

Keppel Corporation Limited Tel: (65) 62706666
(Co Reg No. 196800351N) Fax: (65) 64136452
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
www.kepcorp.com

MEDIA RELEASE

Keppel Corporation Limited Unaudited Results for the Third Quarter and Nine Months Ended 30 September 2014

Singapore, 21 October 2014 – The Directors of Keppel Corporation Limited advise the following unaudited results of the Group for the Third Quarter and Nine Months ended 30 September 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

THIRD QUARTER & NINE MONTHS 2014 REPORT CARD

1. 3Q 2014 Net Profit of S\$414 million is 9% lower than 3Q 2013's S\$457 million.
2. 9M 2014 Net Profit of S\$1,159 million is comparable to 9M 2013's S\$1,161 million.
3. Earnings per Share of 63.9 cents is comparable to 9M 2013's 64.3 cents.
4. Annualised Return on Equity of 14.5%.
5. 9M 2014 Economic Value Added increased to S\$1,032 million from S\$736 million YoY.
6. Cash outflow of S\$127 million.
7. Net gearing of 0.19x.

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 LIMITED**

THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

Welcome

1. A very good evening to all of you. On behalf of my colleagues, a warm welcome to the webcast on Keppel Corporation's results and performance for the third quarter and first nine months of 2014.

Global Economy

2. The newsflow from the world in recent months has not been uplifting. While the US is enjoying some form of recovery and the Federal Reserve is rallying some confidence after reaffirming its dovish position, there are renewed concerns over a further weakening Eurozone after disappointing numbers from Germany and an impasse on the sanctions against Russia.

3. In Japan, the effects of Abenomics have been questioned. Prime Minister Abe's third arrow might have missed the mark as adverse effects of the consumption tax hike on demand are seemingly greater than expected.

4. Growth in the emerging economies has slowed down. However, developments in China remain encouraging. The world's second largest economy has reassured the world that she has what it takes to achieve an acceptable growth rate of about 7.5%, avoiding the hard landing some had feared.

5. While there are near-term challenges of a rising greenback and the Brent crude dipping below US\$85 a barrel, many will agree that the longer-term fundamentals remain solid. The fact that the US is in a much stronger position today than it was a year ago, gives some comfort of a gradual but firmer footing in the recovery of the global economy.

Performance Highlights

6. Amidst a challenging operating environment, I am pleased to report that in the third quarter of 2014, our business divisions contributed to a creditable net profit of S\$414 million. This was down 9% year on year mainly due to lower profit contribution from the Property Division, offset by higher contributions from the Offshore & Marine and Investments divisions.

7. In the first nine months of 2014, we achieved a net profit of S\$1,159 million, comparable to the same period in 2013. Annualised ROE was 14.5% and EVA was S\$1,032 million for the current period.

Business Updates

8. Let me now take you through the businesses in our Group.

Offshore & Marine

9. Although fears of a short-term surplus in oil supply outstripping demand growth amidst an uneven global recovery have led to the recent fall in oil prices, they have not altered the sound industry fundamentals.

10. E&P investments have to increase to keep up with global oil demand set to rise by 1.1 million barrels per day in 2015. Considering the difficulties faced in maintaining non-OPEC supply outside North America, the persistent crunch in OPEC's spare capacity as well as ongoing geopolitical risks in some key producing regions, the overall supply-demand situation seems relatively well-balanced. Oil prices as such, should recover and stabilise at a level that is comfortable to oil producers.

11. In the offshore and marine space, sentiments have also been coloured by capex cuts by international oil companies (IOCs), declining dayrates and the imminent large number of deepwater and jackup rigs coming out into the market next year. At Keppel, we believe that with the depleting reserves and aging fleet, the industry fundamentals are still strong. IOCs are kicking the can down the road but at some point they would have to spend to replenish reserves, and drilling contractors would have to replace their old fleet with new, safer and technologically superior rigs.

12. Meanwhile, the national oil companies (NOCs), steered by governments to drive growth, continue to raise their capex and are making up for the shortfall in the spending by the IOCs. An example here is Pemex which plans to boost its annual E&P investment from US\$19 billion in 2011 to US\$30 billion in 2016. Independent studies suggest that Pemex will require some US\$830 billion in capex in order to develop all its prospective reserves.

13. I am assured that the good rapport we have built with the NOCs, drillers and operators in Latin America, the Gulf of Mexico, the Middle East, the Caspian Region, Southeast Asia as well as the Arctic, will continue to put Keppel in pole position to capture quality growth in these geographies.

14. Performing creditably amidst intense competition, the Offshore & Marine Division has secured year-to-date about S\$3.7 billion worth of new contracts. Apart from new innovative solutions like the GOLAR HILLI FLNG conversion and the KFELS N Plus jackup, we have acquired some new customers like Fecon International, Gulf Drilling International, TS Offshore and UMW Oil & Gas in our latest contracts.

15. As you can see, we are not standing still both in seeking out new customers as well as in developing with our customers cutting-edge solutions, from which we can capture value.

16. With a net orderbook of S\$12.7 billion stretching into 2019, we are in a position to go after quality work that will translate into meaningful earnings. Our prudence in selecting such projects along with our focus on executing well to earn the best risk-adjusted returns have contributed to a stable operating margin of 14.6% for the first nine months of this year, comparable to 14.8% achieved over the same period last year.

17. Keppel Offshore & Marine is on a firm footing to brace and tack these passing headwinds to do even better.

Excellent Execution in Brazil

18. Over in Brazil, as at the end of September, we have completed more than 75% of the first DSSTM38E semi for Sete Brasil. You can see the photo of this semi on the slide. We have also completed over 40% of the second semi which is on its way to Brazil as we speak, and are close to achieving 20% on the third unit. I am pleased to share that the DSSTM38E semi design was recently honoured at the annual Singapore Structural Awards for its innovative features.

19. Our ability to manage and execute complex projects innovatively and with precision across various locations was made possible through sustained investments to improve the skills and productivity of our global yards. BrasFELS, having delivered the FPSO Cidade de Mangaratiba, 18 days early and without incidents to MODEC, was awarded a bonus of 4 million reais by a very happy customer. We are also making good progress on three other FPSO fabrication and integration jobs ongoing at our Brazilian yard.

Further In-roads into FLNG

20. Next, on our work for Golar LNG. Within two months of signing the US\$735 million contract to convert the first FLNG vessel, Golar LNG returned to Keppel with a Letter of Intent for a second identical unit. We hope to seal this very soon.

21. With the introduction of FLNG vessels, global FLNG capex is expected to experience a significant increase over the next six years, amounting to about US\$65 billion by 2020. Keppel is looking forward to participate more meaningfully in the growth of this FLNG market. To this end, we have opted to take a 10% stake in the first project, Golar Hilli.

22. We are convinced that this investment will provide us attractive risk-adjusted returns. The equity stake not only strengthens the alignment of strategic interests between Keppel and our customer Golar LNG, but also reflects our confidence in the prospects of Golar Hilli, the world's first FLNG conversion project. The HILLI LNG carrier has recently arrived at Keppel Shipyard and will soon begin its conversion process.

Infrastructure

23. Since the formation of Keppel Infrastructure over a year ago, we have made steady progress streamlining our infrastructure business to focus on energy-related infrastructure and services. As we hone our strengths and develop new areas for growth, we remain resolute to complete our EPC projects in Qatar and the UK.

24. The Doha North Sewage Treatment Works has received some of the required sewage and is currently going through testing and commissioning. Over in the UK, we are now close to finalising Phase 1 of the Greater Manchester Energy-from-Waste Plant and completing Phase 2 in the first half of 2015.

25. During the quarter, Keppel Infrastructure Trust entered into an agreement with the National Environment Agency to provide additional incineration capacity for the Senoko Waste-to-Energy plant. The upgrade will progressively increase the plant's capacity to treat additional waste volumes by another 10%, which is expected to improve the operating cash flow as well.

26. The exponential growth in data consumed and generated by organisations and individuals has fuelled demand for data centres in key hubs across the US, Europe and Asia-Pacific where Keppel Telecommunications & Transportation runs a total of nine quality data centres. The latest addition, Keppel Datahub 2 in Tampines, took in its first tenants earlier this year and enjoys healthy occupancy growth. We are right now exploring the potential of a data centre REIT and will provide updates at the appropriate time.

27. During the quarter, Keppel Logistics commenced operations of its 10,000 sqm warehouse in Brisbane. Expected to handle more than two million books per annum, the new facility in Australia will establish the company as a leading logistics partner for book publishers. Meanwhile, the construction of its distribution centres in Singapore, Vietnam and Tianjin, China are on track to complete by year-end.

28. Building on momentum, we will continue to nurture the businesses in our Infrastructure Division, investing prudently and taking thoughtful risks for growth. We will examine our value chains holistically to determine where the profit pools are, and for niches where we can add value consistently.

Property

29. Home sales in Singapore fell to the lowest level this year in August amid cooling demand. In China, the housing market, which accounts for over 15% of the country's economy, has further softened with sales slowing in the first eight months of the year, and banks becoming more cautious about lending to developers and investors.

30. In September however, Beijing took a firm step to boost the economy when it eased mortgage rules and down payments for second homes. This effectively reversed a four-year tightening campaign on the property sector, and was followed closely by the scrapping of some charges for borrowers of the government housing provident fund.

31. Under Beijing's new directives, more homebuyers will now be able to qualify for preferential mortgages and that should help ease pent-up demand. Although the market is warming to the new measures, it will be some time before real improvements take place.

32. In the first nine months of 2014, our Property Division sold about 1,900 homes in Asia, exhibiting signs of drag from protracted property curbs in its core markets of Singapore and China. On a brighter note, over a quarter of the 500-unit Highline Residences were sold during its close-door sale here last month. The encouraging take-up at Highline Residences reaffirms our conviction in selecting sites with strong value propositions.

33. Looking ahead, Keppel Land will continue to monitor the markets closely to launch new residential projects such as Hill Crest Villa in Chengdu, Waterfront Residence in Nantong, West Vista in West Jakarta and Estella Heights in Ho Chi Minh City.

Recycling Capital for Higher Returns

34. We are positioning ourselves to seize opportunities that may not otherwise be available in more normal market conditions, building on our pipeline of residential and commercial developments whilst recycling capital for better returns.

35. The highly-anticipated divestment of Keppel Land's one-third stake in the Marina Bay Financial Centre (MBFC) Tower 3, valued at S\$1.25 billion, to Keppel REIT was announced in the third quarter. With its significant interest in Keppel REIT, Keppel Land will continue to enjoy a substantial share of the recurring rental income and potential capital value upside while unlocking a net divestment gain of about S\$95.5 million. This win-win transaction will also see Keppel REIT strengthen its position as a landlord of premium Grade A buildings in Marina Bay and Raffles Place with S\$8.1 billion of assets under management.

36. The third quarter also saw the completion of the sales of Equity Plaza as well as Keppel REIT's stake in Prudential Tower. More recently in October, Keppel Land announced the sale of its 80% stake in BG Junction, a strata-titled retail development in Surabaya, Indonesia for approximately S\$42.8 million, as well as its 51% interest in Al Mada Towers, a condominium development in Jeddah, Saudi Arabia for about S\$68.4 million.

37. Total net proceeds from divestments of potentially S\$970 million in the year-to-date, excluding Prudential Tower, provides Keppel Land with greater financial flexibility to pursue other projects with higher returns in key global cities with good growth prospects, while remaining focused on Asia, with Singapore and China as its core markets.

38. This year, Keppel Land will be investing close to S\$972 million to build up its project pipeline. Seizing opportunities in a recovering US property sector, Keppel Land invested US\$70 million in a new residential project with a retail component in Manhattan, New York. This investment will be managed by Alpha as part of a growing synergistic collaboration between Keppel Land and its private equity arm. We will continue exploring ways to fully harness synergies and core expertise of the Group's business units for growth.

39. Closer to home, Keppel Land is deepening its presence in Vietnam, Indonesia and the Philippines by building on existing projects to create value, at relatively lower risk. In Ho Chi Minh City, the company is advancing with the development of Saigon Centre Phase 2 to meet the demand for prime office and retail space, and has raised its stake in Phases 2 and 3 of its flagship residential project, The Estella.

40. In October, Keppel Land also announced that it will proceed to redevelop the existing International Financial Centre Jakarta Tower 1 into a 49-storey state-of-the-art office tower in Indonesia, as well as embark on Phase 2 of the SM-KL project, a mixed-use development in Ortigas' CBD in the Philippines.

41. I would like to conclude by saying that we remain confident of the long-term fundamentals in our key businesses and industries. We will continue to respond with agility to the challenges and changing macro conditions, seizing opportunities while staying focused on configuring our businesses for sustainable growth.

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

KEPPEL CORPORATION LIMITED

Third Quarter and Nine Months 2014 Financial Statements

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2014.

1. GROUP PROFIT AND LOSS ACCOUNT for the third quarter and nine months ended 30 September

	Note	Third Quarter			Nine Months		
		30.9.2014 \$'000	30.9.2013 \$'000	+/- %	30.9.2014 \$'000	30.9.2013 \$'000	+/- %
Revenue		3,184,784	2,947,232	+8.1	9,357,729	8,781,839	+6.6
Materials & subcontract costs	(i)	(2,238,697)	(1,896,097)	+18.1	(6,441,553)	(6,001,119)	+7.3
Staff costs	(ii)	(413,475)	(408,360)	+1.3	(1,246,349)	(1,124,967)	+10.8
Depreciation & amortisation		(67,550)	(64,846)	+4.2	(195,869)	(178,207)	+9.9
Other operating income / (expenses)	(iii)	100,157	(9,892)	NM	(26,617)	(89,592)	-70.3
Operating profit		565,219	568,037	-0.5	1,447,341	1,387,954	+4.3
Investment income		6,516	8,975	-27.4	8,170	12,054	-32.2
Interest income		36,281	40,146	-9.6	104,428	112,269	-7.0
Interest expenses	(iv)	(27,126)	(34,716)	-21.9	(81,601)	(103,742)	-21.3
Share of results of associated companies	(v)	61,632	86,910	-29.1	249,107	276,299	-9.8
Profit before tax		642,522	669,352	-4.0	1,727,445	1,684,834	+2.5
Taxation	1b	(105,124)	(125,933)	-16.5	(326,037)	(294,787)	+10.6
Profit for the period		537,398	543,419	-1.1	1,401,408	1,390,047	+0.8
Attributable to:							
Shareholders of the Company		414,188	457,561	-9.5	1,158,900	1,161,394	-0.2
Non-controlling interests		123,210	85,858	+43.5	242,508	228,653	+6.1
		537,398	543,419	-1.1	1,401,408	1,390,047	+0.8
Earnings per ordinary share							
- basic		22.9 cts	25.3 cts	-9.5	63.9 cts	64.3 cts	-0.6
- diluted		22.6 cts	25.1 cts	-10.0	63.2 cts	63.7 cts	-0.8

NM – Not Meaningful

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Third Quarter			Nine Months		
		30.9.2014 \$'000	30.9.2013 \$'000	+/- %	30.9.2014 \$'000	30.9.2013 \$'000	+/- %
Share-based payment expenses		7,775	24,966	-68.9	40,472	40,794	-0.8
Profit on sale of fixed assets and an investment property	(vi)	(93,715)	(1,255)	>500.0	(94,865)	(3,538)	>500.0
Profit on sale of investments	(vii)	(837)	–	NM	(2,657)	–	NM
(Write-back)/Provision							
- Stocks & work-in-progress		(176)	151	NM	(1,450)	29	NM
- Doubtful debts		2,448	–	NM	1,971	(251)	NM
Fair value (gain)/ loss							
- Investments	(viii)	(3,764)	(2,481)	+51.7	(6,761)	(10,859)	-37.7
- Forward contracts	(ix)	3,090	2,495	+23.8	11,985	14,257	-15.9
- Financial derivatives		4,413	(6,184)	NM	3,423	(8,267)	NM
Foreign exchange gain	(x)	(2,032)	(9,012)	-77.5	(4,622)	(29,912)	-84.5
Write-back of provision for restructuring of operations and others	(xi)	–	–	–	–	(26,831)	NM
Gain on disposal of subsidiaries	(xii)	–	(61,087)	NM	(6,924)	(61,087)	-88.7
Write-back of impairment of investments	(xiii)	(23,716)	–	NM	(45,390)	–	NM

NM – Not Meaningful

Note:

- (i) Materials & subcontract costs increased mainly as a result of higher revenue from the Offshore & Marine Division.
- (ii) Staff costs increased due mainly to higher manpower cost in the Offshore & Marine Division.
- (iii) Lower other operating expenses for the nine months ended 30 September 2014 was due mainly to higher profit on sale of fixed assets and an investment property (Note (vi)), profit on sale of investments (Note (vii)) and write-back of impairment of investments (Note (xiii)), partially offset by lower foreign exchange gain in the current period (Note (x)), lower gain on disposal of subsidiaries in the current period (Note (xii)) and write-back of provision for restructuring of operations and others in the prior period (Note (xi)).
- (iv) Lower interest expense was mainly attributable to the deconsolidation of Keppel REIT from 31 August 2013.
- (v) Share of profits of associated companies was lower due mainly to lower contribution from associated companies in the Offshore & Marine Division, partially offset by higher contribution from the Property Division.
- (vi) Profit on sale of fixed assets and an investment property in the current period was largely attributable to divestment of Equity Plaza in the Property Division.
- (vii) Profit on sale of investments was due to disposals of listed equities.
- (viii) Fair value gain (mark-to-market) on investment portfolio held for trading was due to rise in stock prices.
- (ix) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rate.
- (x) Foreign exchange gain mainly arose from the revaluation of assets denominated in United States dollar, as a result of appreciation of United States dollar against Singapore dollar.

- (xi) The write-back in the previous period was mainly in relation to the reversal of provision following the finalisation of the sales of the power barge in the Infrastructure Division.
- (xii) Gain on disposal of subsidiaries in the current period arose mainly from the sale of entire interest in Berich Enterprises Limited. The gain in 2013 was in relation to the divestment of a subsidiary, Montfort Development Pte Ltd, which has 50% indirect interest in Hotel Sedona Manado in Indonesia and the deconsolidation of Keppel REIT due to loss of control.
- (xiii) The write-back in the current period was mainly in relation to the write-back of impairment of investments in the Investments Division.
- 1b. Taxation expenses for the nine months ended 30 September 2014 were higher because of higher taxable profit from operations in countries with higher tax rates and lower tax write-back in the current period.

1c. Earnings per ordinary share

	Third Quarter			Nine Months		
	30.9.2014	30.9.2013	+/-%	30.9.2014	30.9.2013	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	22.9 cts	25.3 cts	-9.5	63.9 cts	64.3 cts	-0.6
- Weighted average number of shares ('000)	1,814,985	1,805,164	+0.5	1,814,985	1,805,164	+0.5
(ii) On a fully diluted basis	22.6 cts	25.1 cts	-10.0	63.2 cts	63.7 cts	-0.8
- Adjusted weighted average number of shares ('000)	1,832,924	1,823,316	+0.5	1,832,924	1,823,316	+0.5

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the third quarter and nine months ended 30 September

	Note	Third Quarter			Nine Months		
		30.9.2014 \$'000	30.9.2013 \$'000	+/- %	30.9.2014 \$'000	30.9.2013 \$'000	+/- %
Profit for the period		537,398	543,419	-1.1	1,401,408	1,390,047	+0.8
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the period	(i)	(30,702)	20,089	NM	(33,009)	37,907	NM
- Realised and transferred to profit & loss account	(ii)	(1,384)	407	NM	(10,525)	415	NM
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(iii)	(116,460)	(98,883)	+17.8	(56,421)	(272,007)	-79.3
- Realised and transferred to profit & loss account	(iv)	(10,259)	10,299	NM	(22,546)	21,607	NM
Foreign exchange translation							
- Exchange differences arising during the period	(v)	77,659	(2,982)	NM	(10,808)	101,067	NM
- Realised and transferred to profit & loss account		(3,406)	17,360	NM	(4,537)	17,360	NM
Share of other comprehensive income of associated companies							
- Available-for-sale assets		(645)	(6,591)	-90.2	(1,486)	(3,630)	-59.1
- Cash flow hedges		11,762	2,585	+355.0	16,849	3,303	+410.1
- Foreign exchange translation		1,907	(6,039)	NM	17,065	13,463	+26.8
Other comprehensive income for the period, net of tax		(71,528)	(63,755)	+12.2	(105,418)	(80,515)	+30.9
Total comprehensive income for the period		465,870	479,664	-2.9	1,295,990	1,309,532	-1.0
Attributable to:							
Shareholders of the Company		300,131	396,726	-24.3	1,053,923	1,043,282	+1.0
Non-controlling interests		165,739	82,938	+99.8	242,067	266,250	-9.1
		465,870	479,664	-2.9	1,295,990	1,309,532	-1.0

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 3Q 2014 arose largely from the strengthening of United States dollar and Renminbi against the Singapore dollar, while the translation losses for nine months in 2014 is largely from the weakening of Euro against the Singapore dollar, partly offset by the translation gains from the strengthening of United States dollar against the Singapore dollar.

The translation losses for 3Q 2013 arose largely from weakening of Brazilian Real against the Singapore dollar, while the translation gains for nine months in 2013 arose largely from strengthening of foreign currencies, such as United States dollar, Renminbi, Brazilian Real and Euro against the Singapore dollar.

3. BALANCE SHEETS as at 30 September

	Group		Company	
	30.9.2014	31.12.2013	30.9.2014	31.12.2013
	\$'000	\$'000	\$'000	\$'000
Share capital	1,283,380	1,205,877	1,283,380	1,205,877
Reserves	8,773,911	8,495,304	4,657,539	4,489,022
Share capital & reserves	10,057,291	9,701,181	5,940,919	5,694,899
Non-controlling interests	4,047,290	3,987,682	–	–
Capital employed	14,104,581	13,688,863	5,940,919	5,694,899
Represented by:				
Fixed assets	4,009,544	3,798,279	777	882
Investment properties	1,752,890	2,187,858	–	–
Subsidiaries	–	–	5,083,567	5,094,452
Associated companies	5,084,067	5,482,173	–	–
Investments	310,972	264,745	–	–
Long term assets	252,479	278,917	240	218
Intangibles	86,264	86,240	–	–
	11,496,216	12,098,212	5,084,584	5,095,552
Current assets				
Stocks & work-in-progress				
in excess of related billings	10,288,101	8,994,726	–	–
Asset classified as held for sale	465,660	–	–	–
Amounts due from:				
- subsidiaries	–	–	3,820,070	3,465,513
- associated companies	687,148	1,037,206	503	9,430
Debtors	2,467,696	1,915,747	18,251	33,804
Short term investments	416,736	445,073	–	–
Bank balances, deposits & cash	4,497,882	5,564,656	2,792	2,466
	18,823,223	17,957,408	3,841,616	3,511,213
Current liabilities				
Creditors	5,467,719	5,409,197	288,972	275,189
Billings on work-in-progress				
in excess of related costs	2,413,769	2,714,983	–	–
Provisions	144,521	163,603	–	–
Amounts due to:				
- subsidiaries	–	–	942,098	951,328
- associated companies	141,330	71,699	–	3
Term loans	1,176,613	516,665	244,989	160,838
Taxation	354,738	465,387	9,222	19,575
Bank overdrafts	–	473	–	–
	9,698,690	9,342,007	1,485,281	1,406,933
Net current assets	9,124,533	8,615,401	2,356,335	2,104,280
Non-current liabilities				
Term loans	6,059,611	6,582,861	1,500,000	1,500,000
Deferred taxation	456,557	441,889	–	4,933
	6,516,168	7,024,750	1,500,000	1,504,933
Net assets	14,104,581	13,688,863	5,940,919	5,694,899
<i>Group net debt</i>	<i>2,738,342</i>	<i>1,535,343</i>	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	<i>0.19x</i>	<i>0.11x</i>	<i>n.a.</i>	<i>n.a.</i>

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 30.9.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
129,799	1,046,814	198,619	318,519

(ii) Amount repayable after one year

As at 30.9.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
859,758	5,199,853	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 \$2,664,508,000 (31 December 2013: \$2,895,304,000) to banks for loan facilities.

3b. Net asset value

	Group			Company		
	30.9.2014	31.12.2013	+/-%	30.9.2014	31.12.2013	+/-%
Net asset value per ordinary share *	\$5.53	\$5.37	+3.0	\$3.27	\$3.15	+3.8
Net tangible asset per ordinary share *	\$5.49	\$5.32	+3.2	\$3.27	\$3.15	+3.8

* Based on share capital of 1,817,170,218 ordinary shares as at the end of the period (31 December 2013: 1,807,970,459 ordinary shares).

3c. Balance sheet analysis

Group shareholders' funds increased from \$9.70 billion at 31 December 2013 to \$10.06 billion at 30 September 2014. The increase was mainly attributable to retained profits for the period, partially offset by payment of final dividend of 30.0 cents per share in respect of financial year 2013 and a tax exempt one-tier interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2014, fair value loss on available-for-sale assets and cash flow hedges.

Group total assets of \$30.32 billion at 30 September 2014 were \$0.26 billion higher than the previous year end. Increase in current assets was partially offset by decrease in non-current assets. Increase in current assets primarily relates to higher stocks & work-in-progress due to acquisitions of development sites and development expenditure incurred for projects in the Property Division and higher work-in-progress for the Offshore & Marine Division. The increase in debtors resulted from higher billings in the Offshore & Marine and Property Divisions. Decrease in non-current assets relates primarily to the divestment of Equity Plaza and reclassification of the one-third interest in Central Boulevard Development Pte Ltd (a joint venture which owns MBFC Tower 3) as asset classified as held for sale, partially offset by capital expenditure for the Keppel Merlimau Cogen plant, construction of logistics warehouses, fit-out of data centres and other operational capex. Subject to fulfillment of certain conditions, the divestment of the one-third interest in Central Boulevard Development Pte Ltd is expected to be completed in 4Q 2014.

Group total liabilities of \$16.21 billion at 30 September 2014 were \$0.15 billion lower than the previous year end. This is largely attributable to work performed on projects where billings were in excess of related costs in the Offshore & Marine Division.

Group net debt at 30 September 2014 was \$2.74 billion as compared to group net debt of \$1.54 billion at 31 December 2013. This was due mainly to capital expenditure and operational working capital requirement.

4. STATEMENTS OF CHANGES IN EQUITY for the third quarter and nine months ended 30 September

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 first half							
Profit for first half	-	-	744,712	-	744,712	119,298	864,010
Other comprehensive income *	-	40,913	-	(31,833)	9,080	(42,970)	(33,890)
Total comprehensive income for first half	-	40,913	744,712	(31,833)	753,792	76,328	830,120
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	-	31,836	-	-	31,836	904	32,740
Dividend paid to non-controlling shareholders	-	-	-	-	-	(120,082)	(120,082)
Cash subscribed by non-controlling shareholders	-	-	-	-	-	5,132	5,132
Shares issued	72,887	(46,499)	-	-	26,388	-	26,388
Other adjustments	-	-	10	-	10	-	10
Total contributions by and distributions to owners	72,887	(14,663)	(544,877)	-	(486,653)	(114,046)	(600,699)
<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	72,887	(16,716)	(544,877)	-	(488,706)	(117,822)	(606,528)
As at 30 June	1,278,764	524,950	8,500,952	(338,399)	9,966,267	3,946,188	13,912,455

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							
Total comprehensive income for third quarter							
Profit for third quarter	–	–	414,188	–	414,188	123,210	537,398
Other comprehensive income *	–	(154,137)	–	40,080	(114,057)	42,529	(71,528)
Total comprehensive income for third quarter	–	(154,137)	414,188	40,080	300,131	165,739	465,870
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividends paid	–	–	(218,019)	–	(218,019)	–	(218,019)
Share-based payment	–	6,922	–	–	6,922	779	7,701
Dividend paid to non-controlling shareholders	–	–	–	–	–	(71,228)	(71,228)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	7,064	7,064
Shares issued	4,616	(158)	–	–	4,458	–	4,458
Total contributions by and distributions to owners	4,616	6,764	(218,019)	–	(206,639)	(63,385)	(270,024)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of additional interest in a subsidiary	–	(2,468)	–	–	(2,468)	(1,252)	(3,720)
Total change in ownership interests in subsidiaries	–	(2,468)	–	–	(2,468)	(1,252)	(3,720)
Total transactions with owners	4,616	4,296	(218,019)	–	(209,107)	(64,637)	(273,744)
As at 30 September	1,283,380	375,109	8,697,121	(298,319)	10,057,291	4,047,290	14,104,581

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

4. STATEMENTS OF CHANGES IN EQUITY for the third quarter and nine months ended 30 September

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
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 first half							
Profit for first half	—	—	703,833	—	703,833	142,795	846,628
Other comprehensive income *	—	(143,461)	—	86,184	(57,277)	40,517	(16,760)
Total comprehensive income for first half	—	(143,461)	703,833	86,184	646,556	183,312	829,868
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividends paid	—	—	(1,004,446)	—	(1,004,446)	—	(1,004,446)
Share-based payment	—	14,967	—	—	14,967	412	15,379
Transfer of statutory, capital and other reserves to revenue reserves	—	—	5,710	(5,710)	—	—	—
Dividend paid to non-controlling shareholders	—	—	—	—	—	(126,670)	(126,670)
Cash subscribed by non-controlling shareholders	—	—	—	—	—	65,480	65,480
Shares issued	76,629	(42,304)	—	—	34,325	—	34,325
Total contributions by and distributions to owners	76,629	(27,337)	(998,736)	(5,710)	(955,154)	(60,778)	(1,015,932)
<u>Changes in ownership interests in subsidiaries</u>							
Disposal of interest in a subsidiary company without loss of control	—	—	58,771	—	58,771	833,422	892,193
Total change in ownership interests in subsidiaries	—	—	58,771	—	58,771	833,422	892,193
Total transactions with owners	76,629	(27,337)	(939,965)	(5,710)	(896,383)	772,644	(123,739)
As at 30 June	1,200,219	511,465	7,579,084	(294,643)	8,996,125	5,288,130	14,284,255

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							
Total comprehensive income for third quarter							
Profit for third quarter	—	—	457,561	—	457,561	85,858	543,419
Other comprehensive income *	—	(73,789)	—	12,954	(60,835)	(2,920)	(63,755)
Total comprehensive income for third quarter	—	(73,789)	457,561	12,954	396,726	82,938	479,664
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividends paid	—	—	(352,086)	—	(352,086)	—	(352,086)
Share-based payment	—	24,086	—	—	24,086	630	24,716
Transfer of statutory, capital and other reserves to revenue reserves	—	1,046	(6,756)	5,710	—	—	—
Dividend paid to non-controlling shareholders	—	—	—	—	—	(44,494)	(44,494)
Cash subscribed by non-controlling shareholders	—	—	—	—	—	123	123
Shares issued	1,739	(192)	—	—	1,547	—	1,547
Total contributions by and distributions to owners	1,739	24,940	(358,842)	5,710	(326,453)	(43,741)	(370,194)
<u>Changes in ownership interests in subsidiaries</u>							
Disposal of interest in a subsidiary company with loss of control	—	—	(58,771)	—	(58,771)	(1,716,099)	(1,774,870)
Total change in ownership interests in subsidiaries	—	—	(58,771)	—	(58,771)	(1,716,099)	(1,774,870)
Total transactions with owners	1,739	24,940	(417,613)	5,710	(385,224)	(1,759,840)	(2,145,064)
As at 30 September	1,201,958	462,616	7,619,032	(275,979)	9,007,627	3,611,228	12,618,855

* 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 first half	-	-	805,451	805,451
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(544,887)	(544,887)
Share-based payment	-	30,280	-	30,280
Shares issued	72,887	(46,499)	-	26,388
Other adjustments	-	-	10	10
Total transactions with owners	72,887	(16,219)	(544,877)	(488,209)
As at 30 June	1,278,764	172,213	4,561,164	6,012,141
Profit / Total comprehensive income for third quarter	-	-	136,615	136,615
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(218,019)	(218,019)
Share-based payment	-	5,724	-	5,724
Shares issued	4,616	(158)	-	4,458
Total transactions with owners	4,616	5,566	(218,019)	(207,837)
As at 30 September	1,283,380	177,779	4,479,760	5,940,919
2013				
As at 1 January	1,123,590	180,396	4,401,538	5,705,524
Profit / Total comprehensive income for first half	-	-	810,845	810,845
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(1,004,446)	(1,004,446)
Share-based payment	-	14,330	-	14,330
Shares issued	76,629	(42,304)	-	34,325
Total transactions with owners	76,629	(27,974)	(1,004,446)	(955,791)
As at 30 June	1,200,219	152,422	4,207,937	5,560,578
Profit / Total comprehensive income for third quarter	-	-	92,514	92,514
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(352,086)	(352,086)
Share-based payment	-	23,156	-	23,156
Shares issued	1,739	(192)	-	1,547
Total transactions with owners	1,739	22,964	(352,086)	(327,383)
As at 30 September	1,201,958	175,386	3,948,365	5,325,709

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	3,754,311
Issue of shares under restricted share plan and performance share plan	<u>4,771,729</u>
As at 30 June 2014	1,816,496,499
Issue of shares under share option scheme	658,500
Issue of shares under restricted share plan	<u>15,219</u>
As at 30 September 2014	<u>1,817,170,218</u>

As at 30 September 2014, the Company is not holding any treasury shares (30 September 2013: Nil). No sales, transfers, disposal, cancellation and/or use of treasury shares took place during the nine months ended 30 September 2014.

Share options

As at 30 September 2014, there were unexercised options for 20,126,904 of unissued ordinary shares (30 September 2013: 25,382,115 ordinary shares) under the KCL Share Options Scheme. Unexercised options for 292,600 of unissued ordinary shares were cancelled in the nine months ended 30 September 2014 (30 September 2013: 117,900).

KCL Performance Share Plan ("KCL PSP")

As at 30 September 2014, the number of contingent shares granted but not released were 1,748,725 (30 September 2013: 2,304,755) 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 2,623,088 under KCL PSP.

KCL Restricted Share Plan ("KCL RSP")

As at 30 September 2014, the number of contingent shares granted but not released was 4,712,345 (30 September 2013: 4,393,842). 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 4,712,345 under KCL RSP.

As at 30 September 2014, the number of awards released but not vested was 4,123,789 (30 September 2013: 4,053,430) for KCL RSP.

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

Contingent awards:

Date of Grant	Number of shares					
	At 1.1.14	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.9.14
<u>KCL PSP</u>						
30.6.2011	662,550	–	(26,450)	(636,100)	–	–
29.6.2012	634,798	–	–	–	(18,192)	616,606
28.3.2013	603,985	–	–	–	(49,266)	554,719
31.3.2014	–	577,400	–	–	–	577,400
	<u>1,901,333</u>	<u>577,400</u>	<u>(26,450)</u>	<u>(636,100)</u>	<u>(67,458)</u>	<u>1,748,725</u>
<u>KCL RSP</u>						
28.3.2013	4,383,491	–	–	(4,309,301)	(74,190)	–
31.3.2014	–	4,750,386	–	–	(38,041)	4,712,345
	<u>4,383,491</u>	<u>4,750,386</u>	<u>–</u>	<u>(4,309,301)</u>	<u>(112,231)</u>	<u>4,712,345</u>

Awards released but not vested:

Date of Grant	Number of shares				
	At 1.1.14	Released	Vested	Cancelled	At 30.9.14
<u>KCL PSP</u>					
30.6.2011	–	636,100	(636,100)	–	–
	–	636,100	(636,100)	–	–
<u>KCL RSP</u>					
30.6.2011	1,333,933	–	(1,324,202)	(9,731)	–
29.6.2012	2,706,683	–	(1,364,147)	(31,439)	1,311,097
28.3.2013	–	4,309,301	(1,462,499)	(34,110)	2,812,692
	4,040,616	4,309,301	(4,150,848)	(75,280)	4,123,789

4d. Capital reserves

	Group		Company	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	\$'000	\$'000	\$'000	\$'000
Share option and share plan reserve	198,587	194,713	177,779	175,386
Fair value reserve	144,479	214,573	–	–
Hedging reserve	(64,382)	(45,615)	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Others	56,425	58,945	–	–
	375,109	462,616	177,779	175,386

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the third quarter and nine months ended 30 September

		Third Quarter		Nine Months	
	Note	30.9.2014 \$'000	30.9.2013 \$'000	30.9.2014 \$'000	30.9.2013 \$'000
OPERATING ACTIVITIES					
Operating profit		565,219	568,037	1,447,341	1,387,954
Adjustments:					
Depreciation and amortisation		67,550	64,846	195,869	178,207
Share-based payment expenses		7,775	24,966	40,472	40,794
Profit on sale of fixed assets and an investment property		(93,715)	(1,255)	(94,865)	(3,538)
Gain on disposal of subsidiaries		–	(61,087)	(6,924)	(61,087)
Write-back of provision for restructuring of operations and others		–	–	–	(26,831)
Write-back of impairment of investments		(23,716)	–	(45,390)	–
Operational cash flow before changes in working capital		523,113	595,507	1,536,503	1,515,499
Working capital changes:					
Stocks & work-in-progress		(1,081,467)	(449,183)	(1,594,570)	(668,415)
Debtors		366,928	80,366	(569,668)	(991,820)
Creditors		381,311	161,231	209,772	(162,935)
Investments		2,316	(16,553)	(61,389)	(72,889)
Advances to associated companies		(8,914)	(33,912)	369,694	12,866
Translation of foreign subsidiaries		39,201	22,975	(26,454)	51,245
		222,488	360,431	(136,112)	(316,449)
Interest received		36,281	43,995	104,428	125,652
Interest paid		(27,126)	(38,565)	(81,601)	(117,125)
Income taxes paid, net of refunds received		(140,496)	(198,966)	(357,449)	(555,884)
Net cash from/(used in) operating activities		91,147	166,895	(470,734)	(863,806)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	–	(27,524)	(224,029)	(71,985)
Acquisition and further investment in associated companies		(61,537)	(199,631)	(87,540)	(488,074)
Acquisition of fixed assets and investment properties		(156,840)	(399,811)	(430,422)	(742,421)
Disposal of subsidiaries	5b	–	(47,458)	37,793	328,088
Proceeds from disposal of fixed assets and an investment property		555,029	6,180	561,015	41,619
Proceeds from disposal of associated companies and return of capital		6,941	–	8,941	–
Dividends received from investments and associated companies		150,167	55,521	319,003	149,982
Net cash from/(used in) investing activities		493,760	(612,723)	184,761	(782,791)
FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiaries		(3,720)	–	(7,480)	–
Proceeds from share issues		4,458	1,547	30,846	35,872
Proceeds from non-controlling shareholders of subsidiaries		7,064	(7,724)	12,196	57,756
Proceeds from disposal of interest in a subsidiary without loss of control	5c	–	–	–	135,513
Proceeds from term loans		383,798	505,761	811,100	2,291,490
Repayment of term loans		(328,990)	(68,405)	(676,816)	(523,455)
Dividend paid to shareholders of the Company		(218,019)	(180,735)	(762,906)	(668,506)
Dividend paid to non-controlling shareholders of subsidiaries		(71,228)	(44,494)	(191,310)	(171,164)
Net cash (used in)/from financing activities		(226,637)	205,950	(784,370)	1,157,506
Net increase/(decrease) in cash and cash equivalents		358,270	(239,878)	(1,070,343)	(489,091)
Cash and cash equivalents as at beginning of period		4,128,381	3,865,972	5,564,183	4,055,176
Effects of exchange rate changes on the balance of cash held in foreign currencies		11,231	14,123	4,042	74,132
Cash and cash equivalents as at end of period	5d	4,497,882	3,640,217	4,497,882	3,640,217

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:

	Third Quarter		Nine Months	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	\$'000	\$'000	\$'000	\$'000
Fixed assets	–	4	5,929	28
Investment properties	–	–	–	133,420
Investment in associated company	–	–	14	–
Properties held for sale	–	324,952	–	324,952
Debtors and other assets	–	942	11,905	1,017
Bank balances and cash	–	6	792	3,043
Shareholders' loans	–	(120,911)	–	(122,911)
Creditors	–	–	(4,338)	(4,683)
Bank borrowings	–	–	(2,414)	(38,000)
Current and deferred taxation	–	(50,595)	(96)	(51,472)
Total identifiable net assets at fair value	–	154,398	11,792	245,394
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)	(45,498)
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	–	–	219,400	–
Net assets acquired	–	154,398	224,821	199,896
Assumption of shareholders' loans	–	120,911	–	122,911
Total purchase consideration	–	275,309	224,821	322,807
Less: Deferred payments	–	(247,779)	–	(247,779)
Less: Bank balances and cash acquired	–	(6)	(792)	(3,043)
Cash flow on acquisition	–	27,524	224,029	71,985

Significant acquisition of subsidiaries during the nine months of the year mainly relates to acquisition of additional interest in Indo-Trans Keppel Logistics Vietnam Co., Ltd, from 40% to 51%. Payment of deferred consideration relates to Shanghai Jinju Real Estate Development Co. Ltd.

For the nine months in the prior year, the Group acquired the remaining 50% interest in Parksville and 100% interest in Shanghai Jinju Real Estate Development Co. Ltd, which owns a residential site in Sheshan, Songjiang District in Shanghai for development of landed homes.

5b. Disposal of subsidiaries

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

	Third Quarter		Nine Months	
	30.9.2014 \$'000	30.9.2013 \$'000	30.9.2014 \$'000	30.9.2013 \$'000
Fixed assets	–	(87)	(731)	(87)
Investment properties	–	(3,757,083)	–	(3,757,083)
Investment in associated company	–	(1,941,645)	(26,980)	(1,941,645)
Intangible assets	–	(15,549)	–	(15,549)
Debtors and other assets	–	(270,279)	(17,621)	(270,279)
Bank balances and cash	–	(60,503)	(40)	(60,503)
Creditors and other liabilities	–	99,436	928	99,436
Borrowings	–	2,424,159	–	2,424,159
Current and deferred taxation	–	14,248	9,652	14,248
Non-controlling interests deconsolidated	–	882,677	5,806	882,677
	–	(2,624,626)	(28,986)	(2,624,626)
Amount accounted for as associated company	–	1,407,821	50,722	1,407,821
Amount accounted for as amount owing from associated company	–	222,651	(52,645)	222,651
Distribution of dividend <i>in specie</i>	–	688,018	–	688,018
Net assets disposed of	–	(306,136)	(30,909)	(306,136)
Net profit on disposal	–	(61,087)	(6,924)	(61,087)
Realisation of foreign currency translation reserve and capital reserve	–	(21,368)	–	(21,368)
Sale proceeds	–	(388,591)	(37,833)	(388,591)
Less: Bank balances and cash disposed	–	60,503	40	60,503
Less: Proceeds received in first half of the year from partial disposal of interest	–	375,546	–	–
Cash flow on disposal	–	47,458	(37,793)	(328,088)

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

In the prior year, significant disposals include the divestment of a subsidiary, Montfort Development Pte Ltd, which has a 50% interest in Hotel Sedona Manado in Indonesia and the deconsolidation of Keppel REIT due to loss of control.

5c. Disposal of interest in a subsidiary without loss of control

In the prior year, the Group disposed of its 30% interest in its subsidiary, Sherwood Development Pte Ltd to a wholly-owned subsidiary company of Vanke Property (Hong Kong) Company Limited. There was no gain or loss arising from this disposal as the 30% interest was sold at its net carrying value.

5d. 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:

	Third Quarter		Nine Months	
	30.9.2014 \$'000	30.9.2013 \$'000	30.9.2014 \$'000	30.9.2013 \$'000
Bank balances, deposits and cash	4,497,882	3,640,692	4,497,882	3,640,692
Bank overdrafts	–	(475)	–	(475)
	4,497,882	3,640,217	4,497,882	3,640,217

5e. Cash flow analysis

(i) Third Quarter

Net cash from operating activities for the quarter was \$91 million compared to that of \$167 million for the corresponding quarter last year. This was due mainly to higher operational cash outflow. Net cash from investment activities for the quarter was \$494 million. The Group spent \$218 million on acquisitions and operational capex. This comprised mainly capital expenditure for the fit-out of data centres and other operational capex. Divestment and dividend income totalled \$712 million, mainly attributable to the proceeds received from the divestment of Equity Plaza. Net cash used in financing activities was \$227 million. The net proceeds from loans of \$55 million were \$383 million lower due to lower increase in bank borrowings and repayments of loans.

(ii) Nine Months

Net cash used in operating activities for the nine months was \$471 million, \$393 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 from investment activities for the nine months was \$185 million. The Group spent \$742 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 Keppel Merlimau Cogen plant, construction of logistics warehouses, fit-out of data centres and other operational capex. Divestment and dividend income totalled \$927 million, mainly proceeds received from the divestment of Equity Plaza. Net cash used in financing activities was \$784 million. The net proceeds from loans of \$134 million were \$1.63 billion lower due to lower increase in bank borrowings and repayments of loans.

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

(i) Third Quarter

The Group revenue for 3Q2014 of \$3,185 million was \$238 million or 8% higher than that of 3Q2013. The Offshore & Marine Division's revenue increased by \$664 million to \$2,199 million as a result of higher revenue recognition from ongoing projects. The Infrastructure Division's revenue of \$762 million was lower by \$115 million due to a drop in revenue from Keppel Infrastructure's power generation plant, partly offset by better performance by Keppel Telecommunications & Transportation's logistics business. Revenue contributed by the Property Division decreased by \$313 million to \$219 million mainly from a decline in Singapore and China sales during 3Q2014 as compared to the same quarter in 2013. No revenue was recognised from Keppel REIT in 3Q2014 whilst 3Q2013 benefited from two months' revenues before it was deconsolidated from 31 August 2013.

Third quarter Group pre-tax profit declined 4% from \$670 million to \$642 million. Pre-tax profit from the Offshore & Marine Division improved by \$77 million to \$359 million due to higher operating results and interest income partially offset by a drop in share of associated companies' profits. The Infrastructure Division's pre-tax profit for the current quarter was \$54 million as compared to \$48 million in the corresponding quarter last year mainly from higher earnings from Keppel Telecommunications & Transportation. The Property Division however, saw a decline in their pre-tax profit for 3Q2014 as compared to the same period last year by \$118 million to \$198 million mainly due to lower sales in China and Singapore and absence of gain from deconsolidation of Keppel REIT recognised in 2013 partially offset by divestment gains from disposals of Equity Plaza and Prudential Tower which were completed in 3Q2014.

Tax expenses decreased by \$22 million, in line with the lower pre-tax profits. Non-controlling interests rose by \$37 million mainly from non-controlling interests' share of the divestment gains from disposals of Equity Plaza and Prudential Tower partly offset by lower contribution arising from the partial disposal of Keppel REIT in 2013. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 3Q2014 was \$414 million, 9% below the same quarter in the previous year. Earnings per share was 22.9 cents.

(ii) Nine Months

Group net profit for the nine months ended 30 September 2014 was \$1,159 million compared to \$1,161 million for the same period in 2013. Earnings per share decreased by 1% to 63.9 cents. Annualised return on equity was 14.5% and Economic Value Added increased by \$296 million to \$1,032 million.

Group revenue of \$9,358 million for the nine months was \$576 million or 7% above that of the same period in 2013. Revenue contributed by the Offshore & Marine Division went up by \$1,125 million to \$6,180 million attributable to progress from on-going jobs. Major jobs completed in the nine months include five jack-up rigs, two FPSO upgrades, one FPSO conversion and one FPSO integration. The Infrastructure Division's revenue fell by \$225 million to \$2,259 million mainly from a drop in revenue from Keppel Infrastructure's power generation plant, partially offset by improvement from Keppel Telecommunications & Transportation's logistics business. The Property Division's revenue slid down by \$334 million to \$896 million mainly due to weakened sales in Singapore and China. No revenue was recognised from Keppel REIT in 2014 as it was deconsolidated from 31 August 2013.

At the pre-tax level, Group profit was up by \$42 million or 2% to \$1,727 million from that of the corresponding period in 2013. The Offshore & Marine Division's pre-tax profit of \$1,008 million was higher by \$154 million compared to the same nine months in 2013. Better operating results and higher interest income were partially offset by a reduction in share of associated companies' profits. The Infrastructure Division's profit was \$149 million for the current period compared to \$169 million for the same period in 2013. Excluding the reversal of provision in 2013 following the finalisation of the sale of the power barges, the Infrastructure Division's profit was comparable to that of 2013. Profit from the Property Division contracted by \$114 million to \$489 million. Lower sales in China and Singapore and absence of gain from deconsolidation of Keppel REIT recognised in 2013 were partially offset by the divestment gains from disposals of Equity Plaza and Prudential Tower in 3Q2014. Sale of investments and write-back of impairment of investments in 2014 resulted in the profit of the Investment Division improving by \$22 million to \$81 million.

Tax expenses increased by \$31 million mainly due to higher taxable profits from countries with higher tax rates as well as a lower tax write-back in the current period. Non-controlling interests increased by \$13 million mainly from non-controlling interests' share of the divestment gains from disposals of Equity Plaza and Prudential Tower partly offset by lower contribution arising from the partial disposal of Keppel REIT in 2013. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,159 million. The Offshore & Marine Division was the largest contributor to Group net profit at 65%, followed by the Property Division's 19%, the Infrastructure Division's 9% and the Investments Division's at 7%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured \$3.7 billion of new orders in the first nine months of the year. Its net order book stood at \$12.7 billion with deliveries extending into 2019. In spite of a challenging environment with slowing global demand for oil and gas and falling rates for deepwater rigs, job prospects for the Division continue to be encouraging.

In the Infrastructure Division, Keppel Infrastructure will remain focused on its power and gas as well as its energy and related infrastructure businesses. Keppel Infrastructure aims to complete its EPC projects efficiently. Keen competition is likely to persist in the electricity market but our integrated gas-to-power business platform will enable us to weather the challenges ahead. Keppel Telecommunications & Transportation will continue to grow its logistics and data centre businesses domestically and overseas.

Altogether, the Property Division sold about 1,880 homes during the nine months ended 30 September 2014, about 280 in Singapore and 1,600 overseas. Total assets under management by Keppel REIT and Alpha stood at \$17.4 billion as at end-September 2014. The Division will continue to invest opportunistically in key global cities with good growth potential, while remaining focused on Asia, with Singapore and China as its core markets.

With an expected uneven global recovery, the Group will place emphasis 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/recommendeded, a statement to that effect.

No dividend is declared for the quarter ended 30 September 2014.

Total cash distribution paid to shareholders in 2014 amounted to 42.0 cents per share. A tax exempt one-tier final dividend of 30.0 cents per share in respect of the year ended 31 December 2013 was paid on 7 May 2014 and a tax exempt one-tier interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2014 was paid on 13 August 2014.

14. SEGMENT ANALYSIS

Nine months ended 30 September 2014

	Offshore & Marine \$'000	Infra- structure \$'000	Property \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	6,179,854	2,259,466	895,541	22,868	–	9,357,729
Inter-segment sales	28	39,308	11,883	57,576	(108,795)	–
Total	6,179,882	2,298,774	907,424	80,444	(108,795)	9,357,729
Segment Results						
Operating profit	911,183	161,005	324,200	39,449	11,504	1,447,341
Investment income	3,944	–	3,392	834	–	8,170
Interest income	70,133	923	20,624	109,244	(96,496)	104,428
Interest expenses	(8,696)	(35,709)	(27,401)	(94,787)	84,992	(81,601)
Share of results of associated companies	31,266	22,579	168,857	26,405	–	249,107
Profit before tax	1,007,830	148,798	489,672	81,145	–	1,727,445
Taxation	(211,484)	(31,736)	(87,170)	4,353	–	(326,037)
Profit for the period	796,346	117,062	402,502	85,498	–	1,401,408
Attributable to:						
Shareholders of Company	752,863	105,095	220,556	80,386	–	1,158,900
Non-controlling interests	43,483	11,967	181,946	5,112	–	242,508
	796,346	117,062	402,502	85,498	–	1,401,408
Other Information						
Segment assets	8,765,681	4,009,041	15,681,925	7,979,819	(6,117,027)	30,319,439
Segment liabilities	6,452,937	3,070,468	7,435,906	5,372,574	(6,117,027)	16,214,858
Net assets	2,312,744	938,573	8,246,019	2,607,245	–	14,104,581
Investment in associated companies	505,106	547,980	3,434,679	596,302	–	5,084,067
Additions to non-current assets	204,774	174,993	138,007	188	–	517,962
Depreciation and amortisation	105,267	77,679	12,573	350	–	195,869
Geographical Information						
	Singapore \$'000	Far East & Other ASEAN Countries \$'000	Americas \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	6,805,507	781,157	1,413,348	357,717	–	9,357,729
Non-current assets	7,153,367	3,014,910	607,630	156,858	–	10,932,765

Nine months ended 30 September 2013

	<u>Offshore & Marine</u> \$'000	<u>Infra- structure</u> \$'000	<u>Property</u> \$'000	<u>Invest- ments</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
Revenue						
External sales	5,055,104	2,484,051	1,229,753	12,931	–	8,781,839
Inter-segment sales	3,585	69,816	59,581	55,663	(188,645)	–
Total	<u>5,058,689</u>	<u>2,553,867</u>	<u>1,289,334</u>	<u>68,594</u>	<u>(188,645)</u>	<u>8,781,839</u>
Segment Results						
Operating profit	749,531	159,329	457,421	14,838	6,835	1,387,954
Investment income	1,069	–	10,985	–	–	12,054
Interest income	55,569	1,070	48,136	108,241	(100,747)	112,269
Interest expenses	(9,858)	(15,861)	(66,098)	(105,837)	93,912	(103,742)
Share of results of associated companies	57,439	24,095	152,799	41,966	–	276,299
Profit before tax	853,750	168,633	603,243	59,208	–	1,684,834
Taxation	(169,813)	(36,057)	(71,275)	(17,642)	–	(294,787)
Profit for the period	<u>683,937</u>	<u>132,576</u>	<u>531,968</u>	<u>41,566</u>	<u>–</u>	<u>1,390,047</u>
Attributable to:						
Shareholders of Company	660,392	123,659	340,426	36,917	–	1,161,394
Non-controlling interests	23,545	8,917	191,542	4,649	–	228,653
	<u>683,937</u>	<u>132,576</u>	<u>531,968</u>	<u>41,566</u>	<u>–</u>	<u>1,390,047</u>
Other Information						
Segment assets	7,900,942	3,652,995	15,200,752	6,954,136	(5,179,961)	28,528,864
Segment liabilities	5,812,791	2,741,417	7,506,342	5,029,420	(5,179,961)	15,910,009
Net assets	<u>2,088,151</u>	<u>911,578</u>	<u>7,694,410</u>	<u>1,924,716</u>	<u>–</u>	<u>12,618,855</u>
Investment in associated companies	492,028	572,996	3,618,092	592,910	–	5,276,026
Additions to non-current assets	266,247	284,369	480,275	199,604	–	1,230,495
Depreciation and amortisation	102,339	56,072	19,524	272	–	178,207
Geographical Information						
	<u>Singapore</u> \$'000	<u>Far East & Other ASEAN Countries</u> \$'000	<u>Americas</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales	6,668,918	734,905	972,834	405,182	–	8,781,839
Non-current assets	7,615,133	2,723,981	462,177	175,893	–	10,977,184

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. The Investments Division consists mainly of the Group's investments in k1 Ventures Ltd, M1 Limited and equities.
- Pricing of inter-segment goods and services is at fair market value.
- Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the nine months ended 30 September 2014 and 2013.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of \$9,358 million was \$576 million or 7% above than that of corresponding period in 2013. Revenue from the Offshore & Marine Division of \$6,180 million was \$1,125 million higher due to higher revenue recognition from ongoing projects. Revenue from the Infrastructure Division of \$2,259 million was \$225 million lower due mainly to lower revenue recorded by the power generation plant in Singapore partly offset by higher revenue from the logistics business. Revenue from the Property Division of \$896 million fell by \$334 million due largely to lower contribution from property trading in Singapore and China and the deconsolidation of Keppel REIT from 31 August 2013.

15b. Net profit by Segments

Group net profit of \$1,159 million was at the same level as that of corresponding period in 2013. Profit from the Offshore & Marine Division of \$753 million was \$93 million higher than that of the corresponding period in the prior year. Better operating results and higher interest income were partly offset by lower share of associated companies' profits and higher tax expense. Profit from the Infrastructure Division of \$105 million was \$19 million lower due largely to the reversal of provision for impairment in 2013 following the finalisation of the sale of power barge. Profit from the Property Division of \$221 million declined by \$119 million due largely to reduced contribution from China and Singapore and absence of gain from deconsolidation of Keppel REIT recognised in 2013 which was partially offset by the divestment gains from disposals of Equity Plaza and Prudential Tower. Profit from the Investments Division increased by \$43 million due mainly to profit from disposal of investments and write back of impairment of investments. The Offshore & Marine Division was the largest contributor to Group net profit with a 65% share followed by the Property Division with 19% share, the Infrastructure Division with 9% share and the Investments Division with 7% share.

15c. Revenue by Geographical Segments

Revenue from Singapore of \$6,806 million was \$137 million lower due largely to lower revenue from the Infrastructure Division and Property Division including the deconsolidation of Keppel REIT partly offset by higher revenue from the Offshore & Marine Division. Higher revenue from Far East & Other ASEAN Countries mainly came from the Offshore & Marine Division partly offset by lower 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 17 April 2014. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual. (excluding transactions less than \$100,000)	
	Nine months 30.9.2014 \$'000	Nine months 30.9.2013 \$'000	Nine months 30.9.2014 \$'000	Nine months 30.9.2013 \$'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	–	–	182,980	5,400
Integradora de Servicios Petroleros Oro Negro	–	–	–	3,969
Mapletree Investments Group	–	–	113,760	3,600
Neptune Orient Lines Group	–	–	–	175
PSA International Group	–	–	999	9,434
SATS Group	–	–	–	7,712
SembCorp Marine Group	–	–	1,940	1,331
Singapore Power Group	–	–	–	1,644
Singapore Technologies Engineering Group	–	–	1,161	1,998
Temasek Holdings Group	–	–	3,758	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	–	–	3,362	201
Gas Supply Pte Ltd	–	–	85,000	90,000
Mapletree Investments Group	–	–	544	21,127
PSA International Group	–	–	600	610
SembCorp Marine Group	–	–	166	299
Singapore Power Group	–	–	400	–
Singapore Technologies Engineering Group	–	–	–	7,000
Singapore Telecommunications Group	–	–	5,200	–
Temasek Holdings Group	–	–	511	–
Total Interested Person Transactions	–	–	400,381	154,500

BY ORDER OF THE BOARD

CAROLINE CHANG/KENNY LEE
Company Secretaries

21 October 2014

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 third quarter 2014 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LEE BOON YANG
Chairman



LOH CHIN HUA
Chief Executive Officer

Singapore, 21 October 2014

Third Quarter and Nine Months 2014 Financial Results

21 October 2014



Scope of Briefing

- Address by CEO
- Group Financial Highlights by CFO

Address by CEO

3

Keppel Corporation

Global Economy

- Encouraging signals from US
- Lacklustre recovery in Eurozone
- Slowdown in emerging economies
- China settling into acceptable rate of growth

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Keppel Corporation

Performance Highlights

- 3Q 2014 net profit was S\$414m
- 9M 2014 net profit was S\$1,159m
- 9M 2014 EVA was S\$1,032m
- Annualised ROE was 14.5%

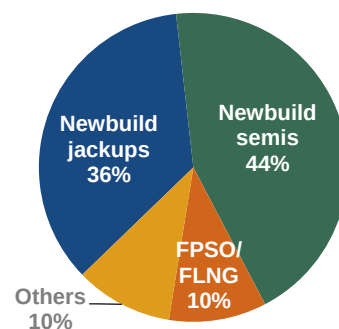
5

Offshore & Marine



Keppel FELS, Singapore

**Net orderbook
as at 30 September 2014**



- New orders YTD of S\$3.7b despite challenging environment.
- Net orderbook of S\$12.7b as at 30 Sep 2014 with deliveries into 2019.

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Offshore & Marine

Execution excellence in Brazil

DSSTM38E semis

- 1st unit: over 75% completed
- 2nd unit: over 40% completed
- 3rd unit: almost 20% completed



First DSSTM38E semi

FPSOs

- Cidade de Mangaratiba: safety and early delivery bonus.
- 3 other fabrication and integration jobs progressing well.



FPSO Cidade de Mangaratiba

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Keppel Corporation

Offshore & Marine

Further in-roads into FLNG

- Awarded LOI for Golar Gimi – the second FLNG conversion project.
- Acquired 10% stake in Golar Hilli project.
- HILLI LNG carrier has arrived at Keppel Shipyard.



Golar's HILLI LNG carrier at Keppel Shipyard for conversion

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Keppel Corporation

Infrastructure



Doha North Sewage Treatment Works, Qatar



Senoko WTE Plant, Singapore

- Doha North Sewage Treatment Works' testing and commissioning underway.
- Greater Manchester EfW Plant Phase 1 close to completion; Phase 2 on track for completion in the first half of next year.
- Asset enhancement of Senoko WTE Plant to increase incineration capacity by up to 10%.

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Keppel Corporation

Infrastructure



Keppel Datahub and Keppel Datahub 2, Singapore

Data Centres

- Keppel Datahub 2 enjoying healthy growth in occupancy.
- Exploring the potential of a data centre REIT.

Logistics

- Logistics facility in Brisbane, Australia began operations.
- Construction of distribution centres in Singapore, Vietnam and Tianjin Eco-City, China to be completed by end-2014.

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Keppel Corporation

Property

- About 1,900 homes sold in Asia in 9M14.
 - Sold more than a quarter of 500 homes at Highline Residences, Singapore.
- Potential new launches:
 - Hill Crest Villa, Chengdu
 - Waterfront Residence, Nantong
 - West Vista, West Jakarta
 - Estella Heights, Ho Chi Minh City



Highline Residences, Singapore

Property

Recycling capital in 3Q for higher returns

Divestments

- Marina Bay Financial Centre T3 in Singapore.
- BG Junction in Surabaya.
- Completed sale of Equity Plaza and Prudential Tower in Singapore.

Investments

- Prime residential development in New York.
- Saigon Centre Phase 2 (office) and stake increase in The Estella (residential) in Ho Chi Minh City.



Marina Bay Financial Centre, Singapore

Group Financial Highlights by CFO

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Keppel Corporation

3Q 2014 Financial Performance

Net Profit

↓ 9% to S\$414m

EPS

↓ 9% to 22.9cts

EVA

↑ from S\$332m to S\$620m

Free Cash Flow

↑ from outflow of S\$83m to inflow of S\$655m

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Keppel Corporation

3Q 2014 Financial Highlights

S\$m	<u>3Q 2014</u>	<u>3Q 2013</u>	<u>% Change</u>
Revenue	3,185	2,947	8
EBITDA	632	633	-
Operating Profit	565	568	(1)
Profit Before Tax	642	670	(4)
Net Profit	414	457	(9)
EPS (cents)	22.9	25.3	(9)

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Keppel Corporation

3Q 2014 Revenue by Segments

S\$m	<u>3Q 2014</u>	<u>%</u>	<u>3Q 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	2,199	69	1,535	52	43
Infrastructure	762	24	877	30	(13)
Property	219	7	532	18	(59)
Investments	5	-	3	-	67
Total	3,185	100	2,947	100	8

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Keppel Corporation

3Q 2014 Pre-tax Profit by Segments

S\$m	<u>3Q 2014</u>	<u>%</u>	<u>3Q 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	359	56	282	42	27
Infrastructure	54	8	48	7	13
Property	198	31	316	47	(37)
Investments	31	5	24	4	29
Total	642	100	670	100	(4)

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Keppel Corporation

3Q 2014 Net Profit by Segments

S\$m	<u>3Q 2014</u>	<u>%</u>	<u>3Q 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	252	61	215	47	17
Infrastructure	38	9	34	8	12
Property	92	22	193	42	(52)
Investments	32	8	15	3	113
Total	414	100	457	100	(9)

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9M 2014 Financial Performance

Net Profit	—	from \$1,161m to S\$1,159m
EPS	—	63.9cts
Annualised ROE	↓	from 16.3% to 14.5%
EVA	↑	from S\$736m to S\$1,032m
Cash Outflow	↓	from S\$1,022m to S\$127m
Net Gearing	↑	from net gearing of 0.11x to 0.19x

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9M 2014 Financial Highlights

S\$m	<u>9M 2014</u>	<u>9M 2013</u>	<u>% Change</u>
Revenue	9,358	8,782	7
EBITDA	1,643	1,566	5
Operating Profit	1,447	1,388	4
Profit Before Tax	1,727	1,685	2
Net Profit	1,159	1,161	-
EPS (cents)	63.9	64.3	(1)

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9M 2014 Revenue by Segments

S\$m	<u>9M 2014</u>	<u>%</u>	<u>9M 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	6,180	66	5,055	58	22
Infrastructure	2,259	24	2,484	28	(9)
Property	896	10	1,230	14	(27)
Investments	23	-	13	-	77
Total	9,358	100	8,782	100	7

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9M 2014 Pre-tax Profit by Segments

S\$m	<u>9M 2014</u>	<u>%</u>	<u>9M 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,008	58	854	51	18
Infrastructure	149	9	169	10	(12)
Property	489	28	603	36	(19)
Investments	81	5	59	3	37
Total	1,727	100	1,685	100	2

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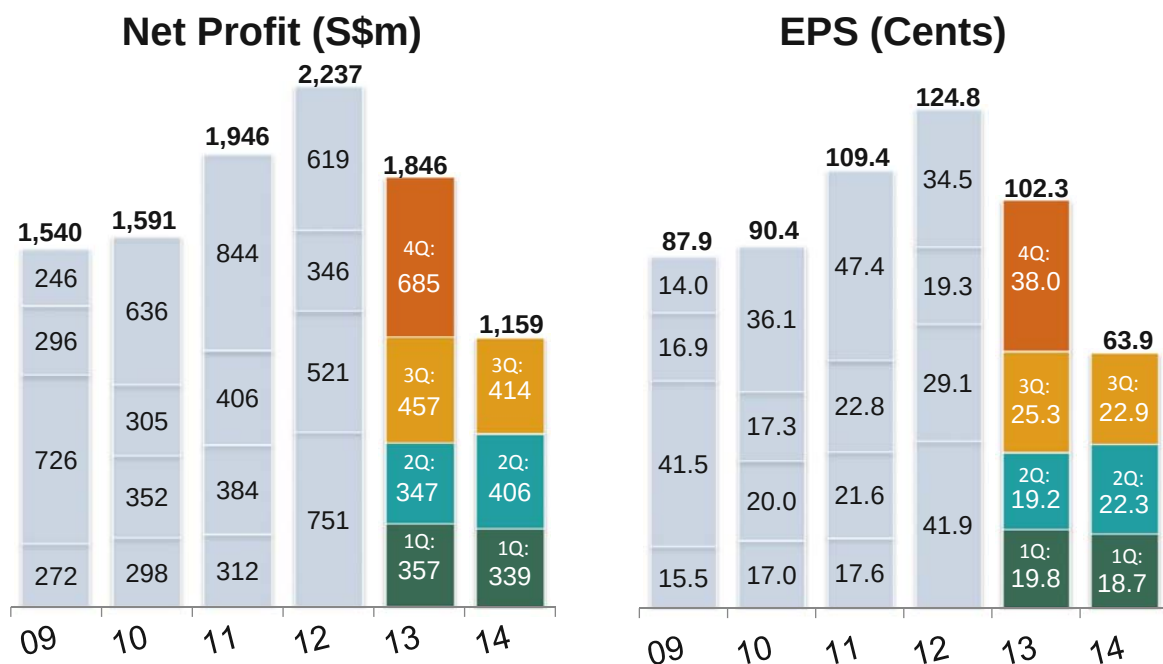
9M 2014 Net Profit by Segments

S\$m	9M 2014	%	9M 2013	%	% Change
Offshore & Marine	753	65	660	57	14
Infrastructure	105	9	124	11	(15)
Property	221	19	340	29	(35)
Investments	80	7	37	3	116
Total	1,159	100	1,161	100	-

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Net Profit & EPS



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Free Cash Flow

	<u>9M 2014</u> S\$m	<u>9M 2013</u> S\$m
Operating profit	1,447	1,388
Depreciation & other non-cash items	90	127
	1,537	1,515
Working capital changes	(1,673)	(1,832)
Interest & tax paid	(335)	(547)
Net cash used in operating activities	(471)	(864)
Investments & capex	(545)	(350)
Divestments & dividend income	889	192
Net cash from/(used in) investing activities	344	(158)
Cash outflow	(127)	(1,022)
Dividend paid	(954)	(840)

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

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

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3Q & 9M 2014 Results Q&A

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Additional Information

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Revenue by Geography

9M 2014

	<u>Total</u> S\$m	<u>Overseas</u> Customers %	<u>Singapore</u> Customers %
Offshore & Marine	6,180	92	8
Infrastructure	2,259	13	87
Property	896	45	55
Investments	23	18	82
Total	9,358	68	32

68% of total revenue came from overseas customers

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EBITDA by Segments

S\$m	<u>9M 2014</u>	<u>%</u>	<u>9M 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,016	62	852	54	19
Infrastructure	239	15	215	14	11
Property	337	20	477	31	(29)
Investments	51	3	22	1	132
Total	1,643	100	1,566	100	5

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Capital/Gearing/ROE

S\$m	<u>30 Sep 2014</u>	<u>31 Dec 2013</u>
Shareholders' Funds	10,057	9,701
Capital Employed	14,105	13,689
Net Debt	2,738	1,535
Net Gearing Ratio	0.19x	0.11x
ROE	14.5%	19.5%

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OFFSHORE & MARINE

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Financial Highlights – Offshore & Marine

S\$m	<u>3Q 2014</u>	<u>3Q 2013</u>	<u>% Change</u>
Revenue	2,199	1,535	43
EBITDA	365	287	27
Operating Profit	329	253	30
Profit Before Tax	359	282	27
Net Profit	252	215	17

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Financial Highlights – Offshore & Marine

S\$m	<u>9M 2014</u>	<u>9M 2013</u>	<u>% Change</u>
Revenue	6,180	5,055	22
EBITDA	1,016	852	19
Operating Profit	911	750	22
Profit Before Tax	1,008	854	18
Net Profit	753	660	14

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Offshore & Marine Review

- S\$471 million contracts secured in 3Q 2014:
 - 1 Jackup, 1 FPSO Conversion, 1 Submersible Barge,
1 Jackup Repair, 1 Semi Repair and 1 Platform Repair.
- Major contract completions in 3Q 2014:
 - 3 Jackups, 1 Semi Upgrade, 1 FPSO Conversion, 1 Jackup Repair,
1 Semi Repair, 1 Diving Support Vessel and 1 Tug.

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Offshore & Marine Orderbook

	<u>Order Balance S\$m</u>	<u>Client</u>
<u>For delivery in 2014</u>		
2 JUs/1 Semi Upgrade/1 Semi Repair/1 JU Integration/ 1 Platform Repair/2 FPSO Conversions/1 FPSO Upgrade/ 2 Turret Fabrications/1 Transformer Platform/ 1 Floating Crane/1 Depletion Compression Platform/ 3 Tugs/1 Submersible Barge	118	Star Drilling/Perforadora Central/ Ensco/Ezion/M3nergy/ Bumi Armada/SBM/Emas AMC/ Wetfeet/Asian Lift/Shell/ Smit
<u>For delivery in 2015</u>		
15 JUs/1 Semi/2 Accom. Semis/1 JU Repair/3 FPSO Conversions/ 1 FPSO Upgrade/1 FPSO Modules Integration/ 1 Turret Fabrication/1 Pipelay Vessel/2 Ice Class Supply Vessels/ 1 Ice Class Multi-Purpose Duty Rescue/2 Submersible Barges	2,149	Maersk/Pemex/Grupo R/Parden/Ensco/ Falcon Energy/PV Drilling/UMW/Arabian Drilling Co./Perforadora Central/Setebras/ Floatel/Paragon Offshore/SBM/Bumi Armada/ Apache/Modec-Toyo/SOFEC/McDermott/Smit
<u>For delivery in 2016</u>		
9 JUs/2 Semis/1 FPSO Modules Fab. & Integration	3,521	Transocean/Ensco/Clearwater/Fecon/Setebras/ Gulf Drilling Int./SOCAR/Petrobras
<u>For delivery in 2017-2019</u>		
3 JUs/4 Semis/1 FPSO Modules Fab. & Integration/ 1 FLNG Conversion/1 Subsea Construction Vessel	6,903	Transocean/TS Offshore/Setebras/Petrobras/ Golar/Baku Shipyard
Total as at 30 Sep 2014	<u>12,691</u>	

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INFRASTRUCTURE

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Financial Highlights - Infrastructure

S\$m	<u>3Q 2014</u>	<u>3Q 2013</u>	<u>% Change</u>
Revenue	762	877	(13)
EBITDA	84	70	20
Operating Profit	57	46	24
Profit Before Tax	54	48	13
Net Profit	38	34	12

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Financial Highlights - Infrastructure

S\$m	<u>9M 2014</u>	<u>9M 2013</u>	<u>% Change</u>
Revenue	2,259	2,484	(9)
EBITDA	239	215	11
Operating Profit	161	159	1
Profit Before Tax	149	169	(12)
Net Profit	105	124	(15)

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PROPERTY

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Financial Highlights - Property

S\$m	<u>3Q 2014</u>	<u>3Q 2013</u>	<u>% Change</u>
Revenue	219	532	(59)
EBITDA	160	269	(41)
Operating Profit	155	262	(41)
Profit Before Tax	198	316	(37)
Net Profit	92	193	(52)

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Financial Highlights - Property

S\$m	<u>9M 2014</u>	<u>9M 2013</u>	<u>% Change</u>
Revenue	896	1,230	(27)
EBITDA	337	477	(29)
Operating Profit	324	457	(29)
Profit Before Tax	489	603	(19)
Net Profit	221	340	(35)

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>3Q 2014</u>	<u>3Q 2013</u>	<u>% Change</u>
Revenue	5	3	67
EBITDA	23	7	229
Operating Profit	24	7	243
Profit Before Tax	31	24	29
Net Profit	32	15	113

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Financial Highlights - Investments

S\$m	<u>9M 2014</u>	<u>9M 2013</u>	<u>% Change</u>
Revenue	23	13	77
EBITDA	51	22	132
Operating Profit	51	22	132
Profit Before Tax	81	59	37
Net Profit	80	37	116

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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 9M 2014 RESULTS PRESENTATION

TUESDAY, 21 OCTOBER 2014

1. Group Financial Highlights by CFO (Slide 13)

2. 3Q 2014 Financial Performance (Slide 14)

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

For the third quarter of 2014, the Group recorded a net profit of \$414 million. While this is 9% below the same quarter last year, it is a 2% improvement from the \$406 million profit we reported in the second quarter.

Earnings per share similarly decreased by 9% to 22.9 cents, while EVA improved from \$332 million to \$620 million mainly because of the sale of Equity Plaza.

The positive free cash flow of \$655 million for the quarter is mainly due to proceeds from the sale of Equity Plaza.

3. 3Q 2014 Financial Highlights (Slide 15)

The Group's revenue for the third quarter grew by \$238 million or 8% from the same quarter last year, led by higher revenues from the Offshore & Marine division.

Operating profit at \$565 million was at about the same level as last year. While Offshore & Marine continued to report higher profits, this was offset by weaker performance from Property division.

Despite operating profit maintaining at comparable levels as last year, profit before tax decreased \$28 million or 4%, due to lower contributions from associates such as Kris Energy, k1 Ventures, Seafox 5, and FloaTEC.

The Group's net profit after tax and non-controlling interests was \$43 million or 9% lower, and correspondingly earnings per share (EPS) decreased by 9%.

4. 3Q 2014 Revenue by Segments (Slide 16)

Overall revenue rose by 8%, driven largely by the revenue growth in the Offshore & Marine division, which continues to be the main contributor to the Group's revenue at 69%.

Offshore & Marine's 43% increase in revenue is a result of higher volume of work. During the quarter, we started revenue recognition for four jack-ups, two supply vessels, a multi-purpose rescue vessel and a FPSO topside fabrication and integration.

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

Property also saw a decrease in revenue, primarily due to fewer residential units sold in Singapore and China as compared to the third quarter of 2013. The effects of the deconsolidation of Keppel REIT from 31 August 2013 also contributed to the decrease.

5. 3Q 2014 Pre-tax Profit by Segments (Slide 17)

Offshore & Marine posted a 27% or \$77 million increase in pre-tax profit as a result of higher revenues recognised from higher volume of work during the quarter.

Infrastructure division posted a \$6 million or 13% increase in pre-tax earnings from the same period last year, driven by higher earnings from Logistics and Data Centre businesses.

Property division reported a lower pre-tax profit of \$198 million, a decrease of 37% from last year, mainly due to a decline in Singapore and China sales during the current quarter as well as deconsolidation of Keppel REIT from 31 August 2013.

Investment division's pre-tax profit increased mainly due to write back of impairment of investment during the quarter.

6. 3Q 2014 Net Profit by Segments (Slide 18)

Offshore & Marine performed well to achieve a 17% or \$37 million improvement in its net profit compared to the same period last year.

Infrastructure and Investment divisions too registered improvement in net profit.

However, the Property division's 52% or \$101 million decline in net profit has offset the improvement in profit from all other divisions.

Consequently, the Group's net profit in the third quarter decreased 9% from \$457 million to \$414 million this year.

7. 9M 2014 Financial Performance (Slide 19)

Now I shall take you through the performance for the first nine months of the year.

Net profit for the first nine months of 2014 of \$1.16 billion is the same level as that for the same period in 2013.

Earnings per share was 64 cents. Annualised ROE declined to 14.5% while EVA was higher at \$1 billion due to gains from the sale of Equity Plaza.

Our net gearing increased from 11% at the end of the last financial year to 19%, largely due to capital expenditure and operational working capital requirements.

8. 9M 2014 Financial Highlights (Slide 20)

With three quarters of revenue growth, the Group registered a 7% or \$576 million improvement in the top line to \$9.4 billion, largely due to higher revenue from the Offshore & Marine division.

This translates to a 4% or \$59 million increase in operating profit, as Offshore & Marine continued to report higher revenue. The gain from divestment of Equity Plaza also contributed to the higher operating profit.

After tax and non-controlling interests, net profit was at the same level as the corresponding nine month period in 2013 at \$1.16 billion.

9. 9M 2014 Revenue by Segments (Slide 21)

The Group earned total revenues of \$9.4 billion in the first nine months of the year, 7% higher than the same period last year, on the back of higher revenues from Offshore & Marine.

At Offshore & Marine, good progress was made on ongoing projects, including those in Brazil, thus resulting in higher revenue being recognised.

Major jobs completed so far this year include five jack-up rigs, two FPSO upgrades, one FPSO conversion and one FPSO integration.

Infrastructure's lower revenue was attributed mainly to decreases in revenue from the power generation plant, partially offset by higher revenues from Logistics and Data Centre businesses.

Property revenue decreased, with an overall lower volume of sales in Singapore & China in 2014 as compared to the same period in 2013, as well as the effects of deconsolidation of Keppel REIT from 31 August 2013.

10. 9M 2014 Pre-tax Profit by Segments (Slide 22)

Higher revenues in the Offshore & Marine division drove an 18% increase in pre-tax profit for the first nine months of the year. Net investment and interest income was higher, partly offset by lower contributions from associates. Offshore & Marine operating margin for the nine months at 14.6% was comparable to 14.8% in the same period last year.

Infrastructure's pre-tax profit was lower for the first nine months of 2014. The higher profit in the prior period was due to the reversal of provisions following the finalisation of the sales of the power barge. Excluding this reversal, Infrastructure's pre-tax profit in the first nine months of 2014 is comparable to the same period in 2013.

The Property division reported lower pre-tax profit. There was an overall lower volume of sales in residential projects like Reflections and Corals at Keppel Bay in Singapore, and 8 Park Avenue in Shanghai. This quarter also saw the absence of revenue from The Lakefront Residences with the project's TOP in May 2014. The effects of the deconsolidation of Keppel REIT from 31 August 2013 also contributed to the decrease.

Investment division's pre-tax profit increased mainly due to write back of impairment of investment.

11. 9M 2014 Net Profit by Segments (Slide 23)

Offshore & Marine reported 14% higher profits for the first nine months of 2014 than previous year, and remains the top contributor to the Group's earnings, at 65%.

Property registered a 35% fall in net profit after tax, also a result of lower contribution from property projects in Singapore and China. As highlighted in previous quarters, net profit in the first nine months of 2013 included a write-back of tax provision arising from the finalisation of prior years' taxation.

12. Net Profit and EPS (Slide 24)

Net profit of \$1.16 billion and earnings per share of 64 cents for the first nine months of the year is at the same level as the corresponding period in 2013.

13. Free Cash Flow (Slide 25)

In the first nine months of 2014, the Group continued to generate strong cash flows from its operations. \$1.54 billion of cash flow was generated from operations, \$22 million more than the previous year. After taking into account higher working capital requirements mainly from the Offshore & Marine and Property divisions, operating cash outflow for the nine months was \$471 million.

Net cash from investing activities amounted to \$344 million, with \$889 million of receipts coming from dividend income from associates and divestments including the sale of Equity Plaza. \$545 million was spent on investments and operational capital expenditure, mainly for the Offshore & Marine and Property divisions.

The resultant cash outflow was \$127 million for the first nine months; \$895 million lower than 2013.

14. Outlook (Slide 26)

Keppel continues to fortify our strengths, while remaining focused on our core businesses. We have established a robust balance sheet and sufficient liquidity to provide us with the necessary financial muscle and flexibility to respond to challenges and opportunities that may come with the changing macro conditions.

Through consistent innovation to achieve execution excellence in our core operations and a commitment to financial discipline, we remain steadfast in our goal to ensure sustainable growth and long-term value creation for our shareholders and customers.

Thank you.