reports its primary segment information. Pricing of inter-segment goods and services is at fair market value. Segment assets and liabilities are those used in the operation of each division.

(b) Geographical Segment

The Group has operations in over 20 countries. Secondary segment information is provided by geographical segment in accordance to the above table.

14. REVIEW OF SEGMENT PERFORMANCE

Not applicable

15. INTERESTED PERSON TRANSACTIONS

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 shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual. (IPT mandate of listed subsidiaries)	
	1Q 2003 \$'000	1Q 2002 \$'000	1Q 2003 \$'000	1Q 2002 \$'000
Transaction for the Sale of Goods and Services				
PSA Corporation Group	4,862	2,950	322	170
SembCorp Marine Group	-	-	2,890	1,001
Neptune Orient Lines Group	-	-	-	4,415
Singapore Airlines Group	5,318	1,677	65,329	42,114
Singapore Telecommunications Group (Singtel)	943	-	50	88
Singapore Power/Power Seraya/Senoko Power/Tuas Power Group	-	-	897	1,945
SembCorp Industries Group	2,594	-	18,041	14,808
Temasek Holdings Group (other than the above)	2,364	-	-	-
Transaction for the Purchase of Goods and Services				
PSA Corporation Group	-	-	2,884	2,895
SembCorp Marine Group	-	-	-	161
Singapore Power/Power Seraya/Senoko Power/Tuas Power Group	8,410	7,243	-	-
Total Interested Person Transactions	24,491	11,870	90,413	67,597

BY ORDER OF THE BOARD

CAROLINE CHANG
Company Secretary
29 April 2003