

MEDIA RELEASE

Keppel Corporation Limited Unaudited Results for the Second Quarter and Half Year Ended 30 June 2015

Singapore, 23 July 2015 – The Directors of Keppel Corporation Limited advise the following unaudited results of the Group for the Second Quarter and Half Year ended 30 June 2015.

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This media release is also available at www.kepcorp.com.

KEPPEL CORPORATION LIMITED

SECOND QUARTER & FIRST HALF 2015 REPORT CARD

1. 2Q 2015 Net Profit down 2% to S\$397 million, compared to 2Q 2014's S\$406 million.
2. 1H 2015 Net Profit up 2% to S\$757 million, compared to 1H 2014's S\$745 million.
3. Earnings per Share was 41.7 cents, up 2% from 1H 2014's 41.0 cents.
4. Annualised Return on Equity of 13.1%.
5. 1H 2015 Economic Value Added decreased to S\$225 million from S\$412 million YoY.
6. Cash outflow of S\$316 million.
7. Net gearing was 0.42x.
8. Interim cash dividend of 12.0 cents per share.

KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N

(Incorporated in the Republic of Singapore)

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KEPPEL CORPORATION LIMITED

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

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015

Welcome

1. A very good evening to all of you. On behalf of my colleagues on the panel, a warm welcome to this conference and webcast on our results and performance in the Second Quarter and First Half of 2015.
2. The global economy today is characterised by slower growth and greater volatility.
3. The US economy appears on track for moderate expansion following a sluggish first quarter. With recent improvements in the employment situation, market watchers are expecting a Fed rate hike within this year. In her recent testimony, Janet Yellen has all but confirmed this.
4. Over the past few months, the Greek debt crisis has grabbed international headlines. There are still a few more hurdles to cross before the deal to prevent an exit by Greece is settled and accepted by all parties. How this issue plays out may have long-term implications on the EU. What we can take some comfort in is that even if the worst happens, the transmission effect of an exit by Greece has been greatly reduced.
5. China's economy continues to grow steadily, at a slower, and possibly more sustainable, pace. Even at this lower rate, China's absolute growth is still very significant based on a larger US\$11.3 trillion economy, compared with five or ten years ago. In selected Chinese cities, we have seen improvements in the property market on the back of the government's stimulus measures. We also saw great volatility in the stock market, but these are part of the growing pains of a country progressively opening their financial system to the world.
6. Since the steep fall in oil prices last June, the price of Brent crude has rebounded from the mid US\$40 a barrel range, but still remains relatively low, hovering at about average US\$60 a barrel. With the recent US-Iran nuclear deal, sanctions on Iran could be lifted soon and that will increase global oil supply. Lower oil prices for a sustained period is a reality that oil and gas industry needs to grapple with. Longer term, when supply and demand is more elastic to price levels, many expect oil to stabilise at levels between \$70-90. With the shale oil here to stay, we may not see US\$100 oil for some time.
7. In Singapore, various factors, including the global economic climate will weigh on us. Based on advance estimates, the Singapore economy grew by 1.7 per cent on a year-on-year basis in the second quarter, lower than the 2.8 per cent growth in the previous quarter.

Performance Highlights

8. Amid these headwinds, Keppel continues to perform respectably. Comparable to the year before, we achieved an overall net profit of S\$397 million in the second quarter, and S\$757 million in the first half of 2015.
9. Our annualised ROE for the period was 13.1%, while EVA was S\$225 million.
10. To reward shareholders, the Board of Directors has approved an interim distribution of 12.0 cents per share for the first half of 2015, which will be paid out in August.

Consistent Contributions from RIDs

11. The Group's ability to sustain its creditable performance and dividend payouts are due in some measure to Revaluations, Major Impairments and Divestments, in short, RIDs.
12. RIDs are a regular course of our business and should not be viewed as one-off or extra-ordinary items. As you can see from this graph, RIDs have constituted about 20% of the

Group's annual earnings every year over the past five years, averaging at about \$400 million a year over that period.

13. In the first half of 2015, RIDs contributed \$272 million or 36% of the Group's net profit. This includes a gain of \$202 million realised from the sale of our 51% stake in Keppel Merlimau Cogen Pte Ltd (KMC) to Keppel Infrastructure Trust in the second quarter. The divestment of the 51% in KMC has also unlocked cash of almost S\$1 billion for the Group.

Recycling Capital, Creating Value

14. As a conglomerate, Keppel is well-placed to capture value by riding on the Group's unique ability to create good assets, which we can own, manage and then recycle at the right time to earn the best risk-adjusted returns.
15. We have, over the years, channeled efforts to build up platforms with which we can unlock value effectively. Our fund management arms in Property and Infrastructure, with a combined AUM of S\$23.7 billion to date, will continue to provide a solid base for recycling capital as well as generating stable fee-based income such as asset management fees, facilities management fees, and operations and management fees.

Business Updates

16. We remain confident of the long-term fundamentals of our chosen industries. At the completion of Keppel Land's privatisation, we achieved a total shareholding of 99.27% in the company. With that, we have obtained almost full control over all the key business units in Keppel. This will enable us to deploy capital effectively across the Group with a focus on generating sustainable returns.
17. We will also be able to right size our property book to take advantage of the cycles. There will be savings in interest cost estimated to be about \$18 million a year borrowing under KCL credit. For the half year, the privatisation has yielded an additional \$73 million in net profit contributions from Keppel Land.
18. Our multi-business approach has allowed us to cushion the 25% fall in net profits from Offshore & Marine with higher contributions from Property and Infrastructure to bring us to about even compared to a year ago.
19. Leveraging the Group's robust financial position, we will weather the headwinds and position ourselves to build strong business verticals and seize growth opportunities.

Offshore & Marine

20. Keppel Offshore & Marine has a net orderbook year to date which stands at \$11.0 billion, which is keeping our yards busy through to 2020.
21. Year-to-date 2015, Keppel Offshore & Marine secured \$1.5 billion worth of new contracts. Just yesterday, Keppel Shipyard signed a US\$684 million contract with Golar for an FLNG conversion, which is the third for such won by Keppel.
22. We continue to focus on executing our projects well, ensuring safe, on-time and on-budget deliveries to our customers. Amongst 12 major projects completed in the first half, apart from the five jackup rigs, the other noteworthy deliveries were for the fourth high-specification accommodation semisubmersible to Floatel International, and a Depletion Compression Platform (DCP) to Shell by Keppel Subic Shipyard, our satellite yard in the Philippines.
23. Of the ten jackups we will deliver in the second half, five KFELS B Class jackup rigs will be handed over to Mexican customer, Grupo R. We have reaped synergies working on five rigs at one time, optimising resources and improving efficiencies in the process.

Updates on Projects for Sete Brasil

24. BrasFELS continues to make good progress on the DSS™ 38E drilling semisubmersibles for Sete Brasil. The first three units are 90%, 63% and 36% completed.
25. Besides the six semisubmersibles, BrasFELS is also working on the module fabrication and integration for two FPSO units P-66 and P-69 for Petrobras, as well as the repair of the drilling semisubmersible ENSCO 6002.

Exploration & Production Market

26. With the current low oil prices, we are likely to see an acceleration in the replacement cycle for aging rigs. Days are numbered for many old rigs. It is estimated that about 94 jackups and 27 floaters around the world are more than 30 years old. The scrapping of old rigs will hasten a rebalance of demand and supply in the offshore market and sow the seeds for the upturn.
27. It has also been estimated that some 238 projects in the appraisal, planning, or bidding/final design stages worldwide potentially require a floating production/ storage system.
28. Our established track record of having completed over a hundred complex FPSO, FSO and FSRU conversion projects, coupled with a growing pool of in-house FLNG expertise, puts us in good stead to offer quality solutions to some of the challenges faced by the offshore LNG industry.
29. The global FLNG industry is expected to attract more than US\$65 billion of investments from now through to 2020, driven by rising costs of onshore LNG terminals. Asia-Pacific, in particular, is expected to draw a majority of investments in the FLNG sector with its sizeable line-up of regasification and liquefaction projects. Our gas strategy and suite of products for the offshore gas industry will provide some cushion to the current weak demand for drilling rigs.

Non-Drilling Market

30. Even as we await the upturn in the drilling market, we are not resting on our laurels. From 2010 to the present, we have secured S\$11.2 billion worth of contracts for non-drilling solutions and services. This marks a 64% increase over the preceding five-year period from 2005-2009.
31. Our expanding suite of innovative solutions will put us in pole position to capture more work in the non-drilling markets, which up till now remain resilient as proven by our order wins year-to-date.

Property

32. I will now update on our Property business. With the completion of the privatisation exercise, Keppel Corporation now owns over 99% of Keppel Land which was delisted from the Singapore Exchange on 16 July 2015.
33. The full ownership of the division will also give us 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. Keppel Land will provide a strong pillar for earnings and long-term value creation for the Group.
34. To meet housing needs in the region arising from a fast expanding middle class and a high urbanisation rate, Keppel Land has a pipeline of over 18,000 launch-ready units.
35. In the first half of 2015, Keppel Land sold over more than 1,800 homes, which is higher than 1,300 units sold in 1H2014. In China alone, Keppel Land sold about 1,170 homes in 1H2015, compared to about 1,060 sold in 1H2014. This improvement was underpinned by the relaxing of cooling measures by the Chinese government since 1Q2015.
36. Over in Indonesia, specifically in Jakarta where we are focused, the residential market continued to record modest absorption amidst poor market sentiments that have been affected by lower GDP growth and depreciation of the Rupiah. However, the mid-to-long-term prospects for the residential market remain positive, supported by an expanding middle class and

urbanisation trends. We are positioned to meet demand for quality homes with our West Vista project in West Jakarta.

37. In Ho Chi Minh City, Vietnam, the completion of major ring roads and the introduction of a metro system will improve accessibility and have a positive impact on surrounding property values. The recent amendments to the foreign-ownership law, which came into effect in July, will boost housing demand. With improving market conditions, we sold about 450 homes from our Estella Heights and Riviera Point condominium projects in Ho Chi Minh City, compared to about 100 units the previous year.
38. Seizing opportunities in a softening market, Keppel Land is re-investing \$430 million to develop new residential projects in Chengdu and Jakarta.
39. At the same time, Keppel Land continues to strengthen its commercial portfolio and expertise, with an overseas portfolio under development totalling about 840,000 sm GFA. Array Real Estate, which Keppel Land acquired a major stake in December last year, has been renamed Keppel Land Retail Management and is collaborating with our various country teams to actively explore retail-related opportunities in our core and growth markets.
40. Targeted for opening next year is the retail component of Saigon Centre Phase 2 in Ho Chi Minh City, which is now more than 70% pre-committed, led by anchor tenant Takashimaya.
41. Across the globe, Keppel Land had in the first half reinvested \$186 million in a refurbished office building in London.

Infrastructure

42. The recent developments in our infrastructure division demonstrate Keppel's serious commitment to grow this third leg of business.
43. Even as we nurture green shoots in our infrastructure division, we are committed to complete the complex EPC projects. I am pleased to update that we have successfully handed over both phases of the Greater Manchester EFW Plant.
44. Meanwhile, Doha North Sewage Treatment Works will achieve significant completion this year. I am disappointed that in spite of our best efforts, we had to take additional losses on this project in the second quarter due to delays and cost over runs. We believe that this will be the final round of adjustments.
45. With the formation of an enlarged Keppel Infrastructure Trust (KIT), through the combination of CitySpring Infrastructure Trust and KIT as well as the acquisition of a 51% stake in Keppel Merlimau Cogen (KMC), we created the largest Singapore infrastructure-focused business trust.
46. To fund the acquisition of KMC, KIT has also successfully raised \$525 million through a private placement and preferential offering, which is the largest equity deal-to-date in Singapore this year. With the KMC acquisition, KIT has a total asset size of over S\$4 billion.
47. Today, Keppel Telecommunications & Transportation (Keppel T&T) announced plans to develop its fourth data centre in Singapore. The greenfield data centre development, Keppel's second largest in Singapore, is strategically located in close proximity to our existing facilities in Tampines. We are confident that this latest facility will be able to meet our customers' requirements for high-availability data centre space. Meanwhile, Almere 2, Keppel T&T's purpose-built data centre facility in the Netherlands, will commence operations later in the third quarter this year.
48. Just five months after its listing, Keppel DC REIT acquired from Macquarie Telecom the Intellicentre 2, strategically located in a research and business park in Sydney that specialises in the communications and information technology sectors. The acquisition builds on Keppel DC REIT's established track record in Sydney and stands it in good stead to tap the market's growth potential.

49. Keppel T&T is expecting to kickstart operations of several of its logistics projects in China and Vietnam this year and we expect progressive contributions from these regional projects as they come on stream.

Investments

KrisEnergy

50. Back in 2012, Keppel took an interest in KrisEnergy, an independent upstream oil and gas company, because we believe in its long-term growth potential and that it could offer sustainable returns over the long run. Recently, KrisEnergy announced that oil production has commenced in the Nong Yao field in the Gulf of Thailand, the first development project in its portfolio to be brought on stream.
51. To support KrisEnergy in its efforts to finance upcoming projects, Keppel has recently undertaken to subscribe for its full entitlement, which is about 31.3 per cent of the rights issue by KrisEnergy to raise \$169.5million. Keppel will act as sub-underwriter for all the underwritten rights shares. In the event that Keppel is required to sub-underwrite all the sub-underwritten shares, Keppel's interest in KrisEnergy will not exceed 50.0%.

Ocean Mineral Singapore

52. With a long-term view on its potential, Ocean Mineral Singapore (OMS) was established, together with UK Seabed Resources, a wholly owned subsidiary of London based Lockheed Martin UK Holdings and Lion City Capital Partners, to leverage Keppel's experience in the offshore and marine sector.
53. Recently, OMS entered into a 15-year exploration contract for polymetallic nodules at a 58,000-square-kilometre site within the Clarion-Clipperton Fracture Zone of the Pacific Ocean with the International Seabed Authority.
54. Sponsored by the Singapore Government, OMS is the first Singaporean company to be awarded an exploration contract for polymetallic nodules.

Recurring Income

55. As we move into the future, we aim not only to develop the engines of growth in our key businesses, but also reinforce the pillars that will continue to support Keppel's expansion, even when conditions are rough.
56. The next graph illustrates the recurring income generated across our business divisions. Recurring income currently contributes \$170 million or about 22% of the Group's total net profit for 1H 2015. We aim to continue to grow this to improve the quality of our earnings.
57. In the Offshore & Marine division, we will continue to invest in R&D to come up with technology that can be commercialised in the near term, as well as better processes to raise the skillsets and productivity of our yards. Keppel O&M will continue to pursue its build and grow strategy by exploring potential partnerships with customers in niche markets that require solutions such as floating accommodation, Floating LNG, and Plug and Abandonment, all of which will enable it to create sustainable income streams to augment its lumpier turnkey contracts.
58. Our Property and Infrastructure divisions will continue to fuel the growth of their respective fund management units by developing a stable pipeline of quality assets for injection, while earning recurring fees through operations and maintenance as well as facilities management.
59. A sturdy and sizeable recurring income base will enable Keppel to maintain earnings visibility and a strong foundation for earnings growth.

Configured to Grow

60. Through 47 years since incorporation, Keppel has grown stronger from every downturn and has been able to continuously integrate and streamline its business units to create value.

61. I will wrap up by sharing a slide capturing Keppel's corporate milestones over the last fifteen years to illustrate my point.
62. In early 2000s, shortly after the Asian financial crisis, we consolidated and sold our banking and finance arm. With proceeds from the divestment, in the wake of September 11, we integrated our shipyard operations to form Keppel Offshore & Marine (Keppel O&M), which resulted in over a decade of unprecedented growth.
63. Keppel O&M is a prime example of the success that we were able to achieve by taking our offshore and marine businesses private. 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.
64. More recently, we re-organised the Infrastructure Division and formed Keppel Infrastructure, with a focus on energy. We are growing Keppel Infrastructure Trust into a sizeable vehicle for Keppel Infrastructure to unlock value from mature assets and reinvest capital in new projects for higher returns. The same is being done with Keppel DC REIT.
65. Finally, with Keppel Land privatised, it will enable us to deploy capital across our businesses more effectively and our property division can focus on generating stronger returns.
66. These are gears that we have set in motion to propel Keppel into its next phase of growth. We have a strong track record of agility and turning adversity into advantage. Our multi-business approach will help us weather the storm and emerge stronger on the other side. There will also be opportunities along the way. We will certainly not waste this downturn.

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

Thank you.

KEPPEL CORPORATION LIMITED

Second Quarter 2015 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2015.

1. GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June

	Note	Second Quarter			Half Year		
		30.6.2015 \$'000	30.6.2014 \$'000	+/- %	30.6.2015 \$'000	30.6.2014 \$'000	+/- %
Revenue		2,562,920	3,176,446	-19.3	5,377,059	6,172,945	-12.9
Materials & subcontract costs	(i)	(1,920,085)	(2,148,916)	-10.6	(3,722,855)	(4,202,856)	-11.4
Staff costs	(ii)	(368,804)	(447,209)	-17.5	(855,253)	(832,874)	+2.7
Depreciation & amortisation		(64,563)	(65,403)	-1.3	(130,243)	(128,319)	+1.5
Other operating income/ (expenses)	(iii)	204,759	(47,643)	NM	143,760	(126,774)	NM
Operating profit		414,227	467,275	-11.4	812,468	882,122	-7.9
Investment income		4,749	845	NM	5,973	1,654	+261.1
Interest income		19,379	32,268	-39.9	50,801	68,147	-25.5
Interest expenses	(iv)	(30,678)	(28,737)	+6.8	(67,285)	(54,475)	+23.5
Share of results of associated companies	(v)	90,211	121,598	-25.8	151,385	187,475	-19.3
Profit before tax		497,888	593,249	-16.1	953,342	1,084,923	-12.1
Taxation	(1b)	(88,035)	(123,805)	-28.9	(169,337)	(220,913)	-23.3
Profit for the period		409,853	469,444	-12.7	784,005	864,010	-9.3
Attributable to:							
Shareholders of the Company		396,718	406,030	-2.3	756,944	744,712	+1.6
Non-controlling interests		13,135	63,414	-79.3	27,061	119,298	-77.3
		409,853	469,444	-12.7	784,005	864,010	-9.3
Earnings per ordinary share							
- basic		21.9 cts	22.3 cts	-1.8	41.7 cts	41.0 cts	+1.7
- diluted		21.7 cts	22.1 cts	-1.8	41.4 cts	40.6 cts	+2.0

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Second Quarter			Half Year		
		30.6.2015 \$'000	30.6.2014 \$'000	+/- %	30.6.2015 \$'000	30.6.2014 \$'000	+/- %
Share-based payment expenses		12,531	23,688	-47.1	20,496	32,697	-37.3
Profit on sale of investments	(vi)	–	(5,399)	NM	(49,605)	(12,340)	NM
Profit on sale of fixed assets		(156)	(146)	+6.8	(1,427)	(1,150)	+24.1
Provision/(Write-back)							
- Stocks & work-in-progress		689	(825)	NM	637	(1,274)	NM
- Doubtful debts		(146)	(804)	-81.8	929	(477)	NM
Stocks written off		12	56	-78.6	19	34	-44.1
Bad debts (recovered)/written off		(1)	660	NM	104	1,058	-90.2
Fair value loss/(gain)							
- Investments	(vii)	891	(8,521)	NM	69	(2,997)	NM
- Forward contracts	(viii)	(9,519)	4,503	NM	14,634	8,895	+64.5
- Financial derivatives		(1,013)	(189)	NM	(3,370)	(990)	+240.4
Foreign exchange loss/(gain)	(ix)	22,724	2,922	NM	10,206	(2,590)	NM
Write-back of impairment of investments	(x)	(776)	(20,934)	-96.3	(1,553)	(21,674)	-92.8
Gain on disposal of subsidiaries	(xi)	(218,770)	–	NM	(218,770)	(6,924)	NM
Gain associated with restructuring of operations and others	(xii)	(55,098)	–	NM	(55,098)	–	NM

NM – Not Meaningful

Note:

- (i) Materials & subcontract costs decreased for the half year ended 30 June 2015 mainly as a result of lower revenue from Offshore & Marine Division and Infrastructure Division, partly offset by higher revenue in the Property Division.
- (ii) Staff costs increased for the half year ended 30 June 2015 due mainly to higher manpower cost in the Offshore & Marine Division and Property Division, partly offset by lower staff costs in the Infrastructure Division.
- (iii) Other operating income in the current period as compared to other operating expenses in the prior period was due mainly to the gain on disposal of subsidiaries (Note (xi)), gain associated with restructuring of operations and others (Note (xii)) and higher profit on sale of investments (Note (vi)), partially offset by hedging differential on forward exchange contracts (Note (viii)) and foreign exchange loss in the current period (Note (ix)).
- (iv) Higher interest expense was mainly attributable to higher borrowings in the Offshore & Marine Division and project development companies in the Property Division.
- (v) Share of profits of associated companies for the half year ended 30 June 2015 was lower due mainly to lower contribution from associated companies in the Property Division and the Offshore & Marine Division.
- (vi) Profit on sale of equity investments was higher for the half year ended 30 June 2015.
- (vii) Fair value loss (mark-to-market) for the half year ended 30 June 2015 on investment portfolio held for trading was due to decrease in stock prices.
- (viii) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rates.

- (ix) For the half year ended 30 June 2015, the foreign exchange loss was mainly attributable to the revaluation of assets denominated in Azerbaijani Manat as a result of devaluation, partially offset by gain from revaluation of assets denominated in United States dollar, which appreciated against Singapore dollar from January to June. For the second quarter of 2015, the foreign exchange loss was mainly attributable to revaluation of assets denominated in United States dollar, which depreciated against Singapore dollar from April to June.
- (x) The write-back in the current period was in relation to write-back of impairment of investment in the Infrastructure Division.
- (xi) Gain on disposal of subsidiaries in the current period arose mainly from the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd.
- (xii) Gain associated with restructuring of operations and others arose mainly from the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust, partly offset by business combination loss on acquisition of additional interest in OWEC Tower.
- 1b. Taxation expenses were lower because of gains on sale of investments and restructuring which are not taxable and from lower profits from companies in countries with higher tax rates.

1c. Earnings per ordinary share

	Second Quarter			Half Year		
	30.6.2015	30.6.2014	+/-%	30.6.2015	30.6.2014	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	21.9 cts	22.3 cts	-1.8	41.7 cts	41.0 cts	+1.7
- Weighted average number of shares (excluding treasury shares) ('000)	1,816,386	1,814,752	+0.1	1,816,386	1,814,752	+0.1
(ii) On a fully diluted basis	21.7 cts	22.1 cts	-1.8	41.4 cts	40.6 cts	+2.0
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,827,334	1,832,713	-0.3	1,827,334	1,832,713	-0.3

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the second quarter and half year ended 30 June

	Second Quarter			Half Year		
	30.6.2015 \$'000	30.6.2014 \$'000	+/- %	30.6.2015 \$'000	30.6.2014 \$'000	+/- %
Profit for the period	409,853	469,444	-12.7	784,005	864,010	-9.3
Items that may be reclassified subsequently to profit & loss account:						
Available-for-sale assets						
- Fair value changes arising during the period	(i) 29,264	19,063	+53.5	8,408	(2,307)	NM
- Realised and transferred to profit & loss account	(ii) 619	(2,986)	NM	(38,622)	(9,141)	NM
Cash flow hedges						
- Fair value changes arising during the period, net of tax	(iii) 293,652	105,790	+177.6	(86,854)	60,039	NM
- Realised and transferred to profit & loss account	(iv) 30,968	(11,087)	NM	104,204	(12,287)	NM
Foreign exchange translation						
- Exchange differences arising during the period	(v) (216,923)	(97,811)	+121.8	3,299	(88,467)	NM
- Realised and transferred to profit & loss account	11,639	(1,136)	NM	11,639	(1,131)	NM
Share of other comprehensive income of associated companies						
- Available-for-sale assets	(694)	(482)	+44.0	1,488	(841)	NM
- Cash flow hedges	8,036	6,398	+25.6	18,119	5,087	+256.2
- Foreign exchange translation	11,047	9,120	+21.1	23,001	15,158	+51.7
Other comprehensive income for the period, net of tax	167,608	26,869	NM	44,682	(33,890)	NM
Total comprehensive income for the period	577,461	496,313	+16.4	828,687	830,120	-0.2
Attributable to:						
Shareholders of the Company	591,023	480,781	+22.9	779,904	753,792	+3.5
Non-controlling interests	(13,562)	15,532	NM	48,783	76,328	-36.1
	577,461	496,313	+16.4	828,687	830,120	-0.2

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 changes 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 gain was as a result of the hedge rate being higher 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 losses for 2Q 2015 arose largely from weakening of foreign currencies, such as United States Dollar, Renminbi and Brazilian Real against the Singapore dollar. The translation gains for half year 2015 arose mainly from strengthening of the United States Dollar and Renminbi against the Singapore dollar.

The translation losses for half year 2014 and 2Q 2014 arose largely from weakening of foreign currencies, such as United States dollar, Renminbi and Euro against the Singapore dollar.

3. BALANCE SHEETS as at 30 June

	Group		Company	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014
	\$'000	\$'000	\$'000	\$'000
Share capital	1,288,394	1,287,595	1,288,394	1,287,595
Reserves	9,536,133	9,093,167	4,783,892	4,542,906
Share capital & reserves	10,824,527	10,380,762	6,072,286	5,830,501
Non-controlling interests	1,068,076	4,346,879	—	—
Capital employed	11,892,603	14,727,641	6,072,286	5,830,501
Represented by:				
Fixed assets	2,788,252	2,673,015	1,718	694
Investment properties	2,275,200	1,987,515	—	—
Subsidiaries	—	—	8,013,642	5,067,567
Associated companies	5,402,209	4,988,444	—	—
Investments	372,249	358,366	—	—
Long term assets	234,194	258,397	281	321
Intangibles	103,132	101,732	—	—
	11,175,236	10,367,469	8,015,641	5,068,582
Current assets				
Stocks & work-in-progress				
in excess of related billings	10,744,763	10,681,123	—	—
Amounts due from:				
- subsidiaries	—	—	1,868,705	4,100,374
- associated companies	619,868	630,552	893	471
Debtors	3,359,407	2,509,589	60,079	26,288
Short term investments	285,480	371,451	—	—
Bank balances, deposits & cash	2,375,502	5,736,001	2,580	2,308
	17,385,020	19,928,716	1,932,257	4,129,441
Assets classified as held for sale	—	1,258,640	—	—
	17,385,020	21,187,356	1,932,257	4,129,441
Current liabilities				
Creditors	5,792,743	5,432,754	650,195	492,168
Billings on work-in-progress				
in excess of related costs	2,370,211	2,397,376	—	—
Provisions	114,643	149,526	—	—
Amounts due to:				
- subsidiaries	—	—	1,089,208	1,004,570
- associated companies	182,541	137,188	65	—
Term loans	1,584,574	1,795,635	556,464	290,511
Taxation	404,018	462,699	21,559	14,000
	10,448,730	10,375,178	2,317,491	1,801,249
Liabilities directly associated with assets				
classified as held for sale	—	450,017	—	—
	10,448,730	10,825,195	2,317,491	1,801,249
Net current assets/(liabilities)	6,936,290	10,362,161	(385,234)	2,328,192
Non-current liabilities				
Term loans	5,839,648	5,586,908	1,500,000	1,500,000
Deferred taxation	274,506	266,412	—	—
Other non-current liabilities	104,769	148,669	58,121	66,273
	6,218,923	6,001,989	1,558,121	1,566,273
Net assets	11,892,603	14,727,641	6,072,286	5,830,501
Group net debt	5,048,720	1,646,542	n.a.	n.a.
Group net gearing ratio	0.42x	0.11x	n.a.	n.a.

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 30.6.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
114,389	1,470,185	123,234	1,672,401

(ii) Amount repayable after one year

As at 30.6.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,134,598	4,705,050	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 \$2,568,295,000 (31 December 2014: \$2,704,286,000) to banks for loan facilities.

3b. Net asset value

	Group			Company		
	30.6.2015	31.12.2014	+/-%	30.6.2015	31.12.2014	+/-%
Net asset value per ordinary share *	\$5.96	\$5.73	+4.0	\$3.34	\$3.22	+3.7
Net tangible asset per ordinary share *	\$5.90	\$5.67	+4.1	\$3.34	\$3.22	+3.7

* Based on share capital of 1,817,317,695 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 (KE), 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 which represented 51% of the issued and paid-up share capital of Keppel Merlimau Cogen Pte Ltd (KMC) to KIT.

In accordance with FRS 105 – Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of KMC was presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" as at 31 December 2014.

The sale of 51% interest in KMC was successfully completed on 30 June 2015.

3d. Balance sheet analysis

Group shareholder's funds were \$10.82 billion at 30 June 2015, \$0.44 billion higher than the previous year end. The increase was mainly attributable to retained profits for the period ended 30 June 2015. In addition, the difference between non-controlling interests adjusted and the fair value of the consideration paid, arising from the privatisation of Keppel Land Limited was recognised in equity attributable to shareholders of the Company. This was partly offset by fair value realised on disposal of available-for-sale assets. Non-controlling interests of \$1.1 billion were \$3.3 billion lower because of the privatisation of Keppel Land Limited.

Group total assets were \$28.56 billion at 30 June 2015, \$2.99 billion lower than the previous year end. Decrease in current assets was partially offset by increase in non-current assets. The decrease in current assets was due mainly to disposal of Keppel Merlimau Cogen Pte Ltd (KMC) and lower bank balances, deposits & cash, largely due to the privatisation of Keppel Land Limited and capital expenditure. This was 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 and the Property Division. Non-current assets were higher due mainly to increase in investment properties from the acquisition of a freehold office building in London. In addition, the increase in associated companies was largely due to the recognition of KMC as an associated company following the sale of 51% interest under the Infrastructure Division as well as the additional investments and acquisitions in the Property Division.

Group total liabilities of \$16.67 billion at 30 June 2015 were \$0.16 billion lower than the previous year end. This was due mainly to the derecognition of liabilities directly associated with KMC. Higher level of term loans was due to increased bank borrowings for working capital requirements, operational capital expenditure and privatisation of Keppel Land Limited, offset by proceeds from the sale of KMC.

Group net debt increased by \$3.40 billion to \$5.05 billion at 30 June 2015.

4. STATEMENTS OF CHANGES IN EQUITY for the second quarter and half year ended 30 June

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 first quarter							
Profit for first 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 first quarter	-	(355,920)	360,226	184,575	188,881	62,345	251,226
Transactions with owners, recognised directly in equity							
<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
<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)
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
Total comprehensive income for second quarter							
Profit for second quarter	-	-	396,718	-	396,718	13,135	409,853
Other comprehensive income *	-	362,021	-	(167,716)	194,305	(26,697)	167,608
Total comprehensive income for second quarter	-	362,021	396,718	(167,716)	591,023	(13,562)	577,461

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
2015							
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividend paid	-	-	(654,398)	-	(654,398)	-	(654,398)
Share-based payment	-	12,206	-	-	12,206	89	12,295
Dividend paid to non-controlling shareholders	-	-	-	-	-	(42,295)	(42,295)
Purchase of treasury shares	-	(4,956)	-	-	(4,956)	-	(4,956)
Treasury shares reissued pursuant to share option scheme	-	6,273	-	-	6,273	-	6,273
Cash subscribed by non-controlling shareholders	-	40	-	-	40	238	278
Contributions to defined benefits plan	-	(84)	-	-	(84)	(23)	(107)
Total contributions by and distributions to owners	-	13,479	(654,398)	-	(640,919)	(41,991)	(682,910)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of additional interest in subsidiaries	-	(143)	22,931	-	22,788	(215,675)	(192,887)
Disposal of interest in subsidiaries	-	-	-	-	-	(7,414)	(7,414)
Total change in ownership interests in subsidiaries	-	(143)	22,931	-	22,788	(223,089)	(200,301)
Total transactions with owners	-	13,336	(631,467)	-	(618,131)	(265,080)	(883,211)
As at 30 June	1,288,394	(111,006)	9,821,867	(174,728)	10,824,527	1,068,076	11,892,603

* 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 first quarter							
Profit for first 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 first quarter	–	(75,720)	338,682	10,049	273,011	60,796	333,807
Transactions with owners, recognised directly in equity							
<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)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	228	228
Shares issued	58,518	(46,720)	–	–	11,798	–	11,798
Other adjustments	–	–	10	–	10	–	10
Total contributions by and distributions to owners	58,518	(38,077)	10	–	20,451	(4,443)	16,008
<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)
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
Total comprehensive income for second quarter							
Profit for second quarter	–	–	406,030	–	406,030	63,414	469,444
Other comprehensive income *	–	116,633	–	(41,882)	74,751	(47,882)	26,869
Total comprehensive income for second quarter	–	116,633	406,030	(41,882)	480,781	15,532	496,313

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							
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividends paid	—	—	(544,887)	—	(544,887)	—	(544,887)
Share-based payment	—	23,193	—	—	23,193	483	23,676
Dividend paid to non-controlling shareholders	—	—	—	—	—	(114,990)	(114,990)
Cash subscribed by non-controlling shareholders	—	—	—	—	—	4,904	4,904
Shares issued	14,369	221	—	—	14,590	—	14,590
Total contributions by and distributions to owners	14,369	23,414	(544,887)	—	(507,104)	(109,603)	(616,707)
As at 30 June	1,278,764	524,950	8,500,952	(338,399)	9,966,267	3,946,188	13,912,455

* 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 Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
2015				
As at 1 January	1,287,595	142,629	4,400,277	5,830,501
Profit / Total comprehensive income for first 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
Profit / Total comprehensive income for second quarter	–	–	898,063	898,063
Transactions with owners, recognised directly in equity				
Dividend paid	–	–	(654,398)	(654,398)
Share-based payment	–	11,179	–	11,179
Purchase of treasury shares	–	(4,956)	–	(4,956)
Treasury shares reissued pursuant to share option scheme	–	6,273	–	6,273
Total transactions with owners	–	12,496	(654,398)	(641,902)
As at 30 June	1,288,394	163,273	4,620,619	6,072,286
2014				
As at 1 January	1,205,877	188,432	4,300,590	5,694,899
Profit / Total comprehensive income for first 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
Profit / Total comprehensive income for second quarter	–	–	793,540	793,540
Transactions with owners, recognised directly in equity				
Dividend paid	–	–	(544,887)	(544,887)
Share-based payment	–	22,396	–	22,396
Shares issued	14,369	221	–	14,590
Total transactions with owners	14,369	22,617	(544,887)	(507,901)
As at 30 June	1,278,764	172,213	4,561,164	6,012,141

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
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 transferred pursuant to share option scheme	–	(1,118,530)
Treasury shares transferred pursuant to restricted share plan	–	(27,005)
Purchase of treasury shares	–	584,000
As at 30 June 2015	1,817,910,180	592,485

Treasury shares

During the six months ended 30 June 2015, the Company transferred 5,923,515 (30 June 2014: Nil) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 584,000 treasury shares (30 June 2014: Nil) during the period. As at 30 June 2015, the number of treasury shares held by the Company represented 0.03% (30 June 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 six months ended 30 June 2015.

Share options

As at 30 June 2015, there were unexercised options for 17,873,474 of unissued ordinary shares (30 June 2014: 20,809,604 ordinary shares) under the KCL Share Options Scheme. 1,497,630 options (30 June 2014: 3,754,311) were exercised during the period and 199,400 unexercised options (30 June 2014: 268,400) were cancelled in the six months ended 30 June 2015.

KCL Performance Share Plan ("KCL PSP")

As at 30 June 2015, the number of contingent shares granted but not released were 1,832,119 (30 June 2014: 1,748,725) 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 30 June 2015, the number of contingent shares granted but not released were 4,837,286 (30 June 2014: 4,727,386). Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could be zero or 4,837,286 under KCL RSP.

As at 30 June 2015, the number of awards released but not vested was 4,294,301 (30 June 2014: 4,149,329) for KCL RSP.

The movements in the number of shares under KCL RSP and 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 30.6.15
<u>KCL PSP</u>						
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
	<u>1,748,725</u>	<u>700,000</u>	<u>(240,406)</u>	<u>(376,200)</u>	<u>–</u>	<u>1,832,119</u>
<u>KCL RSP</u>						
31.3.2014	4,639,784	–	–	(4,585,541)	(54,243)	–
31.3.2015	–	4,863,286	–	–	(26,000)	4,837,286
	<u>4,639,784</u>	<u>4,863,286</u>	<u>–</u>	<u>(4,585,541)</u>	<u>(80,243)</u>	<u>4,837,286</u>

Awards released but not vested:

Date of Grant	Number of shares					
	At 1.1.15	Released	Vested	Cancelled	Other adjustments	At 30.6.15
<u>KCL PSP</u>						
29.6.2012	–	376,200	(323,400)	–	(52,800)	–
	–	376,200	(323,400)	–	(52,800)	–
<u>KCL RSP</u>						
29.6.2012	1,275,274	–	(1,272,168)	(3,106)	–	–
28.3.2013	2,718,166	–	(1,364,385)	(17,948)	–	1,335,833
31.3.2014	–	4,585,541	(1,607,885)	(19,188)	–	2,958,468
	<u>3,993,440</u>	<u>4,585,541</u>	<u>(4,244,438)</u>	<u>(40,242)</u>	<u>–</u>	<u>4,294,301</u>

4d. Capital reserves

	Group		Company	
	30.6.2015 \$'000	30.6.2014 \$'000	30.6.2015 \$'000	30.6.2014 \$'000
Share option and share plan reserve	187,286	191,823	163,556	172,213
Fair value reserve	73,808	178,894	–	–
Hedging reserve	(480,939)	55,340	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Treasury shares	(283)	–	(283)	–
Others	69,122	58,893	–	–
	<u>(111,006)</u>	<u>524,950</u>	<u>163,273</u>	<u>172,213</u>

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half year ended 30 June

		Second Quarter		Half Year	
		30.6.2015	30.6.2014	30.6.2015	30.6.2014
	Note	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Operating profit		414,227	467,275	812,468	882,122
Adjustments:					
Depreciation and amortisation		64,563	65,403	130,243	128,319
Share-based payment expenses		12,531	23,688	20,496	32,697
Profit on sale of investments		–	(5,399)	(49,605)	(12,340)
Profit on sale of fixed assets		(156)	(146)	(1,427)	(1,150)
Write-back of impairment of investments		(776)	(20,934)	(1,553)	(21,674)
Gain on disposal of subsidiaries		(218,770)	–	(218,770)	(6,924)
Gain associated with restructuring of operations and others		(55,098)	–	(55,098)	–
Operational cash flow before changes in working capital		216,521	529,887	636,754	1,001,050
Working capital changes:					
Stocks & work-in-progress		456,627	111,290	(129,839)	(545,476)
Debtors		(587,651)	(1,001,445)	(923,687)	(945,045)
Creditors		(544,800)	63,378	222,463	(276,235)
Investments		10,362	(32,429)	81,931	(51,365)
Advances to associated companies		82,311	172,769	55,235	378,608
		(366,630)	(156,550)	(57,143)	(438,463)
Interest received		19,379	32,268	50,801	68,147
Interest paid		(30,678)	(28,737)	(67,285)	(54,475)
Income taxes paid, net of refunds received		(177,936)	(152,461)	(197,906)	(216,953)
Net cash used in operating activities		(555,865)	(305,480)	(271,533)	(641,744)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	(269)	(102,805)	(2,559)	(144,229)
Acquisition and further investment in associated companies		(335,102)	(13,744)	(396,604)	(26,003)
Acquisition of fixed assets and investment properties		(157,944)	(156,236)	(522,363)	(273,582)
Disposal of subsidiaries	5b	1,248,946	18,840	1,248,946	37,793
Proceeds from disposal of fixed assets		193	(95)	1,570	5,986
Return of capital from associated companies		–	2,000	–	2,000
Dividends received from investments and associated companies		123,598	109,110	162,365	168,836
Net cash from/(used in) investing activities		879,422	(142,930)	491,355	(229,199)
FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiary		(191,120)	–	(2,961,782)	(3,760)
Proceeds from share issues		–	14,590	779	26,388
Proceeds from share options exercised with issue of treasury shares		6,273	–	7,933	–
Purchase of treasury shares		(4,956)	–	(4,956)	–
Proceeds from non-controlling shareholders of subsidiaries		278	4,904	5,126	5,132
Proceeds from term loans		173,300	340,259	1,215,641	427,302
Repayment of term loans		(878,786)	(264,457)	(1,167,330)	(347,826)
Dividend paid to shareholders of the Company		(654,398)	(544,887)	(654,398)	(544,887)
Dividend paid to non-controlling shareholders of subsidiaries		(42,295)	(114,990)	(43,639)	(120,082)
Net cash used in financing activities		(1,591,704)	(564,581)	(3,602,626)	(557,733)
Net decrease in cash and cash equivalents		(1,268,147)	(1,012,991)	(3,382,804)	(1,428,676)
Cash and cash equivalents as at beginning of period		3,653,262	5,164,155	5,712,351	5,557,601
Effects of exchange rate changes on the balance of cash held in foreign currencies		(49,805)	(29,428)	5,763	(7,189)
Cash and cash equivalents as at end of period	5c	2,335,310	4,121,736	2,335,310	4,121,736

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

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

	Second Quarter		Half Year	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	\$'000	\$'000	\$'000	\$'000
Fixed assets	26	—	85	5,929
Intangible assets	—	—	3,245	—
Investment in associated company	—	14	—	14
Debtors and other assets	175	4,409	2,970	11,905
Bank balances and cash	223	75	2,433	792
Creditors	(732)	(111)	(3,381)	(4,338)
Borrowings	(222)	—	(222)	(2,414)
Current and deferred taxation	—	(10)	(763)	(96)
Total net identifiable assets at fair value	(530)	4,377	4,367	11,792
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	—	—	(1,224)	(3,737)
Amount previously accounted for as an associated company	(490)	—	(490)	(3,887)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	—	—	—	(219)
Goodwill arising from acquisition	1,512	—	2,339	1,472
Payment of deferred consideration for prior year's acquisition of a subsidiary	—	98,503	—	139,600
Total purchase consideration	492	102,880	4,992	145,021
Less: Bank balances and cash acquired	(223)	(75)	(2,433)	(792)
Cash flow on acquisition	269	102,805	2,559	144,229

Significant acquisition of subsidiaries during the six months mainly relates to acquisition of 75% interest in Array Group and acquisition of additional 50.1% interest in OWEC Tower (AS) increasing our interest to 100%.

In the six months of the prior year, the Group acquired additional interest of 11% in Indo-Trans Keppel Logistics Vietnam Co., Ltd, increasing our interest to 51%.

5b. Disposal of subsidiaries

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

	Second Quarter		Half Year	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	\$'000	\$'000	\$'000	\$'000
Fixed assets	(1,141,882)	–	(1,141,882)	(731)
Investment properties	(21,592)	–	(21,592)	–
Investment in associated company	–	–	–	(26,980)
Stocks and work-in-progress	(27,843)	–	(27,843)	–
Debtors and other assets	(206,906)	–	(206,906)	(17,621)
Bank balances and cash	(240,637)	–	(240,637)	(40)
Creditors and other liabilities	210,928	–	210,928	928
Current and deferred taxation	187,940	–	187,940	9,652
Non-controlling interest deconsolidated	7,414	–	7,414	5,806
	<u>(1,232,578)</u>	<u>–</u>	<u>(1,232,578)</u>	<u>(28,986)</u>
Amount accounted for as associated company	(40,498)	–	(40,498)	50,722
Amount accounted for as due to associated company	–	–	–	(52,645)
Net assets disposed of	<u>(1,273,076)</u>	<u>–</u>	<u>(1,273,076)</u>	<u>(30,909)</u>
Net profit on disposal	(218,770)	–	(218,770)	(6,924)
Realisation of foreign currency translation reserve and capital reserve	<u>(10,053)</u>	<u>–</u>	<u>(10,053)</u>	<u>–</u>
Sale proceeds	(1,501,899)	–	(1,501,899)	(37,833)
Less: Deferred proceeds received	12,316	(18,840)	12,316	–
Less: Bank balances and cash disposed	<u>240,637</u>	<u>–</u>	<u>240,637</u>	<u>40</u>
Cash flow on disposal	<u>(1,248,946)</u>	<u>(18,840)</u>	<u>(1,248,946)</u>	<u>(37,793)</u>

Significant disposal of subsidiaries during the six months include the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd and disposal of 80% interest in BG Junction in Surabaya.

Significant disposals during the six months in the prior year include the sale of entire interest in Berich Enterprises Limited.

5c. Cash and cash equivalents

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

	Second Quarter		Half Year	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	\$'000	\$'000	\$'000	\$'000
Bank balances, deposits and cash	2,375,502	4,128,820	2,375,502	4,128,820
Bank overdrafts	–	(439)	–	(439)
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	<u>(40,192)</u>	<u>(6,645)</u>	<u>(40,192)</u>	<u>(6,645)</u>
	<u>2,335,310</u>	<u>4,121,736</u>	<u>2,335,310</u>	<u>4,121,736</u>

5d. Cash flow analysis

(i) Second Quarter

Net cash used in operating activities for the quarter was \$556 million compared to \$305 million for the corresponding quarter last year. This was mainly due to lower operational cash inflow.

Net cash from investing activities for the quarter was \$879 million. This was mainly attributable to the proceeds from disposal of subsidiaries of \$1.25 billion mainly from the sale of Keppel Merlimau Cogen Pte Ltd (KMC) while dividend income contributed \$124 million. The Group spent \$335 million on acquisitions and further investment in associated companies during the quarter. This comprised principally the further investment of \$245 million into associated company, KMC.

Net cash used in financing activities was \$1.59 billion. This was due mainly for the repayment of term loans and the dividend of \$697 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the quarter.

(ii) Half Year

Net cash used in operating activities was \$272 million, \$370 million lower than that in the previous period. This was due mainly to lower increases in working capital partly offset by lower operational cash inflow.

Net cash from investing activities was \$491 million. This was mainly attributable to the proceeds from the sale of KMC, partly offset by further investment in associated companies, acquisition of a freehold office building in London, capital expenditure on logistics warehouses and data centres in the Infrastructure Division and other operational capex. Dividend income amounted to \$162 million.

Net cash used in financing activities was \$3.60 billion compared to \$558 million in the previous period, mainly attributable to the acquisition of additional shareholding in Keppel Land Limited. Dividend payment amounted to \$698 million.

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

(i) Second Quarter

Group revenue for 2Q2015 of \$2,563 million was \$614 million or 19% below that of 2Q2014. Revenue from the Offshore & Marine Division declined \$482 million to \$1,580 million because of a lower volume of work and deferment of some projects. Revenue from the Property Division improved by \$83 million to \$431 million mainly from higher revenue from China partly offset by lower revenue from Singapore. The Infrastructure Division's revenue was lower by \$212 million to \$549 million resulting from a drop in revenue from Keppel Infrastructure's power generation plant, lower revenue from the Engineering, Procurement and Construction ("EPC") projects, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

Group pre-tax profit for 2Q2015 decreased by \$95 million or 16% from \$593 million to \$498 million. Pre-tax profit of the Offshore & Marine Division dropped by \$124 million to \$221 million as a result of lower operating results and net interest income. Pre-tax profit of Property Division of \$152 million for 2Q2015 is comparable to that of 2Q2014. Pre-tax profit of the Infrastructure Division was \$116 million for the current quarter as compared to \$49 million for the same quarter in 2014. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the lower contribution from the power generation business. Pre-tax profit of the Investments Division is lower at \$9 million compared to \$39 million for the same quarter in 2014 due mainly to the higher contribution from k1 Venture Limited in the second quarter of 2014.

Tax expenses decreased by \$36 million because of lower taxable profits as well as lesser profits from companies in countries with higher tax rates in the current quarter. Non-controlling interests fell by \$50 million mainly from lower minority shareholdings in Keppel Land Limited. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2Q2015 was \$397 million, 2% below the same quarter in the previous year. Earnings per share was 21.9 cents.

(ii) Half Year

Group net profit for the half year ended 30 June 2015 of \$757 million was slightly higher than the \$745 million for the same period in 2014. Earnings per share rose by 2% to 41.7 cents. Annualised return on equity was 13.1% and Economic Value Added decreased by \$187 million to \$225 million.

Group revenue of \$5,377 million for the six months to-date was \$796 million or 13% below that of the corresponding period in 2014. Revenue from the Offshore & Marine Division declined by \$474 million to \$3,507 million due to the reasons given above. Major jobs completed and delivered in the half year include five jack-up rigs, an accommodation semi, one depletion compression platform, one floating crane and an FPSO integration. Revenue from the Property Division increased by \$81 million to \$758 million mainly from higher revenue from China partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division contracted by \$439 million to \$1,058 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume, lower revenue from the EPC projects which are completed or 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 \$132 million or 12% to \$953 million from that of the corresponding period in 2014. The Offshore & Marine Division reported a drop in pre-tax profit of \$177 million to \$472 million due mainly to lower operating results and lower net interest income. Pre-tax profit from the Property Division of \$254 million was \$37 million or 13% below that for the corresponding period in 2014. This is due mainly to lower contribution from Singapore property trading, reduction in share of associated companies profits and higher net interest expense. Pre-tax profit of the Infrastructure Division was \$150 million for the current period as compared to \$95 million for the same period in 2014. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the reduced contribution from the power and gas business. Pre-tax profit of the Investments Division was up by \$27 million to \$77 million from higher gain from sale of investments.

Taxation expenses declined by \$52 million or 24% due mainly to lower taxable profits as well as lesser profits from companies in countries with higher tax rates. Non-controlling interests decreased by \$92 million due mainly to the lower minority shareholdings in Keppel Land Limited as a result of the privatisation. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$757 million, up \$12 million from \$745 million last year. The Offshore & Marine Division was the largest contributor to Group net profit with 50% share, followed by the Property Division's 25%, Infrastructure Division's 16% and the Investments Division's at 9%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured \$1.5 billion of new orders todate. Its net order book stands at \$11.0 billion, with deliveries extending into 2020. The environment remains challenging with lower oil prices, reduction in global E&P expenditure and oversupply of oil rigs. However, the healthy net order book will keep the yards busy up to 2016. The Division will focus on niche markets in which there is still good demand.

The Property Division sold about 1,830 homes in the first half of 2015, comprising 1,170 in China, 450 in Vietnam and 100 in Singapore. This is in comparison with about 1,300 homes sold over the same period last year. The improvement is mainly attributable to China and Vietnam. Total assets under management by Keppel REIT and Alpha stood at \$18.7 billion as at end-June 2015. Keppel REIT's office buildings both in Singapore and Australia enjoy full or close to full occupancies. The Division will continue to strengthen its presence in its core and growth markets, grow its fund management business for a sustainable income stream as well as explore opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure ("KI") will remain focused on its power and gas, as well as its other energy-related infrastructure businesses. The disposal of 51% interest in the Keppel Merlimau Cogen Pte Ltd to Keppel Infrastructure Trust allows KI to recycle capital 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 \$1.1 billion as at end-June 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? Yes

Name of Dividend	Interim
Dividend type Dividend per share Tax rate	Cash 12.0 cents Tax exempt

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 12.0 cents per share (2014: interim cash dividend of 12.0 cents per share tax exempt one-tier). The dividend will be paid to shareholders on 13 August 2015.

13b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

Name of Dividend	Interim
Dividend type Dividend per share Tax rate	Cash 12.0 cents Tax exempt

13c. Date Payable

13 August 2015.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 31 July 2015 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on 31 July 2015 will be registered to determine shareholders' entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 31 July 2015 will be entitled to the interim dividend.

14. SEGMENT ANALYSIS

Half year ended 30 June 2015

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	3,506,471	758,275	1,058,162	54,151	–	5,377,059
Inter-segment sales	173	5,418	16,498	39,447	(61,536)	–
Total	3,506,644	763,693	1,074,660	93,598	(61,536)	5,377,059
Segment Results						
Operating profit	426,189	206,330	142,390	32,259	5,300	812,468
Investment income	1,624	3,993	–	356	–	5,973
Interest income	34,562	14,084	1,342	66,765	(65,952)	50,801
Interest expenses	(13,141)	(37,148)	(15,427)	(62,221)	60,652	(67,285)
Share of results of associated companies	22,887	67,146	21,226	40,126	–	151,385
Profit before tax	472,121	254,405	149,531	77,285	–	953,342
Taxation	(90,126)	(53,125)	(18,161)	(7,925)	–	(169,337)
Profit for the period	381,995	201,280	131,370	69,360	–	784,005
Attributable to:						
Shareholders of Company	376,140	188,912	125,517	66,375	–	756,944
Non-controlling interests	5,855	12,368	5,853	2,985	–	27,061
	381,995	201,280	131,370	69,360	–	784,005
Other Information						
Segment assets	9,720,696	16,392,470	3,338,588	6,396,932	(7,288,430)	28,560,256
Segment liabilities	7,735,116	7,398,578	2,182,118	6,640,271	(7,288,430)	16,667,653
Net assets	1,985,580	8,993,892	1,156,470	(243,339)	–	11,892,603
Investment in associated companies	503,673	3,361,986	922,352	614,198	–	5,402,209
Additions to non-current assets	114,983	399,892	402,869	1,223	–	918,967
Depreciation and amortisation	70,633	12,587	46,341	682	–	130,243
Geographical Information						
	Singapore \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	3,760,466	623,390	717,548	275,655	–	5,377,059
Non-current assets	6,039,522	292,500	3,441,785	794,986	–	10,568,793

Half year ended 30 June 2014

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	3,980,556	677,202	1,497,254	17,933	–	6,172,945
Inter-segment sales	5	5,810	25,719	36,963	(68,497)	–
Total	3,980,561	683,012	1,522,973	54,896	(68,497)	6,172,945

Segment Results

Operating profit	582,403	168,787	103,659	21,837	5,436	882,122
Investment income	803	851	–	–	–	1,654
Interest income	44,521	14,096	687	71,775	(62,932)	68,147
Interest expenses	(4,056)	(18,028)	(23,475)	(66,412)	57,496	(54,475)
Share of results of associated companies	25,847	124,910	14,166	22,552	–	187,475
Profit before tax	649,518	290,616	95,037	49,752	–	1,084,923
Taxation	(129,200)	(71,480)	(21,680)	1,447	–	(220,913)
Profit for the period	520,318	219,136	73,357	51,199	–	864,010

Attributable to:						
Shareholders of Company	501,297	128,749	66,865	47,801	–	744,712
Non-controlling interests	19,021	90,387	6,492	3,398	–	119,298
	520,318	219,136	73,357	51,199	–	864,010

Other Information						
Segment assets	8,606,931	15,380,516	3,957,318	7,533,898	(5,614,688)	29,863,975
Segment liabilities	6,304,033	7,317,589	3,070,036	4,874,550	(5,614,688)	15,951,520
Net assets	2,302,898	8,062,927	887,282	2,659,348	–	13,912,455

Investment in associated companies	496,364	3,896,408	570,405	582,107	–	5,545,284
Additions to non-current assets	143,122	47,982	108,380	101	–	299,585
Depreciation and amortisation	68,869	8,085	51,142	223	–	128,319

Geographical Information

	Singapore \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	4,583,591	718,351	524,113	346,890	–	6,172,945
Non-current assets	7,649,770	218,307	2,939,375	493,704	–	11,301,156

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 the half year 2015 and 2014.
- No single external customer accounted for 10% or more of the Group's revenue for the half year 2015 and 2014.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of \$5,377 million was \$796 million or 13% below than that of corresponding period in 2014. Revenue from the Offshore & Marine Division of \$3,507 million was \$474 million lower due to lower volume of work and deferment of some projects. Revenue from the Property Division rose by \$81 million to \$758 million. This was due mainly to higher revenue from China partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division of \$1,058 million was \$439 million lower due mainly to lower revenue recorded by the power and gas business from lower prices and volume, lower revenue from the EPC projects which are completed or nearing completion, 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 \$757 million was \$12 million or 2% higher than that of corresponding period in 2014. Profit from the Offshore & Marine Division of \$376 million was \$125 million lower than that of the corresponding period in the prior year due mainly to lower operating results and lower net interest income. Net profit from the Property Division of \$189 million rose by \$60 million because of lower non-controlling interest following the privatisation of Keppel Land Limited partially offset by a lower contribution from associated companies and higher net interest expenses. Profit from the Infrastructure Division of \$126 million was \$59 million higher due largely to the gain from divestment of 51% interest in Keppel Merlimau Cogen Pte Ltd to Keppel Infrastructure Trust (KIT) and the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged KIT, partially offset by losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the reduced contribution from the power and gas business. Profit from the Investments Division increased by \$18 million due mainly to higher profit from sale of investments. The Offshore & Marine Division was the largest contributor to Group net profit with a 50% share followed by the Property Division with 25% share, the Infrastructure Division with 16% share and the Investments Division with 9% share.

15c. Revenue by Geographical Segments

Revenue from Singapore of \$3,760 million was \$823 million lower due largely to lower revenue from the Offshore & Marine Division and Infrastructure Division partly offset by higher revenue from the Property Division. Higher revenue from Far East & Other ASEAN Countries mainly came from residential property trading in China.

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 2015. 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)	
	Half Year 30.6.2015 \$'000	Half Year 30.6.2014 \$'000	Half Year 30.6.2015 \$'000	Half Year 30.6.2014 \$'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	–	–	–	182,980
Mapletree Investments Group	–	–	–	113,760
PSA International Group	–	–	68	1,034
SembCorp Marine Group	–	–	177	1,725
SATS Group	–	–	37,654	–
Singapore Airlines Group	–	–	5,600	–
Singapore Power Group	–	–	4,300	–
Singapore Technologies Engineering Group	–	–	60	1,152
Temasek Holdings Group	–	–	–	378
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	–	–	161	–
Certis CISCO Security Pte Ltd	–	–	738	781
Gas Supply Pte Ltd	–	–	80,000	85,000
Mapletree Investments Group	–	–	17,811	317
PSA International Group	–	–	61	480
Sembcorp Marine Group	–	–	–	134
Singapore Power Group	–	–	–	400
Singapore Technologies Engineering Group	–	–	15,956	–
Singapore Telecommunications Group	–	–	840	5,200
Temasek Holdings Group	–	–	–	511
Total Interested Person Transactions	–	–	163,426	393,852

BY ORDER OF THE BOARD

CAROLINE CHANG/KELVIN CHUA
Company Secretaries

23 July 2015

CONFIRMATION BY THE BOARD

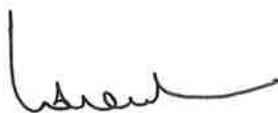
We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second 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, 23 July 2015



LOH CHIN HUA
Chief Executive Officer

Second Quarter and First Half 2015 Financial Results

23 July 2015



Scope of Briefing

- Address by CEO
- Group Financial Highlights by CFO

Address by CEO

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Keppel Corporation

Global Economy: Slower Growth & Volatility

- US on track for moderate expansion
- EU weathering Greek debt crisis
- Slower, sustainable growth in China

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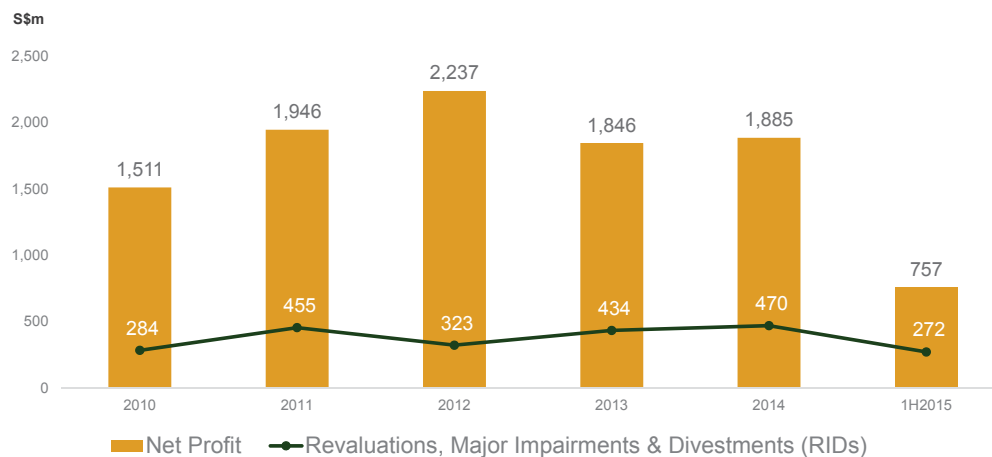
Performance Highlights

- 2Q 2015 net profit was S\$397m
- 1H 2015 net profit was S\$757m
- 1H 2015 EVA was S\$225m
- Annualised ROE was 13.1%
- Interim dividend of 12.0 cts per share

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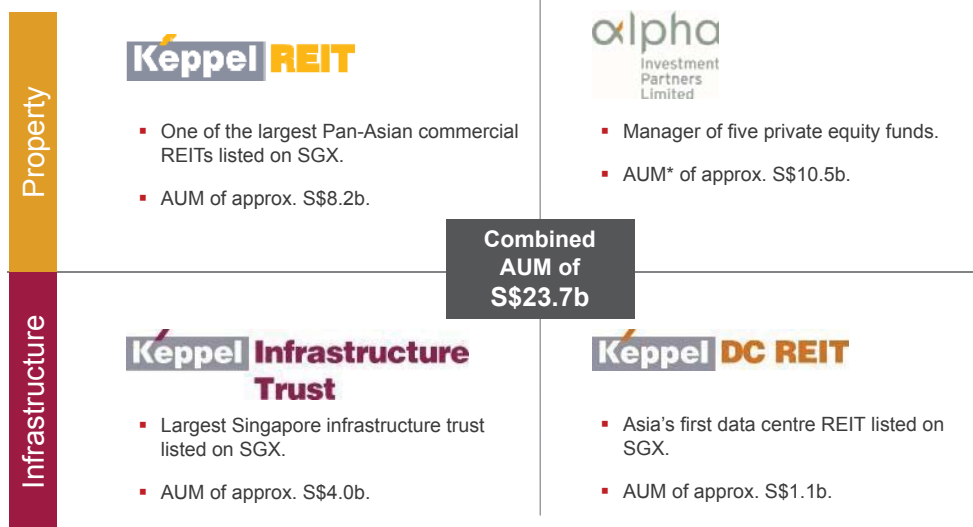
Consistent Contributions from RIDs



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Recycling Capital, Creating Value



Keppel will focus on building, owning and operating assets, which will be recycled for higher returns when and where appropriate.

* When fully invested and leveraged

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BUSINESS UPDATES

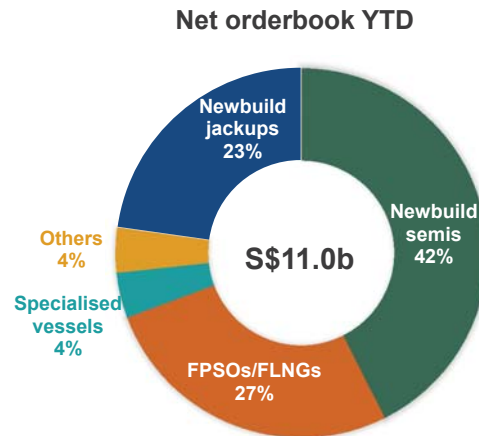
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Offshore & Marine



Non-drilling solutions underpinned year-to-date new order wins.



- **Year-to-date order wins:** about S\$1.5b including an FLNG conversion, an ice-class multi-purpose vessel, semi upgrade/repair work, FPSO topside/turret fabrication work, 2 liftboats and an AHT.

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Offshore & Marine

12 major completions in 1H15:

- 5 Jackups
- 1 Accommodation Semi
- 1 Depletion Compression Platform
- 1 Floating Crane
- 1 FPSO modules integration
- 3 Turret fabrications

Deliveries in 2H15:

- 10 Jackups
- 1 FPSO conversion



CANTARELL I, II and III for Grupo R

Keppel O&M is focused on excellence in execution, productivity and cost efficiency.

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Exploration & Production Market

- 94 jackups and 27 floaters >30 years old are uncontracted and due for class renewal surveys in 2015-16.
- 238 projects worldwide potentially require a floating production or storage system.
- Vessel conversion offers quick turnaround and is cost effective for the FPSO and FLNG markets.



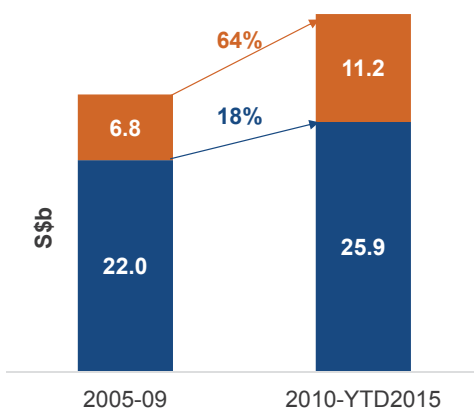
3rd FLNG conversion for Golar has been sealed.

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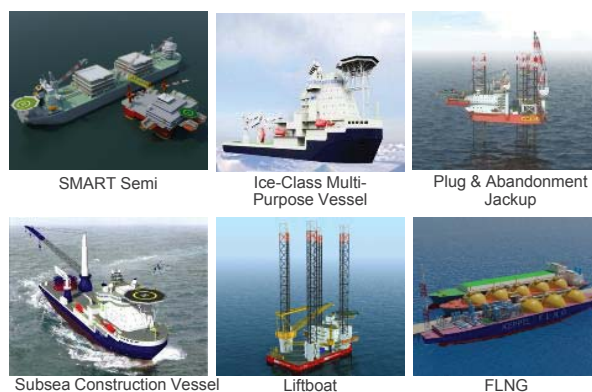
Non-Drilling Market

Keppel O&M's order-win growth



- Drilling solutions/services
- Non-drilling solutions/services

Agility in suite of solutions



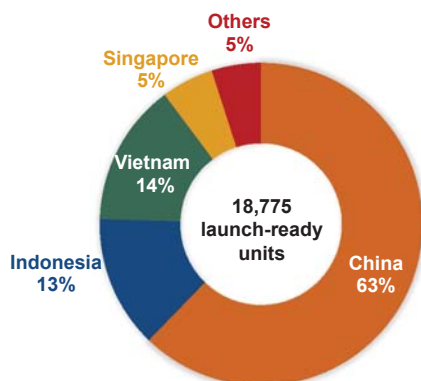
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Property - Residential

- Over 1,800 homes sold in 1H15, higher than 1,300 homes in 1H14: more than half in China.
- Reinvesting S\$430m in new projects in Chengdu and West Jakarta.

Pipeline of residential launches
(2H15-2017)



Seasons Residence, Shanghai

* As at end-Jun 2015

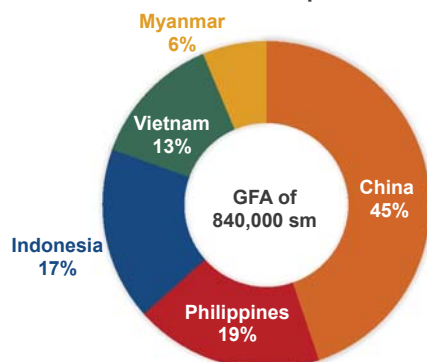
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Property - Commercial

- Saigon Centre Phase 2 retail podium is 67% pre-committed.
- Reinvested S\$186m in an office building in London.

Overseas commercial portfolio
under development



Saigon Centre, Vietnam

* As at end-Jun 2015

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Infrastructure

EPC projects

- Handed over both phases of the Greater Manchester EfW Plant.
- Doha North Sewage Treatment Works Plant to be substantially completed in 2015.



Greater Manchester Energy-from-Waste Plant, the UK

Infrastructure

Infrastructure Business Trust

- Keppel Infrastructure Trust raised S\$525m in Singapore's largest equity deal year-to-date.
- Keppel Infrastructure divested 51% of Keppel Merlimau Cogen plant to the enlarged Keppel Infrastructure Trust.



Keppel Merlimau Cogen plant

Infrastructure

Data centres

- Keppel T&T embarked on 4th Singapore data centre, and will soon begin operations of Almere Data Centre 2 in the Netherlands.
- Keppel DC REIT acquired Intellicentre 2 in Sydney.



Intellicentre 2, Sydney

Logistics

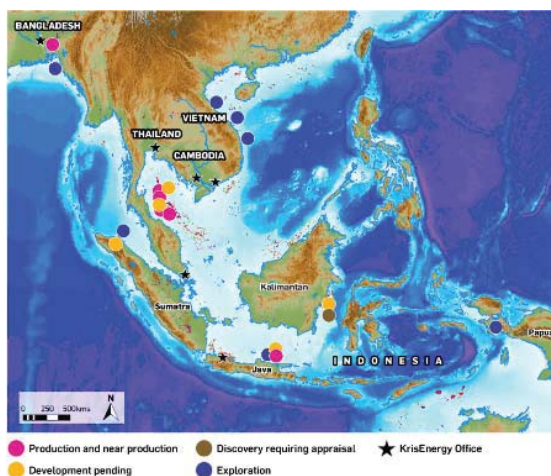
- Opened new distribution centre in Vietnam Singapore Industrial Park 1.
- Logistics projects in Tianjin and Lu'an scheduled to be operational before year end and by 1Q16 respectively.

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Investments

- Keppel will subscribe for 31.3% of KrisEnergy's S\$169.5m rights issue, and sub-underwrite it.
- Ocean Mineral Singapore was awarded 15-year seabed exploration contract by International Seabed Authority.

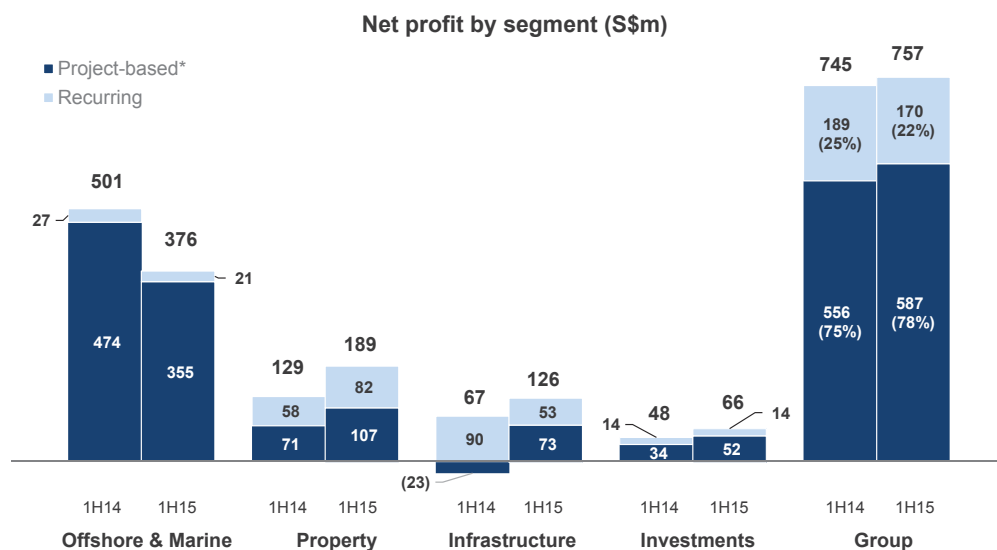


KrisEnergy finds oil at Rayrai-1 exploration well, Gulf of Thailand.

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Recurring Income



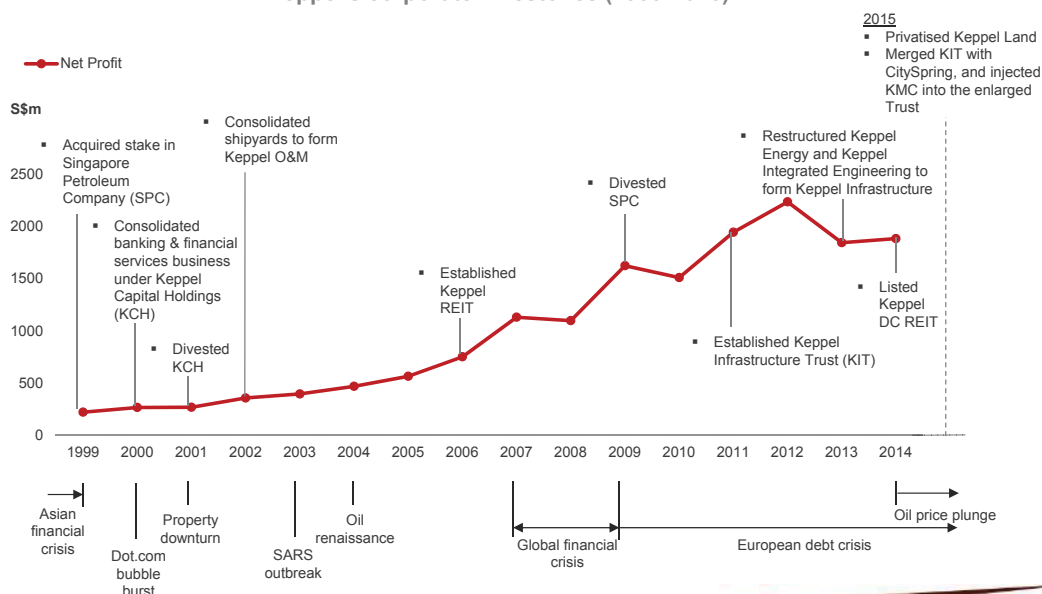
* Project-based earnings include income from rig building, specialised shipbuilding, property development and EPC projects.

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Configured to Grow

Keppel's corporate milestones (1999-2015)



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Group Financial Highlights by CFO

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2Q 2015 Financial Performance

Net Profit	↓	2% to S\$397m
EPS	↓	2% to 21.9cts
EVA	↓	from S\$226m to S\$122m
Cash Outflow	↑	from S\$390m to S\$542m

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2Q 2015 Financial Highlights

S\$m	<u>2Q 2015</u>	<u>2Q 2014</u>	<u>% Change</u>
Revenue	2,563	3,177	(19)
EBITDA	479	533	(10)
Operating Profit	414	467	(11)
Profit Before Tax	498	593	(16)
Net Profit	397	406	(2)
EPS (cents)	21.9	22.3	(2)

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2Q 2015 Revenue by Segments

S\$m	<u>2Q 2015</u>	<u>%</u>	<u>2Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,580	62	2,062	65	(23)
Property	431	17	348	11	24
Infrastructure	549	21	761	24	(28)
Investments	3	-	6	-	(50)
Total	2,563	100	3,177	100	(19)

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2Q 2015 Pre-tax Profit by Segments

S\$m	<u>2Q 2015</u>	<u>%</u>	<u>2Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	221	44	345	58	(36)
Property	152	31	160	27	(5)
Infrastructure	116	23	49	8	137
Investments	9	2	39	7	(77)
Total	498	100	593	100	(16)

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2Q 2015 Net Profit by Segments

S\$m	<u>2Q 2015</u>	<u>%</u>	<u>2Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	173	44	270	67	(36)
Property	117	29	67	16	75
Infrastructure	103	26	35	9	194
Investments	4	1	34	8	(88)
Total	397	100	406	100	(2)

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1H 2015 Financial Performance

Net Profit	↑	2% to S\$757m
EPS	↑	2% to 41.7cts
Annualised ROE	↓	from 14.3% to 13.1%
EVA	↓	from S\$412m to S\$225m
Cash Outflow	↓	from S\$781m to S\$316m
Net Gearing	↑	from 0.11x to 0.42x
Interim Cash Dividend		maintained at 12.0 cts per share

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1H 2015 Financial Highlights

S\$m	1H 2015	1H 2014	% Change
Revenue	5,377	6,173	(13)
EBITDA	943	1,011	(7)
Operating Profit	812	882	(8)
Profit Before Tax	953	1,085	(12)
Net Profit	757	745	2
EPS (cents)	41.7	41.0	2

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1H 2015 Revenue by Segments

S\$m	<u>1H 2015</u>	<u>%</u>	<u>1H 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	3,507	65	3,981	65	(12)
Property	758	14	677	11	12
Infrastructure	1,058	20	1,497	24	(29)
Investments	54	1	18	-	200
Total	5,377	100	6,173	100	(13)

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1H 2015 Pre-tax Profit by Segments

S\$m	<u>1H 2015</u>	<u>%</u>	<u>1H 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	472	50	649	60	(27)
Property	254	27	291	27	(13)
Infrastructure	150	16	95	9	58
Investments	77	7	50	4	54
Total	953	100	1,085	100	(12)

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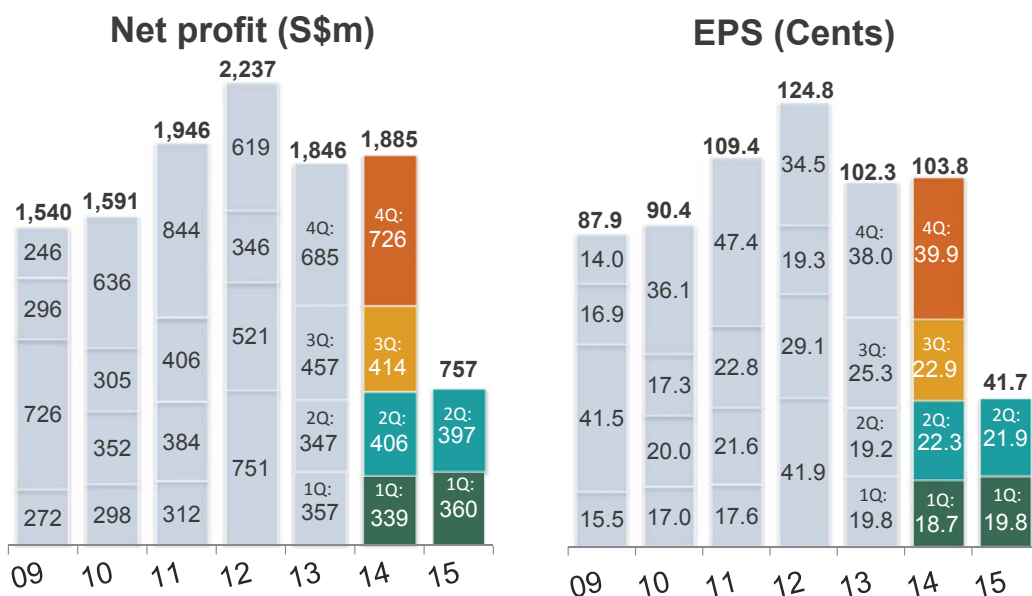
1H 2015 Net Profit by Segments

S\$m	1H 2015	%	1H 2014	%	% Change
Offshore & Marine	376	50	501	67	(25)
Property	189	25	129	17	47
Infrastructure	126	17	67	9	88
Investments	66	8	48	7	38
Total	757	100	745	100	2

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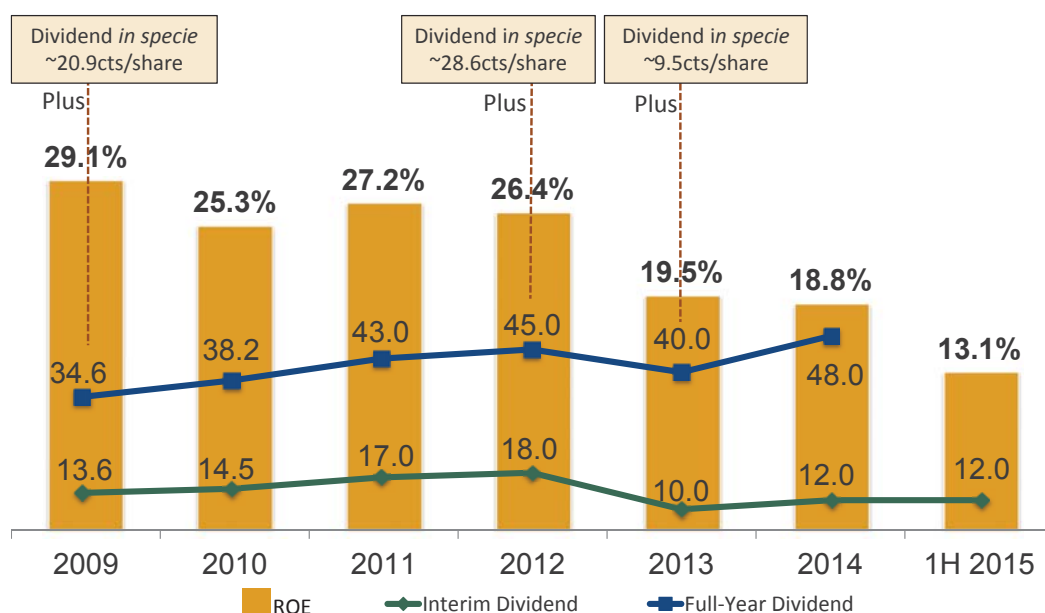
Net Profit & EPS



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ROE & Dividend



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Free Cash Flow

	1H 2015 S\$m	1H 2014 S\$m
Operating profit	812	882
Depreciation & other non-cash items	(175)	119
	637	1,001
Working capital changes	(695)	(1,440)
Interest & tax paid	(214)	(203)
Net cash used in operating activities	(272)	(642)
Investments & capex	(208)	(316)
Divestments & dividend income	164	177
Net cash used in investing activities	(44)	(139)
Cash outflow	(316)	(781)

Free cash flow excludes expansionary acquisitions and capex, and major divestments.

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**Configured for growth and
value creation through
innovation, discipline and agility.**

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**2Q & 1H 2015 Results
Q&A**

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Additional Information

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Revenue by Geography

	1H 2015		
	<u>Total</u>	<u>Overseas</u>	<u>Singapore</u>
	<u>S\$m</u>	<u>Customers</u>	<u>Customers</u>
		%	%
Offshore & Marine	3,507	95	5
Property	758	57	43
Infrastructure	1,058	11	89
Investments	54	2	98
Total	5,377	72	28

72% of total revenue came from overseas customers

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EBITDA by Segments

S\$m	<u>1H 2015</u>	<u>%</u>	<u>1H 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	497	53	651	64	(24)
Property	219	23	177	18	24
Infrastructure	189	20	155	15	22
Investments	38	4	28	3	36
Total	943	100	1,011	100	(7)

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Capital/Gearing/ROE

S\$m	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
Shareholders' Funds	10,825	10,381
Capital Employed	11,893	14,728
Net Debt	5,049	1,647
Net Gearing Ratio	0.42x	0.11x
ROE	13.1%	18.8%

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OFFSHORE & MARINE

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Financial Highlights – Offshore & Marine

S\$m	<u>2Q 2015</u>	<u>2Q 2014</u>	<u>% Change</u>
Revenue	1,580	2,062	(23)
EBITDA	228	337	(32)
Operating Profit	194	302	(36)
Profit Before Tax	221	345	(36)
Net Profit	173	270	(36)

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Financial Highlights – Offshore & Marine

S\$m	<u>1H 2015</u>	<u>1H 2014</u>	<u>% Change</u>
Revenue	3,507	3,981	(12)
EBITDA	497	651	(24)
Operating Profit	426	582	(27)
Profit Before Tax	472	649	(27)
Net Profit	376	501	(25)

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Offshore & Marine Review

- **About S\$1.5b contracts secured in YTD 2015:**

An FLNG conversion, an ice-class multi-purpose vessel, 2 liftboats, an AHT, a semi upgrade, a semi repair, a topside fabrication, a turret fabrication, a drillship upgrade and an LNG vessel upgrade.

- **Contract completions in 1H 2015:**

5 jackups, 2 jackup repairs, a jackup integration, an Accommodation Semi, an integration of FPSO topside modules, an FPSO update, a Depletion Compression Platform, a floating crane, 3 turret fabrications, a submersible barge and a tug.

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Offshore & Marine Orderbook

	Contract Value		Client
	Gross S\$m.	Net S\$m.	
<u>For delivery in 2015</u>			
10 JUs/1 JU Repair/Semi Repair/1 Drillship Repair/1 FPSO Conversion/1 Transformer Platform/2 Ice Class Supply Vessels/1 Liftboat/1 Ice Class Multi-Purpose Duty Rescue Vessel/1 Submersible Barge/1 LNG Vessel Upgrade	3,036	226	Grupo R/Parden/Falcon Energy/ UMW/Arabian Drilling Co./ Perforadora Central/Transocean/Ensco/ SBM/Wetfeet/Bumi Armada/Nakilat-KOM/ Smit Shipping/Dolphin Drilling
<u>For delivery in 2016</u>			
4 JUs/2 Semis/1 Accom. Semi/1 Land Rig/1 Semi Upgrade/2 FPSO Conversions/1 FPSO Modules Integration/1 FPSO Topsides Fabrication/1 Turret Fabrication/1 Pipelay Vessel/1 AHT	4,872	1,469	Ensco/Clearwater/GDI/BOT Lease Co. (JDC)/ Sete Brasil/SOCAR/Floatel/Bumi Armada/ Petrobras/McDermott/Seaways
<u>For delivery in 2017</u>			
4 JUs/3 Semis/1 FLNG Conversion/1 FPSO Modules Fab. & Integration/1 Subsea Construction Vessel/1 Ice-class Multi-Purpose Vessel/ 1 Liftboat	4,933	2,858	TS Offshore/Fecon/Sete Brasil/Golar/ Petrobras/Baku Shipyard/New Orient Marine/ Crystal Heights
<u>For delivery in 2018-2020</u>			
5 JUs/4 Semis/2 FLNG Conversions	7,491	6,410	Transocean/Setebras/Golar
Total as of today	20,332	10,963	

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PROPERTY

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Financial Highlights - Property

S\$m	<u>2Q 2015</u>	<u>2Q 2014</u>	<u>% Change</u>
Revenue	431	348	24
EBITDA	129	85	52
Operating Profit	122	81	51
Profit Before Tax	152	160	(5)
Net Profit	117	67	75

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Financial Highlights - Property

S\$m	<u>1H 2015</u>	<u>1H 2014</u>	<u>% Change</u>
Revenue	758	677	12
EBITDA	219	177	24
Operating Profit	206	169	22
Profit Before Tax	254	291	(13)
Net Profit	189	129	47

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Residential Landbank - Singapore

Singapore	Stake	Tenure	Attributable GFA (sf)	Total Units	Units Launched	Units Sold	Remaining Units [#]
Launched Projects							
The Glades	70%	99-yr	384,357	726	350	320	406
Corals at Keppel Bay	30%	99-yr	152,999	366	200	194	172
Reflections at Keppel Bay	30%	99-yr	624,527	1,129	950	922	54*
Marina Bay Suites	33.3%	99-yr	156,462	221	221	219	2
Highline Residences	100%	99-yr	473,218	500	160	149	351
Upcoming Projects							
Keppel Bay Plot 4	11.7%	99-yr	40,300	234 [^]	-	-	234
Keppel Bay Plot 6	30%	99-yr	67,813	86 [^]	-	-	86
Total			1,899,676	3,262	1,881	1,804	1,305

[#] As at end-Jun 2015

* Exclude about 150 units set aside for corporate residences

[^] Estimated no. of units

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Residential Landbank - China

China	Location	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Area For Sale (sm)	Remaining Units For Sale [#]
8 Park Avenue	Shanghai	99%	133,393	918	918	808	23,497	110
The Springdale	Shanghai	99.40%	328,792	2,596	2,531	2,502	39,253 [^]	94
Seasons Residence	Shanghai	99.90%	128,918	1,102	576	451	81,427	651
Hill Crest Villa	Shanghai	100%	83,962	217	-	-	83,962	217
Waterfront Residence	Nantong	100%	189,437	1,199	79	10	186,901*	1,189
Central Park City	Wuxi	49.70%	671,079	5,339	3,787	3,724	206,990 [^]	1,615
Waterfront Residence	Wuxi	100%	294,174	1,393	-	-	294,174	1,393
Park Avenue Heights	Wuxi	100%	177,635	1,132	-	-	177,635	1,132
Stamford City	Jiangyin	99.40%	299,991	1,478	1,125	971	110,726 [^]	507
Park Avenue Heights	Chengdu	100%	200,200	1,535	739	618	134,343	917
Hill Crest Villa	Chengdu	100%	163,147	274	-	-	163,147	274
Serenity Villa	Chengdu	100%	233,862	573	-	-	233,862	573
V City	Chengdu	35%	-	6,480	-	-	-	6,480
The Seasons	Shenyang	100%	365,186	2,794	390	250	343,396 [^]	2,544
Hunnan Township Devt	Shenyang	99.80%	756,580	7,026	-	-	756,580	7,026
Serenity Villa	Tianjin	100%	80,000	340	96	19	75,381	321
Mixed-use Devt	Tianjin	100%	1,358,202	11,299	-	-	1,358,202	11,299
Tianjin Eco-City	Tianjin	55%	633,798	4,354	1,800	1,553	475,409*	2,801
Waterfront Residence	Tianjin	100%	61,417	341	83	68	50,491	273
Keppel Cove	Zhongshan	80%	460,000	1,647	-	-	460,000	1,647
Hill Crest Residence (Ph 1)	Kunming	68.80%	20,193	133	133	118	3,457	15
Hill Crest Residence (Ph 1)	Kunming	68.80%	24,428	130	33	9	24,637	121
La Quinta II	Kunming	68.80%	10,928	62	62	55	1,666	7
Total			6,675,322	52,362	12,352	11,156	5,285,136	41,206

[#] As at end-Jun 2015 ^{*} Includes commercial area [^] Excludes commercial area

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Residential Landbank - Other Overseas

Projects	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Area for Sale (sm)	Remaining Units For Sale [#]
Vietnam							
Saigon Sports City, HCMC	90%	688,180	2,622	-	-	289,850 [^]	2,622
Estella Heights, HCMC	98%	160,980	872	472	344	63,568 [^]	528
Riviera Point, Dist. 7, HCMC	75%	438,814	2,400	414	292	257,636 [^]	2,108
Dong Nai Waterfront City, Dong Nai	50%	2,046,955	7,850	-	-	1,293,500 [^]	7,850
Riviera Cove, Dist. 9, HCMC	60%	34,711	96	96	78	11,327	18
South Rach Chiec, Dist 2, HCMC	42%	995,000	6,699	-	-	641,067 [^]	6,699
Villa Devt, Saigon South, HCMC	50%	58,800	168	-	-	55,186	168
Casuarina Cove, Dist 9, HCMC	60%	39,807	120	-	-	47,194	120
Sub-Total:		4,463,247	20,827	982	714	2,659,328	20,113
Indonesia							
West Vista, West Jakarta	100%	149,399	2,855	300	97	112,491 [^]	2,758
India							
Elita Horizon	51%	174,815	1,419	-	-	174,815	1,419
Thailand							
Villa Arcadia Srinakarin	45.5%	76,565	365	264	256	21,110	109
Villa Arcadia Watcharapol	45.5%	68,314	270	45	27	60,719	243
Sub-Total:		144,879	635	309	283	81,829	352
Sri Lanka							
The Belvedere, Colombo	60%	51,511	297	-	-	46,652	297
Total		4,983,851	26,033	1,591	1,094	3,075,115	24,939

[#] As at end-Jun 2015 [^] Excludes commercial area

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Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		2H2015	2016	2017
8 Park Avenue*	Shanghai	60	66	-
The Springdale*	Shanghai	107	-	-
Seasons Residence*	Shanghai	143	350	246
Hill Crest Villa [^]	Shanghai	20	47	47
Waterfront Residence*	Nantong	17	18	21
Central Park City*	Wuxi	289	581	430
Waterfront Residence [^]	Wuxi	205	369	431
Park Avenue Heights [^]	Wuxi	100	400	400
Stamford City*	Jiangyin	102	226	94
Park Avenue Heights*	Chengdu	123	300	325
Hill Crest Villa [^]	Chengdu	20	24	40
Serenity Villa [^]	Chengdu	16	42	58
V City [^]	Chengdu	1,183	1,858	1,578
The Seasons*	Shenyang	26	50	60
Serenity Villa*	Tianjin	4	19	24
Tianjin Eco-City*	Tianjin	290	268	225
Waterfront Residence*	Tianjin	33	119	123
Keppel Cove [^]	Zhongshan	30	42	48
Hill Crest Residence*	Kunming	12	15	38
La Quinta II*	Kunming	2	7	-
Total		2,782	4,801	4,188

*Balance units [^]New launches

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Residential Launch Readiness – Other Overseas

Project	Location	Units Ready to Launch		
		2H2015	2016	2017
Indonesia				
West Vista^	West Jakarta	803	850	850
Vietnam				
Estella Heights, Dist 2*	HCMC	206	258	75
Riviera Point, Dist 7*	HCMC	269	200	319
Dong Nai Waterfront City ^	Dong Nai	-	220	460
Riviera Cove, Dist 9*	HCMC	4	12	3
South Rach Chiec, Dist 2^	HCMC	-	200	300
Villa Development, Saigon South^	HCMC	-	60	55
Casuarina Cove, Dist 9^	HCMC	-	30	40
Thailand				
Villa Arcadia Srinakarin (Ph 1)*	Bangkok	9	-	-
Villa Arcadia Srinakarin (Ph 2)^	Bangkok	52	51	-
Villa Arcadia Watcharapol (Ph 1)*	Bangkok	18	-	-
India				
Elita Horizon^	Bangalore	-	170	250
Sri Lanka				
The Belvedere^	Colombo	30	140	80
Total		1,391	2,191	2,432

*Balance units ^New launches

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Expected Completion for Launched Projects

Projects/Phases Launched	Total Units	Units Launched as at end-Jun 2015	Units Sold as at end-Jun 2015	Units Remaining as at end-Jun 2015	Expected Completion ^
China					
Central Park City, Wuxi, Plot C2B	256	256	250	6	3Q15
Central Park City, Wuxi, Plot C2C	520	220	164	356	4Q15
Seasons Residence (Ph 2&3), Shanghai	594	180	152	442	3Q15
Stamford City, Jiangyin, Ph 3 (Blk 10 & 11)	208	208	192	16	3Q15
Stamford City, Jiangyin, Ph 3 (Blk 9)	408	408	391	17	3Q15
Indonesia					
West Vista	2,855	300	97	2,758	1Q18
Vietnam					
Estella Heights – Ph 1	496	472	344	152	4Q17
Thailand					
Villa Arcadia Srinakarin Ph 2	156	105	55	101	4Q16
Total	5,493	2,149	1,645	3,848	

[^]Subject to changes

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Expected Completion for Upcoming Projects

Projects/Phases to be Launched	Location	No. of Units Expected to be Completed^		
		2H2015	2016	2017
China				
8 Park Avenue	Shanghai	106	-	-
The Springdale	Shanghai	60	-	-
Seasons Residence	Shanghai	-	198	-
Hill Crest Villa	Shanghai	-	45	45
Central Park City	Wuxi	-	344	-
Waterfront Residence	Wuxi	62	361	308
Park Avenue Heights	Wuxi	-	-	328
Stamford City	Jiangyin	-	-	353
Park Avenue Heights	Chengdu	240	220	280
Hill Crest Villa	Chengdu	-	-	45
Serenity Villa	Chengdu	79	-	97
V City	Chengdu	-	-	1,435
Seasons Garden	Tianjin	-	270	-
Waterfront Residence	Tianjin	-	161	180
Keppel Cove	Zhongshan	42	48	91
Hill Crest Residence Ph 2B	Kunming	-	-	64
Total		589	1,647	3,226

[^] Subject to changes

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New Commercial Projects Overseas

Commercial Projects under Development	GFA (sm)	Development Cost ⁽¹⁾	Completion
Indonesia			
IFC Jakarta Tower 1 (100% stake)	86,357	\$266.4m	2020
Vietnam			
Saigon Centre Ph 2, HCMC (45.3% stake)	50,000 (Retail) 40,000 (Office) 200 units (Serviced apt)	\$228m	2016 (Retail) 2017 (Office)
Myanmar			
Grade A Office Tower, Yangon (40% stake)	53,100	\$61.6m ⁽²⁾	2017
Philippines			
SM-KL Project Ph 2, Manila (24.2% stake)	46,300 (Retail) 110,100 (Office)	\$336m	2016 (Retail) 2019 (Office)
New Acquisitions			
75 King William Street (100% stake)	11,917	S\$186m	1989 (completed)
Total	397,774	\$1,078m	

(1) Excluding land cost

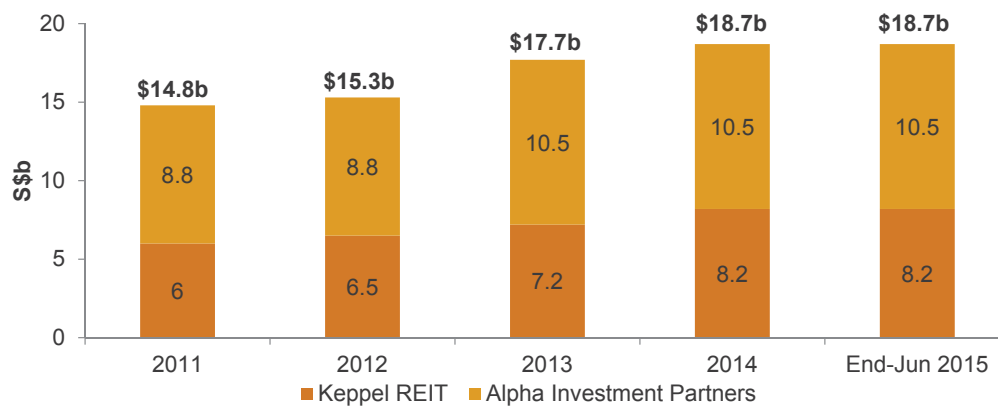
(2) Investment cost for 40% stake

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Fund Management

- Keppel REIT achieved 99.3% committed occupancy for its portfolio.
- Keppel REIT & Alpha's combined AUM stood at S\$18.7b* as at end-Jun 2015.



* When fully invested and leveraged

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INFRASTRUCTURE

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Financial Highlights - Infrastructure

S\$m	<u>2Q 2015</u>	<u>2Q 2014</u>	<u>% Change</u>
Revenue	549	761	(28)
EBITDA	135	82	65
Operating Profit	111	56	98
Profit Before Tax	116	49	137
Net Profit	103	35	194

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Financial Highlights - Infrastructure

S\$m	<u>1H 2015</u>	<u>1H 2014</u>	<u>% Change</u>
Revenue	1,058	1,497	(29)
EBITDA	189	155	22
Operating Profit	142	104	37
Profit Before Tax	150	95	58
Net Profit	126	67	88

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>2Q 2015</u>	<u>2Q 2014</u>	<u>% Change</u>
Revenue	3	6	(50)
EBITDA	(13)	29	NM
Operating Profit	(13)	28	NM
Profit Before Tax	9	39	(77)
Net Profit	4	34	(88)

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Financial Highlights - Investments

S\$m	<u>1H 2015</u>	<u>1H 2014</u>	<u>% Change</u>
Revenue	54	18	200
EBITDA	38	28	36
Operating Profit	38	27	41
Profit Before Tax	77	50	54
Net Profit	66	48	38

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This release may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes. The forward-looking statements reflect the current views of Management on future trends and developments.

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**ADDRESS BY KEPPEL CORPORATION LIMITED'S
CHIEF FINANCIAL OFFICER, CHAN HON CHEW**

AT THE 1H 2015 RESULTS PRESENTATION

THURSDAY, 23 JULY 2015

1. **Group Financial Highlights by CFO (Slide 21)**
2. **2Q 2015 Financial Performance (Slide 22)**

Thank you, Chin Hua. A very good evening to all.

Now I shall take you through the Group's performance for the second quarter of 2015.

The Group recorded a net profit of \$397 million this quarter, which was 2% below the same quarter last year. Earnings per share correspondingly decreased by 2% to 21.9 cents, while EVA was lower at \$122 million.

The free cash outflow of \$542 million for this quarter is higher compared to the \$390 million outflow in the second quarter of 2014. This is mainly due to lower operational cash inflow.

Just a reminder, that we exclude expansionary acquisitions and capex, and major divestments in our free cash flow statement. For instance, the cash inflow of \$952 million from the divestment of the 51% interest in Keppel Merlimau Cogen during the quarter is excluded.

3. 2Q 2015 Financial Highlights (Slide 23)

The Group's revenue for the second quarter dropped by 19% or \$614 million from the same quarter last year. All divisions except Property division recorded lower revenues during the quarter.

Operating profit at \$414 million saw a decline of 11% or \$53 million as compared to the second quarter of 2014. This was mainly due to lower profits from Offshore & Marine and Investments divisions which were partially offset by higher profits from Property and Infrastructure.

Profit before tax decreased at a higher rate of 16% or \$95 million, due to higher net interest expense and lower contributions from associated companies such as The Botanica in Chengdu and Marina Bay Financial Center Tower 3.

After tax and non-controlling interests, the drop in net profit narrowed to 2% or \$9 million as a result of lower tax expenses and non-controlling interests. Tax expenses were lower because of lower taxable profits while reduced non-controlling interests was the result of the acquisition of additional shareholding in Keppel Land.

Correspondingly, earnings per share (EPS) decreased by 2%.

4. 2Q 2015 Revenue by Segments (Slide 24)

Overall, the Group's revenue was 19% lower than the same quarter last year, driven largely by the decline in the Offshore & Marine division as a result of lower volume of work and deferment of some projects.

This was partially offset by a 24% growth in Property revenue, primarily due to higher revenues from residential projects in China like The Luxurie, Eight Park Avenue and Seasons Residences in Shanghai and Park Avenue Heights in Chengdu.

Infrastructure's 28% drop in revenue was mainly due to lower revenue from power and gas business as a result of lower prices and volume, as well as the absence of revenue from Keppel FMO Pte Ltd, which was divested in the fourth quarter of 2014.

5. 2Q 2015 Pre-tax Profit by Segments (Slide 25)

Offshore & Marine division's pre-tax profit was 36% or \$124 million lower due to lower revenues at lower operating margins, lower contribution from associated companies and lower net interest income.

The division's operating margin for the quarter was 13% compared to 14.6% in the same quarter last year.

Property division's pre-tax profit was slightly lower by 5% despite higher revenues, due mainly to higher net interest expenses and lower contribution from associated companies like The Botanica in Chengdu and Marina Bay Financial Center Tower 3.

Infrastructure division reported a \$67 million increase in pre-tax earnings from the same period last year despite 28% drop in revenues. This is driven by the gain from divestment of the 51% interest in Keppel Merlimau Cogen and the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust, partially offset by losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant.

Investment division's pre-tax profit is lower this quarter, due mainly to write back of impairment of associated companies and higher sale of investments in the same quarter last year.

As a result, the overall Group pre-tax profit was 16% or \$95 million lower than last year.

6. 2Q 2015 Net Profit by Segments (Slide 26)

After tax and non-controlling interests, the drop in Group net profit was at a lower rate of 2% or \$9 million. As alluded to in an earlier slide, the Group benefited from reduced non-controlling interests as a result of the increase in shareholding in Keppel Land.

This reduction in non-controlling interest helped to increase Property division net profit by 75% or \$50 million.

7. 1H 2015 Financial Performance (Slide 27)

Next, I shall take you through the performance for the first half of 2015.

Net profit for the first half of 2015 was \$757 million, up 2% from the same period last year.

Earnings per share also increased by the same extent to 41.7 cents. Annualised ROE declined to 13.1% while EVA was lower at \$225 million, due mainly to lower net operating profit after tax.

Free cash outflow decreased from \$781 million in the first half of 2014 to \$316 million. This is due to lower increases in working capital.

Our net gearing increased from 11% at the first half year of 2014 to 42% this year, mainly due to funds used for the acquisition of additional shareholding in Keppel Land, partially offset by proceeds from the disposal of 51% of Keppel Merlimau Cogen plant.

We are pleased to announce an interim cash dividend of 12.0 cents per share for this half year.

8. 1H 2015 Financial Highlights (Slide 28)

The Group recorded a 13% or \$796 million decrease in revenue to \$5.4 billion, largely due to lower revenue from the Offshore & Marine and Infrastructure divisions.

Operating profit decreased by a lesser extent to \$812 million, an 8% or \$70 million decrease from the first half of 2014. The decrease is led by lower revenues from Offshore & Marine and Infrastructure divisions, and losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant, partially offset by gains from divestment of Keppel Merlimau Cogen and the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust.

Pre-tax profit dropped 12% compared to the 8% decrease in operating profit, due to higher net interest expense and lower contributions from associated companies compared to the same period last year.

After tax and non-controlling interests, net profit was higher by 2% or \$12 million despite lower pre-tax profit as a result of lower tax expenses and non-controlling interests in Keppel Land.

9. 1H 2015 Revenue by Segments (Slide 29)

The Group earned total revenues of \$5.4 billion in the first half of the year, 13% lower than the same period last year. The decrease was mainly driven by lower revenues from Offshore & Marine and Infrastructure, partially offset by higher revenues from Property and Investments.

In the Offshore & Marine division, major jobs completed to date this year include five jack-up rigs, an accommodation semi, one depletion compression platform, one floating crane and an FPSO integration.

Property revenue increased by 12% as compared to the first half of 2014, led by higher revenue from residential projects in China.

Lower revenue for Infrastructure was attributed mainly to decreases in revenue from the power generation business as well as the absence of revenue from Keppel FMO Pte Ltd, which was disposed in the fourth quarter of 2014.

10. 1H 2015 Pre-tax Profit by Segments (Slide 30)

Lower revenues and operating margin resulted in Offshore & Marine reporting a 27% decrease in pre-tax profit for the first half of the year. The division also recorded lower net interest income and contribution from associated companies. Offshore & Marine operating margin for the first six months was 12.5%, compared to 14.4% in the same period last year.

Despite higher revenues, the Property division registered a 13% decrease in pre-tax profits mainly as a result of higher net interest expense and lower contribution from associated companies.

Infrastructure's pre-tax profit was higher by 58% for the first half of 2015, led by gains from divestment of Keppel Merlimau Cogen and the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust. Partially offsetting this increase was losses recognised for the Doha North Sewage Treatment project and the reduced contribution from the power and gas business.

Investment division's pre-tax profit increased by \$27 million, mainly due to higher profits from the sale of investments.

The increase in pre-tax profit from Infrastructure and Investment divisions partially offset the decrease in pre-tax profit of Offshore & Marine and Property divisions, resulting in an overall 12% or \$132 million decrease in Group pre-tax profit to \$953 million.

11. 1H 2015 Net Profit by Segments (Slide 31)

Despite a lower Group pre-tax profit, the overall net profit after tax and non-controlling interests was 2% or \$12 million higher than the same period last year. As we explained before, this was due to lower tax expenses and reduced non-controlling interests in Keppel Land.

12. Net Profit and EPS (Slide 32)

At \$757 million, the net profit for the first half of 2015 is higher than the same period last year. If I may say so, this is a credible performance despite a weak economic environment and low oil prices.

13. ROE & Dividend (Slide 33)

Annualised ROE decreased to 13.1% in 2015. ROE of 18.8% for financial year 2014 included revaluation gains from investment properties which would be assessed only at each year end.

Our proposed interim dividend to our shareholders for this period will be 12.0 cents per share. This represents a pay-out ratio of 29% of our profit for the first half.

14. Free Cash Flow (Slide 34)

In the first half of 2015, the Group generated \$637 million of cash flow from operations.

After accounting for working capital requirements mainly from the Offshore & Marine and Property divisions and proceeds from sale of investments, operating cash outflow for the six months was \$272 million, compared to an outflow of \$642 in the same period last year.

Net cash used in investing activities amounted to \$44 million, comprising divestment and dividend income from associated companies of \$164 million, as well as investments and operational capital expenditure amounting to \$208 million, mainly from the Offshore & Marine division.

The resultant cash outflow was \$316 million for the first half of this year, which is \$465 million lower than 2014.

15. Outlook (Slide 35)

In the face of strong headwinds, the Group leverages on our core competencies and expertise to tackle the challenges and remain competitive amidst the changes in macro-economic conditions.

The Group will continue to invest in the future through constant innovation in technologies and solutions. This is so that we may maintain our resilience and agility in a fast changing environment, and thus remain poised to seize any new opportunities to deliver sustainable growth and create value for our shareholders and customers in the long run.

Thank you.