

## **MEDIA RELEASE**

### **Keppel Corporation Limited Unaudited Results for the Full Year Ended 31 December 2014**

**Singapore, 22 January 2015** – The Directors of Keppel Corporation Limited advise the following unaudited results of the Group for the full year ended 31 December 2014.

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**KEPPEL CORPORATION LIMITED**

Co. Reg. No. 196800351N

(Incorporated in the Republic of Singapore)

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# KEPPEL CORPORATION LIMITED

## Full Year 2014 Financial Statements & Dividend Announcement

### UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the year ended 31 December 2014.

#### 1. GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December

|                                          | Note  | Fourth Quarter       |                      |          | Full Year            |                      |          |
|------------------------------------------|-------|----------------------|----------------------|----------|----------------------|----------------------|----------|
|                                          |       | 31.12.2014<br>\$'000 | 31.12.2013<br>\$'000 | +/-<br>% | 31.12.2014<br>\$'000 | 31.12.2013<br>\$'000 | +/-<br>% |
| <b>Revenue</b>                           |       | <b>3,925,250</b>     | 3,598,580            | +9.1     | <b>13,282,979</b>    | 12,380,419           | +7.3     |
| Materials & subcontract costs            | (i)   | (2,803,076)          | (2,602,540)          | +7.7     | (9,244,629)          | (8,603,659)          | +7.4     |
| Staff costs                              | (ii)  | (486,615)            | (543,270)            | -10.4    | (1,732,964)          | (1,668,237)          | +3.9     |
| Depreciation & amortisation              |       | (69,267)             | (64,085)             | +8.1     | (265,136)            | (242,292)            | +9.4     |
| Other operating income                   | (iii) | 359,787              | 357,730              | +0.6     | 333,170              | 268,138              | +24.3    |
| <b>Operating profit</b>                  |       | <b>926,079</b>       | 746,415              | +24.1    | <b>2,373,420</b>     | 2,134,369            | +11.2    |
| Investment income                        |       | 3,766                | 1,979                | +90.3    | 11,936               | 14,033               | -14.9    |
| Interest income                          |       | 28,676               | 31,920               | -10.2    | 133,104              | 144,189              | -7.7     |
| Interest expenses                        | (iv)  | (52,423)             | (20,976)             | +149.9   | (134,024)            | (124,718)            | +7.5     |
| Share of results of associated companies | (v)   | 255,069              | 349,568              | -27.0    | 504,176              | 625,867              | -19.4    |
| <b>Profit before tax</b>                 |       | <b>1,161,167</b>     | 1,108,906            | +4.7     | <b>2,888,612</b>     | 2,793,740            | +3.4     |
| Taxation                                 | 1b    | (136,325)            | (102,579)            | +32.9    | (462,362)            | (397,366)            | +16.4    |
| <b>Profit for the quarter / year</b>     |       | <b>1,024,842</b>     | 1,006,327            | +1.8     | <b>2,426,250</b>     | 2,396,374            | +1.2     |
| <b>Attributable to:</b>                  |       |                      |                      |          |                      |                      |          |
| Shareholders of the Company              |       | 725,898              | 684,398              | +6.1     | 1,884,798            | 1,845,792            | +2.1     |
| Non-controlling interests                |       | 298,944              | 321,929              | -7.1     | 541,452              | 550,582              | -1.7     |
|                                          |       | <b>1,024,842</b>     | 1,006,327            | +1.8     | <b>2,426,250</b>     | 2,396,374            | +1.2     |
| <b>Earnings per ordinary share</b>       |       |                      |                      |          |                      |                      |          |
| - basic                                  |       | <b>39.9 cts</b>      | 38.0 cts             | +5.0     | <b>103.8 cts</b>     | 102.3 cts            | +1.5     |
| - diluted                                |       | <b>39.6 cts</b>      | 37.5 cts             | +5.6     | <b>102.8 cts</b>     | 101.2 cts            | +1.6     |

## NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

|                                                           | Note   | Fourth Quarter       |                      |          | Full Year            |                      |          |
|-----------------------------------------------------------|--------|----------------------|----------------------|----------|----------------------|----------------------|----------|
|                                                           |        | 31.12.2014<br>\$'000 | 31.12.2013<br>\$'000 | +/-<br>% | 31.12.2014<br>\$'000 | 31.12.2013<br>\$'000 | +/-<br>% |
| Share-based payment expenses                              |        | <b>15,989</b>        | 14,568               | +9.8     | <b>56,461</b>        | 55,362               | +2.0     |
| Loss/(profit) on sale of investments                      | (vi)   | <b>5,792</b>         | (2,738)              | NM       | <b>(8,008)</b>       | (4,805)              | +66.7    |
| Provision                                                 |        |                      |                      |          |                      |                      |          |
| - Stocks & work-in-progress                               |        | <b>4,149</b>         | 4,144                | +0.1     | <b>2,699</b>         | 4,173                | -35.3    |
| - Doubtful debts                                          |        | <b>974</b>           | 2,506                | -61.1    | <b>2,945</b>         | 2,255                | +30.6    |
| Fair value loss/(gain)                                    |        |                      |                      |          |                      |                      |          |
| - Investments                                             | (vii)  | <b>21,763</b>        | 1,509                | >500.0   | <b>15,002</b>        | (9,350)              | NM       |
| - Forward contracts                                       | (viii) | <b>15,404</b>        | 1,217                | >500.0   | <b>27,389</b>        | 15,474               | +77.0    |
| - Financial derivatives                                   |        | <b>(6,593)</b>       | (1,610)              | +309.5   | <b>(3,170)</b>       | (9,877)              | -67.9    |
| Foreign exchange loss/(gain)                              | (ix)   | <b>12,135</b>        | 6,031                | +101.2   | <b>7,513</b>         | (23,881)             | NM       |
| Profit on sale of fixed assets and an investment property | (x)    | <b>(194,349)</b>     | (327)                | >500.0   | <b>(289,214)</b>     | (3,865)              | >500.0   |
| Write-back of provision for restructuring of operations   | (xi)   | <b>(4,752)</b>       | (16,257)             | -70.8    | <b>(4,752)</b>       | (43,088)             | -89.0    |
| Gain on disposal of subsidiaries                          | (xii)  | <b>(41,723)</b>      | (246,639)            | -83.1    | <b>(48,647)</b>      | (307,726)            | -84.2    |
| Gain on disposal of associated companies                  | (xiii) | <b>(145,184)</b>     | —                    | NM       | <b>(145,184)</b>     | —                    | NM       |
| Impairment/write-off of fixed assets                      | (xiv)  | <b>7,746</b>         | 1,482                | +422.7   | <b>7,746</b>         | 1,482                | +422.7   |
| Fair value gain on investment properties                  | (xv)   | <b>(54,569)</b>      | (156,284)            | -65.1    | <b>(54,569)</b>      | (156,284)            | -65.1    |
| Write-back of impairment of investments                   | (xvi)  | <b>(2,581)</b>       | (2,818)              | -8.4     | <b>(47,971)</b>      | (2,818)              | >500.0   |

NM - Not Meaningful

### Note:

- (i) Materials & subcontract costs increased mainly as a result of higher revenue from the Offshore & Marine Division, partly offset by lower revenue from the Infrastructure Division.
- (ii) Staff costs increased in the current year due mainly to higher manpower cost in the Offshore & Marine and Property Divisions, partly offset by lower manpower cost in Infrastructure Division.
- (iii) Higher other operating income for 2014 was due mainly to higher profit on sale of fixed assets and an investment property (Note (x)), gain on disposal of associated companies (Note (xiii)) and higher write-back of impairment of investments (Note (xvi)), higher profit from the sale of investment (Note (vi)), partly offset by lower gain on disposal of subsidiaries (Note (xii)), lower fair value gain on investment properties (Note (xv)) and lower write-back for restructuring of operations in the prior year (Note (xi)).
- (iv) Higher interest expense was mainly attributable to the higher interest incurred in the Property Division, partly offset by the deconsolidation of Keppel REIT from 31 August 2013.
- (v) Share of profits of associated companies was lower due mainly to reduced fair value gain on investment properties and contribution from associated companies in the Offshore & Marine Division, partially offset by disposal of Prudential Tower in 2014.
- (vi) Profit from the sale of listed equity investments was slightly higher in the year.
- (vii) Fair value loss (mark-to-market) on investment portfolio held for trading was due to decrease in stock prices.

- (viii) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rates.
- (ix) Foreign exchange loss mainly arose from the revaluation of liabilities denominated in United States dollar, which appreciated against the Singapore dollar. The foreign exchange gain in the prior year was mainly due to the revaluation of assets denominated in United States dollar, which appreciated against the Singapore dollar.
- (x) Profit on sale of fixed assets and an investment property in 2014 was largely attributable to the divestment of data centre assets and Equity Plaza in the Infrastructure and Property Divisions respectively.
- (xi) The write-back for restructuring of operations and others in 2014 was largely due to a realisation of reserves upon liquidation of subsidiaries, while that in 2013 was mainly in relation to the reversal of provision following the finalisation of the sale of power barge in the Infrastructure Division and write-back of provision in the Offshore & Marine Division.
- (xii) Gain on disposal of subsidiaries in 2014 arose mainly from the divestments of Berich Enterprises Limited and Keppel FMO Pte Ltd ("Keppel FMO"), while the gain in 2013 mainly arose from the divestment of a subsidiary, Montfort Development Pte Ltd, which has a 50% indirect interest in Hotel Sedona Manado in Indonesia, the deconsolidation of Keppel REIT due to loss of control and the divestment of 51% interests in PT Mitra Sindo Sukses ("PTMSS") and PT Mitra Sindo Makmur ("PTMSM").
- (xiii) The gain in 2014 arose from the divestment of the Group's one-third interest in Central Boulevard Development Pte Ltd, which owns Marina Bay Financial Centre Tower 3 ("MBFC T3").
- (xiv) The amount in the current year was largely due to impairment/write-off of assets in the Infrastructure Division.
- (xv) Lower fair value gain on investment properties was largely attributable to lower fair value gain on the portfolio of investment properties in Singapore.
- (xvi) Higher write-back in 2014 was mainly in relation to the write-back of impairment of investments, following their divestments, in the Investments Division.
- 1b. Taxation expenses were higher because of higher taxable profit from operations in countries with higher tax rates and lower tax write-back in the current year.

1c. Earnings per ordinary share

|                                                                                             | 2014             | 2013      | +/-% |
|---------------------------------------------------------------------------------------------|------------------|-----------|------|
| Earnings per ordinary share of the Group based on net profit attributable to shareholders:- |                  |           |      |
| (i) Based on weighted average number of shares                                              | <b>103.8 cts</b> | 102.3 cts | +1.5 |
| - Weighted average number of shares ('000)*                                                 | <b>1,815,042</b> | 1,805,198 | +0.5 |
| (ii) On a fully diluted basis                                                               | <b>102.8 cts</b> | 101.2 cts | +1.6 |
| - Adjusted weighted average number of shares ('000)*                                        | <b>1,831,502</b> | 1,823,236 | +0.5 |

\* The average number of shares excludes treasury shares as at the end of the financial year.

1d. Breakdown of sales

|                                                                                                     | 2014<br>\$'000   | 2013<br>\$'000 | +/-% |
|-----------------------------------------------------------------------------------------------------|------------------|----------------|------|
| <b><u>First Half</u></b>                                                                            |                  |                |      |
| Sales reported for first half year                                                                  | <b>6,172,945</b> | 5,834,607      | +5.8 |
| Operating profit after tax before deducting non-controlling interests reported for first half year  | <b>864,010</b>   | 846,628        | +2.1 |
| <b><u>Second Half</u></b>                                                                           |                  |                |      |
| Sales reported for second half year                                                                 | <b>7,110,034</b> | 6,545,812      | +8.6 |
| Operating profit after tax before deducting non-controlling interests reported for second half year | <b>1,562,240</b> | 1,549,746      | +0.8 |

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December**

|                                                                            | Note   | Fourth Quarter       |                      |              | Full Year            |                      |               |
|----------------------------------------------------------------------------|--------|----------------------|----------------------|--------------|----------------------|----------------------|---------------|
|                                                                            |        | 31.12.2014<br>\$'000 | 31.12.2013<br>\$'000 | +/-<br>%     | 31.12.2014<br>\$'000 | 31.12.2013<br>\$'000 | +/-<br>%      |
| <b>Profit for the quarter / year</b>                                       |        | <b>1,024,842</b>     | <b>1,006,327</b>     | <b>+1.8</b>  | <b>2,426,250</b>     | <b>2,396,374</b>     | <b>+1.2</b>   |
| Items that may be reclassified subsequently to profit & loss account:      |        |                      |                      |              |                      |                      |               |
| Available-for-sale assets                                                  |        |                      |                      |              |                      |                      |               |
| - Fair value changes arising during the quarter / year                     | (i)    | <b>(14,286)</b>      | (24,355)             | -41.3        | <b>(47,295)</b>      | 13,552               | NM            |
| - Realised and transferred to profit & loss account                        | (ii)   | <b>(24,028)</b>      | (387)                | >500.0       | <b>(34,553)</b>      | 28                   | NM            |
| Cash flow hedges                                                           |        |                      |                      |              |                      |                      |               |
| - Fair value changes arising during the quarter / year, net of tax         | (iii)  | <b>(448,662)</b>     | 67,277               | NM           | <b>(505,083)</b>     | (204,730)            | +146.7        |
| - Realised and transferred to profit & loss account                        | (iv)   | <b>(1,566)</b>       | (14,139)             | -88.9        | <b>(24,112)</b>      | 7,468                | NM            |
| Foreign exchange translation                                               |        |                      |                      |              |                      |                      |               |
| - Exchange differences arising during the quarter / year                   | (v)    | <b>139,308</b>       | (27,439)             | NM           | <b>128,500</b>       | 73,628               | +74.5         |
| - Realised and transferred to profit & loss account                        | (vi)   | <b>28,107</b>        | 20,516               | +37.0        | <b>23,570</b>        | 37,876               | -37.8         |
| Share of other comprehensive income of associated companies                |        |                      |                      |              |                      |                      |               |
| - Available-for-sale assets                                                |        | <b>(2,246)</b>       | (2,217)              | +1.3         | <b>(3,732)</b>       | (5,847)              | -36.2         |
| - Cash flow hedges                                                         | (vii)  | <b>(2,448)</b>       | (5,455)              | -55.1        | <b>14,401</b>        | (2,152)              | NM            |
| - Foreign exchange translation                                             | (viii) | <b>6,585</b>         | (10,582)             | NM           | <b>23,650</b>        | 2,881                | >500.0        |
| Items that will not be reclassified subsequently to profit & loss account: |        |                      |                      |              |                      |                      |               |
| Share of other comprehensive income of associated companies                |        |                      |                      |              |                      |                      |               |
| - Revaluation surplus                                                      |        | <b>996</b>           | —                    | NM           | <b>996</b>           | —                    | NM            |
| <b>Other comprehensive income for the quarter / year, net of tax</b>       |        | <b>(318,240)</b>     | <b>3,219</b>         | <b>NM</b>    | <b>(423,658)</b>     | <b>(77,296)</b>      | <b>+448.1</b> |
| <b>Total comprehensive income for the quarter / year</b>                   |        | <b>706,602</b>       | <b>1,009,546</b>     | <b>-30.0</b> | <b>2,002,592</b>     | <b>2,319,078</b>     | <b>-13.6</b>  |
| <b>Attributable to:</b>                                                    |        |                      |                      |              |                      |                      |               |
| Shareholders of the Company                                                |        | <b>339,845</b>       | 678,174              | -49.9        | <b>1,393,768</b>     | 1,721,456            | -19.0         |
| Non-controlling interests                                                  |        | <b>366,757</b>       | 331,372              | +10.7        | <b>608,824</b>       | 597,622              | +1.9          |
|                                                                            |        | <b>706,602</b>       | <b>1,009,546</b>     | <b>-30.0</b> | <b>2,002,592</b>     | <b>2,319,078</b>     | <b>-13.6</b>  |

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 and HSFO prices, which were largely entered to hedge exposures against United States dollar (sell forward) and energy prices (buy forward). The fair value loss noted in the current year was as a result of the higher exchange rate of the United States dollar and the lower prices of HSFO. The fair value loss in the prior year was due to the lower exchange rate of the United States dollar.
- (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 2014 arose largely from strengthening of foreign currencies, such as the United States dollar and the Renminbi against the Singapore dollar, while the translation gains for 2013 arose largely from strengthening of foreign currencies, such as the United States dollar, the Renminbi and the Euro against the Singapore dollar.
- (vi) These represented exchange differences, which were transferred to profit & loss upon disposals of subsidiaries.
- (vii) Fair value differences were due mainly to the foreign exchange contracts which were largely entered to hedge exposures against the Australian dollar.
- (viii) The translation gains for 2014 and 2013 as well as the gains for the fourth quarter in 2014 arose largely from strengthening of foreign currencies, such as the United States dollar and the Renminbi against the Singapore dollar. The translation loss for the fourth quarter in 2013 arose largely from the weakening of the Australian dollar against the Singapore dollar.

### 3. BALANCE SHEETS as at 31 December

|                                                                           | <b>Group</b>      |                   | <b>Company</b>    |                   |
|---------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                           | <b>31.12.2014</b> | <b>31.12.2013</b> | <b>31.12.2014</b> | <b>31.12.2013</b> |
|                                                                           | <b>\$'000</b>     | <b>\$'000</b>     | <b>\$'000</b>     | <b>\$'000</b>     |
| <b>Share capital</b>                                                      | <b>1,287,595</b>  | <b>1,205,877</b>  | <b>1,287,595</b>  | <b>1,205,877</b>  |
| <b>Reserves</b>                                                           | <b>9,093,167</b>  | <b>8,495,304</b>  | <b>4,542,906</b>  | <b>4,489,022</b>  |
| <b>Share capital &amp; reserves</b>                                       | <b>10,380,762</b> | <b>9,701,181</b>  | <b>5,830,501</b>  | <b>5,694,899</b>  |
| <b>Non-controlling interests</b>                                          | <b>4,346,879</b>  | <b>3,987,682</b>  | <b>–</b>          | <b>–</b>          |
| <b>Capital employed</b>                                                   | <b>14,727,641</b> | <b>13,688,863</b> | <b>5,830,501</b>  | <b>5,694,899</b>  |
| <b>Represented by:</b>                                                    |                   |                   |                   |                   |
| <b>Fixed assets</b>                                                       | <b>2,673,015</b>  | <b>3,798,279</b>  | <b>694</b>        | <b>882</b>        |
| <b>Investment properties</b>                                              | <b>1,987,515</b>  | <b>2,187,858</b>  | <b>–</b>          | <b>–</b>          |
| <b>Subsidiaries</b>                                                       | <b>–</b>          | <b>–</b>          | <b>5,067,567</b>  | <b>5,094,452</b>  |
| <b>Associated companies</b>                                               | <b>4,988,444</b>  | <b>5,482,173</b>  | <b>–</b>          | <b>–</b>          |
| <b>Investments</b>                                                        | <b>358,366</b>    | <b>264,745</b>    | <b>–</b>          | <b>–</b>          |
| <b>Long term assets</b>                                                   | <b>258,397</b>    | <b>278,917</b>    | <b>321</b>        | <b>218</b>        |
| <b>Intangibles</b>                                                        | <b>101,732</b>    | <b>86,240</b>     | <b>–</b>          | <b>–</b>          |
|                                                                           | <b>10,367,469</b> | <b>12,098,212</b> | <b>5,068,582</b>  | <b>5,095,552</b>  |
| <b>Current assets</b>                                                     |                   |                   |                   |                   |
| Stocks & work-in-progress in excess of related billings                   | <b>10,681,123</b> | <b>8,994,726</b>  | <b>–</b>          | <b>–</b>          |
| Amounts due from:                                                         |                   |                   |                   |                   |
| - subsidiaries                                                            | <b>–</b>          | <b>–</b>          | <b>4,100,374</b>  | <b>3,465,513</b>  |
| - associated companies                                                    | <b>630,552</b>    | <b>1,037,206</b>  | <b>471</b>        | <b>9,430</b>      |
| Debtors                                                                   | <b>2,509,589</b>  | <b>1,915,747</b>  | <b>26,288</b>     | <b>33,804</b>     |
| Short term investments                                                    | <b>371,451</b>    | <b>445,073</b>    | <b>–</b>          | <b>–</b>          |
| Bank balances, deposits & cash                                            | <b>5,736,001</b>  | <b>5,564,656</b>  | <b>2,308</b>      | <b>2,466</b>      |
|                                                                           | <b>19,928,716</b> | <b>17,957,408</b> | <b>4,129,441</b>  | <b>3,511,213</b>  |
| Assets classified as held for sale *                                      | <b>1,258,640</b>  | <b>–</b>          | <b>–</b>          | <b>–</b>          |
|                                                                           | <b>21,187,356</b> | <b>17,957,408</b> | <b>4,129,441</b>  | <b>3,511,213</b>  |
| <b>Current liabilities</b>                                                |                   |                   |                   |                   |
| Creditors                                                                 | <b>5,581,423</b>  | <b>5,409,197</b>  | <b>558,441</b>    | <b>275,189</b>    |
| Billings on work-in-progress in excess of related costs                   | <b>2,397,376</b>  | <b>2,714,983</b>  | <b>–</b>          | <b>–</b>          |
| Provisions                                                                | <b>149,526</b>    | <b>163,603</b>    | <b>–</b>          | <b>–</b>          |
| Amounts due to:                                                           |                   |                   |                   |                   |
| - subsidiaries                                                            | <b>–</b>          | <b>–</b>          | <b>1,004,570</b>  | <b>951,328</b>    |
| - associated companies                                                    | <b>137,188</b>    | <b>71,699</b>     | <b>–</b>          | <b>3</b>          |
| Term loans                                                                | <b>1,795,635</b>  | <b>516,665</b>    | <b>290,511</b>    | <b>160,838</b>    |
| Taxation                                                                  | <b>462,699</b>    | <b>465,387</b>    | <b>14,000</b>     | <b>19,575</b>     |
| Bank overdrafts                                                           | <b>–</b>          | <b>473</b>        | <b>–</b>          | <b>–</b>          |
|                                                                           | <b>10,523,847</b> | <b>9,342,007</b>  | <b>1,867,522</b>  | <b>1,406,933</b>  |
| Liabilities directly associated with assets classified as held for sale * | <b>450,017</b>    | <b>–</b>          | <b>–</b>          | <b>–</b>          |
|                                                                           | <b>10,973,864</b> | <b>9,342,007</b>  | <b>1,867,522</b>  | <b>1,406,933</b>  |
| <b>Net current assets</b>                                                 | <b>10,213,492</b> | <b>8,615,401</b>  | <b>2,261,919</b>  | <b>2,104,280</b>  |
| <b>Non-current liabilities</b>                                            |                   |                   |                   |                   |
| Term loans                                                                | <b>5,586,908</b>  | <b>6,582,861</b>  | <b>1,500,000</b>  | <b>1,500,000</b>  |
| Deferred taxation                                                         | <b>266,412</b>    | <b>441,889</b>    | <b>–</b>          | <b>4,933</b>      |
|                                                                           | <b>5,853,320</b>  | <b>7,024,750</b>  | <b>1,500,000</b>  | <b>1,504,933</b>  |
| <b>Net assets</b>                                                         | <b>14,727,641</b> | <b>13,688,863</b> | <b>5,830,501</b>  | <b>5,694,899</b>  |
| <b>Group net debt</b>                                                     | <b>1,646,542</b>  | <b>1,535,343</b>  | <b>n.a.</b>       | <b>n.a.</b>       |
| <b>Group net gearing ratio</b>                                            | <b>0.11x</b>      | <b>0.11x</b>      | <b>n.a.</b>       | <b>n.a.</b>       |

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

## NOTES TO BALANCE SHEETS

### 3a. Group's borrowings and debt securities

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

| As at 31.12.2014  |                     | As at 31.12.2013  |                     |
|-------------------|---------------------|-------------------|---------------------|
| Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| 123,234           | 1,672,401           | 198,619           | 318,519             |

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

| As at 31.12.2014  |                     | As at 31.12.2013  |                     |
|-------------------|---------------------|-------------------|---------------------|
| Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| 915,945           | 4,670,963           | 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 \$2,704,286,000 (31 December 2013: \$2,895,304,000) to banks for loan facilities.

### 3b. Net asset value

|                                         | Group         |        |      | Company       |        |      |
|-----------------------------------------|---------------|--------|------|---------------|--------|------|
|                                         | 2014          | 2013   | +/-% | 2014          | 2013   | +/-% |
| Net asset value per ordinary share *    | <b>\$5.73</b> | \$5.37 | +6.7 | <b>\$3.22</b> | \$3.15 | +2.2 |
| Net tangible asset per ordinary share * | <b>\$5.67</b> | \$5.32 | +6.6 | <b>\$3.22</b> | \$3.15 | +2.2 |

\* Based on share capital of 1,811,836,227 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2013: 1,807,970,459 ordinary shares).

### 3c. Assets and liabilities classified as held for sale

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

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

|                                                                                | 2014<br>\$'000   |
|--------------------------------------------------------------------------------|------------------|
| <b>Assets classified as held for sale</b>                                      |                  |
| Fixed assets                                                                   | 1,168,222        |
| Stocks & work-in-progress in excess of related billings                        | 27,437           |
| Debtors                                                                        | 61,595           |
| Bank balances, deposits & cash                                                 | 1,386            |
|                                                                                | <b>1,258,640</b> |
| <b>Liabilities directly associated with assets classified as held for sale</b> |                  |
| Creditors                                                                      | 284,787          |
| Deferred taxation                                                              | 165,230          |
|                                                                                | <b>450,017</b>   |

### 3d. Balance sheet analysis

Group shareholders' funds increased from \$9.70 billion at 31 December 2013 to \$10.38 billion at 31 December 2014. The increase was mainly attributable to retained profits for 2014, 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 and share buy-backs during the current year.

Group total assets of \$31.55 billion at 31 December 2014 were \$1.50 billion or 5% higher than the previous year end. Increase in current assets was partially offset by decrease in non-current assets. Higher current assets arises mainly from the reclassification of the KMC power plant from fixed assets to assets classified as held for sale, higher stocks & work-in-progress for the Offshore & Marine Division and acquisitions of development sites and development expenditure incurred for projects in the Property Division and higher debtors arising from the Offshore & Marine and Property Divisions, partly offset by repayment of advances due from associated companies. Decrease in non-current assets relate mainly to lower fixed assets largely due to reclassification of the KMC power plant to assets classified as held for sale and sale of the data centre assets by the Infrastructure Division, partly offset by construction of logistics warehouses and other operational capex, lower Investment Properties mainly from sale of Equity Plaza and lower associated companies mainly from dividends received from associated companies and sale of MBFC T3, partly offset by share of their profits.

Group total liabilities of \$16.83 billion at 31 December 2014 were \$0.46 billion or 3% above that as at 31 December 2013. This was due mainly to higher borrowings taken up for working capital requirements and increase in creditors arising from higher billings by suppliers offset by lower billings on work-in-progress in excess of related costs in the Offshore & Marine and Infrastructure Divisions and lower deferred taxation mainly from reclassification of KMC's deferred taxation to liabilities associated with assets classified as held for sale.

Group net debt of \$1.65 billion is \$0.11 billion higher than that as at 31 December 2013 due mainly to borrowings for land acquisitions in the Property Division, dividend payments (by the Company and its listed subsidiaries) and other operational and capex cash requirements, partly offset by net proceeds from disposals of Equity Plaza, MBFC T3, data centre assets and Keppel FMO and repayment of advances due from associated companies.

#### 4. STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December

##### 4a. Statement of changes in equity of the Group

|                                                                         | Attributable to owners of the Company |                               |                               |                                                         |                                          |                                            |                               |
|-------------------------------------------------------------------------|---------------------------------------|-------------------------------|-------------------------------|---------------------------------------------------------|------------------------------------------|--------------------------------------------|-------------------------------|
|                                                                         | Share<br>Capital<br>\$'000            | Capital<br>Reserves<br>\$'000 | Revenue<br>Reserves<br>\$'000 | Foreign<br>Exchange<br>Translation<br>Account<br>\$'000 | Share<br>Capital &<br>Reserves<br>\$'000 | Non-<br>controlling<br>Interests<br>\$'000 | Capital<br>Employed<br>\$'000 |
| <b>2014</b>                                                             |                                       |                               |                               |                                                         |                                          |                                            |                               |
| <b>As at 1 January</b>                                                  | <b>1,205,877</b>                      | <b>500,753</b>                | <b>8,301,117</b>              | <b>(306,566)</b>                                        | <b>9,701,181</b>                         | <b>3,987,682</b>                           | <b>13,688,863</b>             |
| <b>Total comprehensive income for the year</b>                          |                                       |                               |                               |                                                         |                                          |                                            |                               |
| Profit for the year                                                     | –                                     | –                             | 1,884,798                     | –                                                       | 1,884,798                                | 541,452                                    | 2,426,250                     |
| Other comprehensive income *                                            | –                                     | (606,009)                     | –                             | 114,979                                                 | (491,030)                                | 67,372                                     | (423,658)                     |
| <b>Total comprehensive income for the year</b>                          | <b>–</b>                              | <b>(606,009)</b>              | <b>1,884,798</b>              | <b>114,979</b>                                          | <b>1,393,768</b>                         | <b>608,824</b>                             | <b>2,002,592</b>              |
| <b>Transactions with owners, recognised directly in equity</b>          |                                       |                               |                               |                                                         |                                          |                                            |                               |
| <u>Contributions by and distributions to owners</u>                     |                                       |                               |                               |                                                         |                                          |                                            |                               |
| Dividends paid                                                          | –                                     | –                             | (762,906)                     | –                                                       | (762,906)                                | –                                          | (762,906)                     |
| Share-based payment                                                     | –                                     | 53,701                        | –                             | –                                                       | 53,701                                   | 2,327                                      | 56,028                        |
| Purchase of treasury shares                                             | –                                     | (48,665)                      | –                             | –                                                       | (48,665)                                 | –                                          | (48,665)                      |
| Transfer of statutory, capital and other reserves from revenue reserves | –                                     | 2,092                         | (2,092)                       | –                                                       | –                                        | –                                          | –                             |
| Dividend paid to non-controlling shareholders                           | –                                     | –                             | –                             | –                                                       | –                                        | (265,603)                                  | (265,603)                     |
| Cash subscribed by non-controlling shareholders                         | –                                     | –                             | –                             | –                                                       | –                                        | 12,196                                     | 12,196                        |
| Shares issued                                                           | 81,718                                | (47,422)                      | –                             | –                                                       | 34,296                                   | –                                          | 34,296                        |
| Contributions to defined benefits plans                                 | –                                     | 13,228                        | –                             | –                                                       | 13,228                                   | 1,501                                      | 14,729                        |
| Other adjustments                                                       | –                                     | –                             | 18                            | –                                                       | 18                                       | –                                          | 18                            |
| <b>Total contributions by and distributions to owners</b>               | <b>81,718</b>                         | <b>(27,066)</b>               | <b>(764,980)</b>              | <b>–</b>                                                | <b>(710,328)</b>                         | <b>(249,579)</b>                           | <b>(959,907)</b>              |
| <u>Changes in ownership interests in subsidiaries</u>                   |                                       |                               |                               |                                                         |                                          |                                            |                               |
| Acquisition of subsidiaries                                             | –                                     | –                             | –                             | –                                                       | –                                        | 7,204                                      | 7,204                         |
| Acquisition of additional interest in subsidiaries                      | –                                     | (5,678)                       | 1,819                         | –                                                       | (3,859)                                  | (5,736)                                    | (9,595)                       |
| Disposal of interest in subsidiaries                                    | –                                     | –                             | –                             | –                                                       | –                                        | (1,516)                                    | (1,516)                       |
| <b>Total change in ownership interests in subsidiaries</b>              | <b>–</b>                              | <b>(5,678)</b>                | <b>1,819</b>                  | <b>–</b>                                                | <b>(3,859)</b>                           | <b>(48)</b>                                | <b>(3,907)</b>                |
| <b>Total transactions with owners</b>                                   | <b>81,718</b>                         | <b>(32,744)</b>               | <b>(763,161)</b>              | <b>–</b>                                                | <b>(714,187)</b>                         | <b>(249,627)</b>                           | <b>(963,814)</b>              |
| <b>As at 31 December</b>                                                | <b>1,287,595</b>                      | <b>(138,000)</b>              | <b>9,422,754</b>              | <b>(191,587)</b>                                        | <b>10,380,762</b>                        | <b>4,346,879</b>                           | <b>14,727,641</b>             |

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

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

|                                                                       | Attributable to owners of the Company |                               |                               |                                                         |                                          |                                            |                               |
|-----------------------------------------------------------------------|---------------------------------------|-------------------------------|-------------------------------|---------------------------------------------------------|------------------------------------------|--------------------------------------------|-------------------------------|
|                                                                       | Share<br>Capital<br>\$'000            | Capital<br>Reserves<br>\$'000 | Revenue<br>Reserves<br>\$'000 | Foreign<br>Exchange<br>Translation<br>Account<br>\$'000 | Share<br>Capital &<br>Reserves<br>\$'000 | Non-<br>controlling<br>Interests<br>\$'000 | Capital<br>Employed<br>\$'000 |
| <b>2013</b>                                                           |                                       |                               |                               |                                                         |                                          |                                            |                               |
| <b>As at 1 January</b>                                                | 1,123,590                             | 682,263                       | 7,815,216                     | (375,117)                                               | 9,245,952                                | 4,332,174                                  | 13,578,126                    |
| <b>Total comprehensive income for the year</b>                        |                                       |                               |                               |                                                         |                                          |                                            |                               |
| Profit for the year                                                   | —                                     | —                             | 1,845,792                     | —                                                       | 1,845,792                                | 550,582                                    | 2,396,374                     |
| Other comprehensive income *                                          | —                                     | (192,887)                     | —                             | 68,551                                                  | (124,336)                                | 47,040                                     | (77,296)                      |
| <b>Total comprehensive income for the year</b>                        | —                                     | (192,887)                     | 1,845,792                     | 68,551                                                  | 1,721,456                                | 597,622                                    | 2,319,078                     |
| <b>Transactions with owners, recognised directly in equity</b>        |                                       |                               |                               |                                                         |                                          |                                            |                               |
| <u>Contributions by and distributions to owners</u>                   |                                       |                               |                               |                                                         |                                          |                                            |                               |
| Dividends paid                                                        | —                                     | —                             | (1,356,523)                   | —                                                       | (1,356,523)                              | —                                          | (1,356,523)                   |
| Share-based payment                                                   | —                                     | 52,813                        | —                             | —                                                       | 52,813                                   | 1,610                                      | 54,423                        |
| Transfer of statutory, capital and other reserves to revenue reserves | —                                     | 1,102                         | (1,102)                       | —                                                       | —                                        | —                                          | —                             |
| Dividend paid to non-controlling shareholders                         | —                                     | —                             | —                             | —                                                       | —                                        | (174,629)                                  | (174,629)                     |
| Cash subscribed by non-controlling shareholders                       | —                                     | —                             | —                             | —                                                       | —                                        | 65,348                                     | 65,348                        |
| Shares issued                                                         | 82,287                                | (42,538)                      | —                             | —                                                       | 39,749                                   | —                                          | 39,749                        |
| Other adjustments                                                     | —                                     | —                             | —                             | —                                                       | —                                        | (1,069)                                    | (1,069)                       |
| <b>Total contributions by and distributions to owners</b>             | 82,287                                | 11,377                        | (1,357,625)                   | —                                                       | (1,263,961)                              | (108,740)                                  | (1,372,701)                   |
| <u>Changes in ownership interests in subsidiaries</u>                 |                                       |                               |                               |                                                         |                                          |                                            |                               |
| Acquisition of subsidiaries                                           | —                                     | —                             | —                             | —                                                       | —                                        | 23,535                                     | 23,535                        |
| Acquisition of additional interest in subsidiaries                    | —                                     | —                             | (2,266)                       | —                                                       | (2,266)                                  | (259)                                      | (2,525)                       |
| Disposal of interest in subsidiaries                                  | —                                     | —                             | —                             | —                                                       | —                                        | (859,713)                                  | (859,713)                     |
| Disposal of interest in subsidiaries without loss of control          | —                                     | —                             | —                             | —                                                       | —                                        | 3,063                                      | 3,063                         |
| <b>Total change in ownership interests in subsidiaries</b>            | —                                     | —                             | (2,266)                       | —                                                       | (2,266)                                  | (833,374)                                  | (835,640)                     |
| <b>Total transactions with owners</b>                                 | 82,287                                | 11,377                        | (1,359,891)                   | —                                                       | (1,266,227)                              | (942,114)                                  | (2,208,341)                   |
| <b>As at 31 December</b>                                              | 1,205,877                             | 500,753                       | 8,301,117                     | (306,566)                                               | 9,701,181                                | 3,987,682                                  | 13,688,863                    |

\* 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<br><u>Capital</u><br>\$'000 | Capital<br><u>Reserves</u><br>\$'000 | Revenue<br><u>Reserves</u><br>\$'000 | <u>Total</u><br>\$'000 |
|----------------------------------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|------------------------|
| <b>2014</b>                                                    |                                   |                                      |                                      |                        |
| <b>As at 1 January</b>                                         | <b>1,205,877</b>                  | <b>188,432</b>                       | <b>4,300,590</b>                     | <b>5,694,899</b>       |
| <b>Profit / Total comprehensive income for the year</b>        | <b>—</b>                          | <b>—</b>                             | <b>862,575</b>                       | <b>862,575</b>         |
| <b>Transactions with owners, recognised directly in equity</b> |                                   |                                      |                                      |                        |
| Dividend paid                                                  | —                                 | —                                    | (762,906)                            | (762,906)              |
| Share-based payment                                            | —                                 | 50,284                               | —                                    | 50,284                 |
| Shares issued                                                  | 81,718                            | (47,422)                             | —                                    | 34,296                 |
| Purchase of treasury shares                                    | —                                 | (48,665)                             | —                                    | (48,665)               |
| Other adjustments                                              | —                                 | —                                    | 18                                   | 18                     |
| <b>Total transactions with owners</b>                          | <b>81,718</b>                     | <b>(45,803)</b>                      | <b>(762,888)</b>                     | <b>(726,973)</b>       |
| <b>As at 31 December</b>                                       | <b>1,287,595</b>                  | <b>142,629</b>                       | <b>4,400,277</b>                     | <b>5,830,501</b>       |
| <b>2013</b>                                                    |                                   |                                      |                                      |                        |
| <b>As at 1 January</b>                                         | <b>1,123,590</b>                  | <b>180,396</b>                       | <b>4,401,538</b>                     | <b>5,705,524</b>       |
| <b>Profit / Total comprehensive income for the year</b>        | <b>—</b>                          | <b>—</b>                             | <b>1,255,575</b>                     | <b>1,255,575</b>       |
| <b>Transactions with owners, recognised directly in equity</b> |                                   |                                      |                                      |                        |
| Dividend paid                                                  | —                                 | —                                    | (1,356,523)                          | (1,356,523)            |
| Share-based payment                                            | —                                 | 50,574                               | —                                    | 50,574                 |
| Shares issued                                                  | 82,287                            | (42,538)                             | —                                    | 39,749                 |
| <b>Total transactions with owners</b>                          | <b>82,287</b>                     | <b>8,036</b>                         | <b>(1,356,523)</b>                   | <b>(1,266,200)</b>     |
| <b>As at 31 December</b>                                       | <b>1,205,877</b>                  | <b>188,432</b>                       | <b>4,300,590</b>                     | <b>5,694,899</b>       |

4c. Share capital

Issued share capital and treasury shares

|                                                                        | Number of ordinary shares |                    |
|------------------------------------------------------------------------|---------------------------|--------------------|
|                                                                        | Issued Share<br>Capital   | Treasury<br>Shares |
| As at 1 January 2014                                                   | 1,807,970,459             | –                  |
| Issue of shares under share option scheme                              | 4,412,811                 | –                  |
| Issue of shares under restricted share plan and performance share plan | 4,786,948                 | –                  |
| As at 30 September 2014                                                | 1,817,170,218             | –                  |
| Issue of shares under share option scheme                              | 523,400                   | –                  |
| Issue of shares under restricted share plan and performance share plan | 74,609                    | –                  |
| Purchase of treasury shares                                            | –                         | 5,932,000          |
| <b>As at 31 December 2014</b>                                          | <b>1,817,768,227</b>      | <b>5,932,000</b>   |

Treasury shares

During the year, the Company purchased 5,932,000 (31 December 2013: Nil) treasury shares and as at 31 December 2014, the number of treasury shares held by the Company represented 0.33% (31 December 2013: Nil) of the total number of issued shares (excluding treasury shares). There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2014.

Share options

As at 31 December 2014, there were unexercised options for 19,570,504 of unissued ordinary shares (31 December 2013: 24,832,315 ordinary shares) under the KCL Share Options Scheme. Unexercised options for 325,600 of unissued ordinary shares were cancelled during the year ended 31 December 2014 (31 December 2013: 146,500).

KCL Performance Share Plan ("KCL PSP")

As at 31 December 2014, the number of contingent shares granted but not released were 1,748,725 (31 December 2013: 1,901,333) 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 31 December 2014, the number of contingent shares granted but not released was 4,639,784 (31 December 2013: 4,383,491). 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 4,639,784 under KCL RSP.

As at 31 December 2014, the number of awards released but not vested was 3,993,440 (31 December 2013: 4,040,616) 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 31.12.14      |
| <b>KCL PSP</b> |                  |                           |                         |                    |                  |                  |
| 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          |
|                | <b>1,901,333</b> | <b>577,400</b>            | <b>(26,450)</b>         | <b>(636,100)</b>   | <b>(67,458)</b>  | <b>1,748,725</b> |
| <b>KCL RSP</b> |                  |                           |                         |                    |                  |                  |
| 28.3.2013      | 4,383,491        | –                         | –                       | (4,309,301)        | (74,190)         | –                |
| 31.3.2014      | –                | 4,750,386                 | –                       | –                  | (110,602)        | 4,639,784        |
|                | <b>4,383,491</b> | <b>4,750,386</b>          | <b>–</b>                | <b>(4,309,301)</b> | <b>(184,792)</b> | <b>4,639,784</b> |

**Awards released but not vested:**

| Date of Grant  | Number of shares |                  |                    |                  |                  |
|----------------|------------------|------------------|--------------------|------------------|------------------|
|                | At 1.1.14        | Released         | Vested             | Cancelled        | At 31.12.14      |
| <b>KCL PSP</b> |                  |                  |                    |                  |                  |
| 30.6.2011      | –                | 636,100          | (636,100)          | –                | –                |
|                | –                | 636,100          | (636,100)          | –                | –                |
| <b>KCL RSP</b> |                  |                  |                    |                  |                  |
| 30.6.2011      | 1,333,933        | –                | (1,324,202)        | (9,731)          | –                |
| 29.6.2012      | 2,706,683        | –                | (1,384,232)        | (47,177)         | 1,275,274        |
| 28.3.2013      | –                | 4,309,301        | (1,517,023)        | (74,112)         | 2,718,166        |
|                | <b>4,040,616</b> | <b>4,309,301</b> | <b>(4,225,457)</b> | <b>(131,020)</b> | <b>3,993,440</b> |

4d. Capital reserves

|                             | Group            |                | Company        |                |
|-----------------------------|------------------|----------------|----------------|----------------|
|                             | 2014<br>\$'000   | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| Share option reserve        | 212,764          | 208,431        | 191,294        | 188,432        |
| Fair value reserve          | 102,818          | 192,023        | –              | –              |
| Hedging reserve             | (516,050)        | 1,298          | –              | –              |
| Bonus issue by subsidiaries | 40,000           | 40,000         | –              | –              |
| Treasury shares             | (48,665)         | –              | (48,665)       | –              |
| Others                      | 71,133           | 59,001         | –              | –              |
|                             | <b>(138,000)</b> | <b>500,753</b> | <b>142,629</b> | <b>188,432</b> |

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December

|                                                                                           |      | Fourth Quarter   |                  | Full Year        |                  |
|-------------------------------------------------------------------------------------------|------|------------------|------------------|------------------|------------------|
|                                                                                           |      | 31.12.2014       | 31.12.2013       | 31.12.2014       | 31.12.2013       |
|                                                                                           | Note | \$'000           | \$'000           | \$'000           | \$'000           |
| <b>OPERATING ACTIVITIES</b>                                                               |      |                  |                  |                  |                  |
| Operating profit                                                                          |      | 926,079          | 746,415          | 2,373,420        | 2,134,369        |
| Adjustments:                                                                              |      |                  |                  |                  |                  |
| Depreciation and amortisation                                                             |      | 69,267           | 64,085           | 265,136          | 242,292          |
| Share-based payment expenses                                                              |      | 15,989           | 14,568           | 56,461           | 55,362           |
| Profit on sale of fixed assets and an investment property                                 |      | (194,349)        | (327)            | (289,214)        | (3,865)          |
| Write-back of provision for restructuring of operations                                   |      | (4,752)          | (16,257)         | (4,752)          | (43,088)         |
| Gain on disposal of subsidiaries                                                          |      | (41,723)         | (246,639)        | (48,647)         | (307,726)        |
| Gain on disposal of associated companies                                                  |      | (145,184)        | –                | (145,184)        | –                |
| Impairment/write-off of fixed assets                                                      |      | 7,746            | 1,482            | 7,746            | 1,482            |
| Fair value gain on investment properties                                                  |      | (54,569)         | (156,284)        | (54,569)         | (156,284)        |
| Write-back of impairment of investments                                                   |      | (2,581)          | (2,818)          | (47,971)         | (2,818)          |
| Operational cash flow before changes in working capital                                   |      | 575,923          | 404,225          | 2,112,426        | 1,919,724        |
| Working capital changes:                                                                  |      |                  |                  |                  |                  |
| Stocks & work-in-progress                                                                 |      | (539,867)        | 666,369          | (2,134,437)      | (2,046)          |
| Debtors                                                                                   |      | (190,534)        | 549,110          | (760,202)        | (442,710)        |
| Creditors                                                                                 |      | 16,651           | 13,890           | 226,423          | (149,045)        |
| Investments                                                                               |      | (38,107)         | 12,670           | (99,496)         | (60,219)         |
| Intangibles                                                                               |      | (10)             | (769)            | (10)             | (769)            |
| Advances to associated companies                                                          |      | 639,002          | (120,484)        | 1,008,696        | (107,618)        |
| Translation of foreign subsidiaries                                                       |      | 23,317           | (23,946)         | (3,137)          | 27,299           |
|                                                                                           |      | 486,375          | 1,501,065        | 350,263          | 1,184,616        |
| Interest received                                                                         |      | 25,943           | 19,406           | 130,371          | 145,058          |
| Interest paid                                                                             |      | (49,217)         | (2,955)          | (130,818)        | (120,080)        |
| Income taxes paid, net of refunds received                                                |      | 29,418           | (29,047)         | (328,031)        | (584,931)        |
| <b>Net cash from operating activities</b>                                                 |      | <b>492,519</b>   | <b>1,488,469</b> | <b>21,785</b>    | <b>624,663</b>   |
| <b>INVESTING ACTIVITIES</b>                                                               |      |                  |                  |                  |                  |
| Acquisition of subsidiaries                                                               | 5a   | (44,739)         | (31,570)         | (268,768)        | (103,555)        |
| Acquisition and further investment in associated companies                                |      | (311,140)        | 15,283           | (398,680)        | (472,791)        |
| Acquisition of fixed assets and investment properties                                     |      | (164,509)        | (193,639)        | (594,931)        | (936,060)        |
| Disposal of subsidiaries                                                                  | 5b   | 87,304           | 205,974          | 125,097          | 534,062          |
| Proceeds from disposal of fixed assets and an investment property                         |      | 412,573          | (8,531)          | 973,588          | 33,088           |
| Proceeds from disposal of associated companies and return of capital                      |      | 620,969          | –                | 629,910          | –                |
| Dividends received from investments and associated companies                              |      | 91,398           | 117,409          | 410,401          | 267,391          |
| <b>Net cash from/(used in) investing activities</b>                                       |      | <b>691,856</b>   | <b>104,926</b>   | <b>876,617</b>   | <b>(677,865)</b> |
| <b>FINANCING ACTIVITIES</b>                                                               |      |                  |                  |                  |                  |
| Acquisition of additional interest in a subsidiaries                                      |      | (2,120)          | –                | (9,600)          | –                |
| Proceeds from share issues                                                                |      | 3,450            | 3,877            | 34,296           | 39,749           |
| Proceeds from non-controlling shareholders of subsidiaries                                |      | –                | 7,592            | 12,196           | 65,348           |
| Proceeds from disposal of interest in a subsidiary without loss of control                | 5c   | –                | –                | –                | 135,513          |
| Proceeds from term loans                                                                  |      | 255,275          | 2,863,212        | 1,066,375        | 5,154,702        |
| Repayment of term loans                                                                   |      | (118,028)        | (2,501,131)      | (794,844)        | (3,024,586)      |
| Purchase of treasury shares                                                               |      | (48,665)         | –                | (48,665)         | –                |
| Dividend paid to shareholders of the Company                                              |      | –                | –                | (762,906)        | (668,506)        |
| Dividend paid to non-controlling shareholders of subsidiaries                             |      | (74,293)         | (3,465)          | (265,603)        | (174,629)        |
| <b>Net cash from/(used in) financing activities</b>                                       |      | <b>15,619</b>    | <b>370,085</b>   | <b>(768,751)</b> | <b>1,527,591</b> |
| <b>Net increase in cash and cash equivalents</b>                                          |      | <b>1,199,994</b> | <b>1,963,480</b> | <b>129,651</b>   | <b>1,474,389</b> |
| <b>Cash and cash equivalents</b>                                                          |      |                  |                  |                  |                  |
| as at beginning of quarter / year                                                         |      | 4,497,882        | 3,640,217        | 5,564,183        | 4,055,176        |
| <b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b> |      | <b>38,125</b>    | <b>(39,514)</b>  | <b>42,167</b>    | <b>34,618</b>    |
| <b>Cash and cash equivalents</b>                                                          |      |                  |                  |                  |                  |
| as at end of quarter / year                                                               | 5d   | 5,736,001        | 5,564,183        | 5,736,001        | 5,564,183        |

## NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

### 5a. Acquisition of subsidiaries

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

|                                                                                                       | Fourth Quarter |               | Full Year      |                |
|-------------------------------------------------------------------------------------------------------|----------------|---------------|----------------|----------------|
|                                                                                                       | 31.12.2014     | 31.12.2013    | 31.12.2014     | 31.12.2013     |
|                                                                                                       | \$'000         | \$'000        | \$'000         | \$'000         |
| Fixed assets                                                                                          | 15,423         | 67,615        | 21,352         | 67,643         |
| Investment properties                                                                                 | –              | –             | –              | 133,420        |
| Investment in associated company                                                                      | –              | –             | 14             | –              |
| Intangibles                                                                                           | 16,757         | –             | 16,757         | –              |
| Stocks and work-in-progress                                                                           | –              | 312           | –              | 325,264        |
| Debtors and other assets                                                                              | 912            | 664           | 12,817         | 1,681          |
| Bank balances and cash                                                                                | 640            | 3,732         | 1,432          | 6,775          |
| Shareholders' loans                                                                                   | –              | –             | –              | (122,911)      |
| Creditors                                                                                             | (3,718)        | (879)         | (8,056)        | (5,562)        |
| Borrowings                                                                                            | (9,072)        | (12,607)      | (11,486)       | (50,607)       |
| Current and deferred taxation                                                                         | (6)            | –             | (102)          | (51,472)       |
| Total identifiable net assets at fair value                                                           | 20,936         | 58,837        | 32,728         | 304,231        |
| Non-controlling interest measured at non-controlling interests' proportionate share of the net assets | (3,467)        | (23,535)      | (7,204)        | (23,535)       |
| Amount previously accounted for as associated companies                                               | (356)          | –             | (4,243)        | (45,498)       |
| Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired         | –              | –             | (219)          | –              |
| Goodwill arising from acquisition                                                                     | –              | –             | 1,472          | –              |
| Gain on bargain purchase arising from acquisition                                                     | (113)          | –             | (113)          | –              |
| Net assets acquired                                                                                   | 17,000         | 35,302        | 22,421         | 235,198        |
| Payment of deferred consideration for prior year's acquisition of a subsidiary                        | 28,379         | –             | 247,779        | –              |
| Assumption of shareholders' loans                                                                     | –              | –             | –              | 122,911        |
| Total purchase consideration                                                                          | 45,379         | 35,302        | 270,200        | 358,109        |
| Less: Deferred payments                                                                               | –              | –             | –              | (247,779)      |
| Less: Bank balances and cash acquired                                                                 | (640)          | (3,732)       | (1,432)        | (6,775)        |
| <b>Cash flow on acquisition</b>                                                                       | <b>44,739</b>  | <b>31,570</b> | <b>268,768</b> | <b>103,555</b> |

Significant acquisitions during the year mainly relates to acquisition of additional interest in Indo-Trans Keppel Logistics Vietnam Co., Ltd, from 40% to 51% and additional interest in Securus Partners Pte Ltd from 50% to 100%. Payment of deferred consideration relates to Shanghai Jinju Real Estate Development Co. Ltd ("Shanghai Jinju").

In the prior year, the Group acquired the remaining 50% interest in Parksville, 100% interest in Shanghai Jinju, which owns a residential site in Sheshan, Songjiang District in Shanghai for development of landed homes and 60% interest in a river port in Sanshui, Guangdong Province.

5b. Disposal of subsidiaries

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

|                                                                         | Fourth Quarter  |                  | Full Year        |                  |
|-------------------------------------------------------------------------|-----------------|------------------|------------------|------------------|
|                                                                         | 31.12.2014      | 31.12.2013       | 31.12.2014       | 31.12.2013       |
|                                                                         | \$'000          | \$'000           | \$'000           | \$'000           |
| Fixed assets                                                            | (6,288)         | (9,284)          | (7,019)          | (9,371)          |
| Investment properties                                                   | –               | –                | –                | (3,757,083)      |
| Investment in associated company                                        | (22,446)        | –                | (49,426)         | (1,941,645)      |
| Intangible assets                                                       | (457)           | –                | (457)            | (15,549)         |
| Stocks and work-in-progress                                             | (116)           | (123,156)        | (116)            | (123,156)        |
| Debtors and other assets                                                | (19,407)        | 147,427          | (37,028)         | (122,852)        |
| Bank balances and cash                                                  | (3,044)         | (30,697)         | (3,084)          | (91,200)         |
| Creditors and other liabilities                                         | 19,573          | 71,621           | 20,187           | 171,058          |
| Borrowings                                                              | –               | –                | –                | 2,424,159        |
| Current and deferred taxation                                           | (8,790)         | (421)            | 862              | 13,827           |
| Non-controlling interests deconsolidated                                | (4,604)         | (22,964)         | 1,516            | 859,713          |
|                                                                         | (45,579)        | 32,526           | (74,565)         | (2,592,099)      |
| Amount accounted for as associated company                              | (50,722)        | –                | –                | 1,407,821        |
| Amount accounted for as amount owing from associated company            | 52,645          | –                | –                | 222,651          |
| Distribution of dividend <i>in specie</i>                               | –               | –                | –                | 688,017          |
| Net assets disposed of                                                  | (43,656)        | 32,526           | (74,565)         | (273,610)        |
| Net profit on disposal                                                  | (41,723)        | (246,639)        | (48,647)         | (307,726)        |
| Realisation of foreign currency translation reserve and capital reserve | (7,699)         | (22,558)         | (7,699)          | (43,926)         |
| Sale proceeds                                                           | (93,078)        | (236,671)        | (130,911)        | (625,262)        |
| Less: Bank balances and cash disposed                                   | 3,044           | 30,697           | 3,084            | 91,200           |
| Less: Deferred proceeds                                                 | 2,730           | –                | 2,730            | –                |
| <b>Cash flow on disposal</b>                                            | <b>(87,304)</b> | <b>(205,974)</b> | <b>(125,097)</b> | <b>(534,062)</b> |

Significant disposals in the year include the sale of entire interest in Berich Enterprises Limited, divestment of Boxel Investments Limited, which holds a 30% interest in Securus Guernsey 2 Limited, and divestment of Keppel FMO.

In the prior year, the Group completed the divestment of a subsidiary, Montfort Development Pte Ltd, which has a 50% interest in Hotel Sedona Manado in Indonesia, the deconsolidation of Keppel REIT due to loss of control and the disposal of 51% interest in PTMSS and PTMSM, which jointly developed a township development Jakarta Garden City in Jakarta, Indonesia.

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:

|                                  | 2014             | 2013             |
|----------------------------------|------------------|------------------|
|                                  | \$'000           | \$'000           |
| Bank balances, deposits and cash | 5,736,001        | 5,564,656        |
| Bank overdrafts                  | –                | (473)            |
|                                  | <u>5,736,001</u> | <u>5,564,183</u> |

5e. Cash flow analysis

(i) Fourth Quarter

Net cash from operating activities for the quarter was \$493 million compared to \$1,488 million for the corresponding quarter last year. This was due mainly to higher operational cash outflow. Net cash from investing activities for the quarter was \$692 million. The Group spent \$520 million on acquisitions and operational capex. This comprised mainly capital expenditure for the investment in the newly listed Keppel DC REIT, capital expenditure on data centre assets and logistics facilities and other operational capex. Divestment and dividend income totalled \$1,212 million, mainly attributable to the proceeds received from the sale of the data centre assets by the Infrastructure Division and the divestment of the Group's one-third interest in MBFC T3. Net cash from financing activities was \$16 million. The net proceeds from loans of \$137 million were \$225 million lower due to lesser refinancing requirements.

(ii) Full Year

Net cash from operating activities for the full year was \$22 million, \$603 million lower than that in the previous year. This was due mainly to higher working capital requirements from Offshore & Marine and Property Divisions, despite a higher operating profit in the current year. Net cash from investing activities for the year was \$877 million. The Group spent \$1,262 million on acquisitions and operational capex. This comprised principally acquisition of additional interest in subsidiaries, further investment in associated companies, capital expenditure on data centre assets and logistics facilities and other operational capex. Divestment and dividend income totalled \$2,139 million, mainly proceeds received from the divestment of Equity Plaza, sale of the data centre assets by the Infrastructure Division and the divestment of the Group's one-third interest in MBFC T3. Net cash used in financing activities was \$769 million. The net proceeds from loans of \$272 million were \$1.86 billion lower due to due to lesser refinancing requirements.

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 year 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) Fourth Quarter

The Group revenue for 4Q2014 of \$3,925 million was \$327 million or 9% higher than that of 4Q2013. The Offshore & Marine Division's revenue increased by 15% to \$2,376 million as a result of higher revenue recognition from ongoing projects. The Infrastructure Division's revenue of \$675 million was \$300 million lower than the same quarter last year due mainly to a drop in revenue from Keppel Infrastructure's power generation plant, partly offset by better performance from Keppel Telecommunications & Transportation's data centre and logistics businesses. Revenue from the Property Division for the current quarter at \$833 million was \$295 million higher than 4Q2013 mainly from higher revenue contributed from China as well as sale of a residential development in Jeddah, Saudi Arabia. Increase in revenue of the Investments Division from \$14 million in 4Q2013 to \$41 million in 4Q2014 was mainly as a result of sale of investments.

Group pre-tax profit showed an improvement of \$53 million or 5% from \$1,109 million in 4Q2013 to \$1,162 million in 4Q2014. The Offshore & Marine Division's pre-tax profit of \$357 million was \$9 million above that of 4Q2013 mainly from higher contributions from associated companies. The Infrastructure Division achieved pre-tax profit of \$303 million for the current quarter compared to pre-tax loss of \$96 million for the same quarter in 2013 mainly from better operating results from both Keppel Infrastructure and Keppel Telecommunications & Transportation and gains from divestments of data centre assets and Keppel FMO. The Property Division's pre-tax profit dropped by \$308 million to \$528 million mainly due to lower fair value gains on investment properties and absence of gains from deconsolidation of Keppel REIT recognised in 4Q2013 partially offset by gain from the disposal of one-third interest in MBFC T3 in 4Q2014.

Tax expenses increased by \$34 million mainly from higher taxable profits. Non-controlling interests were down by \$22 million largely due to lower fair value gains on investment properties partly offset by the gains from the disposals of MBFC T3 and data centre assets in 2014. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 4Q2014 was \$726 million, 6% above 4Q2013. Earnings per share was 39.9 cents.

(ii) Full Year

Group net profit increased by \$39 million or 2% to \$1,885 million. Earnings per share rose by 2% to 103.8 cents. Return on equity was 18.8% and Economic Value Added was \$1,778 million.

Group revenue of \$13,283 million for 2014 was \$903 million or 7% higher than that for the full year of 2013. Offshore & Marine Division's revenue of \$8,556 million was 20% above the S\$7,126 million for 2013, driven mainly by progress from on-going jobs. Major jobs completed in 2014 include 7 jack-up rigs, 3 FPSO upgrades, 2 FPSO conversions, one FPSO integration and one semi upgrade. Revenue from the Infrastructure Division decreased by \$525 million to \$2,934 million mainly due to lower revenue contributed by Keppel Infrastructure's power generation plant, partially offset by stronger contribution from Keppel Telecommunications & Transportation's logistics and data centre businesses. The Property Division saw its revenue weakened by 2% to \$1,729 million mainly from weaker sales in Singapore. In addition, Keppel REIT did not contribute any revenue in 2014 as it was deconsolidated from 31 August 2013. This was partly offset by sale of a residential development in Jeddah, Saudi Arabia.

The Group's pre-tax profit for the current year was \$2,889 million, \$95 million or 3% above the previous year. The Offshore & Marine Division posted a higher pre-tax profit of \$1,365 million mainly from better operating results and higher interest income partially offset by lower share of associated companies' profits. Profit from the Infrastructure Division increased by \$379 million to \$452 million due mainly to better operating results from both Keppel Infrastructure and Keppel Telecommunications & Transportation as well as gains from divestments of data centre assets and Keppel FMO. The Property Division's profit of \$1,017 million for 2014 was \$422 million or 29% below that of 2013. Lower operating results, lower fair value gains on investment properties and absence of gains from deconsolidation of Keppel REIT recognised in 2013 was partially offset by gains from the disposals of Equity Plaza, Prudential Tower and MBFC T3 in 2014.

Taxation expenses were 16% higher mainly due to higher taxable profits from countries with higher tax rates as well as a lower tax write-back in the current year. Non-controlling interests decreased by \$9 million mainly from the lower operating results of the Property Division, lower fair value gains on investment properties and lower contribution arising from the partial disposal of Keppel REIT in 2013 partly offset by the gains from the disposals of Equity Plaza, Prudential Tower, MBFC T3 and data centre assets in 2014. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,885 million, \$39 million or 2% higher than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 55%, followed by the Property Division's 26%, the Infrastructure Division's 17% and the Investments Division's at 2%.

## 11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

## 12. PROSPECTS

The fall in oil prices, the expected reduction in global oil and gas upstream spending and the projected oversupply of oil rigs has created a challenging environment. The Offshore & Marine Division secured \$5.5 billion of orders for the year, bringing its net order book at the end of 2014 to \$12.5 billion with deliveries extending into 2019. The healthy order book will keep the yards busy for 2015 and 2016. The consumption of energy is projected to grow and is expected to sustain the oil and gas business. The Division will continue to leverage technology and innovation to improve its competitive edge as well as productivity and efficiency. It will focus on expanding its near market, near customer strategy.

In the Infrastructure Division, Keppel Infrastructure will remain focused on its power and gas as well as its energy and related infrastructure businesses. The planned disposal of 51% stake in Keppel Merlimau Cogen Pte Ltd, which owns the power generation plant, to Keppel Infrastructure Trust will allow it to unlock capital to better position itself to pursue more opportunities. Keen competition is likely to persist in the electricity market but its integrated gas-to-power business platform will enable it to weather the challenges ahead. Keppel Telecommunications & Transportation continues to develop both its logistics businesses and data centres portfolio locally and in overseas markets. The successful listing of Keppel DC REIT and divestment of its data centre assets to Keppel DC REIT enable Keppel Telecommunications & Transportation to concentrate on growing its pipeline of stabilised and development assets.

During the current year, the Property Division sold about 300 homes in Singapore and 2,100 homes overseas. Total assets under management by Keppel REIT and Alpha stood at \$18.7 billion as at end-2014. The Division will continue to maintain its presence in its core and growth markets while seeking to invest opportunistically. It also seeks to strengthen its commercial portfolio overseas.

Lower oil prices are expected to be positive for the global economy. The Group will continue to execute its multi-business strategy, relying on its core strengths and build on what it had done successfully. At the same time, increasing its agility to seize new opportunities.

## 13. DIVIDEND

### 13a. Current Financial Period Reported On

Any dividend recommended for the current financial year reported on? Yes

The Directors are pleased to recommend a final cash dividend of 36.0 cents per share tax exempt one-tier (2013: 30.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2014 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 12.0 cents per share tax exempt one-tier (2013: cash dividend of 10.0 cents per share tax exempt one-tier and a special dividend *in specie* of 8 Keppel REIT units for every 100 shares in the Company ("DIS") equivalent to 9.5 cents per share), total distributions paid and proposed in respect of the financial year ended 31 December 2014 will be 48.0 cents in cash per share (2013: 40.0 cents in cash per share and DIS equivalent to 9.5 cents per share).

|                    |            |
|--------------------|------------|
| Name of Dividend   | Final      |
| Dividend type      | Cash       |
| Dividend per share | 36.0 cents |
| Tax rate           | Tax exempt |

13b. Corresponding Period of the Immediately Preceding Financial Year

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

| Name of Dividend   | Final      |
|--------------------|------------|
| Dividend type      | Cash       |
| Dividend per share | 30.0 cents |
| Tax rate           | Tax exempt |

13c. Date Payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 17 April 2015, will be paid on 6 May 2015.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 24 April 2015 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 24 April 2015 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 24 April 2015 will be entitled to the proposed final dividend.

13e. Total Annual Dividend

Total distribution paid and proposed in respect of the financial year ended 31 December 2014 will be 48.0 cents in cash per share (2013: 40.0 cents in cash per share and DIS equivalent to 9.5 cents per share).

|                                   | <b>2014</b>           | 2013           | +/-   |
|-----------------------------------|-----------------------|----------------|-------|
|                                   | <b>\$'000</b>         | \$'000         | %     |
| Interim cash dividend             | <b>218,019</b>        | 180,735        | +20.6 |
| Final cash dividend               | <b>652,261*</b>       | 544,887        | +19.7 |
| Special dividend <i>in specie</i> | <u>—</u>              | <u>171,342</u> | NM    |
| Total annual dividend             | <b><u>870,280</u></b> | <u>896,964</u> | -3.0  |

\* Estimated based on share capital of 1,811,836,227 ordinary shares (excluding treasury shares) at the end of the financial year.

## 14. SEGMENT ANALYSIS

### 2014

|                                             | Offshore<br>& Marine<br>\$'000 | Infra-<br>structure<br>\$'000 | Property<br>\$'000 | Invest-<br>ments<br>\$'000 | Elimina-<br>tion<br>\$'000 | Total<br>\$'000 |
|---------------------------------------------|--------------------------------|-------------------------------|--------------------|----------------------------|----------------------------|-----------------|
| <b>Revenue</b>                              |                                |                               |                    |                            |                            |                 |
| External sales                              | 8,556,252                      | 2,933,358                     | 1,729,348          | 64,021                     | –                          | 13,282,979      |
| Inter-segment sales                         | 491                            | 50,835                        | 3,619              | 69,758                     | (124,703)                  | –               |
| Total                                       | 8,556,743                      | 2,984,193                     | 1,732,967          | 133,779                    | (124,703)                  | 13,282,979      |
| <b>Segment Results</b>                      |                                |                               |                    |                            |                            |                 |
| Operating profit                            | 1,223,828                      | 465,727                       | 667,280            | 18,152                     | (1,567)                    | 2,373,420       |
| Investment income                           | 7,472                          | –                             | 3,558              | 906                        | –                          | 11,936          |
| Interest income                             | 88,812                         | 960                           | 26,066             | 134,251                    | (116,985)                  | 133,104         |
| Interest expenses                           | (12,257)                       | (44,741)                      | (60,976)           | (134,602)                  | 118,552                    | (134,024)       |
| Share of results of<br>associated companies | 57,346                         | 29,348                        | 381,209            | 36,273                     | –                          | 504,176         |
| Profit before tax                           | 1,365,201                      | 451,294                       | 1,017,137          | 54,980                     | –                          | 2,888,612       |
| Taxation                                    | (272,706)                      | (44,530)                      | (140,024)          | (5,102)                    | –                          | (462,362)       |
| Profit for the year                         | 1,092,495                      | 406,764                       | 877,113            | 49,878                     | –                          | 2,426,250       |
| Attributable to:                            |                                |                               |                    |                            |                            |                 |
| Shareholders of Company                     | 1,039,684                      | 319,990                       | 481,993            | 43,131                     | –                          | 1,884,798       |
| Non-controlling interests                   | 52,811                         | 86,774                        | 395,120            | 6,747                      | –                          | 541,452         |
|                                             | 1,092,495                      | 406,764                       | 877,113            | 49,878                     | –                          | 2,426,250       |
| <b>Other information</b>                    |                                |                               |                    |                            |                            |                 |
| Segment assets                              | 9,626,640                      | 4,263,143                     | 16,340,181         | 8,954,630                  | (7,629,769)                | 31,554,825      |
| Segment liabilities                         | 7,299,871                      | 3,311,344                     | 7,417,171          | 6,428,567                  | (7,629,769)                | 16,827,184      |
| Net assets                                  | 2,326,769                      | 951,799                       | 8,923,010          | 2,526,063                  | –                          | 14,727,641      |
| Investment in<br>associated companies       | 539,932                        | 649,565                       | 3,205,343          | 593,604                    | –                          | 4,988,444       |
| Additions to<br>non-current assets          | 268,402                        | 489,995                       | 234,956            | 268                        | –                          | 993,621         |
| Depreciation and<br>amortisation            | 141,816                        | 104,219                       | 18,601             | 500                        | –                          | 265,136         |

### GEOGRAPHICAL SEGMENT

|                    | Singapore<br>\$'000 | Brazil<br>\$'000 | Far East &<br>Other<br>ASEAN<br>Countries<br>\$'000 | Other<br>Countries<br>\$'000 | Elimination<br>\$'000 | Total<br>\$'000 |
|--------------------|---------------------|------------------|-----------------------------------------------------|------------------------------|-----------------------|-----------------|
| External sales     | 9,292,272           | 1,841,396        | 1,478,354                                           | 670,957                      | –                     | 13,282,979      |
| Non-current assets | 5,705,455           | 325,563          | 3,196,615                                           | 523,073                      | –                     | 9,750,706       |

## 2013

|                                             | <u>Offshore<br/>&amp; Marine</u><br>\$'000 | <u>Infra-<br/>structure</u><br>\$'000 | <u>Property</u><br>\$'000 | <u>Invest-<br/>ments</u><br>\$'000 | <u>Elimina-<br/>tion</u><br>\$'000 | <u>Total</u><br>\$'000 |
|---------------------------------------------|--------------------------------------------|---------------------------------------|---------------------------|------------------------------------|------------------------------------|------------------------|
| <b>Revenue</b>                              |                                            |                                       |                           |                                    |                                    |                        |
| External sales                              | 7,126,354                                  | 3,459,332                             | 1,767,532                 | 27,201                             | –                                  | 12,380,419             |
| Inter-segment sales                         | 3,588                                      | 57,041                                | 5,130                     | 72,115                             | (137,874)                          | –                      |
| Total                                       | 7,129,942                                  | 3,516,373                             | 1,772,662                 | 99,316                             | (137,874)                          | 12,380,419             |
| <b>Segment Results</b>                      |                                            |                                       |                           |                                    |                                    |                        |
| Operating profit                            | 1,059,031                                  | 69,243                                | 981,332                   | 17,501                             | 7,262                              | 2,134,369              |
| Investment income                           | 2,340                                      | –                                     | 11,568                    | 125                                | –                                  | 14,033                 |
| Interest income                             | 76,371                                     | 1,379                                 | 55,413                    | 124,374                            | (113,348)                          | 144,189                |
| Interest expenses                           | (11,545)                                   | (28,168)                              | (71,361)                  | (119,730)                          | 106,086                            | (124,718)              |
| Share of results of<br>associated companies | 75,508                                     | 30,810                                | 462,248                   | 57,301                             | –                                  | 625,867                |
| Profit before tax                           | 1,201,705                                  | 73,264                                | 1,439,200                 | 79,571                             | –                                  | 2,793,740              |
| Taxation                                    | (221,269)                                  | (43,414)                              | (112,979)                 | (19,704)                           | –                                  | (397,366)              |
| Profit for the year                         | 980,436                                    | 29,850                                | 1,326,221                 | 59,867                             | –                                  | 2,396,374              |
| Attributable to:                            |                                            |                                       |                           |                                    |                                    |                        |
| Shareholders of Company                     | 944,709                                    | 15,541                                | 831,770                   | 53,772                             | –                                  | 1,845,792              |
| Non-controlling interests                   | 35,727                                     | 14,309                                | 494,451                   | 6,095                              | –                                  | 550,582                |
|                                             | 980,436                                    | 29,850                                | 1,326,221                 | 59,867                             | –                                  | 2,396,374              |
| <b>Other information</b>                    |                                            |                                       |                           |                                    |                                    |                        |
| Segment assets                              | 8,070,683                                  | 3,833,349                             | 15,674,360                | 7,918,618                          | (5,441,390)                        | 30,055,620             |
| Segment liabilities                         | 5,681,553                                  | 3,011,183                             | 7,515,138                 | 5,600,273                          | (5,441,390)                        | 16,366,757             |
| Net assets                                  | 2,389,130                                  | 822,166                               | 8,159,222                 | 2,318,345                          | –                                  | 13,688,863             |
| Investment in<br>associated companies       | 506,732                                    | 586,607                               | 3,799,594                 | 589,240                            | –                                  | 5,482,173              |
| Additions to<br>non-current assets          | 384,981                                    | 333,751                               | 490,827                   | 200,061                            | –                                  | 1,409,620              |
| Depreciation and<br>amortisation            | 136,741                                    | 80,476                                | 24,583                    | 492                                | –                                  | 242,292                |

## GEOGRAPHICAL SEGMENT

|                    | <u>Singapore</u><br>\$'000 | <u>Brazil</u><br>\$'000 | <u>Far East &amp;<br/>Other<br/>ASEAN<br/>Countries</u><br>\$'000 | <u>Other<br/>Countries</u><br>\$'000 | <u>Elimination</u><br>\$'000 | <u>Total</u><br>\$'000 |
|--------------------|----------------------------|-------------------------|-------------------------------------------------------------------|--------------------------------------|------------------------------|------------------------|
| External sales     | 9,288,023                  | 1,087,682               | 1,162,208                                                         | 842,506                              | –                            | 12,380,419             |
| Non-current assets | 7,959,719                  | 187,095                 | 2,900,428                                                         | 507,308                              | –                            | 11,554,550             |

### 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 and Brazil, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2014. Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2013.
- No single external customer accounted for 10% or more of the Group's revenue for the financial years ended 31 December 2014 and 31 December 2013.

## 15. REVIEW OF SEGMENT PERFORMANCE

### 15a. Revenue by Segments

Group revenue of \$13,283 million was \$903 million or 7% above that of the previous year. Revenue from the Offshore & Marine Division of \$8,556 million was \$1,430 million higher due to higher revenue recognition from ongoing projects. Revenue from the Infrastructure Division of \$2,934 million was \$525 million lower due mainly to lower revenue recorded by the power generation plant in Singapore partly offset by higher revenue from the logistics and data centre businesses. Revenue from the Property Division of \$1,729 million fell by \$39 million due largely to lower contribution from property trading in Singapore and the deconsolidation of Keppel REIT from 31 August 2013 partly offset by sale of a residential development in Jeddah, Saudi Arabia.

### 15b. Net profit by Segments

Group net profit of \$1,885 million was \$39 million or 2% higher than that of the previous year. Profit from the Offshore & Marine Division of \$1,040 million was \$95 million or 10% higher than that of the previous 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 \$320 million was \$305 million higher due largely to better operating results as well as gains from divestments of data centre assets and Keppel FMO. Profit from the Property Division of \$482 million declined by \$350 million or 42% due largely to lower operating results, lower fair value gains on investment properties and absence of gain from deconsolidation of Keppel REIT recognised in 2013 which were partially offset by gains from the disposals of Equity Plaza, Prudential Tower and MBFC T3 in 2014. Profit from the Investments Division decreased by \$11 million or 20% due mainly to higher overheads partly offset by 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 55% share followed by the Property Division with 26% share, the Infrastructure Division with 17% share and the Investments Division with 2% share.

### 15c. Revenue by Geographical Segments

Revenue from Singapore was comparable to previous year. Higher revenue from Brazil arose from the Offshore & Marine Division. Higher revenue from Far East & Other ASEAN Countries mainly came from the Offshore & Marine Division and the sale of a residential development in Jeddah, Saudi Arabia.

## 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 year, 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) |                |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
|                                                           | 2014<br>\$'000                                                                                                                                                                                                        | 2013<br>\$'000 | 2014<br>\$'000                                                                                                                                                                             | 2013<br>\$'000 |
| <b>Transaction for the Sale of Goods and Services</b>     |                                                                                                                                                                                                                       |                |                                                                                                                                                                                            |                |
| CapitalLand Group                                         | –                                                                                                                                                                                                                     | –              | 182,980                                                                                                                                                                                    | 5,400          |
| Integradora de Servicios Petroleros Oro Negro             | –                                                                                                                                                                                                                     | –              | –                                                                                                                                                                                          | 3,969          |
| Mapletree Investments Group                               | –                                                                                                                                                                                                                     | –              | 113,760                                                                                                                                                                                    | 3,600          |
| Neptune Orient Lines Group                                | –                                                                                                                                                                                                                     | –              | 210                                                                                                                                                                                        | 175            |
| PSA International Group                                   | –                                                                                                                                                                                                                     | –              | 1,021                                                                                                                                                                                      | 17,140         |
| SATS Group                                                | –                                                                                                                                                                                                                     | –              | –                                                                                                                                                                                          | 7,712          |
| Sembcorp Industries Group                                 | –                                                                                                                                                                                                                     | –              | –                                                                                                                                                                                          | 527            |
| SembCorp Marine Group                                     | –                                                                                                                                                                                                                     | –              | 2,315                                                                                                                                                                                      | 1,625          |
| Singapore Power Group                                     | –                                                                                                                                                                                                                     | –              | –                                                                                                                                                                                          | 1,646          |
| Singapore Technologies Engineering Group                  | –                                                                                                                                                                                                                     | –              | 1,183                                                                                                                                                                                      | 2,135          |
| Singapore Telecommunications Group                        | –                                                                                                                                                                                                                     | –              | –                                                                                                                                                                                          | 70             |
| Temasek Holdings Group                                    | –                                                                                                                                                                                                                     | –              | 3,758                                                                                                                                                                                      | –              |
| <b>Transaction for the Purchase of Goods and Services</b> |                                                                                                                                                                                                                       |                |                                                                                                                                                                                            |                |
| Certis CISCO Security Group                               | –                                                                                                                                                                                                                     | –              | 4,210                                                                                                                                                                                      | 201            |
| Gas Supply Pte Ltd                                        | –                                                                                                                                                                                                                     | –              | 85,000                                                                                                                                                                                     | 90,000         |
| Mapletree Investments Group                               | –                                                                                                                                                                                                                     | –              | 730                                                                                                                                                                                        | 21,284         |
| PSA International Group                                   | –                                                                                                                                                                                                                     | –              | 669                                                                                                                                                                                        | 715            |
| SembCorp Marine Group                                     | –                                                                                                                                                                                                                     | –              | 195                                                                                                                                                                                        | 315            |
| Singapore Power Group                                     | –                                                                                                                                                                                                                     | –              | 400                                                                                                                                                                                        | –              |
| Singapore Technologies Engineering Group                  | –                                                                                                                                                                                                                     | –              | 12,748                                                                                                                                                                                     | 7,000          |
| Singapore Telecommunications Group                        | –                                                                                                                                                                                                                     | –              | 5,200                                                                                                                                                                                      | –              |
| Temasek Holdings Group                                    | –                                                                                                                                                                                                                     | –              | 511                                                                                                                                                                                        | –              |
| <b>Total Interested Person Transactions</b>               | <b>–</b>                                                                                                                                                                                                              | <b>–</b>       | <b>414,890</b>                                                                                                                                                                             | <b>163,514</b> |

**17. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Corporation Limited (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

CAROLINE CHANG/KELVIN CHUA  
Company Secretaries

22 January 2015