

KEPPEL CORPORATION LIMITED

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

FIRST QUARTER 2015 FINANCIAL STATEMENTS

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KEPPEL CORPORATION LIMITED

ADDRESS BY MR LOH CHIN HUA, CHIEF EXECUTIVE OFFICER, KEPPEL CORPORATION

Welcome

1. Good evening. On behalf of my colleagues on the panel, a warm welcome to the conference and webcast on Keppel Corporation's results and performance in the first quarter of 2015.

Global Economy

2. Since the precipitous fall in oil prices last June, the price of Brent crude has rebounded from the mid US\$40 a barrel range to an average of US\$56 a barrel in March 2015. Despite the improvement, oil prices remain highly volatile as market focus swings from politics to a possible shift in OPEC policy to supply and demand factors, among other aspects. More recent progress on Iran's nuclear deal, which could trim sanctions on its future crude exports, has dealt another wildcard to the current oversupply situation.

3. Meanwhile, tailwinds from low oil prices are encouraging consumption and maintaining conditions for more accommodative monetary policies. In the US, growth for the year remains on track. A stronger greenback, among other factors, is expected to stall the interest rate hike for a bit longer. The Eurozone's fragile recovery has received some support from low oil prices and the European Central Bank's aggressive quantitative easing.

4. While the outlook for the global economy is generally brighter this year, the boost from low oil prices is expected to be more than offset by softer medium-term growth projections in many advanced and emerging economies. China has entered into a relatively slower but more sustainable pace of growth, supported by a gradual unwinding of property cooling measures since the second half of 2014.

5. And while some emerging economies such as China are benefitting from cheaper oil, others such as the commodity-exporters are bearing the brunt of an inversely stronger US dollar against their depreciating currencies. Russia, India and the Latin American countries are already seeing their revenues shaved, burden of debt increase and capital inflows choked.

6. Undoubtedly, the present low oil prices, if sustained, will negatively impact our offshore and marine business. It will however be our strategy to tide through such periods of downturn by managing our costs, while preparing the Group to seize opportunities as they arise. We have done it before and we will do it again.

Performance Highlights

7. In spite of the challenging environment, Keppel Corporation continues to perform creditably. We achieved a Net Profit of S\$360 million in the first quarter of this year, an increase of 6% over the same period in 2014, which reflects a bigger share of Keppel Land's earnings and the sale of some equity investments.

8. On an annualised basis, our Return on Equity was lower at 12.9% compared to 13.4% a year ago. Economic Value Added for the period was S\$103 million.

9. Let me now run through the developments in our key business divisions.

Offshore & Marine

10. Rising costs, low oil prices and flat global oil production are squeezing the cash flows and profitability of upstream companies. Global exploration and production (E&P) capex is anticipated to drop by about 10-15% this year. As it is, the offshore industry has been sliding deeper into the doldrums. Across the board, not a single drilling rig order has been placed since the start of this year, and rig inquiries have also not been converted into any new contracts.

11. While we do not expect low oil prices to last indefinitely, we cannot be certain how long it will take for oil prices to stabilise and for E&P spending to recover. We will however, continue to leverage

our proprietary know-how and focus on partnering our customers to develop better and more innovative offshore solutions for areas beyond drilling, where demand is expected to remain resilient.

12. In the first quarter of 2015, Keppel Offshore & Marine clinched new orders amounting to about S\$500 million, including a newbuild multi-purpose vessel based on our own design and fabrication work for FPSO-related equipment.

13. Examples of other niche, non-drilling solutions, which we are building, include accommodation semis, Plug & Abandonment jackups and liftboats. Most of these projects are already a part of our substantial net orderbook of \$11.3 billion as at end-March 2015, which will keep our yards well-occupied for the next two years.

14. In 2015, our yards will be busy delivering 16 rigs, a Depletion Compression Platform, two FPSOs and a variety of other projects. In the first quarter alone, we have completed five jackups and upgraded an FPSO on top of other complex integration and repair projects. Among these deliveries are Keppel FELS's 100th newbuild jackup rig and the 100th LNG vessel repaired by Nakilat-Keppel Offshore & Marine in Qatar.

15. At 31 March 2015, the first three of six DSS™ 38E semisubmersibles that we are constructing for Sete Brasil were about 89%, 58% and 32% completed. As we had received payments for them up to November last year, as well as a 10% down payment for the remaining three units, we were in a net cash position for these projects at the end of the first quarter.

16. Considering the good progress that we have achieved on our rigs, as well as our track record for reliable delivery, we do not expect Sete Brasil to cancel their projects with Keppel. We are engaging our customer to see how we can best work together in the interim, and will explore all our options including the possibility of slowing down construction until Sete Brasil has sewn up long term financing for our projects.

17. Keppel has been disciplined about taking on well-defined contracts with acceptable pricing and payment terms from reputable customers to ensure that the Group is adequately compensated for the risks that it will assume. Given all of these, we believe the risk of project cancellations for Keppel is low, although a couple of customers have approached us to defer their rig deliveries.

18. As our orderbook is filled mainly by established customers who have made substantial down payments for their rigs, it would not make sense for any of them to cancel their projects, which are progressing well on track.

19. Even as we stay watchful of developments in the industry and our supply chain, I am confident of our ability to weather the present uncertainties with discipline and agility.

Property

20. On 31 March 2015, we concluded the voluntary cash offer for Keppel Land and obtained 95.1% of the company's shares, shy of the 95.5% compulsory acquisition threshold that we had hoped to achieve. We have been sincere in our offer, giving Keppel Land's shareholders 47 days with two extensions to accept the Offer even though we had crossed the 90% delisting threshold before the final extension.

21. In the coming weeks, we will be taking steps to delist Keppel Land as well as notify remaining shareholders on the process by which they may request Keppel Corporation to acquire their shares at \$4.38 each.

22. Keppel has been in property for the past 30 years. We know this business very well and have built up a strong track record and brand name in Asia. The privatisation of Keppel Land is a strategic move that will fully align the interests of our Property Division with the Group.

23. As a wholly-owned subsidiary of the Group, Keppel Land will provide a strong pillar for earnings and long term value creation. We will also have the ability to right-size the balance sheet of the property business in response to opportunities, and allocate resources across the Group for optimal returns.

24. Keppel O&M is a prime example of the success that we were able to achieve by taking our offshore and marine businesses private over a decade ago. Full ownership of the Division has enabled us to focus on producing returns, cull synergies from the sum of our parts, as well as further develop core strengths to compete more effectively on a global scale. With the flexibility to assign capital, talents and projects across subsidiaries, we have been able to fully harness our Near Market, Near Customer strategy to capture value worldwide.

25. Our aim is to develop Keppel Land into a multi-faceted property player, riding on urbanisation trends in Asia. Apart from residential development and trading, Keppel Land is also growing its presence in the commercial sector which continues to do well.

26. The prolonged cooling measures were intended by the governments of Singapore and China to prevent asset bubbles. While having kept a lid on home demand and prices, they have not undermined the inherent potential of these property markets.

27. China has been gradually unwinding some of its housing and monetary policies since 3Q 2014. In March this year, the central government lowered the down payment ratio and exempted home owners from sales tax, paving the way for a return of property investors and second-home buyers to the Chinese residential market.

28. In the first three months of 2015, Keppel Land sold 720 homes in Asia, comparable to that of 2014. Of the units sold, about half were in Vietnam whose property market is showing early signs of improvement, while the other half in China.

29. Looking ahead, Keppel Land will continue to monitor the markets closely to launch about 3,600 residential units this year from its pipeline of 70,000 homes across Asia. These include projects such as West Vista in Jakarta, Estella Heights in Ho Chi Minh City and Central Park City in Wuxi.

30. Of these potential launches in 2015, over 1,800 units are slated to be launched in China on top of others in our key markets such as Indonesia and Vietnam. A number of these overseas developments have already completed and revenues will be booked when units are sold.

31. In parallel, Keppel Land is actively developing its portfolio of commercial properties overseas, which comprises about 823,000 square metres of gross floor area.

32. Capitalising on its strong-cash, low-debt position, Keppel Land continued to seek out new investments with good returns to augment its property portfolio. In the first quarter of this year, we announced three new projects for which we are investing about S\$576 million.

33. Strengthening its focus on core markets in Asia, Keppel Land acquired its second residential site in West Jakarta as well as extended its strategic alliance with Vanke to develop a prime residential project in Chengdu.

34. We have been able to capture growth prospects in key global cities ahead of economic recovery through selective private equity-type investments, leveraging the expertise of Alpha Investment Partners (Alpha). The office tower in London that Keppel Land had acquired, and which Alpha will manage, is a good example of the collective strength of Keppel's business units.

35. Our fund management businesses will continue to feature strongly in the Group's capital recycling strategy for matured projects, while providing stable income streams over the longer term. Keppel REIT kickstarted the year achieving a 100% committed occupancies at nine of its office towers in Singapore and Australia. Keppel REIT, together with Alpha, is presently managing over S\$18.7 billion of assets.

Infrastructure

36. Since Keppel Infrastructure (KI) was formed over a year ago, we have steadily sharpened our focus on energy-related infrastructure and services, and made good progress on wrapping up the outstanding Engineering, Procurement and Construction (EPC) projects in the UK and Qatar.

37. In the UK, we have successfully handed over Phase 1 of the Greater Manchester Energy-from-Waste Plant to our customer. We have successfully concluded a reliability run on Phase 2, and expect to hand it over in a few weeks from now. Over in Qatar, the Doha North Sewage Treatment

Works Plant is being tested and commissioned, and we look forward to completing the project substantially in 2015.

38. To fully exploit our core strengths in project engineering and development, we will build, own and operate our own infrastructure assets, which we can potentially recycle for higher returns when they mature.

39. We have announced that we will be creating Singapore's largest listed infrastructure trust by bringing together Keppel Infrastructure Trust (KIT) and CitySpring Infrastructure Trust (CIT), as well as injecting 51% of Keppel Merlimau Cogen (KMC) into the enlarged entity. KIT and CIT are convening their respective Extraordinary General Meetings on 30 April 2015 to seek approvals for the transactions.

40. This enlarged Trust, with KMC, will have a market capitalisation of more than S\$2 billion and total assets of over S\$4 billion. With greater scale and critical mass, it will be better able to pursue sizeable transactions fitting its investment criteria, while competing more effectively with larger infrastructure investors on future acquisition opportunities.

41. The enlarged Trust, with enhanced liquidity, will also attract a bigger pool of institutional investors. This is beneficial to existing shareholders of both KIT and CIT. As Sponsor of the enlarged Trust, Keppel remains committed to fuel its growth by developing a stable pipeline of quality assets, which can be injected over time – the way in which we have structured and stabilised the KMC asset for injection into the Trust is a prime example.

42. Our logistics and data centre businesses under Keppel Telecommunications & Transportation (Keppel T&T) are also making good progress. Keppel T&T will continue to strengthen its foothold in chosen markets in Asia Pacific, focusing on integrating its warehousing, distribution and logistics network to capitalize on the creation of the ASEAN Economic Community.

43. During the quarter, Keppel Logistics expanded its footprint in Vietnam with the opening of a new 120,000-square feet distribution centre, which will position it to serve a fast-growing manufacturing corridor in the southern part of the country. Its logistics projects in Lu'an and Tianjin will both be operational within this year.

44. Riding on the strong demand for data centre facilities, we will continue to develop a robust pipeline of quality assets, and leverage the newly-listed Keppel DC REIT to recycle capital once the assets are mature. Keppel Datahub 2, our latest data centre in Singapore, is filling up nicely and continues to experience good demand. Meanwhile, Almere Data Centre 2 in the Netherlands is being fitted out and is expected to begin operations later this year.

Seizing on the upturn

45. Keppel's current business mix is the result of a deliberate and considered strategy, which has been constantly refined with the guidance of our Board. We have, over the years, been disciplined both in investing for growth as well as pruning non-core operations and monetising assets for better returns. This has instilled in Keppel the acumen, agility and financial strength to emerge stronger and more resilient through every cycle.

46. There are immediate tasks in navigating the headwinds we are facing in the Offshore & Marine and Property businesses. But we are staying the course on a multi-year roadmap into 2020 with reasonable targets to achieve growth, build a stronger Keppel, and develop and maximise the potential of our people.

I shall now let our CFO, Hon Chew take you through a review of the Group's financial performance in the first quarter. Thank you

KEPPEL CORPORATION LIMITED

First Quarter 2015 Financial Statements

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2015.

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

	Note	1Q 2015 \$'000	1Q 2014 \$'000	+/ %
Revenue		2,814,139	2,996,499	-6.1
Materials & subcontract costs	(i)	(1,802,770)	(2,053,940)	-12.2
Staff costs	(ii)	(486,449)	(385,665)	+26.1
Depreciation & amortisation		(65,680)	(62,916)	+4.4
Other operating expenses	(iii)	(60,999)	(79,131)	-22.9
Operating profit		398,241	414,847	-4.0
Investment income		1,224	809	+51.3
Interest income		31,422	35,879	-12.4
Interest expenses	(iv)	(36,607)	(25,738)	+42.2
Share of results of associated companies	(v)	61,174	65,877	-7.1
Profit before tax		455,454	491,674	-7.4
Taxation	1b	(81,302)	(97,108)	-16.3
Profit for the period		374,152	394,566	-5.2
Attributable to:				
Shareholders of the Company		360,226	338,682	+6.4
Non-controlling interests		13,926	55,884	-75.1
		374,152	394,566	-5.2
Earnings per ordinary share				
- basic		19.8 cts	18.7 cts	+5.9
- diluted		19.7 cts	18.5 cts	+6.5

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	1Q 2015 \$'000	1Q 2014 \$'000	+/- %
Share-based payment expenses		7,965	9,009	-11.6
Profit on sale of investments	(vi)	(49,605)	(6,941)	NM
Profit on sale of fixed assets (Write-back)/provision	(vii)	(1,271)	(1,004)	+26.6
- Stocks & work-in-progress		(52)	(449)	-88.4
- Doubtful debts		1,075	327	+228.7
Bad debts written off		105	398	-73.6
Fair value (gain)/loss				
- Investments	(viii)	(822)	5,524	NM
- Forward contracts	(ix)	24,153	4,392	NM
- Financial derivatives		(2,357)	(801)	+194.3
Foreign exchange gain	(x)	(12,518)	(5,512)	+127.1
Write-back of impairment of investments	(xi)	(777)	(740)	+5.0
Gain on disposal of subsidiaries	(xii)	-	(6,924)	NM

NM - Not Meaningful

Note:

- (i) Materials & subcontract costs decreased mainly as a result of lower revenue from the Infrastructure Division.
- (ii) Staff costs increased due mainly to higher manpower cost in the Offshore & Marine Division and Property Division, partly offset by lower staff cost in the Infrastructure Division.
- (iii) Lower other operating expenses was due mainly to higher profit on sale of investments in the current period (Note (vi)) and higher foreign exchange gain in the current period (Note (x)), partly offset by higher fair value loss on forward contracts in the current period (Note (ix)) and gain on disposal of subsidiaries in the prior period (Note (xii)).
- (iv) Higher interest expense was mainly attributable to higher borrowings in the Property Division.
- (v) Share of profits of associated companies was lower due mainly to lower profits from associated companies in the Property Division.
- (vi) Profit on the sale of equity investments was higher in the current period.
- (vii) Profit on sale of fixed assets in the current period was largely attributable to disposal of assets in the Infrastructure Division.
- (viii) Fair value gain (mark-to-market) on investment portfolio held for trading was due to increase in stock prices.
- (ix) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rates.
- (x) Foreign exchange gain mainly arose from the revaluation of assets denominated in United States dollar, which appreciated against Singapore Dollar.
- (xi) The write-back in the current period was in relation to write-back of impairment of investment in the Infrastructure Division.
- (xii) Gain on disposal of subsidiaries in the prior period arose mainly from the sale of Berich Enterprises Limited.

1b. Taxation expenses were lower because of lower profits from companies in countries with higher tax rates.

1c. Earnings per ordinary share

	1Q 2015	1Q 2014	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	19.8 cts	18.7 cts	+5.9
- Weighted average number of shares (excluding treasury shares) ('000)	1,815,924	1,813,475	+0.1
(ii) On a fully diluted basis	19.7 cts	18.5 cts	+6.5
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,827,006	1,831,513	-0.2

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

	Note	1Q 2015 \$'000	1Q 2014 \$'000	+/- %
Profit for the period		374,152	394,566	-5.2
Items that may be reclassified subsequently to profit & loss account:				
Available-for-sale assets				
- Fair value changes arising during the period	(i)	(20,856)	(21,370)	-2.4
- Realised and transferred to profit & loss account	(ii)	(39,241)	(6,155)	NM
Cash flow hedges				
- Fair value changes arising during the period, net of tax	(iii)	(380,506)	(45,751)	NM
- Realised and transferred to profit & loss account	(iv)	73,236	(1,200)	NM
Foreign exchange translation				
- Exchange differences arising during the period	(v)	220,222	9,344	NM
- Realised and transferred to profit & loss account		-	5	NM
Share of other comprehensive income of associated companies				
- Available-for-sale assets		2,182	(359)	NM
- Cash flow hedges		10,083	(1,311)	NM
- Foreign exchange translation		11,954	6,038	+98.0
Other comprehensive income for the period, net of tax		(122,926)	(60,759)	+102.3
Total comprehensive income for the period		251,226	333,807	-24.7
Attributable to:				
Shareholders of the Company		188,881	273,011	-30.8
Non-controlling interests		62,345	60,796	+2.5
		251,226	333,807	-24.7

NM - Not Meaningful

Note:

- (i) Fair value changes were attributable to movements in quoted prices of available-for-sale assets.
- (ii) These represented fair value changes on available-for-sale assets, which were transferred to profit & loss account upon realisation.
- (iii) Fair value differences were due mainly to the hedging differential on forward exchange contracts, which were largely entered to hedge exposures against United States dollar. The fair value loss was as a result of the hedge rate being lower than the spot rate.
- (iv) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.
- (v) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for the current period arose largely from strengthening of foreign currencies, such as United States dollar and Renminbi against Singapore dollar, while the translation gains for 1Q 2014 arose from strengthening of foreign currencies, such as United States dollar and Euro against Singapore dollar.

3. BALANCE SHEETS as at 31 March

	Group		Company	
	31.3.2015 \$'000	31.12.2014 \$'000	31.3.2015 \$'000	31.12.2014 \$'000
Share capital	1,288,394	1,287,595	1,288,394	1,287,595
Reserves	9,563,241	9,093,167	4,527,731	4,542,906
Share capital & reserves	10,851,635	10,380,762	5,816,125	5,830,501
Non-controlling interests	1,346,718	4,346,879	–	–
Capital employed	12,198,353	14,727,641	5,816,125	5,830,501
Represented by:				
Fixed assets	2,727,274	2,673,015	770	694
Investment properties	2,302,383	1,987,515	–	–
Subsidiaries	–	–	7,822,522	5,067,567
Associated companies	5,160,365	4,988,444	–	–
Investments	361,761	358,366	–	–
Long term assets	239,275	258,397	301	321
Intangibles	104,140	101,732	–	–
	10,895,198	10,367,469	7,823,593	5,068,582
Current assets				
Stocks & work-in-progress in excess of related billings	11,089,119	10,681,123	–	–
Amounts due from:				
- subsidiaries	–	–	3,076,278	4,100,374
- associated companies	657,802	630,552	267	471
Debtors	2,964,670	2,509,589	107,490	26,288
Short term investments	277,066	371,451	–	–
Bank balances, deposits & cash	3,667,308	5,736,001	6,215	2,308
	18,655,965	19,928,716	3,190,250	4,129,441
Assets classified as held for sale *	1,269,668	1,258,640	–	–
	19,925,633	21,187,356	3,190,250	4,129,441
Current liabilities				
Creditors	6,597,441	5,432,754	1,423,167	492,168
Billings on work-in-progress in excess of related costs	2,326,800	2,397,376	–	–
Provisions	128,426	149,526	–	–
Amounts due to:				
- subsidiaries	–	–	1,166,935	1,004,570
- associated companies	137,691	137,188	–	–
Term loans	2,466,372	1,795,635	1,031,426	290,511
Taxation	504,802	462,699	20,853	14,000
	12,161,532	10,375,178	3,642,381	1,801,249
Liabilities directly associated with assets classified as held for sale *	405,660	450,017	–	–
	12,567,192	10,825,195	3,642,381	1,801,249
Net current assets/(liabilities)	7,358,441	10,362,161	(452,131)	2,328,192
Non-current liabilities				
Term loans	5,669,968	5,586,908	1,500,000	1,500,000
Deferred taxation	272,903	266,412	–	–
Other non-current liabilities	112,415	148,669	55,337	66,273
	6,055,286	6,001,989	1,555,337	1,566,273
Net assets	12,198,353	14,727,641	5,816,125	5,830,501
<i>Group net debt</i>	4,469,032	1,646,542	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	0.37x	0.11x	<i>n.a.</i>	<i>n.a.</i>

* The assets and liabilities of Keppel Merlimau Cogen Pte Ltd ("KMC") have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" in the consolidated balance sheet in accordance to FRS 105 – Non-current Assets Held for Sale and Discontinued Operations. Refer to note (3c) for details.

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 31.3.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
153,495	2,312,877	123,234	1,672,401

(ii) Amount repayable after one year

As at 31.3.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
907,969	4,761,999	915,945	4,670,963

(iii) Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,699,726,000 (31 December 2014: \$2,704,286,000) to banks for loan facilities.

3b. Net asset value

	Group			Company		
	31.3.2015	31.12.2014	+/-%	31.3.2015	31.12.2014	+/-%
Net asset value per ordinary share *	\$5.97	\$5.73	+4.2	\$3.20	\$3.22	-0.6
Net tangible asset per ordinary share *	\$5.92	\$5.67	+4.4	\$3.20	\$3.22	-0.6

* Based on share capital of 1,816,756,160 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2014: 1,811,836,227 ordinary shares (excluding treasury shares)).

3c. Assets and liabilities classified as held for sale

On 18 November 2014, Keppel Energy Pte Ltd, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of Keppel Infrastructure Trust (“KIT”), to divest 102 ordinary shares, representing 51% of the issued and paid-up share capital of KMC to KIT.

The completion of the transaction is conditional, amongst others, the approval of KIT Unitholders for the transaction, the equity fund raising to fund the transaction, and regulatory consents and approvals being obtained. In accordance with FRS 105 – Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of KMC have been presented separately as “assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale” as follows:-

	31.3.2015	31.12.2014
	\$'000	\$'000
Assets classified as held for sale		
Fixed assets	1,154,865	1,168,222
Stocks & work-in-progress in excess of related billings	28,105	27,437
Debtors	85,496	61,595
Bank balances, deposits & cash	1,202	1,386
	<u>1,269,668</u>	<u>1,258,640</u>
Liabilities directly associated with assets classified as held for sale		
Creditors	238,219	284,787
Deferred taxation	167,441	165,230
	<u>405,660</u>	<u>450,017</u>

3d. Balance sheet analysis

Group shareholder’s funds increased by \$0.47 billion to \$10.85 billion at 31 March 2015. The increase was mainly attributable to retained profits for the quarter ended 31 March 2015 and foreign exchange translation gains. In addition, the difference between non-controlling interests adjusted and the fair value of the consideration paid, arising from the acquisition of additional shareholding in Keppel Land Limited was recognised in equity attributable to shareholders of the Company. This is partly offset by fair value losses on cash flow hedges and available-for-sale assets.

Group total assets were \$30.82 billion at 31 March 2015, \$0.73 billion lower than the previous year end. Decrease in current assets was partially offset by increase in non-current assets. Decrease in current assets was due mainly to decrease in bank balances, deposits & cash, largely due to the acquisition of additional shareholding in Keppel Land Limited and lower short term investments arising from disposals during the quarter. This is partly offset by the increase in stocks & work-in-progress largely attributable to development expenditure incurred for projects in the Property Division and higher work-in-progress for the Offshore & Marine Division as well as higher level of debtors due mainly to higher billings from the Offshore & Marine Division. Non-current assets were higher due mainly to increase in investment properties from the acquisition of a freehold office building in the Property Division and increase in associated companies largely due to further investments in existing companies.

Group total liabilities of \$18.62 billion at 31 March 2015 were \$1.80 billion higher than the previous year end. Higher level of term loans was due to increased bank borrowings for working capital requirements, operational capital expenditure and acquisition of additional shareholding in Keppel Land Limited.

Group net debt increased by \$2.82 billion to \$4.47 billion at 31 March 2015.

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

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2015							
As at 1 January	1,287,595	(138,000)	9,422,754	(191,587)	10,380,762	4,346,879	14,727,641
Total comprehensive income for the quarter							
Profit for the quarter	-	-	360,226	-	360,226	13,926	374,152
Other comprehensive income *	-	(355,920)	-	184,575	(171,345)	48,419	(122,926)
Total comprehensive income for the quarter	-	(355,920)	360,226	184,575	188,881	62,345	251,226
Transactions with owners, recognised directly in equity							
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of subsidiaries	-	-	-	-	-	1,224	1,224
Acquisition of additional interest in subsidiaries	-	(4,833)	273,636	-	268,803	(3,066,524)	(2,797,721)
Total change in ownership interests in subsidiaries	-	(4,833)	273,636	-	268,803	(3,065,300)	(2,796,497)
<u>Contributions by and distributions to owners</u>							
Share-based payment	-	7,741	-	-	7,741	164	7,905
Dividend paid to non-controlling shareholders	-	-	-	-	-	(1,344)	(1,344)
Shares issued	799	(20)	-	-	779	-	779
Treasury shares reissued pursuant to share plans and share option scheme	-	1,660	-	-	1,660	-	1,660
Cash subscribed by non-controlling shareholders	-	1,348	-	-	1,348	3,500	4,848
Contributions to defined benefits plans	-	1,661	-	-	1,661	474	2,135
Total contributions by and distributions to owners	799	12,390	-	-	13,189	2,794	15,983
Total transactions with owners	799	7,557	273,636	-	281,992	(3,062,506)	(2,780,514)
As at 31 March	1,288,394	(486,363)	10,056,616	(7,012)	10,851,635	1,346,718	12,198,353

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

4a. Statement of changes in equity of the Group (cont'd)

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2014							
As at 1 January	1,205,877	500,753	8,301,117	(306,566)	9,701,181	3,987,682	13,688,863
Total comprehensive income for the quarter							
Profit for the quarter	–	–	338,682	–	338,682	55,884	394,566
Other comprehensive income *	–	(75,720)	–	10,049	(65,671)	4,912	(60,759)
Total comprehensive income for the quarter	–	(75,720)	338,682	10,049	273,011	60,796	333,807
Transactions with owners, recognised directly in equity							
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of subsidiaries	–	–	–	–	–	3,737	3,737
Acquisition of additional interest in a subsidiary	–	(2,053)	–	–	(2,053)	(1,707)	(3,760)
Disposal of interest in subsidiaries	–	–	–	–	–	(5,806)	(5,806)
Total change in ownership interests in subsidiaries	–	(2,053)	–	–	(2,053)	(3,776)	(5,829)
<u>Contributions by and distributions to owners</u>							
Share-based payment	–	8,643	–	–	8,643	421	9,064
Dividend paid to non-controlling shareholders	–	–	–	–	–	(5,092)	(5,092)
Shares issued	58,518	(46,720)	–	–	11,798	–	11,798
Cash subscribed by non-controlling shareholders	–	–	–	–	–	228	228
Other adjustments	–	–	10	–	10	–	10
Total contributions by and distributions to owners	58,518	(38,077)	10	–	20,451	(4,443)	16,008
Total transactions with owners	58,518	(40,130)	10	–	18,398	(8,219)	10,179
As at 31 March	1,264,395	384,903	8,639,809	(296,517)	9,992,590	4,040,259	14,032,849

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

4b. Statement of changes in equity of the Company

	Share <u>Capital</u> \$'000	Capital <u>Reserves</u> \$'000	Revenue <u>Reserves</u> \$'000	<u>Total</u> \$'000
2015				
As at 1 January	1,287,595	142,629	4,400,277	5,830,501
Profit / Total comprehensive income for the quarter	–	–	(23,323)	(23,323)
Transactions with owners, recognised directly in equity				
Share-based payment	–	6,508	–	6,508
Shares issued	799	(20)	–	779
Treasury shares reissued pursuant to share plans and share option scheme	–	1,660	–	1,660
Total transactions with owners	799	8,148	–	8,947
As at 31 March	1,288,394	150,777	4,376,954	5,816,125
2014				
As at 1 January	1,205,877	188,432	4,300,590	5,694,899
Profit / Total comprehensive income for the quarter	–	–	11,911	11,911
Transactions with owners, recognised directly in equity				
Share-based payment	–	7,884	–	7,884
Shares issued	58,518	(46,720)	–	11,798
Other adjustments	–	–	10	10
Total transactions with owners	58,518	(38,836)	10	19,692
As at 31 March	1,264,395	149,596	4,312,511	5,726,502

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share <u>Capital</u>	Treasury <u>Shares</u>
As at 1 January 2015	1,817,768,227	5,932,000
Issue of shares under share option scheme	139,900	–
Issue of shares under restricted share plan and performance share plan	2,053	–
Treasury shares transferred pursuant to share option scheme	–	(239,200)
Treasury shares transferred pursuant to restricted share plan and performance share plan	–	(4,538,780)
As at 31 March 2015	1,817,910,180	1,154,020

Treasury shares

During the quarter, the Company transferred 4,777,980 (31 March 2014: Nil) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. As at 31 March 2015, the number of treasury shares held by the Company represented 0.06% (31 March 2014: Nil%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the quarter ended 31 March 2015.

Share options

As at 31 March 2015, there were unexercised options for 19,182,304 of unissued ordinary shares (31 March 2014: 22,748,474 ordinary shares) under the KCL Share Options Scheme. Unexercised options for 9,100 of unissued ordinary shares were cancelled during the three months ended 31 March 2015 (31 March 2014: 261,200).

KCL Performance Share Plan ("KCL PSP")

As at 31 March 2015, the number of contingent shares granted but not released were 1,832,119 (31 March 2014: 1,816,183) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 2,748,179 under KCL PSP.

KCL Restricted Share Plan ("KCL RSP")

As at 31 March 2015, the number of contingent shares granted but not released was 4,863,286 (31 March 2014: 4,750,386). Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 4,863,286 under KCL RSP.

As at 31 March 2015, the number of awards released but not vested was 4,350,160 (31 March 2014: 4,198,316) for KCL RSP.

The movements in the number of shares under KCL RSP and KCL PSP are as follows:

Contingent awards:

Date of Grant	Number of shares					
	At 1.1.15	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.3.15
KCL PSP						
29.6.2012	616,606	–	(240,406)	(376,200)	–	–
28.3.2013	554,719	–	–	–	–	554,719
31.3.2014	577,400	–	–	–	–	577,400
31.3.2015	–	700,000	–	–	–	700,000
	1,748,725	700,000	(240,406)	(376,200)	–	1,832,119
KCL RSP						
31.3.2014	4,639,784	–	–	(4,585,541)	(54,243)	–
31.3.2015	–	4,863,286	–	–	–	4,863,286
	4,639,784	4,863,286	–	(4,585,541)	(54,243)	4,863,286

Awards released but not vested:

Date of Grant	Number of shares					
	At 1.1.15	Released	Vested	Cancelled	Other adjustments	At 31.3.15
KCL PSP						
29.6.2012	–	376,200	(323,400)	–	(52,800)	–
	–	376,200	(323,400)	–	(52,800)	–
KCL RSP						
29.6.2012	1,275,274	–	(1,272,168)	(3,106)	–	–
28.3.2013	2,718,166	–	(1,357,480)	(8,282)	–	1,352,404
31.3.2014	–	4,585,541	(1,587,785)	–	–	2,997,756
	3,993,440	4,585,541	(4,217,433)	(11,388)	–	4,350,160

4d. Capital reserves

	Group		Company	
	31.3.2015 \$'000	31.3.2014 \$'000	31.3.2015 \$'000	31.3.2014 \$'000
Share option and share plans reserve	175,365	168,409	152,662	149,596
Fair value reserve	44,891	164,424	–	–
Hedging reserve	(814,043)	(48,823)	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Treasury shares	(1,885)	–	(1,885)	–
Others	69,309	60,893	–	–
	(486,363)	384,903	150,777	149,596

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

	1Q 2015 \$'000	1Q 2014 \$'000
Note		
OPERATING ACTIVITIES		
Operating profit	398,241	414,847
Adjustments:		
Depreciation and amortisation	65,680	62,916
Share-based payment expenses	7,965	9,009
Profit on sale of investments	(49,605)	(6,941)
Profit on sale of fixed assets	(1,271)	(1,004)
Write-back of impairment of investments	(777)	(740)
Gain on disposal of subsidiaries	-	(6,924)
Operational cash flow before changes in working capital	<u>420,233</u>	<u>471,163</u>
Working capital changes:		
Stocks & work-in-progress	(586,466)	(656,766)
Debtors	(336,036)	56,400
Creditors	767,263	(339,613)
Investments	71,569	(18,936)
Advances to associated companies	(27,076)	205,839
	<u>309,487</u>	<u>(281,913)</u>
Interest received	31,422	35,879
Interest paid	(36,607)	(25,738)
Income taxes paid, net of refunds received	<u>(19,970)</u>	<u>(64,492)</u>
Net cash from/(used in) operating activities	<u>284,332</u>	<u>(336,264)</u>
INVESTING ACTIVITIES		
Acquisition of subsidiaries	5a (2,290)	(41,424)
Acquisition and further investment in associated companies	(61,502)	(12,259)
Acquisition of fixed assets and investment properties	(364,419)	(117,346)
Disposal of subsidiaries	5b -	18,953
Proceeds from disposal of fixed assets	1,377	6,081
Dividends received from investments and associated companies	<u>38,767</u>	<u>59,726</u>
Net cash used in investing activities	<u>(388,067)</u>	<u>(86,269)</u>
FINANCING ACTIVITIES		
Acquisition of additional interest in subsidiaries	(2,770,662)	(3,760)
Proceeds from share issues	779	11,798
Proceeds from share options exercised with issue of treasury shares	1,660	-
Proceeds from non-controlling shareholders of subsidiaries	4,848	228
Proceeds from term loans	1,042,341	87,043
Repayment of term loans	(288,544)	(83,369)
Dividend paid to non-controlling shareholders of subsidiaries	<u>(1,344)</u>	<u>(5,092)</u>
Net cash (used in)/from financing activities	<u>(2,010,922)</u>	<u>6,848</u>
Net decrease in cash and cash equivalents	<u>(2,114,657)</u>	<u>(415,685)</u>
Cash and cash equivalents as at 1 January	<u>5,712,351</u>	<u>5,557,601</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>55,568</u>	<u>22,239</u>
Cash and cash equivalents as at 31 March	5c <u>3,653,262</u>	<u>5,164,155</u>

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

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

	1Q 2015 \$'000	1Q 2014 \$'000
Fixed assets	59	5,929
Intangible assets	3,245	–
Debtors and other assets	2,795	7,496
Bank balances and cash	2,210	717
Creditors	(2,649)	(4,227)
Borrowings	–	(2,414)
Current and deferred taxation	(763)	(86)
Total identifiable net assets at fair value	<u>4,897</u>	<u>7,415</u>
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	(1,224)	(3,737)
Amount previously accounted for as associated companies	–	(3,887)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	–	(219)
Goodwill arising from acquisition	827	1,472
Payment of deferred consideration for prior year's acquisition of a subsidiary	–	41,097
Total purchase consideration	<u>4,500</u>	<u>42,141</u>
Less: Bank balances and cash acquired	<u>(2,210)</u>	<u>(717)</u>
Cash flow on acquisition	<u>2,290</u>	<u>41,424</u>

Significant acquisition of subsidiary during the financial period relates to the acquisition of 75% interest in the Array Group, while the significant acquisition of subsidiary in the prior period relates to acquisition of additional interest in Indo-Trans Keppel Logistics Vietnam Co., Ltd, from 40% to 51%.

5b. Disposal of subsidiaries

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

	1Q 2015 \$'000	1Q 2014 \$'000
Fixed assets	–	(731)
Investment in associated company	–	(26,980)
Debtors and other assets	–	(17,621)
Bank balances and cash	–	(40)
Creditors and other liabilities	–	928
Current and deferred taxation	–	9,652
Non-controlling interest deconsolidated	–	5,806
	<u>–</u>	<u>(28,986)</u>
Amount accounted for as associated company	–	50,722
Amount accounted for as amount due to associated company	–	(52,645)
Net assets disposed of	<u>–</u>	<u>(30,909)</u>
Net profit on disposal	–	(6,924)
Sale proceeds	–	(37,833)
Less: Deferred proceeds	–	18,840
Less: Bank balances and cash disposed	<u>–</u>	<u>40</u>
Cash flow on disposal	<u>–</u>	<u>(18,953)</u>

Significant disposals in the prior period include the sale of Berich Enterprises Limited.

5c. Cash and cash equivalents

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

	1Q 2015 \$'000	1Q 2014 \$'000
Bank balances, deposits and cash	3,667,308	5,170,800
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(14,046)	(6,645)
	<u>3,653,262</u>	<u>5,164,155</u>

5d. Cash flow analysis

Net cash from operating activities was \$284 million compared to net cash used in operating activities of \$336 million in the prior period. This was due mainly to lower cash outflow from working capital requirements.

Net cash used in investment activities was \$388 million. The Group spent \$428 million on acquisitions and operational capex. This comprised principally the acquisition of 75% interest in the Array Group, further investment in associated companies, acquisition of a freehold office building in the Property Division, capital expenditure on logistics warehouses and data centres in the Infrastructure Division and other operational capex. Divestment and dividend income totaled \$40 million.

Net cash used in financing activities was \$2.01 billion compared to net cash from financing activities of \$7 million in the previous period, mainly attributable to the acquisition of additional shareholding in Keppel Land Limited. The net proceeds from loans of \$754 million were \$750 million higher due to increase in bank borrowings.

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 2014.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

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

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014)
Improvements to FRSs (February 2014)

The adoption of the above amended FRS did not have any significant impact on the financial statements of the Group.

10. REVIEW OF GROUP PERFORMANCE

Group net profit for the quarter was \$360 million as compared to \$339 million for the same quarter in 2014. Earnings per share were 19.8 cents. Economic Value Added decreased by \$83 million to \$103 million. Annualised return on equity was 12.9%.

Group revenue of \$2,814 million was \$182 million or 6% below that of the first quarter of 2014. Revenue from the Offshore & Marine Division increased by \$8 million to \$1,927 million due mainly to higher revenue recognition from ongoing projects. Major jobs completed and delivered during the current quarter included five jack-up rigs and an FPSO upgrade. The Property Division's revenue of \$327 million was comparable to the \$329 million for 1Q2014. Lower contributions from Singapore were offset by higher revenue from China. Revenue from the Infrastructure Division declined \$227 million to \$509 million due mainly to a drop in revenue recorded by Keppel Infrastructure's power and gas business, arising from lower prices and volume, lower revenue from the Engineering, Procurement and Construction ("EPC") projects which are nearing completion, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

At the pre-tax level, Group profit was down by \$37 million or 8% to \$455 million for the quarter ended 31 March 2015. The Offshore & Marine Division's pre-tax earnings declined by 17% to \$251 million due mainly to lower operating results and lower net interest income. For the first quarter of 2015, pre-tax profit of the Property Division was \$102 million as compared to \$131 million for the same quarter in 2014. This is due mainly to lower contribution from investment properties and higher net interest expense. Pre-tax profit for the Infrastructure Division dropped by \$12 million to \$34 million due mainly to reduced contribution from the power and gas business. Pre-tax profit of Investments rose by \$57 million to \$68 million due mainly to sale of investments during the current quarter.

Taxation expenses declined by \$16 million or 16% due mainly to lower pre-tax profits as well as lesser profits from companies in countries with higher tax rates. Non-controlling interests decreased by \$42 million due mainly to the acquisition of additional shareholdings in Keppel Land Limited by the Company. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$360 million, up \$21 million from \$339 million last year. The Offshore & Marine Division was the largest contributor to Group net profit with 56% share, followed by the Property Division's 20%, Investments' 17% and the Infrastructure Division's at 7%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured \$0.5 billion of new orders in the first quarter of 2015. Its net order book stood at \$11.3 billion, with deliveries extending into 2019. The environment remains challenging with lower oil prices, expected reduction in global E&P expenditure and potential oversupply of oil rigs. However, the healthy net order book will keep the yards busy up to 2016. The Division will continue to build on its *Near Market, Near Customer* strategy as well as its core strengths in execution and technology innovation to improve its competitive edge as well as productivity and efficiency.

During the quarter, the Property Division sold 720 homes in total, 34 in Singapore and 686 overseas. Total assets under management by Keppel REIT and Alpha stood at \$18.7 billion as at end-March 2015. The acquisition of additional shareholding in Keppel Land Limited and its expected privatisation will be earnings and ROE accretive for the Group. In addition, Keppel Group will be better able to streamline its organisational structure, and allocate capital and resources across its core businesses to optimise risk-adjusted returns and enhance shareholder returns.

In the Infrastructure Division, Keppel Infrastructure (“KI”) will remain focused on its power and gas, as well as its other energy-related infrastructure businesses. KI’s planned disposal of its 51% stake in the Keppel Merlimau Cogen Pte Ltd to Keppel Infrastructure Trust will recycle capital for KI to pursue new growth opportunities. The electricity market is still expected to remain competitive but KI’s integrated gas-to-power business platform will enable it to weather the challenges ahead through driving synergies and value creation across its diversified portfolio as well as pursuing strategic infrastructure projects. Keppel Telecommunications & Transportation will continue to develop both logistics and data centre businesses locally and overseas. It will also focus on growing a portfolio of quality data centre assets for injection into Keppel DC REIT. Total assets under management by Keppel DC REIT are about \$1.0 billion as at end-March 2015.

The Group will continue to execute its multi-business strategy, relying on its core strengths and build on what it has been doing successfully while being agile to seize new 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 2015.

For the year ended 31 December 2014, the Directors had recommended a tax exempt one-tier final cash dividend of 36 cents per share for approval by shareholders at the Annual General Meeting to be held on 17 April 2015. If approved, the final dividend will be paid on 6 May 2015.

14. SEGMENT ANALYSIS

First Quarter ended 31 March 2015

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
Revenue						
External sales	1,926,834	327,078	509,143	51,084	–	2,814,139
Inter-segment sales	68	2,464	8,096	18,498	(29,126)	–
Total	1,926,902	329,542	517,239	69,582	(29,126)	2,814,139
Segment Results						
Operating profit	231,835	83,930	31,232	46,547	4,697	398,241
Investment income	284	583	–	357	–	1,224
Interest income	20,434	5,913	1,538	40,050	(36,513)	31,422
Interest expenses	(5,352)	(18,825)	(9,600)	(34,646)	31,816	(36,607)
Share of results of associated companies	3,507	30,393	10,870	16,404	–	61,174
Profit before tax	250,708	101,994	34,040	68,712	–	455,454
Taxation	(46,257)	(22,305)	(8,013)	(4,727)	–	(81,302)
Profit for the period	204,451	79,689	26,027	63,985	–	374,152
Attributable to:						
Shareholders of Company	202,929	72,497	22,721	62,079	–	360,226
Non-controlling interests	1,522	7,192	3,306	1,906	–	13,926
	204,451	79,689	26,027	63,985	–	374,152
Other information						
Segment assets	9,568,401	16,718,952	4,116,798	7,191,863	(6,775,183)	30,820,831
Segment liabilities	7,428,865	7,500,762	3,078,762	7,389,272	(6,775,183)	18,622,478
Net assets	2,139,536	9,218,190	1,038,036	(197,409)	–	12,198,353
Investment in associated companies	564,694	3,328,999	643,687	622,985	–	5,160,365
Additions to non-current assets	44,330	286,203	95,271	117	–	425,921
Depreciation and amortisation	36,876	5,869	22,641	294	–	65,680

GEOGRAPHICAL SEGMENT

	Singapore \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	1,930,661	405,149	372,317	106,012	–	2,814,139
Non-current assets	5,763,603	289,441	3,442,596	798,522	–	10,294,162

First Quarter ended 31 March 2014

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
Revenue						
External sales	1,919,361	329,632	735,779	11,727	–	2,996,499
Inter-segment sales	2	3,099	12,752	16,225	(32,078)	–
Total	1,919,363	332,731	748,531	27,952	(32,078)	2,996,499

Segment Results						
Operating profit	279,902	88,273	47,699	(8,772)	7,745	414,847
Investment income	309	500	–	–	–	809
Interest income	23,442	7,239	372	35,912	(31,086)	35,879
Interest expenses	(838)	(8,192)	(11,202)	(28,847)	23,341	(25,738)
Share of results of associated companies	1,373	43,354	8,185	12,965	–	65,877
Profit before tax	304,188	131,174	45,054	11,258	–	491,674
Taxation	(63,604)	(28,160)	(10,033)	4,689	–	(97,108)
Profit for the period	240,584	103,014	35,021	15,947	–	394,566

Attributable to:

Shareholders of Company	230,339	62,039	31,941	14,363	–	338,682
Non-controlling interests	10,245	40,975	3,080	1,584	–	55,884
	240,584	103,014	35,021	15,947	–	394,566

Other information						
Segment assets	8,252,515	15,631,282	3,830,754	7,918,742	(5,813,367)	29,819,926
Segment liabilities	5,655,648	7,379,431	2,992,881	5,572,484	(5,813,367)	15,787,077
Net assets	2,596,867	8,251,851	837,873	2,346,258	–	14,032,849

Investment in associated companies	485,989	3,858,148	575,372	602,895	–	5,522,404
Additions to non-current assets	80,805	24,518	24,238	44	–	129,605
Depreciation and amortisation	33,734	3,888	24,939	355	–	62,916

GEOGRAPHICAL SEGMENT

	Singapore \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	2,093,174	418,207	281,863	203,255	–	2,996,499
Non-current assets	8,023,675	193,240	2,952,340	491,040	–	11,660,295

Note:

- The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Infrastructure, Property and Investments. Investments consist mainly of the Group's investments in KrisEnergy Limited, M1 Limited, k1 Ventures Limited and equities.
- Pricing of inter-segment goods and services is at fair market value.
- Other than Singapore and Brazil, no single country accounted for 10% or more of the Group's revenue for 1Q 2015 and 1Q 2014.
- Revenue of \$287,647,000 is derived from a single external customer and is attributable to the Offshore & Marine Division for 1Q 2015. No single external customer accounted for 10% or more of the Group's revenue for 1Q 2014.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of \$2,814 million was \$182 million or 6% lower than that of corresponding period in 2014. Revenue from the Offshore & Marine Division of \$1,927 million was \$8 million higher due mainly to higher revenue recognition from ongoing projects. Revenue from the Property Division of \$327 million was comparable to the \$329 million for 1Q2014. Lower contributions from Singapore were offset by higher revenue from China. Revenue from the Infrastructure Division of \$509 million was \$227 million lower due mainly to lower revenue recorded by the power and gas business, lower revenue recognised for the EPC projects as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

15b. Net profit by Segments

Group net profit of \$360 million was \$21 million or 6% higher than that of corresponding period in 2014. Profit from the Offshore & Marine Division of \$203 million was \$28 million lower than that of corresponding period in the prior year due mainly to lower operating results and net interest income. Profit from the Property Division of \$72 million increased by \$10 million due largely to higher attributable profit following the Group's acquisition of additional shareholding in Keppel Land Limited. Profit from the Infrastructure Division of \$23 million was \$9 million lower due largely to the reduced contribution from the power and gas business. Profit from Investments increased by \$48 million due mainly to higher gains from sale of investments. The Offshore & Marine Division was the largest contributor to Group net profit with 56% share, followed by the Property Division's 20%, Investments' 17% and the Infrastructure Division's at 7%.

15c. Revenue by Geographical Segments

Revenue from Singapore of \$1,931 million was \$163 million lower, due largely to lower revenue from the Infrastructure Division. Higher revenue from Far East & Other ASEAN Countries mainly came from the Property Division and the Offshore & Marine Division.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 17 April 2014. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	3 months 31.3.2015 \$'000	3 months 31.3.2014 \$'000	3 months 31.3.2015 \$'000	3 months 31.3.2014 \$'000
Transaction for the Sale of Goods and Services				
SATS Group	–	–	37,654	–
Sembcorp Marine Group	–	–	–	415
Singapore Airlines Group	–	–	5,600	–
Singapore Power Group	–	–	4,300	–
Singapore Technologies Engineering Group	–	–	–	935
Temasek Holdings Group	–	–	–	366
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	–	–	158	781
Gas Supply Pte Ltd	–	–	80,000	85,000
Mapletree Investments Group	–	–	143	160
PSA Corporation Group	–	–	–	179
Singapore Technologies Engineering Group	–	–	3,565	–
Singapore Telecommunications Group	–	–	840	–
Temasek Holdings Group	–	–	–	511
Total Interested Person Transactions	–	–	132,260	88,347

BY ORDER OF THE BOARD

CAROLINE CHANG/KELVIN CHUA
Company Secretaries

16 April 2015

CONFIRMATION BY THE BOARD

We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter 2015 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LEE BOON YANG
Chairman

Singapore, 16 April 2015



LOH CHIN HUA
Chief Executive Officer