

**KEPPEL CORPORATION LIMITED**

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

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# KEPPEL CORPORATION LIMITED

## Chief Executive Officer's Remarks

### FIRST QUARTER ENDED 31 MARCH 2009

#### 1Q 2009 financial performance

The last three months saw a shaky start to 2009, with the global economy still reeling from the effects of last year's financial and economic turmoil.

The multi-billion-dollar government stimulus measures appear to be bearing fruit, with recent reports of slight signs of recovery in some countries. The latest economic data reported in the major economies are less grim than had been feared. However, it remains to be seen whether the global economy is on a steady path to recovery. With millions of job losses around the world, consumer confidence remains fragile. Banks are still saddled with bad debts while the massive stimulus spending may prove to be too heavy a burden for some governments to sustain.

Despite the challenging environment, I am pleased to report that Keppel Corporation has performed well in the first quarter of 2009. The Group's PATMI of \$285 million is a 9% growth over 1Q'08 while our EVA increased to \$211 million. We achieved an ROE of 22.4%. With a net cash position of \$174 million, our balance sheet remains strong.

The outlook for the rest of 2009 remains uncertain. The IMF has predicted that the global economy will shrink by 1.3% this year, the most severe recession since World War II. In Singapore, the government has revised its GDP forecast downward for the third time this year following a record contraction of 11.5% in March. While we hope to see more signs of bottoming out in the economy, it would be hasty to believe that a firm recovery will come quickly.

In Offshore & Marine, our orderbook of \$9.5 billion extends into 2012. Our immediate focus is to execute our orderbook well and ensure that our deliveries are made on schedule without lost time-incidents. The trend of no major rig orders since 3Q'08 has continued this past quarter, due mainly to the continued tight credit situation. We are however looking forward to the roll-out of budgeted CAPEX for newbuilds by major operators like the national oil companies. With our "*Near Market, Near Customer*" strategy, we are cautiously optimistic that we will continue to build our orderbook.

The property sector across the region remains weak. In Singapore, prices in the residential and commercial segments have come down, which have prompted some speculative transactions. In our key market of China, transaction volumes have seen a pick-up especially in the secondary cities. This is reflected in the sales of our developments in Chengdu and Wuxi. However, with the overall economic outlook remaining uncertain, a significant recovery in both prices and transaction volumes would take a much longer time.

For infrastructure, there are opportunities thrown up by the huge government stimulus packages, many of which target infrastructure investment. Some countries are also looking to upgrade existing infrastructure to better position themselves in the global market. Our latest \$518 million EPC contract for a landmark waste-to-energy project in the UK shows that there continues to be opportunities for companies like ours with quality services and superior technology to grow their businesses.

#### Fundamentals Remain Resilient

Over the longer term, we remain confident of the fundamentals of the industries we are in. Our core competencies built up over the years will cushion us from the full impact of the downturn. We are drawing on our experience and lessons from past crises to navigate through the present economic storm. We will remain focused on delivering superior products and services to our customers and generating more value for our shareholders.

## **The Task for 2009**

I reiterate that my top priority is to make Keppel fighting fit. Our tasks for this year are clear. We will further enhance our performance in all businesses through exploiting our competencies and distinctive qualities of resilience and innovation, to strengthen our businesses for sustained earnings growth. We will continue to exercise even greater prudence. Integrity, discipline and accountability have and will remain core to responsible management of resources entrusted to us. We are also managing our risks more closely. We will continue to focus on value creation. Attracting, developing and retaining the right talent to optimise value from our assets are pivotal to achieve business distinction and attractive returns for our shareholders. With our sturdy core businesses, global network and strong balance sheet, we will seize value enhancing opportunities when they arise.

We are progressing with our comprehensive review to see how we can further create and extract more value from our businesses. There are no sacred cows; operations where we are unlikely to extract significantly more value could well be shed. We are also pushing ahead with our Group-wide cost management exercise in areas where we can realise cost savings.

We will continue to hone our competitive edge and grow our earnings base to deliver sustained value and further enhance our profit pools. Having emerged stronger from each previous crisis, let me assure our investors that we have every intention to do so yet again.

I now hand you over to our Group Finance Director, Mr Teo Soon Hoe, who will present our detailed report card for 1Q 2009.

# KEPPEL CORPORATION LIMITED

## First Quarter 2009 Financial Statements

### UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2009.

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

	1Q 2009 \$'000	1Q 2008 \$'000	+ / (-) %
<b>Revenue</b>	<b>2,977,973</b>	2,211,369	+34.7
Materials & subcontract costs	(2,256,758)	(1,599,179)	+41.1
Staff costs	(311,143)	(306,604)	+1.5
Depreciation & amortisation	(40,633)	(32,378)	+25.5
Other operating expenses	(54,217)	(10,954)	+395.0
<b>Operating profit</b>	<b>315,222</b>	262,254	+20.2
Investment income	94	354	-73.4
Interest income	13,328	18,891	-29.4
Interest expenses	(12,307)	(16,990)	-27.6
Share of results of associated companies	83,936	101,623	-17.4
<b>Profit before tax</b>	<b>400,273</b>	366,132	+9.3
Taxation	(73,938)	(55,779)	+32.6
<b>Profit for the period</b>	<b>326,335</b>	310,353	+5.2
<b>Attributable to:</b>			
Shareholders of the Company	285,292	261,724	+9.0
Minority interests	41,043	48,629	-15.6
	<b>326,335</b>	310,353	+5.2
Earnings per ordinary share			
- basic	17.9 cts	16.5 cts	+8.5
- diluted	17.9 cts	16.4 cts	+9.1
Return on equity	22.4%	19.9%	+12.6
Economic value added	211,000	177,000	+19.2

## NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	1Q 2009 \$'000	1Q 2008 \$'000	+/(-) %
Share-based payment expenses		5,789	6,429	-10.0
Profit on sale of fixed assets		(26)	(415)	-93.7
Profit on sale of investments	(i)	–	(11,222)	NM
Provision/(write-back)				
- stocks & work-in-progress	(ii)	(1,316)	(23,296)	-94.4
- doubtful debts		(692)	(4,120)	-83.2
Bad debts recovered		17	–	NM
Stocks written off/(recovered)		–	(4)	NM
Fair value loss/(gain)				
- Assets at fair value through P&L	(iii)	3,423	11,461	-70.1
- Forward contracts		13,587	13,659	-0.5
- Financial derivatives	(iv)	(2,388)	(18)	>500.0
Foreign exchange (gain)/loss	(v)	(365)	9,898	NM

*NM – Not Meaningful*

Note:

- (i) Decrease in profit on sale of investments was mainly due to absence of investment trading activities during the quarter.
- (ii) Write-back of provision for stocks & work-in-progress comprised mainly reversal of cost provisions no longer required for Singapore trading property projects. In the prior period, write-back of provision was higher due to higher property sales.
- (iii) Fair value loss (mark-to-market) on investment portfolio held for trading was due to fall in stock prices during the quarter.
- (iv) Fair value gain on financial derivatives was due to fluctuations in interest rate differentials for interest rate swaps.
- (v) Foreign exchange gain arose from the strengthening of United States dollar against Singapore dollar.

1b. The Group's tax charge included write-back of provision of \$14 million resulting from the reduction in Singapore corporate tax rate from 18% to 17%.

1c. Earnings per ordinary share

	1Q 2009	1Q 2008	+/(-) %
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	17.9 cts	16.5 cts	+8.5
- Weighted average number of shares ('000)	1,593,134	1,587,897	+0.3
(ii) On a fully diluted basis	17.9 cts	16.4 cts	+9.1
- Adjusted weighted average number of shares ('000)	1,593,575	1,597,682	-0.3

1d. There was no extraordinary item during the period.

## 2. BALANCE SHEETS as at 31 March

	Group		Company	
	31.3.2009 \$'000	31.12.2008 \$'000	31.3.2009 \$'000	31.12.2008 \$'000
Share capital	824,571	824,571	824,571	824,571
Reserves	<u>4,034,899</u>	<u>3,771,605</u>	<u>2,328,048</u>	<u>2,320,268</u>
Share capital & reserves	4,859,470	4,596,176	3,152,619	3,144,839
Minority interests	<u>2,224,714</u>	<u>2,152,331</u>	-	-
<b>Capital employed</b>	<b><u>7,084,184</u></b>	<b><u>6,748,507</u></b>	<b><u>3,152,619</u></b>	<b><u>3,144,839</u></b>
<b>Represented by:</b>				
Fixed assets	1,913,753	1,872,571	5,841	5,890
Investment properties	3,042,660	3,029,675	-	-
Development properties	183,807	175,510	-	-
Subsidiaries	-	-	2,864,718	2,867,303
Associated companies	3,264,030	3,201,031	3,074	3,074
Investments	106,769	101,024	-	-
Long term receivables	209,638	197,662	300,967	301,018
Intangibles	<u>86,834</u>	<u>78,487</u>	-	-
	<u>8,807,491</u>	<u>8,655,960</u>	<u>3,174,600</u>	<u>3,177,285</u>
<b>Current assets</b>				
Stocks & work-in-progress in excess of related billings	3,289,361	3,217,401	-	-
Amounts due from:				
- subsidiaries	-	-	349,524	260,718
- associated companies	344,596	326,583	230	300
Debtors	1,915,686	1,970,831	41,049	59,908
Short term investments	327,121	330,817	-	-
Bank balances, deposits & cash	<u>2,166,092</u>	<u>2,244,851</u>	<u>679,430</u>	<u>664,441</u>
	<u>8,042,856</u>	<u>8,090,483</u>	<u>1,070,233</u>	<u>985,367</u>
<b>Current liabilities</b>				
Creditors	4,005,237	3,939,583	304,587	219,688
Billings on work-in-progress in excess of related costs	2,563,235	2,882,124	-	-
Provisions	60,850	58,609	-	-
Amounts due to:				
- subsidiaries	-	-	463,643	472,848
- associated companies	365,831	422,205	1	-
Term loans	604,276	197,868	-	-
Taxation	390,413	344,020	18,666	19,669
Bank overdrafts	<u>179</u>	<u>27,762</u>	-	-
	<u>7,990,021</u>	<u>7,872,171</u>	<u>786,897</u>	<u>712,205</u>
<b>Net current assets</b>	<b><u>52,835</u></b>	<b><u>218,312</u></b>	<b><u>283,336</u></b>	<b><u>273,162</u></b>
<b>Non-current liabilities</b>				
Term loans	1,387,470	1,744,553	300,000	300,000
Deferred taxation	<u>388,672</u>	<u>381,212</u>	<u>5,317</u>	<u>5,608</u>
	<u>1,776,142</u>	<u>2,125,765</u>	<u>305,317</u>	<u>305,608</u>
<b>Net assets</b>	<b><u>7,084,184</u></b>	<b><u>6,748,507</u></b>	<b><u>3,152,619</u></b>	<b><u>3,144,839</u></b>
<i>Group net cash</i>	<i>174,167</i>	<i>274,668</i>	<i>n.a.</i>	<i>n.a.</i>
<i>Group net cash ratio</i>	<i>0.02x</i>	<i>0.04x</i>	<i>n.a.</i>	<i>n.a.</i>

## NOTES TO BALANCE SHEETS

### 2a. Group's borrowings and debt securities

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

As at 31.3.2009		As at 31.12.2008	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
183,094	421,361	37,705	187,925

#### (ii) Amount repayable after one year

As at 31.3.2009		As at 31.12.2008	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
436,878	950,592	575,215	1,169,338

#### (iii) 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 \$2,662,526,000 (31 December 2008: \$2,810,136,000).

### 2b. Net asset value

	Group			Company		
	31.3.2009	31.12.2008	+/(-)%	31.3.2009	31.12.2008	+/(-)%
Net asset value per ordinary share *	<b>\$3.05</b>	\$2.89	+5.5	<b>\$1.98</b>	\$1.97	+0.5
Net tangible asset per ordinary share *	<b>\$3.00</b>	\$2.84	+5.6	<b>\$1.98</b>	\$1.97	+0.5

\* Based on share capital of 1,593,134,180 ordinary shares as at the end of the period (31 December 2008: 1,593,134,180 ordinary shares).

### 2c. Balance sheet analysis

Group shareholders' funds increased from \$4.6 billion at 31 December 2008 to \$4.9 billion at 31 March 2009. The increase was mainly attributable to retained profits for the period and currency translation gain, partially offset by fair value loss on cash flow hedges and available-for-sale assets.

Group total assets of \$16.85 billion at 31 March 2009 were \$104 million or 0.6% higher than the previous year end. Increase in associated companies was due to further investment in Marina Bay Financial Centre. Higher stocks & work-in-progress was due to expenditure on trading properties and increased activities in Offshore & Marine and Infrastructure Divisions.

Group total liabilities of \$9.77 billion at 31 March 2009 were \$232 million or 2.3% lower than the previous year end. Lower billings on work-in-progress in excess of related costs was mainly due to project cost incurred and lower receipts for certain Offshore & Marine jobs.

Group net cash of \$174 million at 31 March 2009 was a decrease of \$101 million from \$275 million at 31 December 2008 due mainly to operational cash outflow and capital expenditure.

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

	Note	1Q 2009 \$'000	1Q 2008 \$'000
<b>OPERATING ACTIVITIES</b>			
Operating profit		315,222	262,254
Adjustments:			
Depreciation and amortisation		40,633	32,378
Share-based payment expenses		5,789	6,429
Profit on sale of fixed assets		(26)	(415)
Others		–	380
Operational cash flow before changes in working capital		<u>361,618</u>	<u>301,026</u>
Working capital changes:			
Stocks & work-in-progress		(390,849)	79,767
Debtors		22,166	(467,823)
Creditors		64,218	199,612
Investments in bonds and shares		(18,730)	82,599
Advances to associated companies		(69,299)	(250,930)
Translation of foreign subsidiaries		27,710	(25,876)
		<u>(3,166)</u>	<u>(81,625)</u>
Interest received		13,328	18,891
Interest paid		(12,307)	(16,990)
Income taxes paid		<u>(10,265)</u>	<u>(49,781)</u>
<b>Net cash used in operating activities</b>		<u>(12,410)</u>	<u>(129,505)</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries	3a	(2,637)	–
Acquisition of additional shares in subsidiaries		–	(18,216)
Acquisition and further investment in associated companies		(12,591)	(24,446)
Acquisition of fixed assets and investment properties		(73,777)	(63,144)
Expenditure on development properties		–	(1,965)
Proceeds from disposal of associated companies		80	–
Proceeds from disposal of fixed assets		160	5,373
Dividends received from investments and associated companies		3,991	88,882
<b>Net cash used in investing activities</b>		<u>(84,774)</u>	<u>(13,516)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from share issues		–	11,475
Proceeds from minority shareholders of subsidiaries		7,855	2,017
Proceeds from term loans		114,288	254,706
Repayment of term loans		(64,963)	(106,971)
Dividend paid to minority shareholders of subsidiaries		(11,172)	(9,279)
<b>Net cash from financing activities</b>		<u>46,008</u>	<u>151,948</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(51,176)</u>	<u>8,927</u>
<b>Cash and cash equivalents as at 1 January</b>		<u>2,217,089</u>	<u>1,597,083</u>
<b>Cash and cash equivalents as at 31 March</b>	3b	<u>2,165,913</u>	<u>1,606,010</u>
<i>Free cashflow</i>		<b>(97,184)</b>	<b>(143,021)</b>

## NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

### 3a. Acquisition of subsidiaries

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

	1Q 2009 \$'000	1Q 2008 \$'000
Intangibles	6,882	–
Creditors	<u>(7,790)</u>	<u>–</u>
	(908)	–
Goodwill on consolidation	3,091	–
Amount previously accounted for as associated companies	<u>454</u>	<u>–</u>
Purchase consideration	2,637	–
Less: Bank balances and cash acquired	<u>–</u>	<u>–</u>
Cash flow on acquisition net of cash acquired	<u><b>2,637</b></u>	<u><b>–</b></u>

### 3b. Cash and cash equivalents

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

	1Q 2009 \$'000	1Q 2008 \$'000
Bank balances, deposits and cash	2,166,092	1,632,458
Bank overdrafts	<u>(179)</u>	<u>(26,448)</u>
	<u><b>2,165,913</b></u>	<u><b>1,606,010</b></u>

### 3c. Cash flow analysis

Net cash used in operating activities for the quarter was \$12 million compared to \$130 million for the corresponding quarter in the previous year. This was mainly due to higher cash flow from operations, working capital changes and lower income taxes paid.

Net cash used in investment activities for the quarter was \$85 million. The Group spent \$89 million on acquisitions and operational capex. This comprised principally further investment in Marina Bay Financial Centre and other operational capex. Divestment and dividend income totalled \$4 million.

This resulted in negative free cash flow of \$97 million for the quarter compared to negative \$143 million for the corresponding quarter in the previous year.

4. **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
for the first quarter ended 31 March

	<b>1Q 2009</b>	1Q 2008
	<b>\$'000</b>	\$'000
<b>Profit for the period</b>	<b><u>326,335</u></b>	<u>310,353</u>
Fair value changes on available-for-sale assets	<b>(16,901)</b>	(92,949)
Fair value changes on available-for-sale assets realised and transferred to profit & loss account	<b>220</b>	(9,155)
Fair value changes on cash flow hedges	<b>(33,942)</b>	116,115
Fair value changes on cash flow hedges realised and transferred to profit & loss account	<b>(570)</b>	(5,266)
Currency translation gain/(loss)	<b>58,702</b>	(68,422)
Currency translation gain/(loss) realised and transferred to profit & loss account	<b>359</b>	14
Share of other comprehensive expense of associated companies	<b><u>(11,522)</u></b>	<u>(20,671)</u>
<b>Other comprehensive expense for the period</b>	<b><u>(3,654)</u></b>	<u>(80,334)</u>
<b>Total comprehensive income for the period</b>	<b><u>322,681</u></b>	<u>230,019</u>
<b>Attributable to:</b>		
Shareholders of the Company	<b>255,951</b>	205,556
Minority interests	<b><u>66,730</u></b>	<u>24,463</u>
	<b><u>322,681</u></b>	<u>230,019</u>

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

### 5a. Statement of changes in equity of the Group

	Attributable to equity holders of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Minority Interests \$'000	Capital Employed \$'000
<b>2009</b>							
As at 1 January	824,571	127,345	3,643,141	1,119	4,596,176	2,152,331	6,748,507
Total comprehensive income for the quarter	–	(61,337)	285,292	31,996	255,951	66,730	322,681
Share-based payment	–	8,172	–	–	8,172	304	8,476
Transfer of statutory, capital and other reserves to revenue reserves	–	(1,042)	1,045	(3)	–	–	–
Dividend paid to minority shareholders	–	–	–	–	–	(11,172)	(11,172)
Cash subscribed by minority shareholders	–	–	–	–	–	16,697	16,697
Other adjustments	–	–	(829)	–	(829)	(176)	(1,005)
As at 31 March	<b>824,571</b>	<b>73,138</b>	<b>3,928,649</b>	<b>33,112</b>	<b>4,859,470</b>	<b>2,224,714</b>	<b>7,084,184</b>
<b>2008</b>							
As at 1 January	790,407	827,571	3,644,164	(57,409)	5,204,733	1,830,459	7,035,192
Total comprehensive income for the quarter	–	10,474	261,724	(66,642)	205,556	24,463	230,019
Share-based payment	–	2,505	–	–	2,505	357	2,862
Transfer of statutory, capital and other reserves to revenue reserves	–	(6)	10	(4)	–	–	–
Dividend paid to minority shareholders	–	–	–	–	–	(9,279)	(9,279)
Cash subscribed by minority shareholders	–	–	–	–	–	2,017	2,017
Acquisition of additional interest in subsidiaries	–	–	–	–	–	(9,887)	(9,887)
Other adjustments	–	–	(206)	–	(206)	–	(206)
Shares issued	11,475	–	–	–	11,475	–	11,475
As at 31 March	<b>801,882</b>	<b>840,544</b>	<b>3,905,692</b>	<b>(124,055)</b>	<b>5,424,063</b>	<b>1,838,130</b>	<b>7,262,193</b>

5b. Statement of changes in equity of the Company

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
<b>2009</b>				
As at 1 January	824,571	70,042	2,250,226	3,144,839
Total comprehensive income for the quarter	–	–	2,734	2,734
Share-based payment	–	5,046	–	5,046
As at 31 March	<b>824,571</b>	<b>75,088</b>	<b>2,252,960</b>	<b>3,152,619</b>
<b>2008</b>				
As at 1 January	790,407	47,456	2,510,512	3,348,375
Total comprehensive income for the quarter	–	–	29,656	29,656
Share-based payment	–	5,535	–	5,535
Shares issued	11,475	–	–	11,475
As at 31 March	<b>801,882</b>	<b>52,991</b>	<b>2,540,168</b>	<b>3,395,041</b>

5c. Share capital

Since 31 December 2008, no ordinary shares have been issued by the Company 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 period was 1,593,134,180 ordinary shares.

As at 31 March 2009, there were unexercised options for 54,450,000 of unissued ordinary shares (31 March 2008: 42,452,000 ordinary shares) under the KCL Share Options Scheme.

As at 31 March 2009, the Company is not holding any treasury shares.

5d. Capital reserves

	Group		Company	
	31.3.2009 \$'000	31.3.2008 \$'000	31.3.2009 \$'000	31.3.2008 \$'000
Share option reserve	88,412	62,384	75,088	52,991
Fair value reserve	9,695	338,117	–	–
Hedging reserve	(99,939)	365,970	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Others	34,970	34,073	–	–
	<b>73,138</b>	<b>840,544</b>	<b>75,088</b>	<b>52,991</b>

6. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

7. AUDITORS' REPORT

Not applicable

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2008.

## 9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

FRS 1 (Revised)	Presentation of Financial Statements
Amendments to FRS 23	Borrowing Costs
FRS 108	Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

## 10. REVIEW OF GROUP PERFORMANCE

The Group achieved a creditable set of results in the first quarter despite the global economic slowdown. Group attributable profit for first quarter 2009 was \$285 million and earnings per share were 17.9 cents. Economic Value Added of \$211 million was \$34 million higher than first quarter 2008. Annualised return on equity of 22.4% was at the same level as financial year 2008.

In the quarter, Group revenue of \$2,978 million was \$767 million or 35% above that of the corresponding quarter in 2008. Revenue from Offshore & Marine Division of \$2,119 million was \$719 million or 51% higher. Despite the lower level of new orders secured in the first quarter, the Division benefited from progressive recognition of revenue as it executed on its order book accumulated at the end of 2008. Revenue from Infrastructure Division increased by 26% to \$634 million. The maiden engineering, procurement and construction (EPC) revenue recognition from the Doha North Sewage Treatment and Water Re-use plant (Doha North) project in Qatar contributed to the higher revenue. This increase was partially offset by lower revenue from the Property Division. The Property Division recorded revenue of \$222 million, 26% lower than the corresponding period in the previous year. The decrease was due mainly to lower revenue as several residential projects in Singapore and overseas were completed in the last financial year. There were also no significant sales in the current year. Rental income from investment properties increased due to higher effective rental rates and occupancy and fund management income was also higher.

At the pre-tax level, Group profit of \$400 million was 9% higher than the first quarter last year with increased contribution from Offshore & Marine and Infrastructure, partially offset by lower contribution from Property and Investments. Offshore & Marine Division reported higher pre-tax profit of \$239 million, 41% above the previous year. The increased profit was due to the higher revenue and improved operating margins of the Division. Infrastructure Division continued to increase its contribution to the Group with a profit of \$42 million, one and half times higher than the previous year. This was due to contribution from the Doha North project and better performance by the Keppel Merlimau cogen power plant. Profit from Property Division decreased 30% to \$74 million because of the lower revenue. Share of profit of associated company, Singapore Petroleum Company, also declined because of lower refining margins and crude prices and the provision for impairment of the Jeruk discovery.

The income tax expenses of the Group included a write-back of \$14 million for taxation as a result of the reduction in Singapore tax rate. After taking into account lower minority share of profit, the attributable profit to shareholders of \$285 million was \$23 million or 9% higher than the corresponding period in 2008. Offshore & Marine Division remains the largest contributor to attributable earnings with 64%, followed by Investments with 14%, Property Division with 12% and Infrastructure Division with 10%.

In the opinion of the Directors, no factor has arisen between 31 March 2009 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

## 11. VARIANCE FROM PROSPECT STATEMENT

No variance from previous statement.

## 12. PROSPECTS

Offshore & Marine Division secured a modest \$315 million of new orders in the first quarter 2009. The net order book stands at \$9.5 billion with deliveries into 2012. Offshore & Marine Division will continue to be the largest contributor to the profit of the Group. The fundamentals of the industry remain resilient with major and national oil companies continuing with exploration and production spending despite the slowdown in the global economy. The Division will continue to deliver value through its excellent project execution and investment in research and development and, will pursue opportunities in existing and new markets.

Sentiments for property market remain subdued. Sales of Singapore private residential properties in the first quarter of this year have picked up but prices have fallen. The Group has deferred the construction of Marina Bay Suites and Madison Residences and delayed the launch of the second phase of Reflections at Keppel Bay until market conditions are more favourable. Sales of residential township projects in China for the first quarter 2009 were at a slower pace but encouraging. The property market in Vietnam and India remain weak. The Group is monitoring the markets closely and will launch its residential projects when confidence improves. Prime office rentals in Singapore fell, however the Group's portfolio achieved higher rentals in the first quarter due mainly to higher reversionary rents.

In April, Keppel Seghers secured a \$518 million EPC contract to build an Energy-from-Waste Combined Heat and Power Plant in the UK. This together with the two EPC contracts in Qatar and other smaller contracts will provide work and track record for the Environmental Engineering business. Keppel Merlimau cogen power plant, the NEWater plant, Keppel Gas and the soon-to-be completed Tuas incineration plant together with the Operation & Management contract for the Qatar plants will provide a base-load of recurring income for the Infrastructure Division. The Division will continue to pursue contracts and explore investment opportunities.

## 13. DIVIDEND

### 13a. Current Financial Period Reported On

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

### 13b. Corresponding Period of the Immediately Preceding Financial Year

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

### 13c. Date Payable

Not applicable

### 13d. Books Closure Date

Not applicable

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

No dividend has been declared for the quarter ended 31 March 2009.

For the year ended 31 December 2008, Directors had recommended a tax exempt one-tier final dividend of 21 cents per share for approval by shareholders at the Annual General Meeting to be held on 24 April 2009. If approved, the final dividend will be payable on 12 May 2009.

## 14. SEGMENT ANALYSIS

### First Quarter ended 31 March 2009

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>						
External sales	2,118,644	221,855	634,428	3,046	–	2,977,973
Inter-segment sales	–	6,674	50,002	16,339	(73,015)	–
<b>Total</b>	<b>2,118,644</b>	<b>228,529</b>	<b>684,430</b>	<b>19,385</b>	<b>(73,015)</b>	<b>2,977,973</b>
<b>Segment Results</b>						
Operating profit	220,245	60,171	37,035	8,909	(11,138)	315,222
Investment income	94	–	–	–	–	94
Interest income	7,627	9,419	2,311	18,476	(24,505)	13,328
Interest expenses	(1,221)	(23,687)	(2,171)	(20,871)	35,643	(12,307)
Share of results of associated companies	12,897	27,910	4,875	38,254	–	83,936
Profit before tax	239,642	73,813	42,050	44,768	–	400,273
Taxation	(48,674)	(11,419)	(10,928)	(2,917)	–	(73,938)
<b>Profit for the year</b>	<b>190,968</b>	<b>62,394</b>	<b>31,122</b>	<b>41,851</b>	<b>–</b>	<b>326,335</b>
Attributable to:						
Shareholders of Company	181,506	33,778	29,933	40,075	–	285,292
Minority interests	9,462	28,616	1,189	1,776	–	41,043
	<b>190,968</b>	<b>62,394</b>	<b>31,122</b>	<b>41,851</b>	<b>–</b>	<b>326,335</b>
<b>Other Information</b>						
Segment assets	6,527,975	9,190,250	2,106,891	5,842,000	(6,816,769)	16,850,347
Segment liabilities	5,271,308	5,629,720	1,598,664	4,083,240	(6,816,769)	9,766,163
<b>Net assets</b>	<b>1,256,667</b>	<b>3,560,530</b>	<b>508,227</b>	<b>1,758,760</b>	<b>–</b>	<b>7,084,184</b>
Investment in associated companies	110,623	1,876,276	186,185	1,090,946	–	3,264,030
Additions to non-current assets	63,438	22,418	3,536	67	–	89,459
Depreciation and amortisation	28,584	3,320	8,591	138	–	40,633
<b>Geographical Information</b>						
	Singapore \$'000	Far East & Other ASEAN Countries \$'000	America \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	1,987,517	399,596	357,806	233,054	–	2,977,973
Non-current assets	7,093,588	1,123,845	184,161	89,490	–	8,491,084

## First Quarter ended 31 March 2008

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>						
External sales	1,399,727	299,677	505,446	6,519	–	2,211,369
Inter-segment sales	–	8,634	39,943	21,611	(70,188)	–
<b>Total</b>	<b>1,399,727</b>	<b>308,311</b>	<b>545,389</b>	<b>28,130</b>	<b>(70,188)</b>	<b>2,211,369</b>
<b>Segment Results</b>						
Operating profit	137,420	99,695	13,361	3,637	8,141	262,254
Investment income	314	–	–	40	–	354
Interest income	22,753	14,096	2,027	25,137	(45,122)	18,891
Interest expenses	(5,162)	(22,497)	(6,046)	(20,266)	36,981	(16,990)
Share of results of associated companies	14,912	13,456	6,527	66,728	–	101,623
Profit before tax	170,237	104,750	15,869	75,276	–	366,132
Taxation	(31,065)	(16,634)	(2,808)	(5,272)	–	(55,779)
<b>Profit for the year</b>	<b>139,172</b>	<b>88,116</b>	<b>13,061</b>	<b>70,004</b>	<b>–</b>	<b>310,353</b>
Attributable to:						
Shareholders of Company	131,351	50,434	12,170	67,769	–	261,724
Minority interests	7,821	37,682	891	2,235	–	48,629
	<b>139,172</b>	<b>88,116</b>	<b>13,061</b>	<b>70,004</b>	<b>–</b>	<b>310,353</b>
<b>Other Information</b>						
Segment assets	6,093,771	8,642,347	1,994,103	6,198,652	(6,519,041)	16,409,832
Segment liabilities	4,626,009	5,535,578	1,599,289	3,905,804	(6,519,041)	9,147,639
<b>Net assets</b>	<b>1,467,762</b>	<b>3,106,769</b>	<b>394,814</b>	<b>2,292,848</b>	<b>–</b>	<b>7,262,193</b>
Investment in associated companies	101,970	1,733,537	146,868	1,150,038	–	3,132,413
Additions to non-current assets	59,644	24,720	11,198	2,321	–	97,883
Depreciation and amortisation	21,916	2,538	7,827	97	–	32,378
<b>Geographical Information</b>						
	Singapore \$'000	Far East & Other ASEAN Countries \$'000	America \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	1,664,742	204,476	182,232	159,919	–	2,211,369
Non-current assets	6,804,955	988,631	160,239	72,688	–	8,026,513

### Note:

- (a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. The Investments division consists mainly of the Group's investments in SPC, k1 Ventures Ltd and MobileOne Ltd.
- (b) Pricing of inter-segment goods and services is at fair market value.

## 15. REVIEW OF SEGMENT PERFORMANCE

### 15a. Revenue by Segments

Group revenue of \$2,978 million was \$767 million or 35% higher than that of the corresponding quarter in the previous year. Revenue from Offshore & Marine Division was \$2,119 million which was 51% higher due to higher order book and conversions. Revenue from Property Division was \$222 million which was 26% lower due largely to lower sales recognition for Singapore and overseas trading projects. Revenue from Infrastructure Division of \$634 million which was 26% higher due to revenue from the EPC contract in Qatar.

### 15b. PATMI (before exceptional items) by Segments

Group PATMI of \$285 million was \$23 million or 9% higher than that of the corresponding quarter in the previous year. Profit from Offshore & Marine Division was \$181 million which was 38% higher because of higher revenue, partially offset by lower interest income. The division remains the largest contributor to Group PATMI with 64% share. Profit from Property Division was \$34 million which was 33% lower due largely to lower revenue, partially offset by higher profit recognised from Reflections at Keppel Bay. In addition, contribution from associated companies were higher. Profit from Infrastructure Division was \$30 million which was 150% higher due to contribution from the cogen power plant and the EPC contract in Qatar. Earnings from Investments Division were lower because of lower contribution from SPC.

**16. 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 a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual. (excluding transactions less than \$100,000)	
	<b>3 months 31.3.2009 \$'000</b>	3 months 31.3.2008 \$'000	<b>3 months 31.3.2009 \$'000</b>	3 months 31.3.2008 \$'000
<b>Transaction for the Sale of Goods and Services</b>				
PSA Corporation Group	–	–	–	4,379
Singapore Power/PowerSeraya/Senoko Power/Tuas Power Group	–	–	<b>104</b>	25,104
Gas Supply Pte Ltd	–	–	–	650
Mount Faber Leisure Group	–	–	<b>35</b>	35
<b>Transaction for the Purchase of Goods and Services</b>				
Gas Supply Pte Ltd	–	–	<b>8,500</b>	45,000
Mapletree Investments Pte Ltd	–	–	<b>143</b>	114
<b>Total Interested Person Transactions</b>	–	–	<b>8,782</b>	75,282

**BY ORDER OF THE BOARD**

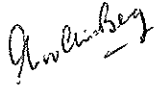
CAROLINE CHANG  
Company Secretary

23 April 2009

**CONFIRMATION BY THE BOARD**

We, CHOO CHIAU BENG and TEO SOON HOE, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter 2009 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



**CHOO CHIAU BENG**  
Chief Executive Officer

Singapore, 23 April 2009



**TEO SOON HOE**  
Group Finance Director