Keppel Corporation

KEPPEL CORPORATION LIMITED

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

FULL YEAR 2014 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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Address by Mr Loh Chin Hua, Chief Executive Officer, Keppel Corporation Limited

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014

Welcome

1. Good evening and a warm welcome to the conference and webcast on Keppel Corporation's results and performance in the fourth quarter and full year of 2014. May I wish all of you present here and those joining us over the web a Happy, Healthy and Prosperous New Year.

Global Economy

2. The world today is spooked by the drastic fall in oil price. Brent crude has lost more than half of its value since June 2014, spiraling down from a height of US$115 a barrel to just under US$50 today. We are seeing a nervous start to the year with threats of slower growth and deflation from worries on how much lower oil price will go, and how long before it recovers and stabilises.

3. We stand alongside many who are of the view that the low oil prices we see today are not sustainable in the long run. The oil and gas sector will inevitably move towards a new equilibrium, driven by demand and supply dynamics, as seen in previous cycles.

4. As such, oil price is widely expected to recover to healthier levels and quite a number think this is likely to happen as early as in the latter half of this year. Until then, the concerns will continue to be a drag on sentiments in 2015. Nonetheless, markets are taking heart in the Federal Reserve's patience in raising interest rates, and in the signs, of a slowly strengthening US economy.

5. Meanwhile, the Eurozone continues to struggle with its own economic woes and worries of an untidy Greek exit from the Euro and the contagion that may follow in its wake. Even with major economies like Russia and Brazil slowing down, overall growth in emerging markets is still expected to be comfortably above that of developed markets.

6. Back here in Asia, China has avoided a hard landing and is growing at a slower but more sustainable level. The cooling measures have been rolled back, and there is evidence to suggest that 2015 may be a better year for the Chinese residential property market. The country is also expected to commit heavily to infrastructure investments this year, joining other Asian emerging markets in rebalancing economic activity and reducing bureaucratic barriers to growth.

Performance Highlights

7. In spite of the headwinds in 2014, I am pleased to announce that Keppel Corporation has performed creditably. We achieved a full year Net Profit of S$1.9 billion, an increase of 2% over 2013.

8. Our Return on Equity was marginally lower at 18.8% compared to 19.5% a year ago, while Economic Value Added grew to a record S$1.8 billion from S$1.1 billion in 2013.

9. To reward shareholders, the Board of Directors will be proposing a final dividend of 36.0 cents per share. Together with the interim cash dividend of about 12.0 cents per share distributed last August, we will be paying out a total cash dividend of 48.0 cents per share to shareholders for the whole of 2014.

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

Offshore & Marine

Industry Headwinds

11. Returns for oil companies have been eroded by rising costs and the recent sharp decline in oil price as global supply growth briefly outpaces demand. These have raised hurdle rates for new project sanctions. It has also caused some oil companies to review their planned projects, causing some projects to be put on hold. Oil companies' cost-cutting has likewise put the supply chain under pressure.

12. Over this year and the next, as many as 119 jackups and 53 deepwater rigs will enter the market. A significant number of these have yet to be chartered. This situation is unsettling as we are watching how quickly the new supply can be absorbed if the current environment does not improve.

13. Dayrates have also taken a beating. Current dayrates for ultradeep and deepwater rigs have dropped around 34% from a year ago, while high specification jackups have been more resilient, decreasing by about 15% since January 2014.

Global E&P Spending

14. Meanwhile, global exploration and production (E&P) spending is expected to drop by 9% in 2015 to about US$619 billion, with international oil companies and independents making the bulk of cutbacks. This is based on a projected oil price of US$70 a barrel, and could be revised downwards later.

15. As you can see from the graph onscreen, spending by national oil companies (NOCs) in contrast, continue to hold up well. NOCs are expected to anchor E&P

spending in 2015, making up a larger 43% of global capex this year, compared to 39% in 2014.

16. But even at current price levels, all is not lost as offshore prospects are still viable in certain geographies such as Southeast Asia and the Middle East. Nevertheless, markets do eventually self-correct. With a slowdown in E&P activities, over-production capacity will gradually fall, and the market would come to a balance.

Global Rig Age & Attrition Rate

17. Presently, over 50% of jackups and semis are 25 years old and above, although the fleet of drillships is relatively newer. Just as oil companies would have to invest in replenishing reserves at some point, drilling contractors would have to replace their old fleet with new, safer and technologically superior rigs that are also more cost-efficient to operate.

18. In fact, with the current low oil prices, we are likely to see an acceleration in the replacement cycle for aging rigs. Older rigs have been able to stay busy and earn good dayrates until now because of a lack of newbuilds to meet demand. But the days are numbered for many old rigs. New rigs, which are more efficient and productive, are accepting lower dayrates to stay active today. Even at lower dayrates, new rigs with enhanced capabilities give better returns, and this is forcing old rigs to go idle.

19. As you can see from the graph here, 48 rigs alone were scrapped from 2011-2014; that is an average attrition rate of 12 rigs per year in the last four years. Compare this to the preceding 11 years, and you will see that only a total of 42 units were scrapped, or 4.2 rigs annually from 2000-2010.

20. As the older rigs are due for their five-year surveys and require massive investments to upgrade, scrapping will become an increasingly attractive option for drillers seeking to preserve capital.

21. Major drillers such as Transocean and Diamond have begun scrapping their old rigs. And there will be more. This scrapping will be very healthy for the offshore drilling business as capacity is being taken out from the market gradually, making headroom for dayrates to rise again.

22. Whilst we believe the current oil price will eventually recover to a level that would make economical most of the offshore oil fields that our rigs operate in, there is still some uncertainty how quickly the new equilibrium will be reached. We are entering this down cycle with a strong order book with orders stretching to 2019. The quality of our order book is good with credit customers, and pricing and terms that will allow us to make a decent risk adjusted returns on each project.

23. We will continue to build on our core strength in technology and coming up with even better solutions and value propositions for our customers. We will also continue to

extend our Near Market, Near Customer strategy by accessing the Mexican and Chinese domestic rig markets, both of which hold huge promise for growth in the long term. Our drive for productivity and building up capabilities in our regional production yards will continue unabated. Even though the downturn will be devastating for some weaker players, we are determined that Keppel O&M will emerge stronger and be poised to ride the next wave.

Offshore & Marine Business Updates

24. Despite the challenging environment, our Offshore & Marine Division had a good run in 2014.

25. On top of the well-publicised jobs for two FLNG vessel conversions from Golar LNG and the first KFELS N Plus jackup from TS Offshore, we also closed the year with a new contract for two semis, for which we are unable to give details due to a confidentiality agreement with the customer. This brings Keppel's total new orders secured in 2014 to S$5.5 billion. Just last week, we clinched a new contract to build a multi-purpose vessel for S$265 million.

26. As at end-2014, our contract backlog stood at $12.5 billion, comprising a good mix of quality contracts for newbuild shallow and deepwater rigs as well as vessel conversions. Our first three semis for Sete Brasil are progressing on track and remain cash flow positive. As at year-end, the first unit was over 85% completed, the second unit about 50%, while the third about 25%. We have been assured by our customer Sete Brasil that they are working hard to get long term funding in place for all our projects. Indeed, recent reports point to a long term financing agreement being signed with the Brazilian Development Bank that should ease their funding position.

27. Our enviably strong orderbook, filled mainly by established customers, will keep us busy and cushion us for the next two years. It will also allow us to remain selective of projects that can translate into the best possible risk-adjusted returns for the Group.

28. During the year, the Division delivered several jackups, FPSOs and various specialised vessels, augmenting its established track record for safe, on-time and on-budget deliveries. Our disciplined approach to pursuing quality projects, coupled with laser-focus on execution and productivity, has translated into a resilient operating margin of 14.3% for the whole of 2014.

29. In the coming months, our team will be working hard to finalise Keppel's partnerships with Pemex and Titan Petrochemicals Group that will further entrench our *Near Market, Near Customer* strategy. Our joint venture with Pemex to develop a yard in Altamira is well-timed with the opening up of the Mexico's oil and gas sector, which will see growth in demand for offshore solutions for years to come.

30. The 30-year management services agreement to operate the Titan Quanzhou Shipyard in Fujian Province will enable us to populate the Chinese market with Keppel's proprietary solutions whilst retaining control over our intellectual property.

Innovating to Meet Customers' Needs

31. It is in difficult times like these that technology and R&D become even more important to enable us to meet customers' requirements for robust and more cost-effective solutions. To this end, we have been investing to expand our suite of proprietary designs. These include the FLNG vessel for Golar, the Plug & Abandonment jackup rig with Workfox B.V., as well as our Can-Do Drillship whose hull is being constructed in Japan and is progressing very much on schedule.

32. Continuous efforts to innovate have widened our product offerings and positioned Keppel as the preferred solutions partner in the industry. Looking ahead, we will continue to go after quality work and ventures that will allow us to build and grow our Offshore & Marine Division into an even more formidable industry leader.

Property

33. Our Property Division is similarly well-armed with a strong balance sheet to endure the headwinds in the key markets of Singapore and China. We remain confident of the long term fundamentals of the property sector, and will stay nimble in sniffing out deals that may not be available in more normal market conditions.

34. In 2014, Keppel Land sold over 2,000 homes in Asia, compared to some 4,400 homes a year ago, mainly due to the protracted effects of cooling measures in Singapore and China. The headwinds are likely to keep a lid on demand from homebuyers and private residential prices in Singapore in the year ahead.

35. However, China has started to relax its housing and monetary policies in the third quarter of 2014, resulting in improving property sales towards year-end. Some 60% of China's major cities recorded a rise in sales volume in December. However, it may be some time before these improvements in sales volume translate to an increase in pricing.

36. Keppel Land will continue to monitor the markets closely to launch residential projects from its pipeline of 70,000 homes across Asia. In parallel, Keppel Land is actively developing its portfolio of commercial properties overseas, which comprises about 819,000 square metres of gross floor area.

37. The company's joint venture with retail management firm, Array Holdings, which is involved in managing one of the larger portfolios of regional malls in Singapore and Malaysia, is part of the plan to develop Keppel Land into a multi-faceted property player.

Recycling Capital

38. Even as we extend our pipeline of residential and commercial developments, we will continue to actively prune our portfolio, unlocking, recycling and investing the capital for better returns.

39. During the year, Keppel Land injected its one-third stake in the Marina Bay Financial Centre (MBFC) Tower 3 into Keppel REIT. The value extracted from MBFC Tower 3 and other divestments here and overseas, which amounted to net proceeds of over S$1 billion, adds to our war chest for new projects.

Seizing Opportunities

40. Capitalising on its strong-cash, low-debt position, Keppel Land continued to seek out new investments as well as look within its existing property portfolio for growth opportunities.

41. In 2014, the company embarked on redeveloping the International Financial Centre Jakarta Tower 1 into a state-of-the-art office building, as well as proceeded with Phase 2 of its mixed-use development in Ortigas' CBD in the Philippines. These are projects that have been residing in Keppel Land's portfolio for many years, which we can transform into higher yielding investments for the Group.

42. Earlier this week, Keppel Land acquired its second residential site in West Jakarta in line with its focus on core markets in Asia.

43. As part of its strategy to invest opportunistically in key global cities with good growth potential, Keppel Land acquired a residential cum retail development in Manhattan, New York last year. The Manhattan project will be managed by Alpha Investment Partners. More than an example of dexterity in seizing opportunities for higher returns, it also showcases how the collective strength of Keppel's business units can be harnessed for growth.

44. 2014 was also an active year for our property fund management units whose combined assets under management have grown to S$18.7 billion from S$17.7 billion a year ago. Keppel REIT kickstarted the year achieving a 100% committed occupancies at nine of its office towers in Singapore and Australia, while Alpha is planning to launch a new fund focused on China's retail sector.

45. Our fund management businesses will continue to feature strongly in the Group's capital recycling strategy for matured projects, while providing stable income streams over the longer term.

Infrastructure

46. Our concerted efforts to reshape and strengthen the Infrastructure Division into a sturdy third pillar for the Group are starting to bear fruit. In December 2014, we successfully listed Asia's first data centre REIT on the Singapore Exchange, raising a total of S$512.9 million through a landmark initial public offering.

47. Keppel DC REIT's portfolio comprises eight high-quality data centres strategically located in key data centre hubs across Asia-Pacific and Europe, constituting S$1 billion of assets under management. We are confident of developing Keppel DC REIT into a strategic contributor to the Group just as how we have grown Keppel REIT in the Property Division into one of Singapore's largest listed real estate investment trusts from just S$630.7 million of assets under management in 2005 to some S$8.2 billion today.

48. With the formation of Keppel Infrastructure over a year ago, we have sharpened the Group's focus on providing energy-related infrastructure and services. In line with this, we announced the combination of Keppel Infrastructure Trust with CitySpring Infrastructure Trust, and the injection of 51% of the 1,300 MW Keppel Merlimau Cogen (KMC) plant into the enlarged entity.

49. The Combined Trust with KMC, will be the largest listed Singapore infrastructure-focused business trust with a market capitalisation of more than S$2 billion and total assets of over S$4 billion. With the improved scale and liquidity, our infrastructure business trust will be better positioned for future growth.

50. By remaining as Sponsor, Keppel continues to participate in the growth our infrastructure fund management units, whilst building up a solid platform for the Group to recycle its capital. On top of developing and warehousing a pipeline of suitable assets for injection, there are even prospects of co-investing with our fund management arms, as evident in Keppel Land and Alpha's collaboration.

51. After several challenging years, I am pleased to announce that we are nearing the finish line for all our EPC projects. In Qatar, the Doha North Sewage Treatment Works is being tested and commissioned. In the UK, we are in the process of handing over Phase 1 of the Greater Manchester Energy-from-Waste Plant to our customer. We expect to hand over Phase 2 within the first half of this year.

52. With the completion of these two EPC projects close at hand, our team can then focus on growing Keppel Infrastructure into a stable contributor to the Group's bottom line. As part of its streamlining efforts, Keppel Infrastructure exited the facilities management business with the divestment of Keppel FMO in November 2014.

53. Meanwhile, our data centre and logistics businesses under Keppel Telecommunications & Transportation (Keppel T&T) have also made good progress.

Riding on strong demand for data centre space in Europe, Keppel T&T acquired Almere Data Centre 2 in the Netherlands in November 2014. Almere 2, offering over 5,000 square metres of quality data centre space, is strategically located next to Almere 1, which has already been injected into Keppel DC REIT.

54. During the year, Keppel T&T also commenced operations of a 10,000-square metre warehouse in Brisbane, as well as completed its Tampines Logistics Hub in Singapore and a distribution centre in Vietnam.

55. Building on the good momentum achieved in 2014, we will continue to nurture the businesses in our Infrastructure Division and invest prudently for growth.

Shaping Our Future

56. When I took over from Chiau Beng as CEO at the start of last year, I reiterated our resolve to remain focused on our multi-business strategy, and commitment to quality execution and raising productivity. I emphasised that Keppel will continue to invest strategically in R&D to develop cutting-edge solutions with and for our customers.

57. The markets today are challenging but they throw up opportunities for investments and acquisitions. With our strong balance sheet, we are watchful and will seize opportunities that will set Keppel on its next trajectory of growth, whilst maintaining a strong financial discipline.

58. Although current sentiments are weak, we believe that Keppel as a financially strong conglomerate with multi-businesses will fare better than many others. More importantly, we will continue to focus on creating value, building on our solid foundations to emerge stronger as a Group. That, is the Keppel distinction.

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

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 $'000	31.12.2013 $'000	+/- %	**31.12.2014 $'000**	31.12.2013 $'000	+/- %
Revenue		**3,925,250**	3,598,580	+9.1	**13,282,979**	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
Operating profit		**926,079**	746,415	+24.1	**2,373,420**	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
Profit before tax		**1,161,167**	1,108,906	+4.7	**2,888,612**	2,793,740	+3.4
Taxation	1b	**(136,325)**	(102,579)	+32.9	**(462,362)**	(397,366)	+16.4
Profit for the quarter / year		**1,024,842**	1,006,327	+1.8	**2,426,250**	2,396,374	+1.2
Attributable to:							
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
		1,024,842	1,006,327	+1.8	**2,426,250**	2,396,374	+1.2
Earnings per ordinary share							
- basic		**39.9 cts**	38.0 cts	+5.0	**103.8 cts**	102.3 cts	+1.5
- diluted		**39.6 cts**	37.5 cts	+5.6	**102.8 cts**	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 $'000	31.12.2013 $'000	+/- %	**31.12.2014 $'000**	31.12.2013 $'000	+/- %
Share-based payment expenses		**15,989**	14,568	+9.8	**56,461**	55,362	+2.0
Loss/(profit) on sale of investments	(vi)	**5,792**	(2,738)	NM	**(8,008)**	(4,805)	+66.7
Provision							
- Stocks & work-in-progress		**4,149**	4,144	+0.1	**2,699**	4,173	-35.3
- Doubtful debts		**974**	2,506	-61.1	**2,945**	2,255	+30.6
Fair value loss/(gain)							
- Investments	(vii)	**21,763**	1,509	>500.0	**15,002**	(9,350)	NM
- Forward contracts	(viii)	**15,404**	1,217	>500.0	**27,389**	15,474	+77.0
- Financial derivatives		**(6,593)**	(1,610)	+309.5	**(3,170)**	(9,877)	-67.9
Foreign exchange loss/(gain)	(ix)	**12,135**	6,031	+101.2	**7,513**	(23,881)	NM
Profit on sale of fixed assets and an investment property	(x)	**(194,349)**	(327)	>500.0	**(289,214)**	(3,865)	>500.0
Write-back of provision for restructuring of operations	(xi)	**(4,752)**	(16,257)	-70.8	**(4,752)**	(43,088)	-89.0
Gain on disposal of subsidiaries	(xii)	**(41,723)**	(246,639)	-83.1	**(48,647)**	(307,726)	-84.2
Gain on disposal of associated companies	(xiii)	**(145,184)**	–	NM	**(145,184)**	–	NM
Impairment/write-off of fixed assets	(xiv)	**7,746**	1,482	+422.7	**7,746**	1,482	+422.7
Fair value gain on investment properties	(xv)	**(54,569)**	(156,284)	-65.1	**(54,569)**	(156,284)	-65.1
Write-back of impairment of investments	(xvi)	**(2,581)**	(2,818)	-8.4	**(47,971)**	(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	**103.8 cts**	102.3 cts	+1.5
- Weighted average number of shares ('000)*	**1,815,042**	1,805,198	+0.5
(ii) On a fully diluted basis	**102.8 cts**	101.2 cts	+1.6
- Adjusted weighted average number of shares ('000)*	**1,831,502**	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 $'000	2013 $'000	+/-%
First Half			
Sales reported for first half year	**6,172,945**	5,834,607	+5.8
Operating profit after tax before deducting non-controlling interests reported for first half year	**864,010**	846,628	+2.1
Second Half			
Sales reported for second half year	**7,110,034**	6,545,812	+8.6
Operating profit after tax before deducting non-controlling interests reported for second half year	**1,562,240**	1,549,746	+0.8

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

	Note	Fourth Quarter 31.12.2014 $'000	Fourth Quarter 31.12.2013 $'000	+/- %	Full Year 31.12.2014 $'000	Full Year 31.12.2013 $'000	+/- %
Profit for the quarter / year		**1,024,842**	1,006,327	+1.8	**2,426,250**	2,396,374	+1.2
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the quarter / year	(i)	**(14,286)**	(24,355)	-41.3	**(47,295)**	13,552	NM
- Realised and transferred to profit & loss account	(ii)	**(24,028)**	(387)	>500.0	**(34,553)**	28	NM
Cash flow hedges							
- Fair value changes arising during the quarter / year, net of tax	(iii)	**(448,662)**	67,277	NM	**(505,083)**	(204,730)	+146.7
- Realised and transferred to profit & loss account	(iv)	**(1,566)**	(14,139)	-88.9	**(24,112)**	7,468	NM
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(v)	**139,308**	(27,439)	NM	**128,500**	73,628	+74.5
- Realised and transferred to profit & loss account	(vi)	**28,107**	20,516	+37.0	**23,570**	37,876	-37.8
Share of other comprehensive income of associated companies							
- Available-for-sale assets		**(2,246)**	(2,217)	+1.3	**(3,732)**	(5,847)	-36.2
- Cash flow hedges	(vii)	**(2,448)**	(5,455)	-55.1	**14,401**	(2,152)	NM
- Foreign exchange translation	(viii)	**6,585**	(10,582)	NM	**23,650**	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		**996**	–	NM	**996**	–	NM
Other comprehensive income for the quarter / year, net of tax		**(318,240)**	3,219	NM	**(423,658)**	(77,296)	+448.1
Total comprehensive income for the quarter / year		**706,602**	1,009,546	-30.0	**2,002,592**	2,319,078	-13.6
Attributable to:							
Shareholders of the Company		**339,845**	678,174	-49.9	**1,393,768**	1,721,456	-19.0
Non-controlling interests		**366,757**	331,372	+10.7	**608,824**	597,622	+1.9
		706,602	1,009,546	-30.0	**2,002,592**	2,319,078	-13.6

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

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

** 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 $'000	Unsecured $'000	Secured $'000	Unsecured $'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 $'000	Unsecured $'000	Secured $'000	Unsecured $'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 *	**$5.73**	$5.37	+6.7	**$3.22**	$3.15	+2.2
Net tangible asset per ordinary share *	**$5.67**	$5.32	+6.6	**$3.22**	$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 $’000
Assets classified as held for sale	
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
	1,258,640
Liabilities directly associated with assets classified as held for sale	
Creditors	284,787
Deferred taxation	165,230
	450,017

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 Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
2014							
As at 1 January	**1,205,877**	**500,753**	**8,301,117**	**(306,566)**	**9,701,181**	**3,987,682**	**13,688,863**
Total comprehensive income for the year							
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)**
Total comprehensive income for the year	**–**	**(606,009)**	**1,884,798**	**114,979**	**1,393,768**	**608,824**	**2,002,592**
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
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**
Total contributions by and distributions to owners	**81,718**	**(27,066)**	**(764,980)**	**–**	**(710,328)**	**(249,579)**	**(959,907)**
Changes in ownership interests in subsidiaries							
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)**
Total change in ownership interests in subsidiaries	**–**	**(5,678)**	**1,819**	**–**	**(3,859)**	**(48)**	**(3,907)**
Total transactions with owners	**81,718**	**(32,744)**	**(763,161)**	**–**	**(714,187)**	**(249,627)**	**(963,814)**
As at 31 December	**1,287,595**	**(138,000)**	**9,422,754**	**(191,587)**	**10,380,762**	**4,346,879**	**14,727,641**

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

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

	Attributable to owners of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
2013							
As at 1 January	1,123,590	682,263	7,815,216	(375,117)	9,245,952	4,332,174	13,578,126
Total comprehensive income for the year							
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)
Total comprehensive income for the year	–	(192,887)	1,845,792	68,551	1,721,456	597,622	2,319,078
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
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)
Total contributions by and distributions to owners	82,287	11,377	(1,357,625)	–	(1,263,961)	(108,740)	(1,372,701)
Changes in ownership interests in subsidiaries							
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
Total change in ownership interests in subsidiaries	–	–	(2,266)	–	(2,266)	(833,374)	(835,640)
Total transactions with owners	82,287	11,377	(1,359,891)	–	(1,266,227)	(942,114)	(2,208,341)
As at 31 December	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 Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2014				
As at 1 January	**1,205,877**	**188,432**	**4,300,590**	**5,694,899**
Profit / Total comprehensive income for the year	**–**	**–**	**862,575**	**862,575**
Transactions with owners, recognised directly in equity				
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**
Total transactions with owners	**81,718**	**(45,803)**	**(762,888)**	**(726,973)**
As at 31 December	**1,287,595**	**142,629**	**4,400,277**	**5,830,501**
2013				
As at 1 January	1,123,590	180,396	4,401,538	5,705,524
Profit / Total comprehensive income for the year	–	–	1,255,575	1,255,575
Transactions with owners, recognised directly in equity				
Dividend paid	–	–	(1,356,523)	(1,356,523)
Share-based payment	–	50,574	–	50,574
Shares issued	82,287	(42,538)	–	39,749
Total transactions with owners	82,287	8,036	(1,356,523)	(1,266,200)
As at 31 December	1,205,877	188,432	4,300,590	5,694,899

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury 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
As at 31 December 2014	**1,817,768,227**	**5,932,000**

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:

	Number of shares					
Date of Grant	At 1.1.14	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.14
KCL PSP						
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
	1,901,333	577,400	(26,450)	(636,100)	(67,458)	1,748,725
KCL RSP						
28.3.2013	4,383,491	–	–	(4,309,301)	(74,190)	–
31.3.2014	–	4,750,386	–	–	(110,602)	4,639,784
	4,383,491	4,750,386	–	(4,309,301)	(184,792)	4,639,784

Awards released but not vested:

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

4d. Capital reserves

	Group		Company	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'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	**–**	–
	(138,000)	500,753	**142,629**	188,432

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

	Note	Fourth Quarter		Full Year	
		31.12.2014	31.12.2013	**31.12.2014**	31.12.2013
		$'000	$'000	**$'000**	$'000
OPERATING ACTIVITIES					
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)
Net cash from operating activities		**492,519**	1,488,469	**21,785**	624,663
INVESTING ACTIVITIES					
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
Net cash from/(used in) investing activities		**691,856**	104,926	**876,617**	(677,865)
FINANCING ACTIVITIES					
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)
Net cash from/(used in) financing activities		**15,619**	370,085	**(768,751)**	1,527,591
Net increase in cash and cash equivalents		**1,199,994**	1,963,480	**129,651**	1,474,389
Cash and cash equivalents as at beginning of quarter / year		**4,497,882**	3,640,217	**5,564,183**	4,055,176
Effects of exchange rate changes on the balance of cash held in foreign currencies		**38,125**	(39,514)	**42,167**	34,618
Cash and cash equivalents 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)
Cash flow on acquisition	**44,739**	31,570	**268,768**	103,555

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 *in specie*	**–**	–	**–**	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**	–
Cash flow on disposal	**(87,304)**	(205,974)	**(125,097)**	(534,062)

Significant disposals in the year include the sale of entire interest in Berich Enterprises Limited, divestment of Boxtel 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)
	5,736,001	5,564,183

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 Dividend per share Tax rate	Cash 30.0 cents 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).

	2014 **$'000**	2013 $'000	+/- %
Interim cash dividend	**218,019**	180,735	+20.6
Final cash dividend	**652,261***	544,887	+19.7
Special dividend *in specie*	**–**	171,342	NM
Total annual dividend	**870,280**	896,964	-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 & Marine $'000	Infra-structure $'000	Property $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
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**
Segment Results						
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 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**
Other information						
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 associated companies	**539,932**	**649,565**	**3,205,343**	**593,604**	**–**	**4,988,444**
Additions to non-current assets	**268,402**	**489,995**	**234,956**	**268**	**–**	**993,621**
Depreciation and amortisation	**141,816**	**104,219**	**18,601**	**500**	**–**	**265,136**

GEOGRAPHICAL SEGMENT

	Singapore $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'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

	Offshore & Marine $'000	Infra-structure $'000	Property $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
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
Segment Results						
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 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
Other information						
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 associated companies	506,732	586,607	3,799,594	589,240	–	5,482,173
Additions to non-current assets	384,981	333,751	490,827	200,061	–	1,409,620
Depreciation and amortisation	136,741	80,476	24,583	492	–	242,292

GEOGRAPHICAL SEGMENT

	Singapore $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'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:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Infrastructure, Property and Investments. The Investments Division consists mainly of the Group's investments in k1 Ventures Ltd, M1 Limited and equities.

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

(c) Other than Singapore 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.

(d) 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 $'000	2013 $'000	**2014 $'000**	2013 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**–**	–	**182,980**	5,400
Integradora de Servicios Petroleros Oro Negro	**–**	–	**–**	3,969
Mapletree Investments Group	**–**	–	**113,760**	3,600
Neptune Orient Lines Group	**–**	–	**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**	–
Transaction for the Purchase of Goods and Services				
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**	–
Total Interested Person Transactions	**–**	–	**414,890**	163,514

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