Keppel Corporation

Keppel Corporation Limited
(Co Reg No. 196800351N)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
www.kepcorp.com

Tel: (65) 62706666
Fax: (65) 64136452

MEDIA RELEASE

Keppel Corporation Limited Unaudited Results for the First Quarter Ended 31 March 2014

Singapore, 16 April 2014 – The Directors of Keppel Corporation Limited advise the following unaudited results of the Group for the first quarter ended 31 March 2014.

For more information, please contact:

Ivana Chua (Ms)
Senior Manager
Group Corporate Communications
Keppel Corporation Limited
DID: (65) 6413 6436
Mobile: (65) 9239 1423
Email: ivana.chua@kepcorp.com

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

KEPPEL CORPORATION LIMITED

1Q 2014 REPORT CARD

1. Net Profit decreased 5% to S$339 million, compared to 1Q 2013's S$357 million.
   (NB: Net profit for this quarter is largely in line with 1Q 2013's, excluding one-off gains from the reversal of provision from the sale of a power barge and write-back of tax provision made by Keppel Land in 1Q 2013.)

2. Earnings per Share was 18.7 cents, down 6% from 1Q 2013's 19.8 cents.

3. Annualised Return on Equity was 13.4%.

4. Economic Value Added decreased from S$217 million to S$151 million.

5. Cash outflow of S$395 million.

6. Net gearing was 0.14x.

Keppel Corporation

KEPPEL CORPORATION LIMITED

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

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

FIRST QUARTER ENDED 31 MARCH 2014

Welcome

Good afternoon,

On behalf of my colleagues seated on this panel representing key businesses in the Keppel Group, I welcome you to the webcast on our results and performance for the First Quarter 2014.

We also welcome Mr Chan Hon Chew joining us in this webcast. Hon Chew came on board in February as the new CFO of Keppel Corporation.

Uneven Global Recovery

The year wobbled in with a slow first quarter. Geopolitical tensions in Europe and elsewhere coupled with concern over the pace of US tapering have contributed to growing uncertainty in emerging markets. The US was hit by an unusually harsh winter but more recently seemed to have emerged with stronger sentiments and encouraging growth indicators.

The International Monetary Fund (IMF) projects that global growth would rise 3.6% this year from 3% in 2013 and that the US economy would advance by 2.8% this year, from 1.9% last year. Asia is also demonstrating resilience, underpinned by healthy domestic demand.

Europe is turning the corner from recession although recovery remains patchy and a longer period of low inflation could pose a potential drag on the economy. Meanwhile, volatility in emerging economies has increased, with equity market sell-offs and depreciation of local currencies.

Closer home, China has forecasted a lower GDP growth of between 7% and 7.5% in 2014 as its new leadership works on structural reforms for better-quality growth. Advance estimates by the Ministry of Trade and Industry showed that Singapore's economy grew 5.1% in the first quarter, lower than 5.5% growth in the previous quarter.

Clearly, the global economy is not out of the woods. Most developed economies are still contending with the spillover effects of the financial crisis, in particular with the challenges of taking appropriate fiscal and monetary policy actions. The IMF in its world economic outlook has warned that a slower-than-expected recovery across the global economy could keep interest rates at historical lows for some time. Real interest rates are expected to increase modestly with the normalisation of global economic conditions, but will likely be curtailed by the uneven performance in Europe and slower growth in China.

My leadership team and I are navigating our way in a business environment full of challenges but at the same time we are invigorated by new opportunities out there. We will sharpen our core competencies and look for the niches where we can consistently add value.

Performance Highlights

Our business divisions continued to perform creditably in the first three months of 2014, contributing to a net profit of $339 million for the Group.

Albeit lower than the $357 million net profit last year, the Group's operating performance has improved. Excluding one-off items from the corresponding period last year, net profit is largely in line year-on-year. I will leave our CFO to present the details.

Annualised ROE for the period was 13.4% while Economic Value Added was $151 million.

Offshore & Marine

We are confident that long-term fundamentals for the offshore and marine industry remain compelling and sound.

Growing global energy demand and a stable oil price of above US$100 a barrel continue to support global E&P spending, which is still expected to grow in 2014, albeit at a slightly slower pace of 6%, compared to 7% the year before. In Latin America alone, E&P spending is projected to rise by 13% in 2014, led by countries such as Mexico. While international oil majors are tightening their belts, we believe they will be highly selective about the areas to pull back on.

Jackup rig fundamentals are still robust. By 2015, more than 220 units of the global jackup fleet will be over 30 years old. The current market for jackups remains tight with utilisation close to 100%. The ongoing bifurcation towards premium assets and the rig-replacement cycle are expected to continue supporting the order momentum. This is evident from the five jackup orders that we clinched in 1Q 2014 alone.

We are heartened that our comprehensive suite of offshore and marine solutions continues to win the confidence of new and repeat customers. New orders won in the first quarter amounted to about $1.9 billion while our net orderbook stands at a record of $14.4 billion as at end-March 2014, with visibility into 2019. In the first quarter, amongst projects we delivered was the Maersk Intrepid, one of the world's largest jackup rigs and the first of three we are building for Maersk.

Meeting customers' needs

Our Near Market, Near Customer strategy has given us a solid head start in markets such as Brazil and the Caspian Sea, where national oil companies seek local content.

Just last week, we further strengthened our *Near Market, Near Customer* strategy by extending our footprint into the Chinese market. Keppel Offshore & Marine signed a management services agreement for a 30-year period with the Titan Petrochemicals Group to manage the Titan Quanzhou Shipyard in Fujian Province. The agreement is conditional on the completion of the on-going financial restructuring of Titan and the resumption of the trading of its shares on the Hong Kong Stock Exchange.

Having this yard will enable us to populate the Chinese market with our suite of proprietary solutions while meeting the requirement of building in-country. The yard will have ultra-large and wide dry docks which will enable it to partake in projects such as the conversion of double hull vessels into Floating Production Storage and Offloading (FPSO) units. Besides ship repair and conversion capabilities, the yard would also be able to construct offshore rigs including jackups and semisubmersibles. These facilities will be further complemented by our other shipyard in China, Keppel Nantong, which undertakes specialised shipbuilding and offshore fabrication.

We are confident that this is a win-win partnership which will enable Keppel and Titan to become a major offshore solutions provider for China.

Keppel is also building a KFELS N Plus jackup rig for China, scheduled for delivery in 1Q 2017.

I am also happy to share that the lower hull of the first DSS™38E semi that we are building for Sete Brasil arrived safely in Angra and integration is in progress with the megablocks being assembled at our BrasFELS yard. The rig is on track for delivery by end-2015. Construction is progressing well for the second and third semis.

Infrastructure

We are shaping our infrastructure business for further growth, sharpening our focus on energy and related infrastructure. Keppel Infrastructure will drive the Group's strategy to invest in, own and operate competitive energy and infrastructure solutions and services.

In line with this, K-Green Trust has expanded its investment mandate and changed its name to Keppel Infrastructure Trust following its Extraordinary General Meeting yesterday.

On our Waste-to-Energy business, we are pleased to update that Keppel Seghers has successfully completed the first burn as part of the commissioning process for Phase 1 of the Greater Manchester Energy-from-Waste Plant. The plant will be one of the largest and most efficient of its kind in Europe when its two phases are completed.

Despite the global economic slowdown, Southeast Asian economies have performed well with stable growth rates driven by strong domestic demand, resilient consumer spending and rising investment. Tapping this trend and the growth of e-commerce, Keppel Telecommunications & Transportation (Keppel T&T) will expand its logistics network in Singapore and China, and continue to assess opportunities for new data centres.

Keppel Datahub 2, a joint venture project between Keppel T&T and Keppel Land, is on track for completion in end-2014. Offering more than 6,000 square metres of high-quality data centre space, it is the first newbuilt data centre in Singapore to achieve the Platinum Award under the BCA-IDA Green Mark.

Keppel T&T continues to build up its reputation as a choice provider of high-quality and reliable logistics and distribution services in China. Its logistics projects in Anhui, Jilin and Tianjin will be operational in 2015.

Meanwhile, the Tampines Logistics Hub being developed by Keppel Logistics is also on track to be completed in early-2015. The new facility will enable us to meet the anticipated demand for critical-component logistics, leveraging Singapore's strategic location to serve the region.

Property

Across Asia, rapid urbanisation and rising affluence will drive demand for quality housing and office space. Keppel Land will continue to build its pipeline of residential and commercial developments by investing in well-located sites.

Seizing opportunities for choice sites at good value in Indonesia, we acquired a three-hectare site in West Jakarta where Keppel Land will develop about 3,000 homes. The acquisition was funded by part of the proceeds from the divestment of Keppel Land's stakes in Jakarta Garden City and Hotel Sedona Manado. We will continue to actively recycle capital for higher returns, and weigh all available opportunities so as to maximise value from our investments.

In Singapore, with the Total Debt Servicing Ratio and concerns over interest rate hikes weighing on the market, private residential demand and pricing are expected to further moderate in 2014. However, the demand outlook for new homes over the long term remains positive with a resilient Singapore economy and policies to support population and economic growth.

Keppel Land will monitor the market closely to time the launch of Highline Residences in Tiong Bahru which is a popular, heritage-rich estate.

Building its commercial portfolio in markets where it has established a foothold, Keppel Land has about 540,000 square metres of GFA in various stages of development in China, Vietnam and Indonesia.

Sustaining market interest

Against policy headwinds, Keppel Land sold 714 homes in Asia in 1Q 2014, mostly in China.

There is sustained interest in our suburban projects in Shanghai such as Seasons Residence in Nanxiang and The Springdale in Pudong, as well as for homes in our township projects, namely Central Park City in Wuxi and The Botanica in Chengdu.

Marina Bay Financial Centre Tower 3 is one of Singapore's largest office towers with more than 1.3 million square feet of Grade A office and retail space. It is about 96% committed with a stellar line-up of tenants from diverse sectors.

Positioning fee-based businesses for growth

Our fund management businesses under Keppel REIT and Alpha Investment Partners form an integral part of our strategy to provide a source of stable, recurring income for the Group.

We remain committed to grow our fund management units, which currently manage combined assets of about $17.7 billion.

Configured for Growth

2014 will be challenging but Keppel is not adverse to challenges. Ours is a collective strength and the sum of our parts configures to a cohesive and optimal whole which lends itself to sustainable growth and value creation. We will continue to seize opportunities with prudent financial discipline and rigorous innovation.

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

Thank you.

KEPPEL CORPORATION LIMITED

First Quarter 2014 Financial Statements

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2014.

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

	Note	**1Q 2014 $'000**	1Q 2013 $'000	+/- %
Revenue		**2,996,499**	2,758,735	+8.6
Materials & subcontract costs	(i)	**(2,053,940)**	(1,944,803)	+5.6
Staff costs	(ii)	**(385,665)**	(343,682)	+12.2
Depreciation & amortisation		**(62,916)**	(54,017)	+16.5
Other operating expenses	(iii)	**(79,131)**	(19,617)	+303.4
Operating profit		**414,847**	396,616	+4.6
Investment income		**809**	2,760	-70.7
Interest income		**35,879**	34,848	+3.0
Interest expenses	(iv)	**(25,738)**	(35,219)	-26.9
Share of results of associated companies	(v)	**65,877**	96,884	-32.0
Profit before tax		**491,674**	495,889	-0.8
Taxation	1b	**(97,108)**	(71,945)	+35.0
Profit for the period		**394,566**	423,944	-6.9
Attributable to:				
Shareholders of the Company		**338,682**	356,984	-5.1
Non-controlling interests		**55,884**	66,960	-16.5
		394,566	423,944	-6.9
Earnings per ordinary share				
- basic		**18.7 cts**	19.8 cts	-5.6
- diluted		**18.5 cts**	19.6 cts	-5.6

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	**1Q 2014 $'000**	1Q 2013 $'000	+/- %
Share-based payment expenses		**9,009**	7,209	+25.0
Profit on sale of fixed assets	(vi)	**(1,004)**	(1,778)	-43.5
(Write-back)/provision				
- Stocks & work-in-progress		**(449)**	(161)	+178.9
- Doubtful debts		**327**	274	+19.3
Bad debts written off		**398**	33	>500.0
Stocks (recovered)/written off		**(22)**	48	NM
Fair value loss/(gain)				
- Investments	(vii)	**5,524**	(15,940)	NM
- Forward contracts	(viii)	**4,392**	3,615	+21.5
- Financial derivatives		**(801)**	(1,362)	-41.2
Foreign exchange gain	(ix)	**(5,512)**	(16,174)	-65.9
Gain on disposal of subsidiaries	(x)	**(6,924)**	–	NM
Write-back of impairment of an associated company	(xi)	**(740)**	–	NM
Write-back of provision for restructuring of operations and others	(xii)	**–**	(25,827)	NM

NM - Not Meaningful

Note:

(i) Materials & subcontract costs increased mainly as a result of higher revenue from the Offshore & Marine Division and Property Division.

(ii) Staff costs increased due mainly to higher manpower cost in the Offshore & Marine Division, partly offset by lower manpower cost in Property Division and Infrastructure Division.

(iii) Higher other operating expense was due mainly to fair value loss on investment in the current period compared to fair value gain in the previous period (Note (vii)), lower foreign exchange gain in the current period (Note (ix)) and the write-back of provision for restructuring of operations and others in the previous period (Note (xii)), partly offset by the gain on disposal of subsidiaries (Note (x)) and the write-back of impairment of an associated company (Note (xi)) in the current period.

(iv) Lower interest expense was mainly attributable to higher capitalisation of interest expense and deconsolidation of Keppel REIT with effect from 31 August 2013.

(v) Share of profits of associated companies was lower due mainly to lower profits from associated companies in the Offshore & Marine Division and Property Division.

(vi) Profit on sale of fixed assets in the current quarter was largely attributable to disposal of a tugboat in the Offshore & Marine Division.

(vii) Fair value loss (mark-to-market) 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) Foreign exchange gain mainly arose from the revaluation of assets denominated in United States dollar, which appreciated against Singapore Dollar.

(x) Gain on disposal of subsidiaries in the current period arose mainly from the sale of entire interest in Berich Enterprises Limited.

(xi) The write-back in the current period was in relation to write-back of impairment for an associated company in the Infrastructure Division.

(xii) The write-back in the previous period was mainly in relation to the reversal of provision following the finalisation of the sale of power barge in the Infrastructure Division.

1b. Taxation expenses were higher because of higher profit from operations in countries with higher tax rates and lower tax write-back during the current quarter as compared to the prior period.

1c. Earnings per ordinary share

	1Q 2014	1Q 2013	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**18.7 cts**	19.8 cts	-5.6
- Weighted average number of shares ('000)	**1,813,475**	1,803,541	+0.6
(ii) On a fully diluted basis	**18.5 cts**	19.6 cts	-5.6
- Adjusted weighted average number of shares ('000)	**1,831,513**	1,821,474	+0.6

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

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

	Note	**1Q 2014 $'000**	1Q 2013 $'000	+/- %
Profit for the period		**394,566**	423,944	-6.9
Items that may be reclassified subsequently to profit & loss account:				
Available-for-sale assets				
- Fair value changes arising during the period	(i)	**(21,370)**	32,684	NM
- Realised and transferred to profit & loss account	(ii)	**(6,155)**	–	NM
Cash flow hedges				
- Fair value changes arising during the period, net of tax	(iii)	**(45,751)**	(178,795)	-74.4
- Realised and transferred to profit & loss account	(iv)	**(1,200)**	10,367	NM
Foreign exchange translation				
- Exchange differences arising during the period	(v)	**9,344**	168,059	-94.4
- Realised and transferred to profit & loss account		**5**	–	NM
Share of other comprehensive (losses)/income of associated companies				
- Available-for-sale assets		**(359)**	2,753	NM
- Cash flow hedges		**(1,311)**	429	NM
- Foreign exchange translation		**6,038**	12,656	-52.3
Other comprehensive income for the period, net of tax		**(60,759)**	48,153	NM
Total comprehensive income for the period		**333,807**	472,097	-29.3
Shareholders of the Company		**273,011**	352,692	-22.6
Non-controlling interests		**60,796**	119,405	-49.1
		333,807	472,097	-29.3

NM - Not Meaningful

Note:

(i) Fair value changes were attributable to movements in quoted prices of available-for-sale assets.

(ii) These represented fair value changes on available-for-sale assets, which were transferred to profit & loss account upon realisation.

(iii) Fair value differences were due mainly to the hedging differential on forward exchange contracts, which were largely entered to hedge exposures against United States dollar. The fair value loss was as a result of the hedge rate being lower than the spot rate.

(iv) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.

(v) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for the current period arose largely from strengthening of foreign currencies, such as United States dollar and Euro against the Singapore dollar, while the translation gains for 1Q 2013 arose from strengthening of foreign currencies, such as United States dollar, Renminbi, Euro and Brazilian Real against the Singapore dollar.

3. BALANCE SHEETS as at 31 March

	Group		Company	
	31.3.2014 $'000	31.12.2013 $'000	**31.3.2014 $'000**	31.12.2013 $'000
Share capital	**1,264,395**	1,205,877	**1,264,395**	1,205,877
Reserves	**8,728,195**	8,495,304	**4,462,107**	4,489,022
Share capital & reserves	**9,992,590**	9,701,181	**5,726,502**	5,694,899
Non-controlling interests	**4,040,259**	3,987,682	**–**	–
Capital employed	**14,032,849**	13,688,863	**5,726,502**	5,694,899
Represented by:				
Fixed assets	**3,852,904**	3,798,279	**838**	882
Investment properties	**2,197,762**	2,187,858	**–**	–
Subsidiaries	**–**	–	**5,094,048**	5,094,452
Associated companies	**5,522,404**	5,482,173	**–**	–
Investments	**310,791**	264,745	**–**	–
Long term assets	**275,865**	278,917	**260**	218
Intangibles	**87,225**	86,240	**–**	–
	12,246,951	12,098,212	**5,095,146**	5,095,552
Current assets				
Stocks & work-in-progress in excess of related billings	**9,325,876**	8,994,726	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**3,495,287**	3,465,513
- associated companies	**767,546**	1,037,206	**13,317**	9,430
Debtors	**1,873,341**	1,915,747	**29,213**	33,804
Short term investments	**435,412**	445,073	**–**	–
Bank balances, deposits & cash	**5,170,800**	5,564,656	**2,259**	2,466
	17,572,975	17,957,408	**3,540,076**	3,511,213
Current liabilities				
Creditors	**5,067,961**	5,409,197	**272,374**	275,189
Billings on work-in-progress in excess of related costs	**2,440,087**	2,714,983	**–**	–
Provisions	**158,231**	163,603	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**944,000**	951,328
- associated companies	**98,533**	71,699	**5**	3
Term loans	**655,270**	516,665	**167,833**	160,838
Taxation	**446,601**	465,387	**19,575**	19,575
Bank overdrafts	**–**	473	**–**	–
	8,866,683	9,342,007	**1,403,787**	1,406,933
Net current assets	**8,706,292**	8,615,401	**2,136,289**	2,104,280
Non-current liabilities				
Term loans	**6,450,344**	6,582,861	**1,500,000**	1,500,000
Deferred taxation	**470,050**	441,889	**4,933**	4,933
	6,920,394	7,024,750	**1,504,933**	1,504,933
Net assets	**14,032,849**	13,688,863	**5,726,502**	5,694,899
Group net debt	***1,934,814***	*1,535,343*	***n.a.***	*n.a.*
Group net gearing ratio	***0.14x***	*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 31.3.2014		As at 31.12.2013	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
190,094	465,176	198,619	318,519

(ii) Amount repayable after one year

As at 31.3.2014		As at 31.12.2013	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
722,854	5,727,490	741,725	5,841,136

(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 $2,823,025,000 (31 December 2013: $2,895,304,000) to banks for loan facilities.

3b. Net asset value

	Group			**Company**		
	31.3.2014	31.12.2013	+/-%	**31.3.2014**	31.12.2013	+/-%
Net asset value per ordinary share *	**$5.51**	$5.37	+2.6	**$3.16**	$3.15	+0.3
Net tangible asset per ordinary share *	**$5.46**	$5.32	+2.6	**$3.16**	$3.15	+0.3

* Based on share capital of 1,814,547,574 ordinary shares as at the end of the period (31 December 2013: 1,807,970,459 ordinary shares).

3c. Balance sheet analysis

Group shareholder's funds increased by $0.29 billion to $9.99 billion at 31 March 2014. The increase was mainly attributable to retained profits for the quarter ended 31 March 2014 and foreign exchange translation gains, partially offset by fair value losses on cash flow hedges and short term investments.

Group total assets were $29.82 billion at 31 March 2014, $0.24 billion lower than the previous year end. Decrease in current assets was partially offset by increase in non-current assets. Non-current assets were higher due mainly to increase in fixed assets from capital expenditure for the expansion of Keppel Merlimau cogen power plant, construction of logistics warehouses and other operational capex. Increase in associated companies is largely due to further investments in existing companies.

Group total liabilities of $15.79 billion at 31 March 2014 were $0.58 billion lower than the previous year end. This is largely attributable to the lower creditors from Offshore & Marine Division and Infrastructure Division coupled with work performed on projects where billings were in excess of related costs in the Offshore & Marine Division.

Group net debt increased by $0.40 billion to $1.93 billion at 31 March 2014 mainly due to capital expenditure and operational working requirement.

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

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
2014							
As at 1 January	**1,205,877**	**500,753**	**8,301,117**	**(306,566)**	**9,701,181**	**3,987,682**	**13,688,863**
Total comprehensive income for the quarter							
Profit for the quarter	**–**	**–**	**338,682**	**–**	**338,682**	**55,884**	**394,566**
Other comprehensive income *	**–**	**(75,720)**	**–**	**10,049**	**(65,671)**	**4,912**	**(60,759)**
Total comprehensive income for the quarter	**–**	**(75,720)**	**338,682**	**10,049**	**273,011**	**60,796**	**333,807**
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
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**
Changes in ownership interests in subsidiaries							
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**

* 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
2013							
As at 1 January	1,123,590	682,263	7,815,216	(375,117)	9,245,952	4,332,174	13,578,126
Total comprehensive income for the quarter							
Profit for the quarter	–	–	356,984	–	356,984	66,960	423,944
Other comprehensive income *	–	(133,758)	–	129,466	(4,292)	52,445	48,153
Total comprehensive income for the quarter	–	(133,758)	356,984	129,466	352,692	119,405	472,097
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Share-based payment	–	7,216	–	–	7,216	(191)	7,025
Dividend paid to non-controlling shareholders	–	–	–	–	–	(23,755)	(23,755)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	55,208	55,208
Shares issued	58,853	(42,231)	–	–	16,622	–	16,622
Total contributions by and distributions to owners	58,853	(35,015)	–	–	23,838	31,262	55,100
Changes in ownership interests in subsidiaries							
Disposal of interest in a subsidiary company without loss of control	–	–	(1,599)	–	(1,599)	101,349	99,750
Total change in ownership interests in subsidiaries	–	–	(1,599)	–	(1,599)	101,349	99,750
Total transactions with owners	58,853	(35,015)	(1,599)	–	22,239	132,611	154,850
As at 31 March	1,182,443	513,490	8,170,601	(245,651)	9,620,883	4,584,190	14,205,073

* 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
2014				
As at 1 January	**1,205,877**	**188,432**	**4,300,590**	**5,694,899**
Profit / Total comprehensive income for the quarter	**–**	**–**	**11,911**	**11,911**
Transactions with owners, recognised directly in equity				
Share-based payment	**–**	**7,884**	**–**	**7,884**
Shares issued	**58,518**	**(46,720)**	**–**	**11,798**
Other adjustments	**–**	**–**	**10**	**10**
Total transactions with owners	**58,518**	**(38,836)**	**10**	**19,692**
As at 31 March	**1,264,395**	**149,596**	**4,312,511**	**5,726,502**
2013				
As at 1 January	1,123,590	180,396	4,401,538	5,705,524
Profit / Total comprehensive income for the quarter	–	–	74,307	74,307
Transactions with owners, recognised directly in equity				
Share-based payment	–	7,407	–	7,407
Shares issued	58,853	(42,231)	–	16,622
Total transactions with owners	58,853	(34,824)	–	24,029
As at 31 March	1,182,443	145,572	4,475,845	5,803,860

4c. Share capital

Issued share capital and treasury shares

	Number of shares
As at 1 January 2014	1,807,970,459
Issue of shares under share option scheme	1,822,641
Issue of shares under restricted share plan and performance share plan	4,754,474
As at 31 March 2014	**1,814,547,574**

As at 31 March 2014, the Company is not holding any treasury shares (31 December 2013: Nil). No sales, transfers, disposal, cancellation and/or use of treasury shares took place during the three months ended 31 March 2014.

Share options

As at 31 March 2014, there were unexercised options for 22,748,474 of unissued ordinary shares (31 March 2013: 28,106,735 ordinary shares) under the KCL Share Options Scheme. Unexercised options for 261,200 of unissued ordinary shares were cancelled during the three months ended 31 March 2014 (31 March 2013: Nil).

KCL Performance Share Plan ("KCL PSP")

As at 31 March 2014, the number of contingent shares granted but not released were 1,816,183 (31 March 2013: 2,226,314) 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 2,724,275 under KCL PSP.

KCL Restricted Share Plan ("KCL RSP")

As at 31 March 2014, the number of contingent shares granted but not released was 4,750,386 (31 March 2013: 4,300,500). Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 4,750,386 under KCL RSP.

As at 31 March 2014, the number of awards released but not vested was 4,198,316 (31 March 2013: 3,997,482) for KCL RSP.

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

Contingent awards:

	Number of shares						
Date of Grant	At 1.1.14	Contingent awards granted	Adjustment upon release	Released	Cancelled	Other adjustments	At 31.3.14
KCL PSP							
30.6.2011	662,550	–	(26,450)	(636,100)	–	–	–
29.6.2012	634,798	–	–	–	–	–	634,798
28.3.2013	603,985	–	–	–	–	–	603,985
31.3.2014	–	577,400	–	–	–	–	577,400
	1,901,333	577,400	(26,450)	(636,100)	–	–	1,816,183
KCL RSP							
28.3.2013	4,383,491	–	–	(4,309,301)	(74,190)	–	–
31.3.2014	–	4,750,386	–	–	–	–	4,750,386
	4,383,491	4,750,386	–	(4,309,301)	(74,190)	–	4,750,386

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.14	Released	Vested	Cancelled	Other adjustments	At 31.3.14
KCL PSP						
30.6.2011	–	636,100	(636,100)	–	–	–
	–	636,100	(636,100)	–	–	–
KCL RSP						
30.6.2011	1,333,933	–	(1,324,202)	(9,731)	–	–
29.6.2012	2,706,683	–	(1,353,069)	(20,065)	–	1,333,549
28.3.2013	–	4,309,301	(1,441,103)	(3,431)	–	2,864,767
	4,040,616	4,309,301	(4,118,374)	(33,227)	–	4,198,316

4d. Capital reserves

	Group		**Company**	
	31.3.2014 $'000	31.3.2013 $'000	**31.3.2014 $'000**	31.3.2013 $'000
Share option and share plan reserve	**168,409**	163,141	**149,596**	145,572
Fair value reserve	**164,424**	217,008	**–**	–
Hedging reserve	**(48,823)**	35,442	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**60,893**	57,899	**–**	–
	384,903	513,490	**149,596**	145,572

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

	Note	**1Q 2014 $'000**	1Q 2013 $'000
OPERATING ACTIVITIES			
Operating profit		**414,847**	396,616
Adjustments:			
Depreciation and amortisation		**62,916**	54,017
Share-based payment expenses		**9,009**	7,209
Profit on sale of fixed assets		**(1,004)**	(1,778)
Gain on disposal of subsidiaries		**(6,924)**	–
Write-back of impairment of associated companies		**(740)**	–
Write-back of provision for restructuring of operations and others		**–**	(25,827)
Operational cash flow before changes in working capital		**478,104**	430,237
Working capital changes:			
Stocks & work-in-progress		**(606,027)**	(283,552)
Debtors		**45,491**	(275,948)
Creditors		**(348,747)**	(153,069)
Investments		**(25,877)**	(76,175)
Advances to associated companies		**205,839**	11,461
Translation of foreign subsidiaries		**(30,633)**	(3,462)
		(281,850)	(350,508)
Interest received		**35,879**	39,411
Interest paid		**(25,738)**	(39,782)
Income taxes paid, net of refunds received		**(64,492)**	(66,997)
Net cash used in operating activities		**(336,201)**	(417,876)
INVESTING ACTIVITIES			
Acquisition of subsidiaries	5a	**(41,424)**	–
Acquisition of additional interest in a subsidiary		**(3,760)**	–
Acquisition and further investment in associated companies		**(12,259)**	(226,669)
Acquisition of fixed assets and investment properties		**(117,346)**	(138,225)
Disposal of subsidiaries	5b	**18,953**	–
Proceeds from disposal of fixed assets		**6,081**	15,220
Dividends received from investments and associated companies		**59,726**	35,191
Net cash used in investing activities		**(90,029)**	(314,483)
FINANCING ACTIVITIES			
Proceeds from share issues		**11,798**	16,622
Proceeds from non-controlling shareholders of subsidiaries		**228**	55,208
Proceeds from disposal of interest in a subsidiary		**–**	99,750
Proceeds from term loans		**87,043**	757,001
Repayment of term loans		**(83,369)**	(276,931)
Dividend paid to non-controlling shareholders of subsidiaries		**(5,092)**	(23,755)
Net cash from financing activities		**10,608**	627,895
Net decrease in cash and cash equivalents		**(415,622)**	(104,464)
Cash and cash equivalents as at 1 January		**5,564,183**	4,055,176
Effects of exchange rate changes on the balance of cash held in foreign currencies		**22,239**	103,983
Cash and cash equivalents as at 31 March	5c	**5,170,800**	4,054,695

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

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

	1Q 2014 $'000	1Q 2013 $'000
Fixed assets	**5,929**	–
Debtors and other assets	**7,496**	–
Bank balances and cash	**717**	–
Creditors	**(4,227)**	–
Borrowings	**(2,414)**	–
Current and deferred taxation	**(86)**	–
Total identifiable net assets at fair value	**7,415**	–
Non-controlling interest measured at non-controlling interests' proportionate share of the net assets	**(3,737)**	–
Amount previously accounted for as associated companies	**(3,887)**	–
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	**(219)**	–
Goodwill arising from acquisition	**1,472**	–
Payment of deferred consideration for prior year's acquisition of a subsidiary	**41,097**	–
Total purchase consideration	**42,141**	–
Less: Bank balances and cash acquired	**(717)**	–
Cash flow on acquisition	**41,424**	–

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

5b. Disposal of subsidiaries

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

	1Q 2014 $'000	1Q 2013 $'000
Fixed assets	**(731)**	–
Investment in associated company	**(26,980)**	–
Debtors and other assets	**(17,621)**	–
Bank balances and cash	**(40)**	–
Creditors and other liabilities	**928**	–
Current and deferred taxation	**9,652**	–
Non-controlling interest deconsolidated	**5,806**	–
	(28,986)	–
Amount accounted for as associated company	**50,722**	–
Amount accounted for as amount due to associated company	**(52,645)**	–
Net assets disposed of	**(30,909)**	–
Net profit on disposal	**(6,924)**	–
Sale proceeds	**(37,833)**	–
Less: Deferred proceeds	**18,840**	–
Less: Bank balances and cash disposed	**40**	–
Cash flow on disposal	**(18,953)**	–

Significant disposals during the financial period 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 balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	1Q 2014	1Q 2013
	$'000	$'000
Bank balances, deposits and cash	**5,170,800**	4,054,713
Bank overdrafts	**–**	(18)
	5,170,800	4,054,695

5d. Cash flow analysis

Net cash used in operating activities was $336 million, $82 million lower than that in the previous period. This was due mainly to higher operating profit in the current period and lower working capital requirements.

Net cash used in investment activities was $90 million. The Group spent $175 million on acquisitions and operational capex. This comprised principally acquisition of additional interest in Indo-Trans Keppel Logistics Vietnam Co., Ltd, further investment in associated companies, capital expenditure for the expansion of Keppel Merlimau Cogen power plant, construction of logistics warehouses in the Infrastructure Division and other operational capex. Divestment and dividend income totaled $85 million, mainly attributable to the sale of entire interest in Berich Enterprises Limited.

Net cash from financing activities was $11 million, $617 million lower than the previous period. The net proceeds from loans of $4 million were $476 million lower due to lower increase in bank borrowings and repayments of loans. Proceeds from non-controlling shareholders were $55 million lower.

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 2013.

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 2014. 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:

Revised FRS 27	Separate Financial Statements
Revised FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities

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

10. REVIEW OF GROUP PERFORMANCE

Group net profit for the quarter was $339 million as compared to $357 million for the same quarter in 2013. Earnings per share were 18.7 cents. Economic Value Added decreased by $66 million to $151 million. Annualised return on equity was 13.4%.

Group revenue of $2,996 million was $237 million or 9% above that of the corresponding quarter in 2013. Revenue from the Offshore & Marine Division grew by $217 million to $1,919 million due mainly to higher revenue recognition from ongoing projects. Major jobs completed and delivered during the quarter included a jack-up rig and an FPSO upgrade. Revenue from the Infrastructure Division reduced by $21 million to $736 million. Fall in revenue recorded by Keppel Infrastructure's co-generation power plant was eased by rise in revenue recognised for Keppel Infrastructure's EPC projects and by Keppel Telecommunications & Transportation. The Property Division's revenue improved by $32 million to $330 million. Upswing of revenue from China was partially offset by lower contributions from Singapore and deconsolidation of Keppel REIT which took effect only from 31 August 2013.

At the pre-tax level, Group profit was down slightly by $4 million to $492 million as at 31 March 2014. Pre-tax earnings for the Offshore & Marine Division of $304 million were $32 million higher as a result of better operating results and higher interest income partly offset by lower share of associated companies' profits. The Infrastructure Division saw its pre-tax profit declined by $23 million to $45 million. Profit for the first quarter of 2013 was higher due mainly to the reversal of provision in Keppel Infrastructure following the finalisation of the sale of the power barge. Pre-tax profit for the Property Division for the first quarter of 2014 at $131 million was comparable to that of the same period in 2013. Growth in pre-tax profit from China was offset by lesser profit from Singapore and profit reduction arising from the partial disposal of Keppel REIT in 2013.

Taxation expenses increased by $25 million due mainly to rise in pre-tax profits from operations in countries with higher tax rates and lower tax write-back during the first quarter of 2014 as compared to the same quarter in 2013. Non-controlling interests decreased by $11 million due mainly to the partial disposal of Keppel REIT in 2013. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $339 million. The Offshore & Marine Division was the largest contributor to Group net profit with 68% share, followed by the Property Division with 18% share and the Infrastructure Division with 9%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured $1.9 billion of new orders in the first quarter of 2014. Its net order book stood at $14.4 billion, $0.2 billion above the previous record high of $14.2 billion as at 31 December 2013, with deliveries extending into 2019. The Division remains positive about job prospects with sustained global demand for oil and gas.

In the Infrastructure Division, Keppel Infrastructure continues to build its strengths in the power and gas, environmental and energy efficiency businesses. The expanded capacity of the Keppel Merlimau Cogen plant improves its efficiency and allows Keppel Infrastructure to be more competitive in the domestic market. With regard to its ongoing EPC projects, Keppel Infrastructure remains focused on completing them efficiently. Healthy demand for logistics providers as well as data centre space will allow Keppel Telecommunications & Transportation the opportunity to grow its logistics and data centre businesses domestically and overseas.

In Singapore, despite the property market cooling measures, the Property Division sold more than 50 residential units which were close to the number of units sold in the same period in 2013. Demand for Grade A office space remains positive with Marina Bay Financial Centre Tower 3 commitment level at about 96%. Overseas, the Division sold about 660 units, mainly in China. In Indonesia, a prime residential site along the Outer Ring Road in West Jakarta was acquired during the current quarter. Total assets under management by Keppel REIT and Alpha stood at $17.7 billion as at end-March 2014. The Division will monitor the market for launches of new projects or phases and will also focus on its fund management business for a sustainable income stream.

With an expected uneven global recovery, the Group will focus on innovation and production efficiency as well as execution excellence and timely deliveries.

13. DIVIDEND

13a. Current Financial Period Reported On

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

13b. Corresponding Period of the Immediately Preceding Financial Year

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

13c. Date Payable

Not applicable

13d. Books Closure Date

Not applicable

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

No dividend has been declared for the quarter ended 31 March 2014.

For the year ended 31 December 2013, the Directors had recommended a tax exempt one-tier final dividend of 30.0 cents per share for approval by shareholders at the Annual General Meeting to be held on 17 April 2014. If approved, the final dividend will be paid on 7 May 2014.

14. SEGMENT ANALYSIS

First Quarter ended 31 March 2014

	Offshore & Marine $'000	Infra-structure $'000	Property $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	**1,919,361**	**735,779**	**329,632**	**11,727**	**–**	**2,996,499**
Inter-segment sales	**2**	**12,752**	**3,099**	**16,225**	**(32,078)**	**–**
Total	**1,919,363**	**748,531**	**332,731**	**27,952**	**(32,078)**	**2,996,499**
Segment Results						
Operating profit	**279,902**	**47,699**	**88,273**	**(8,772)**	**7,745**	**414,847**
Investment income	**309**	**–**	**500**	**–**	**–**	**809**
Interest income	**23,442**	**372**	**7,239**	**35,912**	**(31,086)**	**35,879**
Interest expenses	**(838)**	**(11,202)**	**(8,192)**	**(28,847)**	**23,341**	**(25,738)**
Share of results of associated companies	**1,373**	**8,185**	**43,354**	**12,965**	**–**	**65,877**
Profit before tax	**304,188**	**45,054**	**131,174**	**11,258**	**–**	**491,674**
Taxation	**(63,604)**	**(10,033)**	**(28,160)**	**4,689**	**–**	**(97,108)**
Profit for the period	**240,584**	**35,021**	**103,014**	**15,947**	**–**	**394,566**
Attributable to:						
Shareholders of Company	**230,339**	**31,941**	**62,039**	**14,363**	**–**	**338,682**
Non-controlling interests	**10,245**	**3,080**	**40,975**	**1,584**	**–**	**55,884**
	240,584	**35,021**	**103,014**	**15,947**	**–**	**394,566**
Other information						
Segment assets	**8,252,515**	**3,830,754**	**15,631,282**	**7,918,742**	**(5,813,367)**	**29,819,926**
Segment liabilities	**5,655,648**	**2,992,881**	**7,379,431**	**5,572,484**	**(5,813,367)**	**15,787,077**
Net assets	**2,596,867**	**837,873**	**8,251,851**	**2,346,258**	**–**	**14,032,849**
Investment in associated companies	**485,989**	**575,372**	**3,858,148**	**602,895**	**–**	**5,522,404**
Additions to non-current assets	**80,805**	**24,238**	**24,518**	**44**	**–**	**129,605**
Depreciation and amortisation	**33,734**	**24,939**	**3,888**	**355**	**–**	**62,916**

GEOGRAPHICAL SEGMENT

	Singapore $'000	Far East & Other ASEAN Countries $'000	Americas $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**2,093,174**	**281,863**	**474,652**	**146,810**	**–**	**2,996,499**
Non-current assets	**8,023,675**	**2,952,340**	**515,868**	**168,412**	**–**	**11,660,295**

First Quarter ended 31 March 2013

	Offshore & Marine $'000	Infra-structure $'000	Property $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	1,701,755	756,988	298,298	1,694	–	2,758,735
Inter-segment sales	2,100	23,797	17,275	15,119	(58,291)	–
Total	1,703,855	780,785	315,573	16,813	(58,291)	2,758,735
Segment Results						
Operating profit	239,279	65,442	76,322	12,868	2,705	396,616
Investment income	260	–	2,500	–	–	2,760
Interest income	17,769	302	14,204	32,657	(30,084)	34,848
Interest expenses	(3,688)	(3,859)	(22,337)	(32,714)	27,379	(35,219)
Share of results of associated companies	18,339	6,199	61,738	10,608	–	96,884
Profit before tax	271,959	68,084	132,427	23,419	–	495,889
Taxation	(56,316)	(10,827)	2,428	(7,230)	–	(71,945)
Profit for the period	215,643	57,257	134,855	16,189	–	423,944
Attributable to:						
Shareholders of Company	207,784	54,521	79,753	14,926	–	356,984
Non-controlling interests	7,859	2,736	55,102	1,263	–	66,960
	215,643	57,257	134,855	16,189	–	423,944
Other Information						
Segment assets	7,665,920	3,452,917	18,106,762	5,996,145	(5,058,672)	30,163,072
Segment liabilities	5,121,441	2,615,458	8,848,236	4,431,536	(5,058,672)	15,957,999
Net assets	2,544,479	837,459	9,258,526	1,564,609	–	14,205,073
Investment in associated companies	438,356	555,608	4,176,405	403,856	–	5,574,225
Additions to non-current assets	67,480	81,023	216,324	67	–	364,894
Depreciation and amortisation	33,985	13,269	6,698	65	–	54,017

GEOGRAPHICAL SEGMENT

	Singapore $'000	Far East & Other ASEAN Countries $'000	Americas $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	2,069,133	106,151	467,838	115,613	–	2,758,735
Non-current assets	10,871,686	2,607,975	426,732	666,993	–	14,573,386

Note:

(a) 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. The Investments Division consists mainly of the Group's investments in k1 Ventures Ltd, M1 Limited and equities.

(b) Pricing of inter-segment goods and services is at fair market value.

(c) Other than Singapore, no single country accounted for 10% or more of the Group's revenue for 1Q 2014 and 1Q 2013.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $2,996 million was $237 million or 9% above than that of corresponding period in 2013. Revenue from Offshore & Marine Division of $1,919 million was $217 million higher due mainly to higher revenue recognition from ongoing projects. Revenue from Infrastructure Division of $736 million was $21 million lower. Lower revenue recorded by the co-generation power plant in Singapore was partly offset by the higher revenue recognised for the EPC projects. Revenue from Property Division of $330 million improved by $32 million due largely to higher revenue from China, partially offset by lower contribution from Singapore and deconsolidation of Keppel REIT which took effect only from 31 August 2013.

15b. Net profit by Segments

Group net profit of $339 million was $18 million or 5% lower than that of corresponding period in 2013. Profit from Offshore & Marine Division of $230 million was $22 million higher than that of corresponding period in the prior year. Better operating results and higher interest income was partly offset by lower share of associated companies' profits and higher tax expense. Profit from Infrastructure Division of $32 million was $23 million lower due largely to the write-back in the prior period in relation to the reversal of provision following the finalisation of the sale of power barge. Profit from Property Division of $62 million declined by $18 million due largely to reduced contribution from Singapore, higher tax expense and deconsolidation of Keppel REIT, partly offset by higher profit from China. Profit from Investments decreased by $1 million due mainly to fair value losses, partly offset by profit from disposal of investments. Offshore & Marine Division was the largest contributor to Group net profit with 68% share followed by Property Division with 18% share and Infrastructure Division with 9% share.

15c. Revenue by Geographical Segments

Revenue from Singapore of $2,093 million was $24 million higher, due largely to higher revenue from Offshore & Marine Division partly offset by deconsolidation of Keppel REIT. Higher revenue from Far East & Other ASEAN Countries mainly came from the Property Division due to property trading in China. Higher revenue from Americas mainly arose from the Offshore & Marine Division.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 19 April 2013. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	3 months 31.3.2014 $'000	3 months 31.3.2013 $'000	**3 months 31.3.2014 $'000**	3 months 31.3.2013 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**–**	–	**–**	5,400
PSA International Group	**–**	–	**–**	9,216
SATS Group	**–**	–	**–**	4,000
Sembcorp Marine Group	**–**	–	**415**	103
Singapore Power Group	**–**	–	**–**	544
Singapore Technologies Engineering Group	**–**	–	**935**	931
Temasek Holdings Group	**–**	–	**366**	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**781**	201
Gas Supply Pte Ltd	**–**	–	**85,000**	90,000
Mapletree Investments Group	**–**	–	**160**	137
PSA Corporation Group	**–**	–	**179**	134
Temasek Holdings Group	**–**	–	**511**	–
Total Interested Person Transactions	**–**	–	**88,347**	110,666

BY ORDER OF THE BOARD

CAROLINE CHANG/KENNY LEE
Company Secretaries

16 April 2014

CONFIRMATION BY THE BOARD

We, LOH CHIN HUA and TEO SOON HOE, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter 2014 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

LOH CHIN HUA
Chief Executive Officer

TEO SOON HOE
Senior Executive Director

Singapore, 16 April 2014

First Quarter 2014 Financial Results

16 April 2014

Keppel Corporation

Scope of Briefing

- Address by CEO
- Group Financial Highlights by CFO

Address by CEO

Uneven Global Recovery

- Encouraging growth signals from US
- Patchy recovery in Europe
- Volatility in emerging markets
- Lower growth in China

Performance Highlights

- 1Q 2014 net profit was S$339m
- Annualised ROE was 13.4%
- EVA was S$151m

Offshore & Marine

Keppel FELS, Singapore

Sound industry fundamentals

- Stable Brent oil price at above US$100 per barrel.
- Sustained long-term investments by NOCs and IOCs.

Keppel Corporation

Offshore & Marine

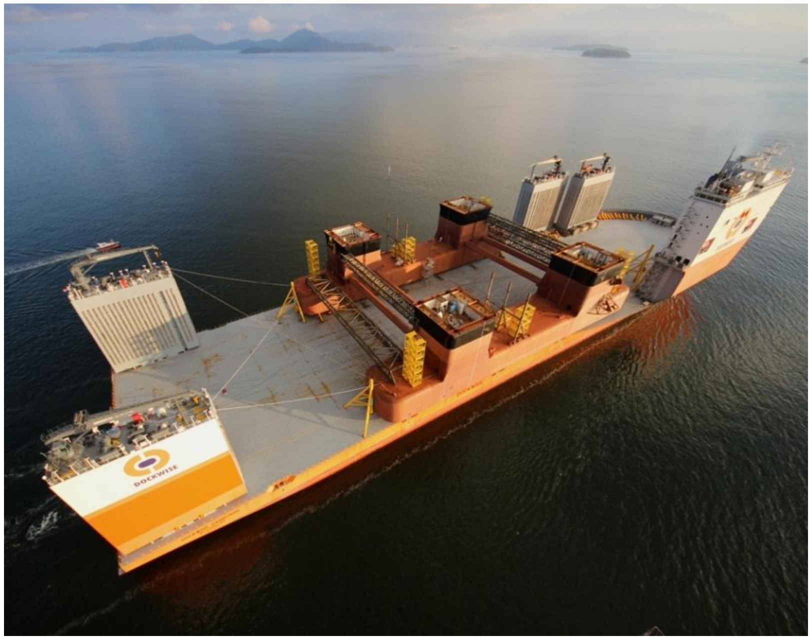
Delivered FPSO Armada Claire to Bumi Armada

Built one of world's largest jackup for Maersk

1Q 2014

- **New orders won:** S$1.9b including 5 jackups, 1 FPSO turret fabrication, 5 specialised vessels.
- **Net orderbook as at 31 March:** S$14.4b with visibility into 2019.
- **Major jobs completed:** a jackup, an FPSO and a jackup upgrade, a bulk carrier and a semi repair.

Offshore & Marine



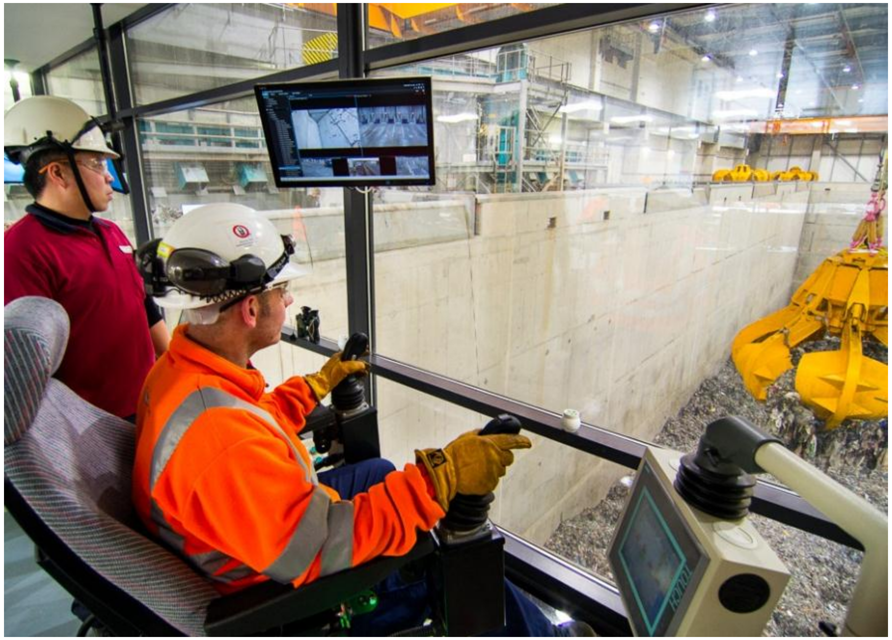
Lower hull of the first DSS™38E semi for Sete Brasil arrived safely at BrasFELS for integration with the remaining blocks

Meeting customers' needs

Creating value through *Near Market, Near Customer* strategy.

- 30-year agreement to manage Titan Quanzhou Shipyard, China.
- Introducing innovative solutions such as the KFELS N Plus jackup for China.
- First three DSS™38E semis for Sete Brasil progressing well.

Infrastructure



Greater Manchester EfW Plant Phase 1 is undergoing commissioning

Shaping for growth

- Sharpening focus on energy and related infrastructure.
- Widening the mandate of the Infrastructure Trust.
- Greater Manchester EfW Plant Phase 1 has successfully completed its first burn as part of its commissioning process.

Infrastructure

Building logistics network and data centre portfolio

- Keppel Datahub 2 is on track for completion in end-2014.
- Logistics projects in Anhui, Jilin and Tianjin to be operational in 2015.
- Tampines Logistics Hub to be completed in early-2015.

Tampines Logistics Hub, Singapore

Keppel Datahub 2, Singapore

Property

Highline Residences, Tiong Bahru, Singapore

Park Avenue Heights, Chengdu, China

Tapping regional demand for quality homes and office space

- **Residential developments:**
  - 3-ha West Jakarta residential site acquired in 1Q14.
  - Highline Residences in Tiong Bahru ready to launch in 2Q14.
- **Commercial portfolio:** about 540,000sqm of GFA under development.

Property

Sustaining market interest

- Sold 714 homes in Asia in 1Q14.
- MBFC Tower 3 occupancy is now 96%.

Positioning fee-based businesses for further growth

- Combined AUM of S$17.7b.

Marina Bay Financial Centre and Ocean Financial Centre, Singapore

8 Chifley Square, Australia

Keppel Corporation

Group Financial Highlights by CFO

1Q 2014 Financial Performance

Net Profit	↓	5% to S$339m
EPS	↓	6% to 18.7cts
Annualised ROE	↓	from 14.1% to 13.4%
EVA	↓	from S$217m to S$151m
Cash Outflow	↓	from S$438m to S$395m
Net Gearing	↑	from net gearing of 0.11x to 0.14x

Financial Highlights

S$m	1Q 2014	1Q 2013	% Change
Revenue	2,996	2,759	9
EBITDA	478	451	6
Operating Profit	415	397	5
Profit Before Tax	492	496	(1)
Net Profit	339	357	(5)
EPS (cents)	18.7	19.8	(6)

Revenue by Segments

S$m	1Q 2014	%	1Q 2013	%	% Change
Offshore & Marine	1,919	64	1,702	62	13
Infrastructure	736	25	757	27	(3)
Property	329	11	298	11	10
Investments	12	-	2	-	500
Total	2,996	100	2,759	100	9

Pre-tax Profit by Segments

S$m	1Q 2014	%	1Q 2013	%	% Change
Offshore & Marine	304	62	272	55	12
Infrastructure	46	9	67	14	(31)
Property	131	27	133	27	(2)
Investments	11	2	24	4	(54)
Total	492	100	496	100	(1)

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Net Profit by Segments

S$m	1Q 2014	%	1Q 2013	%	% Change
Offshore & Marine	231	68	208	58	11
Infrastructure	32	9	53	15	(40)
Property	62	18	81	23	(23)
Investments	14	5	15	4	(7)
Total	339	100	357	100	(5)

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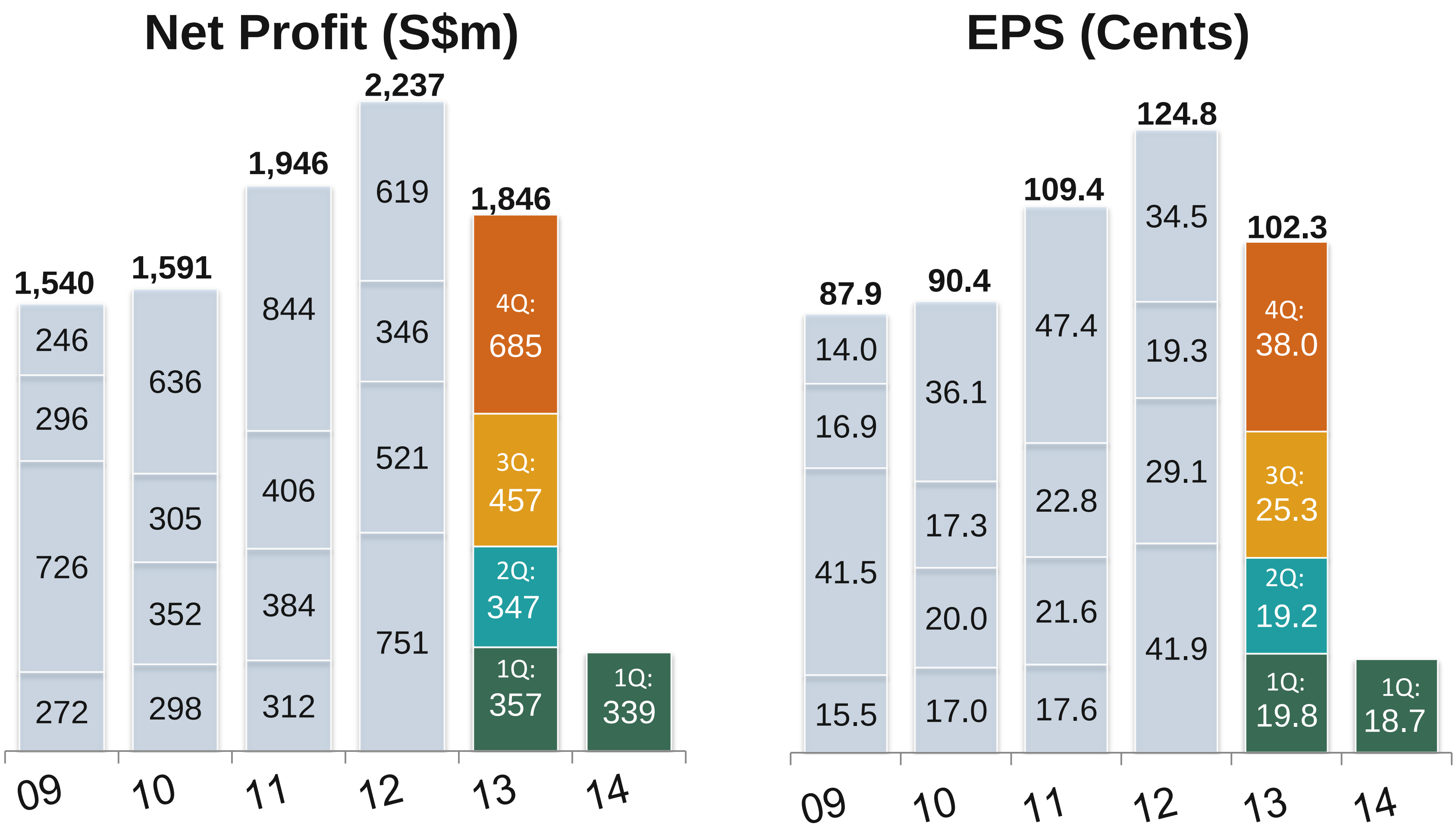
Net Profit & EPS



Free Cash Flow

	1Q 2014 S$m	1Q 2013 S$m
Operating profit	415	397
Depreciation & other non-cash items	63	33
	478	430
Working capital changes	(760)	(781)
Interest & tax paid	(54)	(67)
Net cash used in operating activities	**(336)**	**(418)**
Investments & capex	(125)	(71)
Divestments & dividend income	66	51
Net cash used in investing activities	**(59)**	**(20)**
Cash outflow	**(395)**	**(438)**

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

Configured for growth and value creation through innovation and discipline.

1Q 2014 Results

Q&A

Keppel Corporation

Additional Information

Revenue by Geography

	1Q 2014		
	Total S$m	Overseas Customers %	Singapore Customers %
Offshore & Marine	1,919	90	10
Infrastructure	736	12	88
Property	329	57	43
Investments	12	36	64
Total	2,996	67	33

67% of total revenue came from overseas customers

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EBITDA by Segments

S$m	1Q 2014	%	1Q 2013	%	% Change
Offshore & Marine	314	66	273	61	15
Infrastructure	73	15	78	17	(6)
Property	92	19	84	19	10
Investments	(1)	-	16	3	(106)
Total	478	100	451	100	6

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Capital/Gearing/ROE

S$m	31 Mar 2014	31 Dec 2013
Shareholders' Funds	9,993	9,701
Capital Employed	14,033	13,689
Net Debt	1,935	1,535
Net Gearing Ratio	0.14x	0.11x
ROE	13.4%	14.1%

Keppel Corporation

OFFSHORE & MARINE

Financial Highlights – Offshore & Marine

S$m	1Q 2014	1Q 2013	% Change
Revenue	1,919	1,702	13
EBITDA	314	273	15
Operating Profit	280	239	17
Profit Before Tax	304	272	12
Net Profit	231	208	11

Keppel Corporation

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Offshore & Marine Review

- S$1.9 billion contracts secured in 1Q 2014:

  5 Jackups, 2 Semi Repairs, 1 FPSO Turret Fabrication, and 5 Specialised Vessels

- Major contract completions in 1Q 2014:

  1 Jackup, 1 Jackup Upgrade, 1 FPSO Upgrade, 1 Accommodation Semi Repair and 1 Bulk Carrier

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Offshore & Marine Orderbook

	Order Balance S$m	Client
For delivery in 2014		
6 JUs/3 Semi Upgrades/2 Semi Repairs/1 JU Integration/ 3 FPSO Conversions/3 FPSO Upgrades/ 1 FPSO Modules Fab. & Integration/2 Turret Fabrications/ 1 Floating Crane/1 Transformer Platform/ 1 Depletion Compression Platform/1 Diving Support Vessel/ 1 Bulk Carrier/6 Tugs/1 Submersible Barge/1 Crane Vessel Repair	592	Maersk/Ensco/UMW/GDI/Perforadora Central/ Star Drilling/Diamond Offshore/JDC/Ezion/ Bumi Armada/M3nergy/PTSC Asia Pacific/ Apache Energy/Modec-Toyo/SBM/ Emas AMC/Asian Lift/Wetfeet/Shell/ Bhagwan Marine/OK Tedi/Smit/ KSP Towage/Saipem
For delivery in 2015		
15 JUs/1 Semi/2 Accomodation Semis/1 FPSO Conversion/ 1 FPSO Modules Integration/1 Turret Fabrication/1 Pipelay Vessel/ 2 Ice Class Supply Vessels/1 Ice Class Multi-Purpose Duty Rescue Vessel/1 Submersible Barge	3,890	Maersk/Pemex/Grupo R/Parden/Ensco/ Falcon Energy/PV Drilling/Clearwater/UMW/ Perforadora Central/Setebras/Floatel/SBM/ Modec-Toyo/SOFEC/McDermott/Bumi Armada/Smit
For delivery in 2016		
8 JUs/2 Semis/1 FPSO Modules Fab. & Integration	4,043	Transocean/Ensco/Clearwater/Fecon/ Setebras/SOCAR/Petrobras
For delivery in 2017-2019		
3 JUs/4 Semis/1 FPSO Modules Fab. & Integration	5,860	Transocean/TS Offshore/Setebras/Petrobras
TOTAL as at 31 March 2014	14,385	

INFRASTRUCTURE

Financial Highlights - Infrastructure

S$m	1Q 2014	1Q 2013	% Change
Revenue	736	757	(3)
EBITDA	73	78	(6)
Operating Profit	48	65	(26)
Profit Before Tax	46	67	(31)
Net Profit	32	53	(40)

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PROPERTY

Financial Highlights - Property

S$m	1Q 2014	1Q 2013	% Change
Revenue	329	298	10
EBITDA	92	84	10
Operating Profit	88	77	14
Profit Before Tax	131	133	(2)
Net Profit	62	81	(23)

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INVESTMENTS

Financial Highlights - Investments

S$m	1Q 2014	1Q 2013	% Change
Revenue	12	2	500
EBITDA	(1)	16	(106)
Operating Profit	(1)	16	(106)
Profit Before Tax	11	24	(54)
Net Profit	14	15	(7)

Keppel Corporation

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.

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

AT THE 1Q 2014 RESULTS PRESENTATION

WEDNESDAY, 16 APRIL 2014

1. Group Financial Highlights by CFO (Slide 13)

2. 1Q 2014 Financial Performance (Slide 14)

Thank you, Chin Hua. Good evening.

Before I begin my presentation, I would like to highlight that the group financials presented in our results presentations from this quarter onwards will include revaluation, major impairment and divestments, which is consistent with the presentation of our financial statements for SGXNET.

For the first quarter, the Group's net profit was $339 million, 5% below the same period last year.

Earnings per share posted a similar decrease to 18.7 cents.

Annualised ROE dropped to 13.4%, while EVA was $151 million.

Net gearing at the end of the first quarter increased to 14%.

3. Financial Highlights (Slide 15)

As Chin Hua mentioned, the Group's operating performance improved with an $18 million or 5% increase in operating profit, led by higher revenue and operating margins from the Offshore & Marine and Property divisions.

Despite registering higher operating profit, profit before tax was at about the same level as the corresponding period last year as this was offset by lower share of associated companies' results of $31 million. Pre-tax profit for the first quarter of 2013 benefited from higher profit recognition from associates such as Marina Bay Suites, The Botanica in Chengdu and FloaTEC.

Net profit after tax and non-controlling interests was $18 million or 5% lower due to higher taxation expense at Offshore & Marine in 2014 and write-back of tax provision at Property division in the first quarter of 2013.

4. **Revenue by Segments (Slide 16)**

Overall revenue rose by $237 million or 9%, driven largely by the revenue growth in the Offshore & Marine and Property divisions.

Revenue for Offshore & Marine improved because of higher volume of work. We have commenced revenue recognition on some jobs such as the second semi for Sete Brasil during the quarter.

Infrastructure's drop in revenue was due mainly to lower revenue from our power and gas business as a result of lower prices.

Higher contribution from residential projects in China led to an increase in revenue for the Property division.

5. **Pre-tax Profit by Segments (Slide 17)**

Offshore & Marine's pre-tax profit improved $32 million or 12% from higher revenue and operating margins. This quarter's operating margin at 14.2% was slightly higher compared to 14.0% for the corresponding quarter in 2013.

However, Infrastructure's pre-tax earnings posted a $21 million or 31% decrease from the same period last year. Pre-tax profit for the first quarter of 2013 was higher due to the write-back of provision following the completion of the sale of the power barge business in Ecuador.

Pre-tax profit of the Property division was at the same level as the previous year.

6. **Net Profit by Segments (Slide 18)**

Offshore & Marine, the top contributor to the Group's earnings, increased its net profit by $23 million or 11% compared to the same period last year.

Property reported $19 million or 23% lower net profit in the first quarter due to higher taxation expense. Net profit in the previous year included a write-back of tax provision arising from the finalisation of prior years' taxation in Singapore.

7. Net Profit and EPS (Slide 19)

Net profit of $339 million for the first quarter is $18 million below the corresponding period in 2013, while EPS of 18.7 cents is 1.1 cents lower than the previous year.

If we exclude the one-off gains resulting from the reversal of provision due to the sale of the power barge and Property's write-back of tax provision from 2013's first quarter results, the net profit for this quarter is largely in line with the previous year.

8. Free Cash Flow (Slide 20)

The Group continued to generate good cash flow from operations. The first quarter saw $478 million of cash flow generated from operations, 11% above the previous year. However, after taking into account working capital requirements mainly from the Offshore & Marine and Property divisions, operating cash outflow for the quarter was $336 million.

$125 million was spent on investments and operational capital expenditure mainly for the Offshore & Marine division. Including dividend income and divestment proceeds of $66 million, net cash used in investing activities amounted to $59 million.

The resultant cash outflow was $395 million for the quarter.

9. Outlook (Slide 21)

We remain focused on fortifying our core competencies and executing well in our key businesses in Offshore & Marine, Infrastructure and Property. In our strive for sustainable growth, the Group has been consistently investing in productivity and technological improvements, and sharpening our technology know-how in innovative solutions to provide a better value proposition to our customers.

Our strong balance sheet, coupled with a disciplined and proactive investment approach, also puts us in good stead to capture attractive investment opportunities in our existing core businesses or close adjacencies. We are confident that our financial discipline and drive for execution excellence and innovation will build a stronger Keppel and create sustainable shareholder value in the long term.

Thank you.