IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting the e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described therein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Keppel Corporation Limited, DBS Bank Ltd., Citicorp Investment Bank (Singapore) Limited or Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Keppel Corporation Limited, DBS Bank Ltd., Citicorp Investment Bank (Singapore) Limited or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Keppel Corporation Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

KEPPEL CORPORATION LIMITED

(Incorporated in the Republic of Singapore on 3 August 1968)
(UEN/Company Registration No. 196800351N)

US$3,000,000,000

Multi-Currency Medium Term Note Programme
(the "MTN Programme")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Keppel Corporation Limited (the "**Issuer**") pursuant to the MTN Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies or such Notes.

Arranger

DBS

Dealers

citi DBS OCBC Bank

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NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by Keppel Corporation Limited (the "**Issuer**") to arrange the MTN Programme described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore Dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer and the Notes. The Issuer has informed the Arranger that the information on the Issuer and the Notes contained herein is true and accurate in all material respects and that there are no other facts the omission of which in the context of the issue and offering of the Notes would make any such information misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms except (in the case of Notes other than variable rate notes (as described under "Summary of the MTN Programme")) for the issue dates, issue prices, interest commencement dates and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. Subject to compliance with all relevant laws, regulations and directives, the Notes may have any maturity as the Issuer and the relevant Dealer(s) (as defined below) may agree and may be subject to redemption or purchase in whole or in part. The Notes (except for zero coupon notes which will not bear interest other than in the case of late payment) will bear interest at a fixed, floating, variable or hybrid rate and will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the pricing supplement issued in relation to each series or tranche of Notes (the "**Redemption Amount**"). Details applicable to each series or tranche of Notes will be specified in the applicable pricing supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to below), shall not exceed US$3,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased under the MTN Programme. The maximum aggregate principal amount of Notes to be issued, when added to the aggregate principal amount of all Notes outstanding, was increased on 1 February 2012 from US$600,000,000 to US$1,200,000,000 and on 11 July 2012 from US$1,200,000,000 to US$3,000,000,000.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act of 1933 of the United States, as amended (the "**Securities Act**") or any U.S. state securities laws and may not be offered or sold or delivered within the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the affairs, business or financial position of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Issuer, the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Arranger or their respective subsidiaries or associated companies (if any). Further, neither the Arranger nor any of the Dealers gives any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither the Arranger nor any of the Dealers has separately or independently verified the information contained herein. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the businesses, financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

Neither the Arranger nor any of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum or for any statement made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) the most recently published audited consolidated and non-consolidated annual financial statements (if any) and, if published later, the most recently published consolidated interim financial statements announcement of the Issuer (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any pricing supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined below).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined below) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on page 116 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

FORWARD-LOOKING STATEMENTS

Some statements in this Information Memorandum may be deemed to be forward-looking statements. All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Information Memorandum, the words "anticipates", "estimates", "projects", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should", "could" and any similar expressions generally identify forward-looking statements (however, these words are not the exclusive means of identifying forward-looking statements). These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. If one or more of the risks, uncertainties or other factors materialise, including (without limitation) those identified below or which the Issuer has otherwise identified in this Information Memorandum, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's and/or the Group's actual results, performance or achievements may vary from those expected, expressed or implied by the forward-looking statements. Given the risks, uncertainties and other factors that may cause the actual future results, performance or achievements of the Issuer and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on such forward-looking statements. None of the Issuer and the Group represents or warrants that the actual future results, performance or achievements of the Issuer and/or the Group will be as discussed in those statements.

The risks, uncertainties and other factors referred to above include (without limitation):

- the ability of the Group to achieve and manage the growth of its businesses;
- the performance of the markets in Singapore and the countries/territories in which the Group operates;
- the Group's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Group's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the countries/territories in which the Group and/or its customers and/or suppliers operate;
- actions taken by the Group's joint venture partners that may not be in accordance with its policies and objectives;
- changes in the competitive conditions in the Group's industry and the Group's ability to compete under those conditions;
- changes in commodity prices;
- risks of not being able to implement new strategies outlined by the Issuer and/or the Group;
- risks of being unable to realise anticipated growth opportunities;

- changes in the availability and effectiveness of futures contracts or other derivative instruments as hedging instruments, and the risks associated with such instruments;

- changes in currency exchange rates;

- changes in short-term and long-term interest rates; and

- changes in customer preferences and needs.

Some of the factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the sections titled “Risk Factors” and “Description of the Group”.

Any forward looking statements contained in this Information Memorandum speak only as at the date of this Information Memorandum. The Issuer expressly disclaims any obligation or undertaking to disseminate publicly or otherwise after the date of this Information Memorandum any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"9M 2014"	:	The nine months ended 30 September 2014
"9M 2015"	:	The nine months ended 30 September 2015
"Agency Agreement"	:	The Agency Agreement dated 12 December 2000 made between (1) the Issuer, as issuer, (2) DBS Bank Ltd. (formerly known as The Development Bank of Singapore Ltd), as issuing and paying agent and agent bank, and (3) DBS Trustee Limited, as trustee, as amended, varied or supplemented from time to time
"Agents"	:	The Issuing and Paying Agent and the Agent Bank
"Agent Bank"	:	DBS Bank Ltd.
"Alpha"	:	Alpha Investment Partners Limited
"Arranger"	:	DBS Bank Ltd.
"Business Day"	:	A day (other than Saturday or Sunday) on which commercial banks in Singapore are open for business
"CDP"	:	The Central Depository (Pte) Limited
"CIT"	:	CitySpring Infrastructure Trust
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Couponholders"	:	The holders of Coupons
"Coupons"	:	The interest coupons appertaining to an interest bearing definitive Note
"Dealers"	:	The persons appointed as dealers under the MTN Programme
"Directors"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum
"Enlarged Trust"	:	Keppel Infrastructure Trust (formerly known as CIT)
"Group"	:	The Issuer and its subsidiaries
"Issuer" or "Keppel Corporation"	:	Keppel Corporation Limited
"Issuing and Paying Agent"	:	DBS Bank Ltd.

"k1 Ventures"	:	k1 Ventures Limited
"Keppel DHCS"	:	Keppel DHCS Pte Ltd
"Keppel Energy"	:	Keppel Energy Pte Ltd
"Keppel FELS"	:	Keppel FELS Limited
"Keppel Infrastructure"	:	Keppel Infrastructure Holdings Pte. Ltd.
"Keppel Land"	:	Keppel Land Limited
"Keppel Land Group"	:	Keppel Land and its subsidiaries
"Keppel Merlimau Cogen"	:	Keppel Merlimau Cogen Pte Ltd
"Keppel O&M"	:	Keppel Offshore & Marine Ltd
"Keppel O&M Group"	:	Keppel O&M and its subsidiaries
"Keppel Seghers"	:	Keppel Seghers Pte Ltd
"Keppel Shipyard"	:	Keppel Shipyard Limited
"Keppel Singmarine"	:	Keppel Singmarine Pte Ltd
"Keppel Singmarine Brasil"	:	Keppel Singmarine Brasil Ltda
"Keppel T&T"	:	Keppel Telecommunications & Transportation Ltd
"KIE"	:	Keppel Integrated Engineering Limited
"KrisEnergy"	:	KrisEnergy Ltd
"Latest Practicable Date"	:	3 November 2015
"M1"	:	M1 Limited
"MAS"	:	The Monetary Authority of Singapore
"MTN Programme"	:	The US$3,000,000,000 Multi-Currency Medium Term Note Programme of the Issuer
"Noteholders"	:	The holders of Notes
"Notes"	:	The notes to be issued by the Issuer under the MTN Programme

"Pricing Supplement" : In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, issued specifying the relevant issue details in relation to such Series or, as the case may be, Tranche

"Principal Subsidiary" : Means, in relation to the Issuer, any subsidiary whose total assets, as shown by the accounts (consolidated in the case of a corporation which itself has subsidiaries) of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, exceed 30 per cent. of the total assets of the Group, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(a) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(b) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (a) above or which remains or becomes a Principal Subsidiary by virtue of (b) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the share of the Group of such subsidiary's total assets, as shown by the accounts of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be 30 per cent. or less of the total assets of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive

"Programme Agreement"	:	The Programme Agreement dated 12 December 2000 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd. (formerly known as The Development Bank of Singapore Ltd), Citicorp Investment Bank (Singapore) Limited and Oversea-Chinese Banking Corporation Limited (successor of Keppel Tatlee Bank Limited), as dealers, as amended, varied or supplemented from time to time
"R&D"	:	Research and development
"REIT"	:	Real estate investment trust
"Securities Act"	:	Securities Act of 1933 of the United States, as amended
"Series"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) are identical in all respects except for their respective issue dates, issue prices, interest commencement dates and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects except for their respective issue prices and rates of interest
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Issuer
"Singmarine Industries"	:	Singmarine Industries Ltd
"Temasek"	:	Temasek Holdings (Private) Limited
"Tianjin Eco-City"	:	Sino-Singapore Tianjin Eco-City
"Tranche"	:	Notes which are identical in all respects (including listing)
"Trust Deed"	:	The Trust Deed dated 12 December 2000 made between (1) the Issuer, as issuer, and (2) DBS Trustee Limited, as trustee, as amended, varied or supplemented from time to time
"Trustee"	:	DBS Trustee Limited
"U.S." or *"United States"*	:	United States of America

"S$"* or *"Singapore Dollars"* or *"$" and *"cents"*	:	Singapore dollars and cents respectively
"US$" or *"US Dollars"* and *"US cents"*	:	United States dollars and cents respectively
"WTE"	:	Waste-to-Energy
"%"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa,* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Dr Lee Boon Yang, Chairman Loh Chin Hua, CEO Oon Kum Loon Tow Heng Tan Alvin Yeo Khirn Hai Tan Ek Kia Danny Teoh Tan Puay Chiang Till Vestring Veronica Eng
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditors to the Issuer	:	Deloitte & Touche LLP Certified Public Accountants 6 Shenton Way OUE Downtown 2 #32-00 Singapore 068809
Arranger of the MTN Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the MTN Programme	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the holders of the Notes	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Keppel Corporation Limited
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd., Citicorp Investment Bank (Singapore) Limited, Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd.
Trustee	:	DBS Trustee Limited
Description	:	Multi-Currency Medium Term Note Programme
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall not exceed US$3,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the MTN Programme
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore Dollars or any other currency agreed between the Issuer and the relevant Dealer(s)
Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have any maturity as the Issuer and the relevant Dealer(s) may agree

Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note or a Hybrid Note) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, a Variable Rate Note or a Hybrid Note)
Interest Basis	:	Notes (except for Zero Coupon Notes which will not bear interest other than in the case of late payment) may bear interest at fixed, floating, variable or hybrid rates
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore Dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period as been agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s) at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore Dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s)

Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s)
Custody of the Notes	:	Notes which are to be listed on the SGX-ST will be cleared through CDP. Notes which are not to be listed on the SGX-ST may or may not be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are not to be cleared through CDP must be kept with authorised depositories which are appointed by MAS from time to time
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer
Optional Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amount as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required. For further details, see the section on "Singapore Taxation" below

Financial Covenant : Consolidated Net Borrowings to Consolidated Shareholders' Funds shall not exceed three times

For the purposes of the paragraph above:

(a) "**Consolidated Net Borrowings**" means, in relation to the Group, an amount (expressed in Singapore Dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) bank overdrafts and any part of any other borrowings maturing within 12 months;

(ii) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(iii) the liabilities of the Issuer under the Trust Deed or the Notes, and under any other liabilities in the nature of borrowings of the Group; and

(iv) all other indebtedness whatsoever of the Group for borrowed moneys,

after excluding any cash deposits made by the Group with Financial Institutions (as defined in the Trust Deed), all as shown in the consolidated balance sheet of the latest audited amounts of the Group or the latest half-yearly unaudited consolidated balance sheet of the Group; and

(b) "**Consolidated Shareholders' Funds**" means the amount (expressed in Singapore Dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) the nominal capital of the Issuer for the time being issued and paid up;

(ii) the amounts standing to the credit of the capital and revenue reserves (including share premium account, capital redemption reserve fund and profit and loss account) of the Group on a consolidated basis; and

(iii) the minority interests in the subsidiaries of the Issuer, all as shown in the then latest audited consolidated balance sheet of the Group but after:

(1) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital, the share premium account and the capital redemption reserve fund of the Group since the date of the latest audited consolidated balance sheet of the Group;

(2) excluding any sums set aside for future taxation; and

(3) deducting:

(I) an amount equal to any distribution by any member of the Group to persons other than members of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group delivered to the Trustee under Clause 16(e) of the Trust Deed and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(II) all goodwill and other intangible assets;

(III) any debit balances on consolidated profit and loss account; and

(IV) any amounts arising from a writing-up after the date of the latest audited consolidated balance sheet of the Group delivered to the Trustee under Clause 16(e) of the Trust Deed of the book values of any property of the Group (any increases in the book value of property which results from its transfer being deemed for this purpose to have arisen from a writing-up)

Negative Pledge : See “Terms and Conditions of the Notes – Negative Pledge”

Non-Disposal Clause	:	The Issuer has covenanted with the Trustee in the Trust Deed that it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 16(gg) of the Trust Deed, would have a material adverse effect on the ability of the Issuer to perform any of its obligations under the Issue Documents (as defined in the Trust Deed), Notes or Coupons
Events of Default	:	See "Terms and Conditions of the Notes – Events of Default"
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes
Governing Law	:	The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme Details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement:

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes, the *"Trust Deed")* dated 12th December, 2000 made between (1) the Issuer and (2) DBS Trustee Limited (the *"Trustee",* which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended or supplemented as at the date of issue of the Notes, the *"Deed of Covenant")* dated 12th December, 2000 relating to the Notes executed by the Issuer. The Issuer has entered into an Agency Agreement (as amended or supplemented as at the date of issue of the Notes, the *"Agency Agreement")* dated 12th December, 2000 made between (1) the Issuer, (2) The Development Bank of Singapore Ltd, as issuing and paying agent (in such capacity, the *"Issuing and Paying Agent")* and agent bank (in such capacity, the *"Agent Bank"),* and (3) the Trustee, as trustee. The Noteholders and the holders of the coupons (the *"Coupons")* appertaining to the interest-bearing Notes (the *"Couponholders")* are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the *"Notes")* are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) and Coupons in these Conditions are not applicable.

(b) **Title**

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by The Central Depository (Pte) Limited (the *"Depository"),* each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions *"Noteholder"* and *"holder of Notes"* and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of the Depository.

(iv) In these Conditions, *"Global Note"* means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, *"Noteholder"* means the bearer of any Definitive Note and *"holder"* (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, *"Series"* means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects except for their respective issue dates, issue prices, interest commencement dates and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects except for their respective issue prices and rates of interest and *"Tranche"* means Notes which are identical in all respects (including listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. STATUS

The Notes and Coupons of all Series shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. COVENANTS

(a) Negative Pledge

In the Trust Deed, the Issuer has covenanted that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, except with the prior consent in writing of the Trustee (such consent not to be unreasonably withheld), create or permit to subsist any mortgage, charge, pledge or other security interest *("Charge")* over the whole or any part of its undertakings, assets, property or revenues, present or future, where such Charge is given, or is intended to be given, to secure any indebtedness of the Issuer in respect of any freely transferable securities of, or guaranteed by, the Issuer, except for:

(i) any Charge existing at the date of the Trust Deed and as disclosed to the Trustee (but the amount secured by any such Charge may not be increased); or

(ii) liens or rights of set-off arising in the ordinary course of business of the Issuer; or

(iii) such other Charge as shall be approved by an Extraordinary Resolution (as defined in Schedule 4 to the Trust Deed) of the Noteholders.

For the purpose of this Condition, the expression "freely transferable securities" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other organised securities market.

(b) Financial Covenant

In the Trust Deed, the Issuer has covenanted that, so long as any of the Notes remains outstanding, it will ensure that the ratio of Consolidated Net Borrowings (as defined in the Trust Deed) of the Issuer and its subsidiaries to Consolidated Shareholders' Funds (as defined in the Trust Deed) of the Issuer and its subsidiaries shall not at any time exceed 3.0:1.

4. (I) INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(h)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on a Reference Date.

The first payment of interest will be made on the Reference Date next following the Interest Commencement Date (and if the Interest Commencement Date is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not a Reference Date, interest from the preceding Reference Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Fixed Rate Day Basis shown on the face of such Note.

(II) INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each date *("Interest Payment Date")* which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the *"Specified Number of Months")* after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall have fallen.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an *"Interest Period".*

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) **Rate of Interest – Floating Rate Notes**

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore Dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The *"Spread"* is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to paragraph (d) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the *"Rate of Interest".*

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen MASX Page (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuter Screen MASX Page (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on Telerate Page 57150 of the Dow Jones Telerate Service (or such other replacement page thereof), being the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on Telerate Page 57150 (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if Telerate Page 57150 (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest $^1/_{16}$ per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and

(E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest $^1/_{16}$ per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest $^1/_{16}$ per cent.) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears under the caption "ASSOCIATION OF BANKS IN SINGAPORE SIBOR AND SWAP OFFER RATES AT 11 A.M. SINGAPORE TIME" and the row headed "SGD" on Telerate Page 50157 of the Dow Jones Telerate Service (or such other page as may replace Telerate Page 50157 for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on Telerate Page 50157 (or such other replacement page as aforesaid) or Telerate Page 50157 (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest $^{1}/_{16}$ per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears under the caption "SINGAPORE INTERBANK OFFER RATES (US$)" and the column headed "Fixing" on Telerate Page 7311 of the Dow Jones Telerate Service (or such other page as may replace Telerate Page 7311 for the purpose of displaying Singapore inter-bank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks and which appear under the caption "SINGAPORE BANKS RATES AT 11 A.M. SGP TIME" and the column headed "Spot" on Telerate Page 50162 of the Dow Jones Telerate Service (or such other page as may replace Telerate Page 50162 for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear under the caption "SINGAPORE BANKS RATES AT 11 A.M. SGP TIME" on Telerate Page 50162 of the Dow Jones Telerate Service (or such other page as may replace Telerate Page 50162 for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on the relevant Telerate Page (or such other replacement page as aforesaid) or the relevant Telerate Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest $^{1}/_{16}$ per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore Dollars for the Interest Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned in the Singapore inter-bank market;

Discount = the discount that would have been received by that Reference Bank in buying United States Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and

T = the number of days in the Interest Period concerned; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest $^{1}/_{16}$ per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest $^{1}/_{16}$ per cent.) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore Dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest $^{1}/_{16}$ per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) **Rate of Interest – Variable Rate Notes**

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the *"Agreed Yield"* and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the *"Rate of Interest".*

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9 a.m. (Singapore time) on the ninth business day nor later than 3 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an *"Agreed Rate")* and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) instruct the Issuing and Paying Agent to notify such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the *"Fall Back Rate")* determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

The Rate of Interest may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to paragraph (d) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above *(mutatis mutandis)* and references therein to *"Rate of Interest"* shall mean *"Fall Back Rate".*

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) **Determination of Rate of Interest and Calculation of Interest Amounts and Redemption Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank may be required to calculate any Redemption Amount in respect of any Notes, determine the Rate of Interest and calculate the amount of interest payable (the *"Interest Amounts")* in respect of each Calculation Amount of the relevant Floating Rate Notes or Variable Rate Notes for the relevant Interest Period or calculate the Redemption Amount in respect of such Notes. The Interest Amounts shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such product by the actual number of days in the Interest Period concerned (including the first, but excluding the last, day of such Interest Period), divided by the FRN Day Basis or, as the case may be, VRN Day Basis shown on the face of such Note and rounding the resultant figure to the nearest cent. The determination of the Rate of Interest, the Interest Amounts and the Redemption Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(e) **Notification of Rate of Interest and Interest Amounts**

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Issuing and Paying Agent and the Issuer and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes or, as the case may be, Variable Rate Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes or, as the case may be, Variable Rate Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(f) **Determination of Rate of Interest by the Trustee**

The Trustee shall (if the Agent Bank does not at any material time determine the Rate of Interest) determine or procure the determination of such Rate of Interest in accordance with the provisions of this Condition 4. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(g) **Agent Bank and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Note or Variable Rate Note remains outstanding, there shall at all times be three Reference Banks and an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or the Redemption Amount, the Issuer will appoint the Singapore office of a leading bank or merchant bank engaged in the Singapore interbank market to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(h) **Definitions**

As used in these Conditions:

*"**Benchmark**"* means the rate specified as such in the applicable Pricing Supplement;

*"**business day**"* means:

(i) (in the case of Notes denominated in Singapore Dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and

(ii) (in the case of Notes denominated in a currency other than Singapore Dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"Calculation Amount" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"Interest Commencement Date" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"Interest Determination Date" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"Reference Banks" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

"Relevant Currency" means the currency in which the Notes are denominated;

"Relevant Dealer" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"Relevant Financial Centre" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"Relevant Rate" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre; and

"Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service *("**Reuters**")* and the Dow Jones Telerate Service *("**Telerate**"))* as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

(III) INTEREST ON HYBRID NOTES

(a) **Interest Rate and Accrual**

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) **Fixed Rate Period**

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on a Reference Date.

(ii) The first payment of interest will be made on the Reference Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not a Reference Date, interest from the preceding Reference Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Fixed Rate Day Basis shown on the face of the Note during the Fixed Rate Period.

(c) **Floating Rate Period**

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each date *("Interest Payment Date")* which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the *"Specified Number of Months")* after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period shall have fallen.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an *"Interest Period".*

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) ZERO COUPON NOTES

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

5. REDEMPTION AND PURCHASE

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note or Hybrid Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note).

(b) **Purchase at the Option of Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes (together with all unmatured Coupons relating to such Notes) at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered by the Issuer to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such Stock Exchange so require, the Issuer shall, once in each year in which there has been a purchase of some only of the Notes, cause to be published in a leading newspaper of general circulation in Singapore a notice specifying the aggregate principal amount of Notes outstanding and a list of the Notes drawn for purchase but not prescribed.

(c) **Purchase at the Option of Noteholders**

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons (including all unmatured Coupons) relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Trust Deed) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered by the Issuer to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons (including all unmatured Coupons) relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Trust Deed) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered by the Issuer to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) **Redemption at the Option of the Issuer**

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes (together with all unmatured Coupons relating to such Notes) at their Redemption Amount and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Singapore a notice specifying the aggregate principal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) **Redemption at the Option of Noteholders**

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Trust Deed) without the prior consent of the Issuer.

(f) **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Reference Date or Interest Payment Date (as the case may be) or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) **Purchases**

The Issuer and any of its subsidiaries may at any time and from time to time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to such Notes) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold at its discretion.

For the purposes of these Conditions, *"directive"* includes any present or future directive, regulation, requirement, rule or credit restraint programme of any relevant government agency, authority, central bank department, legislative, minister, ministry, official public or statutory corporation, or stock exchange.

(h) **Early Redemption of Zero Coupon Notes**

(i) The Redemption Amount payable in respect of any Zero Coupon Note which does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made from and including the first day of the period to but excluding the last day of such period.

(i) **Cancellation**

All Notes redeemed by the Issuer or purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) **Principal and Interest**

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) **Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) **Appointment of Agents**

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that it will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent and the Trustee, materially and adversely affect the interests of the holders.

(d) **Unmatured Coupons**

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8). If the date for payment of Redemption Amount is any date other than a date for payment of interest, the accrued interest on such principal or Redemption Amount shall be paid only upon presentation of the relevant Note.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) **Non-business days**

Subject as provided in the relevant Pricing Supplement, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the following business day. The Noteholders or, as the case may be, Couponholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a relevant business day, if the Noteholder or, as the case may be, Couponholder is late in surrendering or cannot surrender its Note (if required to do so) or if a cheque drawn for the purposes of Condition 6(a) arrives after the due date for payment.

(f) **Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum shall not be made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of 30 days, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph (f) shall be calculated on the Fixed Rate Day Basis (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period), the FRN Day Basis (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) or the VRN Day Basis (in the case of a Variable Rate Note) and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. TAXATION

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, *"Relevant Date"* in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to *"principal"* shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, *"interest"* shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to *"principal"* and/or *"premium"* and/or *"Redemption Amounts"* and/or *"interest"* shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. EVENTS OF DEFAULT

If any of the following events *("Events of Default")* occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer fails to pay in the principal of, or Redemption Amount (whether becoming due upon redemption or otherwise) on or any interest on any of the Notes of any Series when due, and such default continues for a period of 15 business days;

(b) the Issuer defaults in the performance or observance of or compliance with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Notes or the Trust Deed and, if in the reasonable opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days of its occurrence;

(c) (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has/have occurred equals or exceeds S$20,000,000 or its equivalent (as reasonably determined by the Trustee);

(d) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or all of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;

(e) (i) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property or assets of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days or (ii) a distress, attachment, execution or other legal process (other than those of a frivolous or vexatious nature) is levied, enforced or sued out on or against all or any material part of the revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(f) any security on or over all or any material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable;

(g) an order is made or a resolution is passed for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee before such order is made or, as the case may be, resolution passed) or a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer is appointed of the Issuer or any of its Principal Subsidiaries or over all or any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(h) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(i) any action, condition or thing (including the obtaining of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15(c) of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(j) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes, any of the Coupons or the Trust Deed;

(k) any litigation, arbitration or administrative proceeding is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Notes, Coupons or the Trust Deed or (ii) which has or could have a material adverse effect on the Issuer or on the Issuer and its subsidiaries taken as a whole;

(l) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business; and

(m) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events referred to in paragraphs (d), (e), (g) and (h),

and in the case of any of the events described in sub-paragraphs (b), (c), (e), (f) and (h) (with respect to the Issuer) and sub-paragraphs (c), (e), (f), (h) and (m) (with respect to a Principal Subsidiary), the Trustee shall have certified in writing to the Issuer that the event is, in its opinion, materially prejudicial to the interests of the Noteholders.

10. ENFORCEMENT OF RIGHTS

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. MEETING OF NOTEHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 25 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia,* (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (a) any modification of any of the provisions of the Trust Deed, Notes or Coupons which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, Notes or Coupons which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. REPLACEMENT OF NOTES AND COUPONS

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to *"Notes"* shall be construed accordingly.

14. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

15. NOTICES

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. If at any time after the Issuer shall have used its best endeavours to procure publication in such newspaper and found it to be not practicable, notices will be valid if published in such other manner as the Issuer, with the approval of the Trustee, shall determine. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to the Depository for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through the Depository in such manner as the Issuing and Paying Agent and the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. GOVERNING LAW

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

DESCRIPTION OF THE GROUP

Keppel Corporation is one of Singapore's largest diversified conglomerates with key businesses in Offshore & Marine, Property and Infrastructure. Keppel Corporation was listed on 24 October 1980 on the SGX-ST. The Group had approximately S$31.5 billion in total assets as at 31 December 2014. The Group has a global footprint spanning over 30 countries.

As at 21 September 2015, Temasek and the companies under the Temasek group owned 20.63 per cent. of the Issuer. Temasek is wholly-owned by the Singapore Minister for Finance.

History

In 1968, Keppel Shipyard (Private) Limited was formed from the corporatisation of the Dockyard Department of the Singapore Harbour Board. It was managed by the then British ship repair group, Swan Hunter Group. Keppel Shipyard (Private) Limited specialised in ship repair and shipbuilding. In the 1970s and 1980s, Keppel Shipyard (Private) Limited expanded and diversified its business by taking a controlling stake in the rig builder Far East Levingston Shipbuilding Ltd and setting up Keppel Philippines Shipyard, Inc ("**Keppel Philippines Shipyard**"). Keppel Shipyard (Private) Limited also started to offer financial services in 1978 through Shin Loong Credit Pte Ltd, established to provide factoring services to marine contractors. In 1975, Keppel Shipyard (Private) Limited was renamed as Keppel Shipyard.

In 1980, Keppel Shipyard was listed on the Stock Exchange of Singapore (now known as the SGX-ST).

In 1983, Keppel Shipyard ventured into property development when it acquired Straits Steamship Company Limited, an established shipping company with substantial land holdings in Singapore. In 1989, Straits Steamship Company Limited was renamed as Straits Steamship Land Limited (now known as Keppel Land) to reflect its property focus. The non-property businesses were grouped under Steamers Maritime Holdings Limited (now known as Keppel T&T). Re-positioned for diversification, Steamers Maritime Holdings Limited led the Group's entry into the telecommunications business through an interest held in MobileOne Ltd. (now known as M1) in Singapore in 1997. In 1986, Keppel Shipyard was renamed as Keppel Corporation Limited, but retained the "Keppel Shipyard" name for its major operating division and took steps to acquire new shipyards and competencies.

In 1990, Keppel Corporation acquired Asia Commercial Bank Ltd, an entity listed on the Stock Exchange of Singapore (now known as the SGX-ST), which was renamed as Keppel Bank of Singapore Limited. 1999 marked the entry of Keppel Corporation into the oil and gas industry with the acquisition of an approximate 77% interest in Singapore Petroleum Company Limited (Keppel Corporation's stake was reduced to approximately 49% in 2003 and it sold its entire investment in 2009).

In 2001, Keppel Corporation divested its Banking and Financial Services business, and in the same year, Keppel Corporation embarked on a strategic exercise to further streamline its diverse portfolio and focus on three key businesses of Offshore & Marine, Infrastructure and Property. Its business units engaged in power and gas, engineering services, telecommunications and transportation, and logistics and network engineering, were brought together under the Infrastructure business.

In 2002, Keppel O&M was formed through the privatisation and integration of the Group's various units in the offshore and marine business. In the same year, Keppel Corporation started its environmental engineering business, which was consolidated under KIE. Following KIE's acquisition of Keppel Seghers and its subsidiaries (formerly Seghers Better Technology and its subsidiaries) in Belgium, Keppel Corporation secured contracts to build, own and operate a NEWater plant and a waste-to-energy plant from the Singapore government in 2005.

In 2006, Keppel Land sponsored the establishment of a new real estate investment trust known as Keppel REIT (formerly K-REIT Asia), which owns a portfolio of commercial real estate in Singapore and Australia.

In 2007, Keppel Energy, a wholly-owned subsidiary of Keppel Corporation, completed the construction of a 500 megawatt co-generation power plant on Jurong Island, known as Keppel Merlimau Cogen. The co-generation power plant is powered by natural gas which Keppel Energy secured from Malaysia's Petroliam Nasional Berhad in 2004. In 2007, Keppel Corporation became the leader of the Singapore consortium in a joint venture with a Chinese consortium to develop the 30-square kilometre Tianjin Eco-City, a landmark bilateral project between the governments of China and Singapore.

In 2010, in a move which allows investors to participate directly in the "green" assets of Keppel Corporation held through KIE, a "green" infrastructure trust then known as K-Green Trust was formed. K-Green Trust was listed on the SGX-ST in June 2010. In the same year, as part of the Group's effort to sharpen its focus in China, Keppel Land China Limited was established to own and operate all of Keppel Land's properties in China.

In 2012, the Keppel O&M Technology Division was established to further strengthen technological expertise and operational processes of the Group's offshore and marine business. In the same year, Keppel Corporation acquired a stake in independent upstream oil and gas company, KrisEnergy, and gradually furthered its investment in the company to 31.4%.

In 2013, Keppel Energy and KIE were reorganised under the newly-incorporated Keppel Infrastructure as the Group streamlined its Infrastructure business. In addition, Keppel Infrastructure completed the 800 megawatt capacity expansion at Keppel Merlimau Cogen, bringing its total power generation capacity in Singapore to 1,300 megawatt.

In 2014, Keppel Infrastructure Fund Management Pte Ltd (trustee-manager of K-Green Trust) received unitholders' approval to rename K-Green Trust as Keppel Infrastructure Trust ("**KIT**"), and expand the latter's investment mandate to include a wider scope of infrastructure assets. This was followed by an announcement that KIT would dispose of all of its business undertaking and assets to CIT and that the Enlarged Trust would acquire a 51% stake in Keppel Merlimau Cogen. In the same year, Keppel DC REIT made a strong debut upon listing on the SGX-ST. It became the first data centre REIT listed in Asia and also the largest REIT initial public offering in Singapore in 2014 with S$512.9 million raised.

In 2015, KIT was renamed as Crystal Trust with effect from 13 May 2015. With the completion of the disposal of all of Crystal Trust's business undertaking and assets to CIT on 18 May 2015, the Enlarged Trust, under the management of Keppel Infrastructure Fund Management Pte Ltd as its trustee-manager, was formed and renamed as Keppel Infrastructure Trust. Consequentially, Crystal Trust has been delisted and has taken steps to be wound up. With the completion of the acquisition of the 51% stake in Keppel Merlimau Cogen on 30 June 2015, the Enlarged Trust is currently the largest infrastructure-focused business trust listed on the SGX-ST, with a market capitalisation of about S$2 billion and assets under management amounting to S$4 billion. In addition, Keppel Corporation launched a voluntary unconditional cash offer for all the issued ordinary shares in the capital of its subsidiary Keppel Land and the convertible bonds issued by Keppel Land on 29 November 2010, other than those already owned, controlled or agreed to be acquired. At the close of the offer on 31 March 2015, Keppel Corporation owned 95.1% of Keppel Land. Following the subsequent acquisition of shares in Keppel Land pursuant to Section 215(3) of the Companies Act, Keppel Corporation owns 99.27% of the shares in Keppel Land as at the Latest Practicable Date. Keppel Land was delisted from the SGX-ST on 16 July 2015.

Vision and Mission

Keppel Corporation aims to be a global company at the forefront of its chosen industries, shaping the future for the benefit of all its stakeholders – Sustaining Growth, Empowering Lives and Nurturing Communities.

Guided by its operating principles and core values, Keppel Corporation will execute its businesses in Offshore & Marine, Property, Infrastructure and Investments profitably, safely and responsibly.

Strategic Directions

Keppel Corporation intends to realise its vision by implementing the following strategic initiatives:

- Stay focused on multi-business model and core competencies, while seeking opportunities in close adjacencies.

- Sharpen execution through constant improvements to optimise productivity and efficiencies.

- Invest continuously in R&D and innovation to provide customers with the best value proposition.

- Bolster bench strength through talent management and succession planning.

- Maintain strong financial discipline and deploy capital astutely to seize opportunities for the best risk-adjusted returns.

Corporate Structure

The following diagram sets forth an overview of Keppel Corporation's organisation showing its major subsidiaries and associates and their principal functions:

OFFSHORE & MARINE

- Offshore rig design, construction, repair and upgrading
- Ship conversion and repair
- Specialised shipbuilding

KEPPEL OFFSHORE & MARINE LTD	**100%**
Keppel FELS Limited	100%
Keppel Shipyard Limited	100%
Keppel Singmarine Pte Ltd	100%
Keppel Nantong Shipyard Company Limited *China*	100%
Offshore Technology Development Pte Ltd	100%
Deepwater Technology Group Pte Ltd	100%
Marine Technology Development Pte Ltd	100%
Keppel AmFELS LLC *United States*	100%
Keppel Verolme BV *The Netherlands*	100%
Keppel FELS Brasil SA *Brazil*	100%
Keppel Singmarine Brasil Ltda *Brazil*	100%
Keppel Philippines Marine Inc[5] *The Philippines*	98%
Keppel Subic Shipyard Inc *The Philippines*	86%
Caspian Shipyard Company LLC *Azerbaijan*	51%
Arab Heavy Industries PJSC *United Arab Emirates*	33%
Nakilat-Keppel Offshore & Marine Ltd *Qatar*	20%
Dyna-Mac Holdings Limited[5]	24%

PROPERTY

- Property development
- Property fund management
- Property trusts

KEPPEL BAY PTE LTD[2]	**100%**
KEPPEL LAND LIMITED	**99%**
Keppel Land International Limited *Southeast Asia and India*	100%
Keppel Land China *China*	100%
Alpha Investment Partners Ltd	100%
Keppel REIT[5]	46%

INFRASTRUCTURE

- Gas-to-Power
- Waste-to-Energy
- X-to-Energy
- Logistics and data centres

KEPPEL INFRASTRUCTURE HOLDINGS PTE LTD	**100%**
Gas-to-Power	
Keppel Gas Pte Ltd	100%
Keppel Electric Pte Ltd	100%
Keppel Merlimau Cogen Pte Ltd[6]	49%
Waste-to-Energy	
Keppel Seghers Engineering Singapore Pte Ltd	100%
X-to-Energy	
Keppel DHCS Pte Ltd	100%
Keppel Infrastructure Trust[5]	18%
KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD[5]	**80%**
Logistics & Data Centres	
Keppel Logistics Pte Ltd	100%
Keppel Data Centres Holding Pte Ltd	100%
Keppel Logistics (Foshan) Pte Ltd *China*	70%
Keppel DC REIT[4 & 5]	35%

INVESTMENTS

- Investments
- Telco

K1 VENTURES LIMITED[5]	**36%**
KRISENERGY LTD[5] *Cayman Islands*	**40%**
M1 LIMITED[3 & 5]	**19%**

GROUP CORPORATE SERVICES

SINO-SINGAPORE TIANJIN ECO-CITY INVESTMENT AND DEVELOPMENT CO., LTD[1] *China*	**50%**

Control & Accounts | Corporate Communications | Strategy & Development | Corporate Development/ Planning | Human Resources | Legal | Risk Management | Audit | Tax | Treasury | Information Systems | Health, Safety & Environment

1 Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.

2 Owned by Keppel Corporation Limited (70%) and Keppel Land Limited (30%).

3 Owned by Keppel Telecommunications & Transportation Ltd, an 80%-owned subsidiary of Keppel Corporation.

4 Owned by Keppel Telecommunications & Transportation (30%) and Keppel Land Limited (5%).

5 Public listed company

6 Owned by Keppel Infrastructure Holdings Pte Ltd (49%) and Keppel Infrastructure Trust (51%).

Status as at 3 November 2015.

Businesses

Keppel Corporation has key businesses in Offshore & Marine, Property, Infrastructure and Investments.

Offshore & Marine

The Offshore & Marine business is headed by Keppel O&M, a global leader in offshore rig design, construction and repair, ship repair and conversion, and specialised shipbuilding. Keppel O&M comprises three divisions: Offshore, Marine (Shiprepair and Conversion) and Marine (Specialised Shipbuilding). The Offshore division is helmed by Keppel FELS, the Marine (Shiprepair and Conversion) division is led by Keppel Shipyard and the Marine (Specialised Shipbuilding) division is led by Keppel Singmarine.

Property

The Property business is headed by Keppel Land, a multi-national company focusing on a two-pronged strategy of property development and property fund management. Keppel Land is a developer with a portfolio of award-winning residential and waterfront developments, integrated townships and investment grade commercial properties as well as high standards of corporate governance and transparency. Keppel Land is geographically diversified in Asia, with Singapore and China as its core markets as well as Indonesia and Vietnam as its growth markets.

Infrastructure

The Infrastructure business comprises a robust portfolio of power and gas, environmental engineering, logistics and data centre businesses. Keppel Infrastructure drives the Group's strategy to invest in, own and operate competitive energy and infrastructure solutions and services. Through its subsidiary, Keppel Seghers, its advanced technology solutions addresses a wide spectrum of environmental issues. Keppel DHCS, a subsidiary of Keppel Infrastructure, is the largest district cooling service provider in Singapore, providing cooling services though the development and operation of such systems at major business parks. The Enlarged Trust is a listed business trust that provides investors with an opportunity to invest in energy and environmental infrastructure assets. Keppel T&T is a leading service provider in the Asia-Pacific region and Europe with businesses in Logistics and Data Centres. Keppel DC REIT is the first data centre real estate investment trust to be listed in Asia.

Investments

Keppel Corporation's investments are made mainly through KrisEnergy, k1 Ventures and M1 through Keppel T&T. KrisEnergy is an independent upstream company focused on the exploration for, and the development and production of oil and gas in high-potential geological basins in Asia. k1 Ventures is an investment company with interests in education and financial services. M1 is a leading integrated telecommunications service provider in Singapore.

Employees

As at 31 December 2014, the Group had about 40,000 employees in more than 30 countries around the world.

OFFSHORE & MARINE BUSINESS

Keppel O&M is a global leader in offshore rig design, construction and repair, ship repair and conversion, and specialised shipbuilding. It integrates and harnesses the experience and expertise of 20 shipyards worldwide to be near customers and markets. This business is divided into three divisions: Offshore, Marine (Shiprepair and Conversion) and Marine (Specialised Shipbuilding). This business is the largest profit contributor to the Group, accounting for 55% of net profit with S$1,040 million for the financial year ended 31 December 2014.

The Offshore division is led by Keppel FELS. The division's principal activities include the design and construction of jackup rigs, semisubmersible rigs, floating production systems and other advanced vessels such as drillships, as well as the repair, upgrading and conversion of offshore rigs, design and development of critical rig equipment and fabrication of offshore structures and rig components. The division's portfolio of proprietary designs and floating production solutions meets a broad spectrum of operating requirements including deep waters and harsh environments.

The Marine (Shiprepair and Conversion) division is led by Keppel Shipyard, which is recognised as a leader in the repair, conversion and upgrading of a diverse range of vessels. This includes the conversion of floating production storage offloading ("**FPSO**")/floating storage offloading ("**FSO**") vessels, floating storage and re-gasification units ("**FSRU**"), floating liquefied natural gas vessels ("**FLNGV**") and drillships, the repair of all types of marine vessels including tankers, containerships, bulkers and liquefied natural gas ("**LNG**") carriers, the upgrading and life extension of vessels, jumboisation of vessels as well as fabrication of turrets and topside modules.

The Marine (Specialised Shipbuilding) division is led by Keppel Singmarine and its principal activity is shipbuilding, with a track record of over 400 newbuilds of diverse types and sophistication. The division's portfolio of customised vessels for its global clientele includes anchor handling tug/supply vessels, multi-purpose offshore support vessels, tugboats, pipelayers, FSO as well as icebreakers and ice-class support vessels.

The following table sets out summary financial information for the Offshore and Marine business:

	Audited As at 31 December 2013	**Audited As at 31 December 2014**
Revenue (S$'000)	**7,126,354**	**8,556,252**
Net Profit (S$'000)	**944,709**	**1,039,684**

History

Keppel O&M's history dates back to the construction of Singapore's first ship repair drydock at Keppel Harbour in 1859. Keppel Shipyard (Private) Limited was incorporated in 1968 to manage the dockyard assets of the Singapore Harbour Board.

In 1968, Keppel Shipyard (Private) Limited acquired Singapore Slipway and Engineering Company Limited, a yard located along Tanjong Rhu, which serviced boats and coastal vessels since 1887.

In the early 1970s, Keppel Shipyard (Private) Limited acquired stakes in Keppel FELS' predecessor company, Far East Shipbuilding Industries Limited. Far East Shipbuilding Industries Limited was a family-owned offshore shipyard, which was later renamed as Far East Levingston Shipbuilding Limited ("**FELS**") and listed on the stock exchanges of Singapore and Malaysia.

Throughout the 1970s, FELS added several significant deliveries to its growing newbuild track record, including its first jackup, semisubmersible and drillship units.

In 1975, Keppel Shipyard (Private) Limited launched its pioneer overseas venture, the Keppel Philippines Shipyard. A year later, it acquired Singmarine Shipyard, a medium-sized shipbuilder and repairer in Singapore.

In 1975, Keppel Shipyard (Private) Limited was renamed as Keppel Shipyard.

In 1980, Keppel Shipyard was listed on the Stock Exchange of Singapore (now known as the SGX-ST). In 1986, it was renamed as Keppel Corporation Limited, but retained the "Keppel Shipyard" name for its major operating division and took steps to acquire new shipyards and competencies.

In 1987, Singmarine Shipyard merged with Singapore Slipway and Engineering Company Limited to form Singmarine Industries, which was listed on the Stock Exchange of Singapore (now known as the SGX-ST) the same year.

In 1990, FELS acquired a 60% stake in the AMFELS shipyard in Texas, USA, which became a wholly-owned subsidiary of FELS two years later. In the following years, Keppel Corporation established a presence in the United Arab Emirates, Azerbaijan, Norway and Bulgaria. In 1993, Keppel Philippines Shipyard acquired Philippines National Oil Company Dockyard & Engineering Corporation, and in 1995, took a stake in Subic Shipyard and Engineering, Inc.

In 1994, FELS formed the Offshore Technology Development ("**OTD**") unit specialising in jackup rigs and related critical equipment.

By 1997, FELS was renamed as Keppel FELS Limited, and entered into rig design with the acquisition of rights to the Freide & Goldman MOD V and MOD VI jackup models. Also in 1997, Singmarine Industries was renamed as Keppel Marine Industries Limited.

In 1999, Keppel Shipyard acquired a majority stake in Hitachi Zosen Dockyard, which was listed on the SGX-ST, in a reverse takeover. Hitachi Zosen Dockyard was subsequently renamed Keppel Hitachi Zosen Limited. In the same year, Keppel Marine Industries Limited divested its marine businesses to Keppel Hitachi Zosen Limited. In 2002, Keppel Corporation delisted Keppel Hitachi Zosen Limited after a takeover offer and restructured the company under Keppel O&M.

In 2000, Keppel FELS commenced operations in Brazil through a joint venture shipyard with the Pem Setal group of companies and also built its first KFELS B Class jackup rig, the "Chiles Discovery" (later renamed as ENSCO 104). In the same year, Keppel FELS also acquired a majority stake in Singapore Petroleum Company Limited, which was later divested. In 2002, Keppel O&M was formed as part of a strategic move to integrate the Group's separate offshore and marine business entities under one roof.

In the years which followed, Keppel O&M continued to expand its global presence and technology capabilities as it streamlined its operations in anticipation of growing demand for offshore rigs and vessels. Keppel O&M acquired the Keppel Verolme shipyard in the Netherlands, as well as set up shipyard facilities in Aktau (Kazakhstan), Nantong (China) and Bintan (Indonesia).

In 2005, Keppel O&M took full ownership of the Brazilian joint venture when the Pem Setal group of companies decided to sell its stake, and Keppel FELS Brasil SA was formed.

In 2010, Keppel O&M and Qatar Gas Transport Company Ltd, also known as Nakilat for short, ("**Nakilat**") jointly developed a shipyard in Qatar to undertake repair, conversion and construction of a wide range of marine and offshore vessels and structures. In the same year, Keppel O&M also acquired an additional yard in Brazil to focus on specialised shipbuilding and took a stake in a second yard in Baku (Azerbaijan).

On the technology front, after setting up OTD in 1994, Keppel O&M went on to form the Deepwater Technology Group ("**DTG**") in 2002 to focus on semisubmersibles and floating structures, and the Marine Technology Development ("**MTD**") unit in 2003 to specialise in offshore support vessels and tugboats. In 2007, Keppel O&M Technology Centre ("**KOMtech**") was established to augment the three design and engineering arms in the field of research and development. In 2012, Keppel O&M formed its Technology Division to further strengthen R&D, technology commercialisation and processes. Keppel O&M's latest design and technology arm, Gas Technology Development Pte. Ltd. ("**GTD**") was formed in 2015 to further focus efforts on solutions for LNG markets.

In 2013, Keppel O&M grew its footprint in the Caspian with the inauguration of Baku Shipyard LLC, Keppel's second shipyard in Azerbaijian. The company also further augmented its innovation and R&D efforts by the formation of the Keppel-NUS Corporate Laboratory, which is a R&D partnership with the National University of Singapore (NUS) and Singapore's National Research Foundation.

Today, the Keppel O&M Group is one of the world's largest offshore and marine groups with a network of 20 shipyards worldwide.

Strategic Directions

Keppel O&M aims to be the choice solutions provider in the global offshore and marine industry.

Keppel O&M's strategic focuses include:

- Sharpening execution and raising productivity to extract value from backlog of orders.

- Harnessing synergy of global yards to provide newbuild, repair and upgrading solutions to customers.

- Maintaining emphasis on technology development to sharpen competitiveness.

- Seizing opportunities in new markets and adjacent businesses for long-term growth.

Divisions

The following sets forth an overview of Keppel O&M's divisions showing its principal functions:

Offshore Division

Keppel FELS

The Offshore division is led by Keppel FELS. The division's principal activities include the design and construction of jackup rigs, semisubmersible rigs, floating production systems and other advanced vessels such as drillships, as well as the repair, upgrading and conversion of offshore rigs, design and development of critical rig equipment and fabrication of offshore structures and rig components. The division's portfolio of proprietary designs and floating production solutions meets a broad spectrum of operating requirements including deep waters and harsh environments.

The following is a list of the offshore shipyards and companies operated by the Offshore division:

Keppel FELS Brasil SA

Keppel FELS Brasil SA in Rio de Janeiro was established in 2000 as a wholly-owned subsidiary of Keppel O&M. Its shipyard in Angra dos Reis, Estaleiro BrasFELS Etda, has delivered three large floating production units as well as many other vessels for Brazil and has the capabilities to undertake the construction, repair, conversion and upgrade of a full range of offshore rigs and vessels.

Keppel Verolme BV

Keppel Verolme BV operates a comprehensive shipyard in Rotterdam, the Netherlands, which is in proximity to the oil fields of Scotland and Norway and has direct access to the North Sea. This shipyard features modern facilities, including one of Europe's largest docks, the Graving Dock No. 7, which measures 405 metres by 90 metres. Keppel Verolme BV's principal activities are construction and repair of offshore drilling rigs as well as the dry-docking, repair and maintenance, modification, conversion and construction of various vessel types.

Keppel AmFELS LLC

Keppel AmFELS LLC is located in Brownsville, Texas, USA and contributes to Keppel O&M's presence in the Gulf of Mexico. Since its establishment in 1990, Keppel AmFELS LLC has built up a solid track record and capabilities in the construction, refurbishment, conversion, life extension and repair of a complete range of mobile drilling rigs and production facilities.

Caspian Shipyard Company LLC

Caspian Shipyard Company LLC was formed in Baku, Azerbaijan in 1997 through a landmark partnership between Keppel FELS and the State Oil Company of Azerbaijan Republic. Caspian Shipyard Company LLC was the first shipyard to engage in international rig construction, repair of offshore drilling rigs and conversion shipyard in the Caspian Sea region servicing the offshore oil and gas industry in the Caspian Sea region. Since its inception, Caspian Shipyard Company LLC has completed many projects, including the construction of jackup and semisubmersible rigs, pipelay vessels, barges and pipe rack structures. Caspian Shipyard Company LLC has established itself as the most versatile and reliable offshore solutions partner in the Caspian Region.

FloaTEC, LLC

FloaTEC, LLC, a 50:50 joint venture formed in 2005 by J. Ray McDermott S.A. and Keppel FELS, offers a full range of floating production systems solutions including spar, semisubmersible, and tension leg platform technology solutions.

With the distinct advantage of being able to utilise both parent companies' fabrication and shipyard facilities, FloaTEC, LLC is able to strategise and optimise fabrication of hull forms in multiple locations.

PT Bintan Offshore

PT Bintan Offshore is located in the South of Bintan Island, Indonesia. PT Bintan Offshore's core capabilities include steel structure fabrication and outfitting work as well as piping work such as fabrication, installation and testing.

Marine (Shiprepair and Conversion) Division

Keppel Shipyard Limited

The Marine (Shiprepair and Conversion) division is led by Keppel Shipyard, which is recognised as a leader in the repair, conversion and upgrading of a diverse range of vessels. This includes the conversion of FPSO/FSO vessels, FSRU, FLNGV and drillships, the repair of all types of marine vessels including tankers, containerships, bulkers and LNG carriers, the upgrading and life extension of vessels, jumboisation of vessels as well as fabrication of turrets and topside modules.

The following is a list of shipyards under the Marine (Shiprepair and Conversion) division:

Keppel Philippines Marine Inc

Keppel Philippine Marine Inc offers value-added services in ship repair and conversion, specialised shipbuilding and the fabrication of offshore rig structures. It operates two shipyards in the Philippines – Keppel Batangas Shipyard, Inc and Keppel Subic Shipyard, Inc.

Keppel Batangas Shipyard, Inc is strategically located along the main trading route in the South China Sea, making the shipyard the partner of choice for many ship owners.

Keppel Subic Shipyard, Inc is situated in the Special Economic Zone of Subic, Zambales in central Luzon, and has one of the largest drydocks in the Philippines, which is capable of co-drydockings.

Nakilat-Keppel Offshore & Marine Ltd

Nakilat-Keppel Offshore & Marine Ltd, an associated company of Keppel O&M, operates a 43-hectare shipyard facility jointly developed by Nakilat (80%), a leading transporter of LNG, and Keppel O&M (20%). Located at the north-eastern tip of Qatar within the Ras Laffan Industrial City and close to the LNG terminals and the Ras Laffan Port, Nakilat-Keppel Offshore & Marine Ltd is designed with optimal flexibility to undertake the entire spectrum of repair, conversion and construction for a wide range of marine and offshore vessels and structures.

Arab Heavy Industries

Arab Heavy Industries, an associated company, was formed through a partnership between the Ajman Government, the Al-Futtaim Group and Keppel O&M. Arab Heavy Industries operates a 27-hectare shipyard that is strategically located along the coast of the Emirate of Ajman which is approximately 30 kilometres from Dubai, and provides a spectrum of ship repair, conversion, shipbuilding and steel fabrication services to the marine, offshore and engineering industries.

Together with its subsidiary, Arab Eagle Marine Engineering LLC in Dubai, which offers floating repair services, Arab Heavy Industries has the ability to undertake various types of marine services off-site in the Arabian Gulf.

Marine (Specialised Shipbuilding) Division

Keppel Singmarine Pte Ltd

The Marine (Specialised Shipbuilding) division is led by Keppel Singmarine and its principal activity is shipbuilding, with a track record of over 400 newbuilds of diverse types and sophistication. The division's portfolio of customised vessels for its global clientele includes anchor handling tug/supply vessels, multi-purpose offshore support vessels, tugboats, pipelayers, FSO as well as icebreakers and ice-class support vessels.

Keppel Singmarine is also able to deliver advanced solutions such as ice-capable vessels for the harsh conditions of the Caspian Sea and the Arctic region.

Keppel Singmarine Brasil Ltda

Keppel Singmarine Brasil offers customised vessels with local content for the Brazilian market. It is located in Navegantes, Santa Catarina, Brazil. Keppel Singmarine Brasil is equipped to undertake the fabrication of offshore modules and can support the execution of major projects at the BrasFELS shipyard in Angra dos Reis, Brazil, complementing it in offering services to the Brazilian offshore oil and gas sector.

The shipyard can accommodate the construction of ships ranging from anchor handling tug/supply vessels to platform supply vessels, oil recovery support vessels and harbour tugs, among others.

Keppel Nantong Shipyard Company Limited

Keppel Nantong Shipyard Company Limited engineers and builds anchor handling tug/supply vessels, tugboats and offshore structures. It is located along the Yangtze River in China, approximately 150 kilometres north-west of Shanghai, in close proximity to supporting offshore and marine industries in the municipality of Nantong. Keppel Nantong Shipyard Company Limited features extensive berths, advanced mechanical transfer and launching systems and comprehensive workshop facilities. As part of ongoing plans to expand its production capacity to build bigger offshore support vessels and take on more offshore projects in China, a new yard, Keppel Nantong Heavy Industry was established next to Keppel Nantong Shipyard Company Limited, increasing total yard space of Keppel Nantong from 190,000 sqm to 430,000 sqm.

Other Services

In addition to the aforementioned divisions, Keppel O&M is able to provide other services through its cooperation with other entities as follows:

Asian Lift Pte Ltd (Singapore)

Asian Lift Pte Ltd was formed in 1985 through a strategic 50:50 partnership between Keppel FELS and Smit Singapore Pte Ltd and, with its fleet of sheerleg cranes, is currently a leading provider of high quality and versatile heavy lifting equipment and related services. Asian Lift Pte Ltd has a strong presence in the Asia Pacific region as well as a growing presence in Europe and Central America.

Its current fleet of five sheerleg cranes offers a combined capacity of 11,600 metric tonnes for multiple crane lift operations. Its flagship crane is a 5,000 metric tonne crane, the Asian Hercules III, one of the world's largest sheerleg cranes of its kind.

Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd

Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd support port and offshore and marine industries in the Asia Pacific region by providing harbour assistance, marine support and coastal towage services through their combined fleet of tugboats.

Keppel Smit Towage Pte Ltd was established in 1991 as a joint venture between Keppel Shipyard and Smit Singapore Pte Ltd, and eventually merged operationally with Maju Maritime Pte Ltd in 2000.

Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd have a combined fleet of over 50 vessels, which range from 1,600 to 5,600 horsepower.

Regency Steel Japan Ltd

Keppel O&M's subsidiary, Regency Steel Japan Ltd, is a joint venture company established in 2004 between FELS Offshore Pte Ltd and Mitsui Bussan Steel Trade Co., Ltd. It specialises in the fabrication of heavy steel structures and provides services for the heat treatment of high-end steel products. With the capability to handle projects of over 2,000 tonnes of steel, Regency Steel Japan Ltd provides fabrication of rack and chord for jackup rigs for the offshore market. As a supplement to the rack and chord fabrication business, Regency Steel Japan Ltd fabricates furnace converters, hot stoves, gas collector shells, rotary kilns and other steel structures for land-based markets such as steel manufacturing, petrochemical, and industrial machinery.

Dyna-Mac Holdings Ltd

Keppel O&M's associate company, Dyna-Mac Holdings Ltd, provides engineering, procurement and construction services to the offshore oil and gas, marine construction and related industries. Its core business activities are the provision of detailed engineering, as well as procurement and construction services for topside modules of FPSOs and FSOs. Dyna-Mac Holdings Ltd also offers detailed engineering and fabrication services for specialised structures, as well as piping for semisubmersible rigs, refineries, and petrochemical and pharmaceutical plants. Dyna-Mac Holdings Ltd's expertise and operations complement Keppel Shipyard's competencies, allowing it to exert better control over the process of designing and fabricating oil and gas production modules.

Offshore & Marine Products

Keppel O&M offers a variety of proprietary offshore rig and platform solutions, which are as follows:

KFELS B Class

KFELS B Class jackup rigs are able to operate in water depths of up to 400 feet, have a drilling depth of up to 30,000 feet and can accommodate up to 150 men. They are readily upgradeable to higher performance capabilities. They incorporate a fully-automated high capacity rack and pinion elevating system, and Self-Positioning Fixation System. Since the launch of this rig design in 2000, more than 30 units have already been delivered to customers operating in various parts of the world.

KFELS Super B Class

The KFELS Super B Class, an enhanced version of the standard B Class, is one of the world's deepest drilling rigs with a drilling depth of 35,000 feet. This rig's leg structure is uniquely designed to provide enhanced robustness for operations at a 425-feet water depth. Featuring a combined drilling load up to 2,700 kips, the KFELS Super B Class rig is capable of drilling deep wells both vertically and horizontally. It features an offline stand building capability to handle drill pipes efficiently and includes a cantilever that can be skidded-off by 100 feet, and a high capacity hook load of two million pounds.

KFELS Super A Class

The KFELS Super A Class jackup rig can operate in water depths of 400 feet and drill to depths of 40,000 feet. It features advanced automated drilling systems with 2.5 million pounds of static hook load, a spacious deck and comprehensive amenities for the comfort of a 150-person crew.

It also has an offline stand building capability to handle drill pipes efficiently, boosting overall rig performance and productivity.

For enhanced operational safety, the KFELS Super A Class is equipped with pinion overload detection, rack phase difference detection, and brake failure and overload protection devices, and meets the stringent Health, Safety and Environment ("**HSE**") standards of various sectors in the North Sea.

KFELS N Plus Class

The KFELS N Plus Class rig is one of the world's most advanced rigs of its class with better drilling capabilities, a superior cantilever load performance, a larger deck space, a higher variable load and enhanced accommodations. The ultra-high specification jackup rig is one of the first in the world with the ability to work in 500-feet deep water depths.

With each of its legs measuring 678 feet or about 68 storeys tall, and a maximum combined drilling load of 3,860 kips, the KFELS N Plus Class is able to meet stringent operating requirements for the most challenging wells. It can work at a maximum water depth of 500 feet, drill to depths of 35,000 feet, and is equipped with a 100-feet cantilever outreach.

Plug and abandonment jackup

With subsea fields reaching the end of their productive lives in areas such as the North Sea and the Gulf of Mexico, there is a growing number of wells that will need to be properly sealed up in the next few years. In response to this need, Keppel FELS has embarked on an engineering study of a purpose-built plug and abandonment jackup rig with well-intervention and accommodation features. This plug and abandonment jackup design will employ the hull of the KFELS J Class, which is developed as a drilling jackup for the Norwegian sector of the North Sea.

LB310 Liftboat

Designed by Bennett Offshore, a naval architecture and marine engineering arm of Keppel O&M, the design liftboat can undertake a wide range of services such as well servicing, commissioning, maintenance and decommissioning of offshore platforms. Capable of operating in 65-metre water depth, the self-elevating vessel is customised for service in the Middle East, Africa, Far East regions.

DSS™ Series of Semisubmersibles

DSS™ Series of Semisubmersibles is designed for optimal operations with reduced emissions and discharges, and is among the world's most technically advanced deepwater drilling rigs. These rigs can operate at water depths of up to 10,000 feet and drill deep and complicated wells of up to 30,000 feet.

These semisubmersibles have 'double-skin' columns, which protect the critical equipment within from damage by external impact. This greatly reduces rig downtime in the case of hurricanes or strong climatic pressures at sea. The layout of the engine rooms has also been designed to minimise the potential of both being shut down at the same time in an emergency.

The DSS™ Series of Semisubmersibles are jointly designed by Keppel O&M's DTG and GustoMSC B.V.. With their robust features, DSS™ rigs are well-suited to operate in the deepwater golden triangle comprising offshore Brazil, West Africa and the Gulf of Mexico, and may be further customised to meet the unique challenges of each location.

Catering to exploration and production activities in harsh environments, DTG and GustoMSC B.V. have augmented this series of semis with the DSS™ 51HE and DSS™ 60HE designs which can operate in water depths of 7,500 feet and can drill up to 40,000 feet. Equipped with winterised features such as derrick cladding and machinery space heating, these semisubmersibles are customised for year-round operations in the North Sea.

SMART Semi – Semisubmersible Support and Maintenance Unit

The SMART Semi is an innovative semisubmersible unit that can be used to maintain or upgrade the process systems on ageing turret-moored or spread moored FPSOs without causing any major interruption to their operations. Its unique column shape, large thruster-power-to-displacement ratio, large open deck area and enhanced agility and stability enable it to have a higher operational uptime, keeping it ahead of other designs in the market.

KFELS SSDT™

Unlike conventional drilling tenders that can only be deployed next to fixed platforms, the KFELS SSDT™, a semisubmersible drilling tender, can be deployed next to deepwater floating platforms, revolutionising the way in which drilling tenders operate.

The KFELS SSDT™'s superior hull form provides excellent motion characteristics which make it possible for two massive floating platforms to work in close proximity of each other without the risk of a major collision. As opposed to traditional tender barges, the KFELS SSDT™ also features superior mooring capabilities and reliable station-keeping for better control.

CAN-DO Drillship

Jointly developed by KOMtech and Gusto MSC, Keppel O&M's CAN-DO Drillship design underwent rigorous consultations with oil companies, drilling contractors, service providers and vendors. After continuous refinement and improvements, the design is ready to be the industry workhorse of today and the future.

Oil majors and drilling contractors have indicated their preference for a drillship that is suited for exploration drilling as well as development drilling and completions. The CAN-DO Drillship has been designed to fulfill this multi-functional role. Drilling and well-completion activities can be concurrently performed for better efficiency.

The drillship is able to overcome the constraints of limited deck space found in most drillships today. This is accomplished by careful planning of the deck layout as well as efficient utilisation of spaces in the main hull. The drillship design boasts superior capacities in almost all aspects when compared to similar vessels in the market through efficient use of hull and space arrangements.

The CAN-DO Drillship is equipped to meet the demands of ultra-deep water operations and requirements of the industry. Its design incorporates enhanced features and innovations such as having an adaptable riser storage, configurable dual or triple mud systems.

Floating Liquefaction solution

Keppel Shipyard is undertaking the world's first-of-its-type conversion of three existing Moss LNG carriers into FLNGVs. Golar LNG, Keppel Shipyard and Black & Veatch have completed the Front End Engineering and Design study for a Floating LNG conversion utilising Golar's existing Moss LNG carriers.

Research & Development and Engineering

The Keppel O&M Technology Division uses a systematic development framework to respond to the industry's diverse needs, tapping the Keppel O&M Group's core competencies and the synergy of its R&D and commercialisation arms to create value-added solutions for new offshore frontiers, as well as enhance its shipyard processes and productivity in a holistic manner:

Keppel Offshore & Marine Technology Centre

KOMtech, which engages in technology foresight, conceptualises solutions and selectively conducts R&D, collaborates with OTD, DTG and MTD to create prototypes and work with early adopters before the designs are handed over to the Keppel O&M business units for commercialisation. The business units also aid in the innovation process by providing problem definitions based on customers' feedback.

Offshore Technology Development

Keppel O&M has developed a series of proven jackup rig designs through offshore technology development and has patented several critical rig components including jacking, fixation, self-positioning and skidding systems, which are used on all Keppel FELS jackup rigs.

Deepwater Technology Group

Through the DTG, Keppel O&M possesses a range of in-house deepwater rig designs and is able to provide design and engineering solutions spanning semisubmersibles and various floating structures such as drilling tenders, accommodation semisubmersibles and drillships.

Marine Technology Development

Through MTD, Keppel O&M specialises in the design and development of offshore support and maintenance vessels for a variety of operating conditions globally and is able to offer turnkey services by packaging critical equipment with its ship designs.

Gas Technology Development Pte Ltd

Keppel O&M's latest design and technology arm, GTD, was formed in 2015 to further focus efforts on solutions for LNG markets. This includes the development of a suite of products with LNG applications as well as designs for LNG support vessels and LNG systems for vessels.

Bennett Offshore

Established in 1997, Bennett Offshore provides engineering services such as naval architecture, hydrodynamic and structural design. Its expertise includes engineering design services for fixed platforms (jackets), jackups, semisubmersibles, drillships, liftboats and various purpose-built vessels.

Global Engineering Hub

Keppel O&M's engineering offices in Singapore and around the world collaborate through an advanced web-based environment offering three-dimensional design tools and data management functions. This system enables engineering centres operating in different time zones to work on projects with high efficiency, 24 hours a day. The global engineering network comprises Keppel FELS Baltech Ltd in Bulgaria, Keppel FELS Engineering Shenzhen Co Ltd and Keppel FELS Engineering Wu Han Co Ltd in China, and Keppel Offshore and Marine Engineering Services Mumbai Pte Ltd in India.

Health, Safety and Environment

Health and Safety

Health and safety are Keppel O&M's top priorities in order to create a zero-incident workplace. Across all levels of the company, from senior management to workers on the ground, the company focuses on inculcating the mindset that safety is everyone's business and encourages everyone to look out for each other.

In 2014, Keppel O&M invested around S$44 million to improve its infrastructure as well as to engage the right talent and train its people so that the company remains at the forefront in implementing safety measures and strategies.

The Keppel Safety Training Centre, located in Singapore, provides training to equip personnel with the right skill sets. The centre aims to raise safety skills and competency levels across Keppel O&M's workforce, including subcontractors. The Keppel Safety Training Centre employs the latest equipment, simulations and methodologies to conduct its courses.

Environment

Keppel O&M incorporates environmentally responsible practices into Keppel O&M's business activities, which in turn contribute to efficient and sustainable operations. In 2014, Keppel O&M pledged to reduce its greenhouse gas emissions by 16% from the 2020 business-as-usual level. This is in line with Singapore's aim for a similar reduction from year 2020 but below levels deemed as business-as-usual, contingent on a legally-binding global agreement.

Quality

Keppel O&M's processes are benchmarked against global industry standards to achieve consistency across 20 shipyards worldwide.

All operational management and quality control systems are aligned through its Business Excellence Roadmap and Framework. This allows the performance of the global units to be assessed in a structured manner to maintain best practices at Keppel O&M.

Keppel O&M's accreditation includes ISO 9001:2008 Quality Management System, ISO 14001 Environmental Management System and Occupational Health & Safety Assessment Series 18001 and Singapore Quality Class.

Keppel O&M aligns efforts across its shipyards worldwide and makes continuous improvements to its safety management system and programmes.

Close partnerships with stakeholders, including contractors, clients, industry members and regulatory bodies, are a key element of Keppel O&M's strategy to eliminate workplace incidents.

PROPERTY BUSINESS

Keppel Land is one of Asia's premier property companies with approximately S$14.5 billion in total assets as at 31 December 2014. It was listed in the prestigious Corporate Knights Global 100 Most Sustainable Corporations in the World 2015 – ranked fourth and placing it first in Asia and in real estate companies worldwide.

The Property business focuses on property development and trading as well as property fund management. It has a geographically diversified portfolio in Asia, with Singapore and China as its core markets as well as Vietnam and Indonesia as its growth markets. Keppel Land, as well as its residential and commercial properties in Singapore and overseas, has won several prestigious awards, including the FIABCI Prix d'Excellence Awards, Building and Construction Authority of Singapore Green Mark Awards (Champion), Global CSR Awards and the Euromoney Real Estate Awards.

The Keppel Land Group's landmark commercial developments include Ocean Financial Centre, One Raffles Quay and Marina Bay Financial Centre in Singapore's financial and business districts as well as iconic waterfront residential developments such as Reflections at Keppel Bay, Marina Bay Suites and Marina Bay Residences. Keppel Land has a pipeline of more than 70,000 residential units across Asia to tap into housing demand in growth cities. At the same time, Keppel Land is actively strengthening its commercial portfolio, which comprises a total gross floor area of about 1.9 million square metres as at the Latest Practicable Date (completed and under development as well as including Keppel REIT's).

The Keppel Land Group has two property fund management vehicles, Keppel REIT Management Limited (which manages Keppel REIT, a real estate investment trust constituted in the Republic of Singapore) and Alpha, a private equity entity. As at 31 December 2014, Keppel REIT and Alpha had total assets under management of approximately S$18.7 billion. Keppel REIT had approximately S$8.2 billion of assets under management as at 31 December 2014. Alpha had a portfolio of six funds with approximately S$10.5 billion of assets under management as at 31 December 2014 when fully leveraged and fully invested. Keppel Land's fund management business will continue to feature strongly in the Group's capital recycling strategy for matured projects, while providing recurring income over the longer term.

The following table sets out summary financial information for the Property business:

	Audited As at 31 December 2013	**Audited As at 31 December 2014**
Revenue (S$'000)	**1,767,532**	**1,729,348**
Net Profit (S$'000)	**831,770**	**481,993**

History

Keppel Corporation ventured into property development in 1983 when it acquired Straits Steamship Company Limited, an established shipping company with substantial land holdings in Singapore. In 1989, the company was renamed Straits Steamship Land Limited to reflect the property focus. It was eventually renamed Keppel Land, which is one of Asia's premier property companies today. The non-property businesses were grouped under Steamers Maritime Holdings Limited, which is now known as Keppel T&T.

In 2015, Keppel Corporation launched a voluntary unconditional cash offer for all the issued ordinary shares in the capital of its subsidiary, Keppel Land and the convertible bonds issued by Keppel Land on 29 November 2010, other than those already owned, controlled or agreed to be acquired. At the close of the offer on 31 March 2015, Keppel Corporation owned 95.1% of Keppel Land. Following the subsequent acquisition of shares in Keppel Land pursuant to Section 215(3) of the Companies Act, Keppel Corporation owns 99.27% of the shares in Keppel Land as at the Latest Practicable Date. Keppel Land was delisted from the SGX-ST on 16 July 2015.

Strategic Directions

The Keppel Land Group has two core divisions: property development for sale and property fund management. The business strategies of the Keppel Land Group are grouped into four key thrusts:

- Deepen presence in Core and Growth Markets.

- Grow commercial portfolio overseas.

- Recycle capital for higher returns.

- Focus on sustainability and innovation.

Leveraging sustained economic growth, strong home-ownership aspirations, favourable demographics and urbanisation trends in Asia, the Keppel Land Group has continued its expansion drive in the development of quality housing in new cities and segments. It has also embarked on developing large-scale integrated developments in the region to meet property demand as a result of rapid urbanisation.

The Keppel Land Group employs a number of strategies across each of its two divisions to optimise returns on investments and increase shareholder value. These include: (a) focusing on the Keppel Land Group's core competencies in the residential and commercial property sectors; (b) investing selectively overseas to take advantage of the different property cycles; (c) growing the Keppel Land Group's fee-based income to balance its trading and investment income; and (d) distinguishing itself from its competitors by focusing on sustainable developments.

The key components of the Keppel Land Group's strategies are as follows:

Focus on core competencies

The Keppel Land Group intends to build on its business of property development for sale by focusing on the residential and commercial sectors in which it has a competitive edge. The Keppel Land Group has a proven track record for developing large-scale integrated projects, such as Keppel Bay and Marina Bay Financial Centre in Singapore, township projects such as The Botanica (Chengdu), The Seasons (Shenyang), Central Park City (Wuxi) in China and landmark commercial developments like Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay in Singapore.

Residential

The Keppel Land Group will remain focused on the residential property market, continuing to develop its landbank into quality housing while seeking new opportunities in current and new markets. The Keppel Land Group's present geographical focus for property development is in Asia, with Singapore and China as its core markets as well as Vietnam and Indonesia as its growth markets, as management believes that these countries have, and will continue to experience, strong demand for residential properties.

Commercial

Keppel Land is a reputed developer of prime commercial buildings in Singapore and overseas. These include the Ocean Financial Centre, Marina Bay Financial Centre and One Raffles Quay in Singapore.

Ocean Financial Centre, a flagship fourth generation office tower developed on the same site, offers approximately 884,957 square feet of prime office space. Completed in May 2011, it is the first office development in Singapore to be awarded the Platinum Green Mark Award by the Building and Construction Authority of Singapore, and also the first high-rise office development in Southeast Asia to be conferred the prestigious Platinum Level LEED-CS (Core and Shell) under the United States' Leadership in Energy and Environmental Design Green Building Rating System. Ocean Financial Centre has attracted tenants such as Australia and New Zealand Banking Group Limited and BNP Paribas. Keppel Land divested its 87.5% stake in Ocean Properties Limited, which owns Ocean Financial Centre, to Keppel REIT in the fourth quarter of 2011. In June 2012, Keppel REIT increased its interest in Ocean Financial Centre to 99.9% with the acquisition of an additional 12.4% stake. As at end-2014, Ocean Financial Centre achieved 100% committed occupancy and is the preferred business address for major financial institutions and multinational corporations.

Marina Bay Financial Centre is a landmark integrated development strategically located in Singapore's new financial district. It offers approximately 3 million square feet of prime Grade A office space, two residential towers with 649 luxury homes and retail space of approximately 176,000 square feet. A joint development with property companies Cheung Kong Holdings and Hongkong Land, Marina Bay Financial Centre has attracted top-tier tenants such as Standard Chartered Bank, DBS Bank, Nomura, Barclays and BHP Billiton.

As part of its capital recycling strategy, Keppel Land actively reviews its portfolio and pursues monetisation opportunities for its assets so that capital can be redeployed into new investments. In 2014, Keppel Land divested its stakes in Marina Bay Financial Centre Tower 3, Equity Plaza and two data centres in Singapore as well as overseas projects Elita Garden Vista in Kolkata, India and Al Mada Towers in Jeddah, Saudi Arabia. These divestments provided S$1 billion in net proceeds. Proceeds from these divestments will be redeployed to grow the Keppel Land Group's presence in its key markets, invest strategically to strengthen capabilities as well as allow the Keppel Land Group to seize investment opportunities in other markets. In 2014, Keppel Land committed S$1.1 billion to investments in new projects and subsequent phases of existing projects.

To build up a stream of recurring income, management intends to step up its commercial presence overseas through the redevelopment of International Financial Centre Jakarta Tower 1 as Tower 2 nears completion in Jakarta, Indonesia as well as the development of an office tower at Saigon Centre Phase 2 in Ho Chi Minh City, Vietnam, and an office and retail complex at SM-KL project Phase 2 in Manila, the Philippines. Keppel Land has also entered into a conditional joint venture to develop a Grade A office tower in Yangon, Myanmar and will hold a 40% stake in the office tower.

The Keppel Land Group also intends to grow its property fund management division to increase its fee-based income. Both Keppel REIT and Alpha continue to proactively manage their portfolios and funds through selective acquisitions and divestments. Alpha has succeeded in attracting institutional investors for funds which invest in a variety of property types such as commercial, residential and industrial according to the funds' respective mandates.

To further strengthen its commercial expertise, the Keppel Land Group acquired a 75% stake in Array Real Estate ("**Array**") to leverage Array's network and experience, which will be of value in the development of large-scale mixed-use projects. Array has a strong track record in the development, management and marketing/leasing of retail malls, and their clients include property owners and property funds in Singapore and the region. The Keppel Land Group will continue to monitor the real estate markets closely to capitalise on suitable opportunities for the acquisition of good quality assets.

Invest selectively overseas to take advantage of growth cities and different property cycles

To enhance its growth and earnings potential and reduce over-reliance on any single market, the Keppel Land Group selectively invests overseas, focusing on China, Vietnam, and Indonesia where there are strong demand for good quality housing from growing middle-class populations. To cater to middle-class aspirations for home ownership, Keppel Land has scaled up its residential developments in cities like Shanghai, Tianjin, Chengdu, Wuxi, Jakarta and Ho Chi Minh City.

In China, the Keppel Land Group will continue to focus on key gateway cities, as well as promising second-tier cities, enabling it to take advantage of the different property cycles in these markets. This will reduce the Keppel Land Group's exposure to cyclical downturns in Singapore.

The Keppel Land Group also develops integrated residential townships in China, Indonesia and Vietnam to cater to the growing middle income group, which is expanding as the economies of these countries improve. This market segment is also less vulnerable to speculation as most buyers are end-users.

To strengthen and build on the Property business' strong network and track record in over 10 cities across China, Keppel Land China Limited, a wholly-owned subsidiary of Keppel Land was established in 2010 to own and operate all of Keppel Land's properties in China.

Apart from its key markets in Asia, the Keppel Land Group will also invest strategically and opportunistically in new platforms and markets with good growth potential. In 2014, Keppel Land partnered Macklowe Properties to invest in a prime residential development in New York City. In February 2015, Keppel Land entered into a sales and purchase agreement with Aberdeen Property Trust for a freehold nine-storey office building in the City of London. Situated in London's central business district, the nine-storey office building is close to the city's historic and financial centre, where the Bank of England and other prominent financial institutions are also located. Both developments will be managed by Alpha. More than an example of dexterity in seizing opportunities for higher returns, it also showcases how the synergistic strength of Keppel Land's property and fund management business units can be harnessed for growth.

Grow fee-based income to moderate the volatility from trading income streams

The Keppel Land Group will seek to reduce the volatility of its income streams by optimising the balance between its trading, investment and fee-based incomes. From its investment properties portfolio as well as its fee-based business, the Keppel Land Group will seek to provide a recurring stable income base to balance the more volatile trading income stream from the development and sale of properties.

The Keppel Land Group intends to increase its fee-based income through property fund management and related services. In 2014, Keppel REIT further strengthened its position as the leading landlord of Grade A offices in Singapore with the acquisition of a one-third stake in Marina Bay Financial Centre Tower 3 and divestment of its 92.8% interest in Prudential Tower. As at end-2014, Keppel REIT achieved 100% committed occupancies at nine of its office towers in Singapore and Australia. In October 2015, Keppel REIT acquired three remaining prime street-fronting retail units at 8 Exhibition Street in Melbourne.

In 2014, Alpha Asia Macro Trends Fund II, a fund managed by Alpha, expanded its investment portfolio with several prime acquisitions in Taipei, Shanghai and Seoul while Alpha's fully-invested funds, Alpha Core Plus Real Estate Fund and Alpha Asia Macro Trends Fund, divested a total of five properties in Singapore and Tokyo. Alpha will build on its position as a market leader in Asia to develop new products which match its investors' needs such as retail-led mixed-use developments in Shanghai as well as provide investors access to a pipeline of data centre developments in Asia and Europe.

Focus on sustainable developments

The Keppel Land Group's strategy also includes distinguishing itself from its competitors by focusing on sustainable and innovative developments to attract sophisticated eco-conscious tenants and homebuyers. Keppel Land jumped from 17th to fourth position in the prestigious Corporate Knights Global 100 Most Sustainable Corporations in the World ranking for 2015.

As of 31 December 2014, 47 of Keppel Land Group's developments in Singapore, China, Indonesia and Vietnam had been conferred the Building and Construction Authority of Singapore's Green Mark Awards, including the Platinum award for Ocean Financial Centre, Keppel Datahub 2, Keppel Bay Tower, Bugis Junction Tower in Singapore, Platinum Award (Provisional) for International

Financial Centre Tower 2 in Indonesia and the GoldPlus award for Marina Bay Financial Centre (Phase 2 Commercial), Highline Residences, The Glades and Corals at Keppel Bay. The Estella and Riviera Cove in Ho Chi Minh City were the first two properties to be conferred the Green Mark award in Vietnam.

Competitive strengths

The Keppel Land Group's principal competitive strengths include:

Diversified property business

Keppel Land is a leading developer of premier residential developments and investment-grade commercial properties in Asia. The Keppel Land Group believes that the size and diversity of its Property business across different market segments and geographical locations will help to mitigate any adverse impact on certain segments of the property market or in particular cities or countries in the region, while also allowing for cross-selling to existing customers of the Keppel Land Group.

Strong financial profile

The Keppel Land Group is financially stable and strong, with a net asset value of S$8.1 billion as at 31 December 2014. For the year ended 31 December 2014, the Keppel Land Group recorded a net profit of S$752 million. The Keppel Land Group has lowered its net gearing levels over the years, giving it financial capability and flexibility to fund its development projects through internal and external resources. It receives revenue from residential and commercial development sales and recurring income from property investment and its fee-based business.

Proven track record and strong brand

The Keppel Land Group has a strong and proven track record in Singapore and in Asia. It is recognised as a reputable developer of quality housing and premier commercial properties in Asia. Over the years, the Keppel Land Group has built up an excellent showcase of quality residential and commercial developments in Asia, which have earned the confidence and trust of many local and international homebuyers and tenants. Many of these developments have won prestigious awards for their outstanding designs and high quality standards.

Extensive sales channel and strong marketing strategy

The Keppel Land Group has an experienced management team with excellent execution skills to drive its business direction. It has a rich and extensive experience in executing large-scale residential and commercial projects as well as integrated townships. Together with sound business strategies and strong market presence, the Keppel Land Group will continue to leverage its core competencies and skills set to deliver sustainable earnings and asset growth.

Deal flow capability

The Keppel Land Group believes that its ability to source projects in regional markets is a key strength. This is due to its project evaluation and risk assessment capabilities. The Keppel Land Group's stringent project selection process has enabled it to concentrate on large-scale, high quality projects.

Good network in Asia

The Keppel Land Group has established a local presence in almost all the countries in Asia where it operates. As such, the Keppel Land Group is equipped with keen local knowledge which allows for quick response to market opportunities and changes. The Keppel Land Group has also built good working relationships with local authorities, established strong business networks as well as joint ventures in each operating country, all of which help significantly in project origination and execution.

Risk management capabilities

The Keppel Land Group has expanded its risk assessment and management capabilities in tandem with its expansion into new markets. As Keppel Land intensifies its operations overseas, the Keppel Land Group has taken a pro-active approach towards risk management to ensure that risks accompanying its business activities are identified, assessed and actions taken to minimise any adverse impact on the Keppel Land Group. A capital allocation policy has been implemented to manage the Keppel Land Group's exposure to countries where it has investments. In addition, key risk indicators, which act as early warning signals, are closely monitored by appointed risk owners. The Keppel Land Group also continually reviews and tests its business continuity plans to ensure it can respond effectively to emergencies.

For example, during the global financial crisis in 2008/2009, all relevant major risks and investment opportunities were monitored and action was taken where possible to manage risks. This includes deferment of projects or developing a project in phases to conserve cash for future suitable acquisition opportunities.

Strong corporate governance

The Keppel Land Group is committed to a high standard of corporate governance and supports transparency, innovation and decisiveness. The Keppel Land Group believes that these standards and practices will contribute significantly to its long-term growth in Singapore and other Asian countries. Effective corporate governance also reinforces the Keppel Land Group's dedication to safeguard and maximise shareholder value. Keppel Land was ranked sixth out of 644 companies in the Governance and Transparency Index in 2014. Keppel Land was runner-up for the Most Transparent Company Award for real estate companies in 2014.

Businesses

The Keppel Land Group is currently focused on two businesses: property development and property fund management. Its businesses also include hotels and resorts ownership and operations as well as retail management.

Property Development

Property development, comprising property trading and property investment, is the largest source of revenue for the Property business.

Development of the Property business' properties usually entails four phases: land acquisition, project development, project construction and marketing. The typical development cycle for vacant land is approximately three to four years, whereas the development cycle for large-scale housing and township developments can be longer and differs from country to country.

The Property business is actively involved in all four phases of the development process in order to control costs, schedule and quality of its projects. Through its subsidiaries and associated companies, Keppel Land oversees and largely performs all aspects of its development operations, including the selection of sites for acquisition and development, preparation of feasibility studies, obtaining of government approvals for zoning and modifications, the design and construction of projects, as well as the marketing, leasing and management of projects.

The property development division is currently focused on Singapore, China, Vietnam, and Indonesia. The Property business also holds assets in other countries in Asia including India, Myanmar, Philippines, Malaysia, Thailand and Sri Lanka.

A description of the activities undertaken by the Keppel Land Group in Singapore and the other countries in which it operates is set out below:

Residential Properties

Singapore

Demand from homebuyers in Singapore is expected to remain subdued. However, demand for well-located and well-planned residential projects such as the Keppel Land Group's Highline Residences, located in Tiong Bahru, is expected to hold up better.

Overseas

As home ownership aspirations, favourable demographics and urbanisation trends continue, the Keppel Land Group plans to prudently expand in the housing sector in its current focus markets of China, Vietnam, and Indonesia.

China: The portfolio of residential properties in China includes the Park Avenue precinct in Shanghai, Stamford City in Jiangyin as well as residential townships in Chengdu, Wuxi and Shenyang and an eco-city development in Tianjin, among others. In 1Q2015, the Keppel Land Group strengthened its strategic alliance with China Vanke to develop a 16.7-hectare prime residential site in Chengdu.

Vietnam: As one of the pioneers and largest foreign developers in Vietnam, the Keppel Land Group possesses a sizeable portfolio of residential properties including Riviera Point, Riviera Cove, The Estella, Estella Heights, Saigon Centre, Casuarina Cove, Dong Nai Waterfront City and Sedona Suites Hanoi.

Indonesia: The Keppel Land Group embarked on plans to redevelop existing International Financial Centre Jakarta Tower 1 into a Grade A office development as Tower 2 nears completion. In addition, the Keppel Land Group acquired two residential sites in West Jakarta.

Philippines: With easy access to the central business districts of Makati and Ortigas, Palmdale Heights offers homeowners a convenient lifestyle with modern amenities.

United States: Keppel Land acquired a residential cum retail development in Manhattan, New York. The Manhattan project will be managed by Alpha.

The Keppel Land Group is also developing large-scale residential townships in the Asia region to capitalise on the demand for quality housing from the growing middle-class population. The Property business has a pipeline of about 70,000 units in residential township developments integrated with retail, commercial and leisure activities across China, Vietnam and Indonesia.

Commercial Properties

In Singapore, the Keppel Land Group owns a portfolio of quality office buildings which include Keppel Bay Tower and Harbourfront Towers 1 and 2. Overseas, the Property business has commercial property investments in China, Indonesia, Vietnam, Myanmar, Philippines and United Kingdom. It has ventured into its first commercial development in Beijing, China by taking a stake in a predominantly office development with a gross floor area of approximately 100,000 square metres, which is located in the central business district close to well-known landmarks such as the China World Trade Centre, the CCTV Tower and two underground train stations.

The Property business' long-term intention is to divest its commercial investment properties to unlock value.

Integrated waterfront developments

Waterfront living has become a worldwide trend and it presents a new lifestyle to home-buyers. Keppel Land's waterfront homes, whether in or beyond Singapore, carry Keppel Land's distinct quality hallmark. Keppel Land's extensive portfolio includes Corals at Keppel Bay, Reflections at Keppel Bay, Marina Bay Suites in Singapore, Keppel Cove in China as well as South Rach Chiec, Riviera Point, Rivera Cove and Dong Nai Waterfront City in Vietnam.

Sino-Singapore Tianjin Eco-City

Keppel Corporation leads the Singapore consortium and works in tandem with its Chinese partner to guide its 50-50 joint venture – the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. in its role as the master developer of the 30-square kilometre Tianjin Eco-City in China. The Tianjin Eco-City is envisioned to be a socially-harmonious, environmentally-friendly and resource-efficient community.

Both Keppel Corporation and Keppel Land are involved in the development of a 36.6-hectare site located within the start-up area of the Tianjin Eco-City. Keppel Land is building approximately 4,300 eco homes in Tianjin Eco-City. Seasons Park, comprising 1,672 residential units, is the first collection of eco-homes to be launched in the development. About 81% of 1,306 launched units at Seasons Park have been sold as of 31 December 2014. Seasons City, the Keppel Land Group's mixed use development comprises three office towers, retail space and serviced apartments with a total gross floor area of approximately 162,000 square metres. Keppel Land has extended its commercial presence in the Tianjin Eco-City with Seasons City, a commercial development situated within the start-up area.

Property Fund Management

The Property business generates fee income from its property fund management division. Its strategy is to expand its fee income from property fund management activities, as part of its broader strategy to grow fee-based income. The Property business' property fund management activities are currently carried out through: (a) Keppel REIT Management Limited; and (b) the Keppel Land Group's wholly-owned fund management vehicle, Alpha.

Keppel REIT

Sponsored by Keppel Land, Keppel REIT was listed on the SGX-ST on 28 April 2006 following a distribution *in specie* of units to shareholders of Keppel Land. Keppel REIT's objective is to generate steady and sustainable returns for its unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate related assets.

As at 31 December 2014, Keppel REIT had a market capitalisation of S$3.4 billion and portfolio value of approximately S$8.2 billion. Keppel REIT's existing portfolio comprises nine office properties located in Singapore as well as in the cities of Melbourne, Brisbane, Sydney and Perth in Australia.

Alpha Investment Partners Limited

Alpha, Keppel Land's wholly-owned fund management vehicle, is a real estate investment advisory firm managed by a team of established professionals with proven fiduciary experience. The existing property fund management platform includes Asia No. 1 Property Fund, Alpha Core Plus Real Estate Fund, AAMTF, AAMTF II, Alpha Real Estate Securities Fund and AIB Alpha Japan Fund. As at 31 December 2014, total assets under management for these funds were approximately S$10.5 billion when fully leveraged and fully invested.

Hotels and Resorts Ownership and Operations

The Keppel Land Group currently owns and operates a portfolio of quality hotels, serviced apartments, golf clubs, resorts and marinas under Keppel Land Hospitality Management Pte Ltd, the hotel management arm of the Keppel Land Group.

The portfolio includes five assets under the Sedona brand, namely Sedona Hotel Yangon and Sedona Hotel Mandalay in Myanmar, Sedona Suites Ho Chi Minh City and Sedona Suites Hanoi in Vietnam, and Residences at Reflections in Singapore.

INFRASTRUCTURE BUSINESS

The Infrastructure business comprises the Gas-to-Power, WTE and X-to-Energy businesses and offers related infrastructure services under Keppel Infrastructure, as well as the Logistics and Data Centre businesses managed by Keppel T&T.

Keppel Infrastructure drives the Group's strategy to invest in, own and operate competitive energy and infrastructure solutions and services. Keppel Infrastructure, while tapping the expertise of its environmental engineering and technology, will continue growing its integrated power and gas business as well as its environmental and energy efficiency businesses.

Headquartered in Singapore, Keppel T&T offers integrated services and solutions in two core businesses: logistics and data centres. The logistics division offers one-stop, integrated logistics solutions to help clients manage their entire supply chain, while the data centre division owns, acquires, develops and manages high-availability data centre facilities. It is also a listed company on the SGX-ST with operations in Asia Pacific and Europe.

The following table sets out summary financial information for the Infrastructure business:

	Audited As at 31 December 2013	**Audited As at 31 December 2014**
Revenue (S$'000)	**3,459,332**	**2,933,358**
Net Profit (S$'000)	**15,541**	**319,990**

History

The Group's Infrastructure business which comprises entities in power generation, environmental engineering, logistics and data centres, was formed through a significant restructuring exercise in 2002.

Keppel Engineering, the forerunner of KIE, was set up in the late 1980s to capture industrial engineering opportunities during the offshore and marine industry downturn. It amalgamated Keppel Corporation's engineering department and several other engineering units.

Shortly after Straits Steamship Company Limited was acquired by Keppel Corporation in 1983, it was further rationalised and split into two separately listed entities on the SGX-ST. Straits Steamship Land Ltd, later renamed as Keppel Land, had its core business in property development, while Steamers Maritime Holdings Ltd, the predecessor of Keppel T&T, provided telecommunications and transportation services.

KIE was established and listed on the SGX-ST in 1992. Its capabilities ranged from building cranes and various types of steel structures to specialised laboratory work. In 1998, KIE was merged with Keppel FELS into Keppel FELS Energy & Infrastructure ("**KFEI**"), in line with the Group's growing focus on the Offshore Oil & Gas, Energy and Infrastructure sectors. That year, KFEI was listed on the SGX-ST and Keppel FELS Energy Pte Ltd was formed to manage Keppel FELS' power generation business. Keppel FELS Energy, later known as Keppel Energy, went on to grow its track record for developing, owning and operating power plants in Singapore, Brazil, China, Ecuador, Philippines and Nicaragua.

In 2001, KFEI was privatised, paving the way for the major restructuring of 2002, which led to the present grouping of Keppel Corporation's three key businesses in Offshore & Marine, Property and Infrastructure.

In 2010, K-Green Trust, a business trust sponsored by KIE, was listed on the SGX-ST with the objective of investing in "green" infrastructure assets in Singapore and globally with a focus on Asia, Europe and the Middle East.

In 2013, Keppel Energy and KIE were reorganised under a single entity. This newly incorporated entity, Keppel Infrastructure, drives the Group's strategy to invest in, own and operate competitive energy and related infrastructure. While tapping the expertise and technology of its engineering business, Keppel Infrastructure will continue to grow its power and gas, environmental and energy efficiency businesses.

In April 2014, K-Green Trust was renamed as KIT, following an expansion of its investment mandate to cover a wider range of infrastructure assets, in alignment with the business activities of Keppel Infrastructure. In the same year, KIT announced the disposal of all of its business undertaking and assets to CIT and the acquisition by the Enlarged Trust of a 51% stake in Keppel Merlimau Cogen.

In 2014, Keppel DC REIT, sponsored by Keppel T&T, successfully listed Asia's first data centre REIT on the SGX-ST, raising a total of S$512.9 million through a landmark initial public offering. 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.

In 2015, KIT was renamed as Crystal Trust with effect from 13 May 2015. With the completion of the disposal of all of Crystal Trust's business undertaking and assets to CIT on 18 May 2015, the Enlarged Trust, under the management of Keppel Infrastructure Fund Management Pte Ltd as its trustee-manager, was formed and renamed as Keppel Infrastructure Trust. Consequentially, Crystal Trust has been delisted and has taken steps to be wound up. With the completion of the acquisition of the 51% stake in Keppel Merlimau Cogen on 30 June 2015, the Enlarged Trust is currently the largest infrastructure-focused business trust listed on the SGX-ST, with a market capitalisation of about S$2 billion and assets under management amounting to S$4 billion.

Strategic Directions

Following the creation of the Enlarged Trust, Keppel Infrastructure's focus is to enhance the asset portfolio of the Enlarged Trust and seek acquisition opportunities. Keppel Infrastructure also intends to grow its expertise in WTE technology package deployment as well as expand its market share for such solutions in Singapore and China.

Keppel T&T seeks to expand its logistics footprint in Asia as well as grow its pipeline of quality data centre assets for injection into Keppel DC REIT.

Businesses

Gas-to-Power

The Power and Gas division is headed by Keppel Infrastructure, a wholly-owned subsidiary of Keppel Corporation. It owns an integrated energy business within Singapore which includes Keppel Merlimau Cogen, Keppel Electric Pte Ltd ("**Keppel Electric**"), Keppel Gas Pte Ltd ("**Keppel Gas**") and Pipenet Pte Ltd ("**Pipenet**").

Keppel Merlimau Cogen Pte Ltd

Keppel Merlimau Cogen is the first independent power project to enter the Singapore electricity market since the National Electricity Market of Singapore was implemented in January 2003. It has a generation licence of up to 1,400 megawatts and the first phase of the project is a 500-megawatt cogeneration plant that has been in operation since 2007 with a track record of efficiency and reliability. It completed an expansion in 2013 and currently has a total generation capacity of 1,300 megawatts. The co-generation plant is located at the Tembusu sector of Jurong Island and it is well-positioned to support the surrounding industries with their electricity, steam supply, demineralised water requirements.

Keppel Electric Pte Ltd

Keppel Electric is a licensed independent electricity retailer in Singapore which helps more than 3,000 satisfied clients including multinational companies, small and medium sized enterprises and government bodies, to manage their electricity procurement.

Keppel Gas Pte Ltd

Keppel Gas is a licensed gas importer, shipper and retailer and the first company in Singapore to bring natural gas from Malaysia into Singapore's main gas network.

The long-term supply of natural gas from Malaysia to Singapore was secured from Petroliam Nasional Berhad, the national oil and gas company of Malaysia, under a gas sales agreement. In addition, Keppel Gas also has a S$3 billion long-term gas supply contract with ExxonMobil to its existing refinery and petrochemical complex on Jurong Island.

Pipenet Pte Ltd

Pipenet is a wholly-owned subsidiary of Keppel Infrastructure, and was established in 2006 to provide pipeline corridor and centralised utilities services on Jurong Island in Singapore. The pipeline corridor is strategically located along the Jurong Island Highway. Pipenet provides pipe corridor rental services to companies with the need to transport chemical feedstock and products, which minimises customers' initial start-up costs, optimises land usage and lowers the cost of transporting raw materials and other products. Supported by Keppel Merlimau Cogen, Pipenet also offers a portfolio of centralised utilities services ranging from the provision of steam, de-mineralised water, fire-fighting water and other support services.

Waste-to-Energy

Keppel Seghers Pte Ltd

Keppel Infrastructure's WTE division leverages its subsidiary, Keppel Seghers' technology to develop, own and operate WTE facilities, as well as provide technology solutions.

Keppel Seghers' WTE plants generate green energy from waste, and divert waste from landfill by as much as 90%, through reduction in the volume of waste disposed. Its proven and patented WTE technologies have been successfully implemented in more than 100 facilities around the world.

Keppel Seghers is also a leading player in other environmental technology and services, and offers a broad portfolio of comprehensive environmental solutions, including those for wastewater, drinking and process water, biosolids, sludge and the cleaning of metal parts.

Keppel Seghers' scope of activities includes consultancy, design, engineering, technology development, construction, operations and maintenance of plants and facilities, as well as investments in large environmental projects.

X-to-Energy

Keppel Infrastructure's X-to-Energy division, which comprises Keppel DHCS and the Enlarged Trust, drives its efforts to seek out efficiencies and find new frontiers in the energy sector.

Keppel DHCS Pte Ltd

Keppel DHCS is the first district cooling service provider in Singapore, providing cooling services though the development and operation of such systems at major business parks. Keppel DHCS currently services three plants in Singapore, with a capacity exceeding 60,000 refrigeration tons, namely Changi Business Park, Biopolis@one-north and Woodlands Wafer Fab Park. In 2010, Keppel DHCS made its first foray into China to provide DHCS services in the Eco-Business Park of the Tianjin Eco-City. The plant incorporates geothermal technology to support its heating and cooling requirements and commenced commercial operations in August 2013.

Keppel Infrastructure Trust

The Enlarged Trust is currently the largest Singapore infrastructure-focused business trust listed on the SGX-ST with total assets in excess of S$4 billion.

As its diversified portfolio of core infrastructure businesses generate cash flows either through long-term contracts with creditworthy counterparties or from a large and diversified customer base, the trust is able to offer investors long-term, predictable and sustainable returns.

The Enlarged Trust will capitalise on the synergistic business models of its sponsor, Keppel Infrastructure, to acquire infrastructure assets through certain rights of first refusal granted by its sponsor and from third parties.

Infrastructure Services

Keppel Infrastructure Services houses the technical support and Operations & Maintenance capabilities within the Keppel Infrastructure group of companies in order to maximise its assets' value. With safety as a core value, Keppel Infrastructure Services is responsible for and committed to drive HSE excellence throughout its operations groupwide.

In project development, the resident team provides technical support in project execution and commissioning activities. In Operations & Maintenance, the team improves the plants' efficiency and reliability. In asset management, the team oversees the HSE policies and procedures to ensure compliance with legal requirements.

GE Keppel Energy Services Pte Ltd

GE Keppel Energy Services Pte Ltd offers repair, modification and upgrading services for a wide range of machinery, from offshore & marine and electrical to mechanical.

The company's main products include reciprocating spark-ignition engines for aircraft systems, rotary internal-combustion piston engines, electrical and electronic products for industrial use, and batteries for engines on marine propulsion ships, boats and floating structures.

Logistics and Data Centres

Keppel T&T is a leading service provider in the Asia Pacific region and Europe with businesses in Logistics and Data Centres. Its data centre facilities provide state-of-the-art data centre co-location and business contingency services. It is also one of the leading third party logistics companies in the Asia Pacific region, providing a complete range of supply chain solutions including port logistics.

Logistics

Keppel T&T is able to offer one-stop, integrated logistics services at all points of the supply chain from the inbound movement of raw materials to the delivery of finished goods.

In Singapore, Keppel T&T has over 40 years of experience in offering customised integrated logistics solutions, and manages a total of 200,000 square metres of warehouse space. Keppel T&T has finished constructing its fifth facility in Singapore – a logistics hub in Tampines Logistics Park, which commenced operations in the second financial quarter of 2015. With more than 30,000 square metres of warehousing capacity, the logistics hub features automated storage, tracking and handling systems, as well as incorporate environmentally-friendly building features for enhanced efficiency, productivity and sustainability.

The company also operates logistics facilities in China, Hong Kong, Malaysia, Indonesia, Vietnam and Australia.

In the south of China, Keppel T&T has a significant presence mainly through its subsidiary, Keppel Logistics (Foshan) Limited. Keppel Logistics (Foshan) Limited, a joint venture company between Keppel T&T and Sinotrans Guangdong Company, is a leading and unique integrated logistics service provider in Foshan, operating Lanshi and Sanshui Ports in Guangdong Province, to serve trading hubs in the vicinity such as Hong Kong, Shenzhen and Nansha. It provides a wide range of solutions and services such as port operations, international freight forwarding, Non Vessel-Operating Common Carrier, feeder service, warehousing and distribution, trucking service, supply chain solutions, third party logistics as well as other value-added services.

Keppel T&T, through its joint venture with Sinotrans Ltd, has also developed the Wuhu Sanshan port, its first river port project along Yangtze River, which serves Wuhu City, Anhui Province, and the central region of China. In Anhui Province, Keppel T&T is also developing and will operate the Keppel Wanjiang International Coldchain Logistics Park in Lu'an City to serve the logistical needs of the Central China region that includes Anhui, Henan, Hubei, Hunan and Jiangxi.

Keppel T&T is also developing a green integrated logistics distribution centre in the Tianjin Eco-City, marking Keppel T&T's first and significant step into North China.

In October 2012, Keppel T&T commenced work for the Sino-Singapore Jilin Food Zone International Logistics Park in Jilin City. As the sole logistics park serving the Sino-Singapore Jilin Food Zone International Logistics Park, the park will be a consolidated platform for the trading, storage and distribution of food products.

Data Centres

Keppel T&T's data centre division provides dedicated co-location suites, data centre solutions and business contingency services to customers across Asia Pacific and Europe. Global demand for data centre services remained strong in 2014, backed by growth in e-commerce, cloud computing and big data. With a proven track record, Keppel T&T is able to help companies ensure smooth business and information technology operations by providing highly resilient and energy-efficient data centres that are reliable and cost-efficient.

A data centre is a facility typically used to house networking, data storage and communications technology infrastructure, including servers, storage devices, switches, routers and fibre optic transmission equipment. It is usually maintained by an organisation for the purpose of handling the data necessary for its operations. Keppel T&T specialises in the provision of data centre facility management services, providing customers with a purpose-built facility with world-class infrastructure that ensures an uninterrupted power supply, cooling, fire and water protection and security service. These services mitigate the various risks to the customers who require zero downtime for their computer servers.

Keppel T&T has also demonstrated strong end-to-end capabilities in the acquisition, design, and development of data centres facilities. In December 2014, the Keppel T&T Group listed Keppel DC REIT on the Main Board of the SGX-ST with an initial portfolio of eight data centre properties. The listing raised S$512.9 million in total, making it the largest initial public offering of a REIT on the SGX-ST in 2014.

The successful listing of Keppel DC REIT and divestment of data centre assets into Keppel DC REIT have created a platform for the Keppel T&T Group to continue to develop and grow its pipeline of data centre assets, and at the same time strengthen its operational capability.

Singapore

Keppel T&T, through its subsidiary Keppel Data Centres Holding Pte Ltd ("**Keppel Data Centres**"), owns, manages and operates high-availability data centres in Singapore. As a carrier-neutral data centre operator, Keppel Data Centres Holding Pte Ltd provides data centre co-location services, dedicated co-location suites as well as 24-hour technical support to its customers. It currently owns and operates Keppel Datahub 2, managing more than 45,000 square feet in aggregate of data centre and business continuity and disaster recovery space. In July 2015, Keppel Data Centres announced plans to develop its fourth data centre in Singapore, which will feature approximately 183,000 square feet of gross floor area when completed.

Overseas

Keppel T&T through its subsidiary, Keppel Data Centres Holding Pte Ltd invested in Almere Data Centre 2, a purpose-built shell and core data centre facility strategically located on freehold land adjacent to Almere Data Centre 1 in Almere, the Netherlands – a fully fitted and fully occupied data centre in Keppel DC REIT's portfolio. Almere Data Centre 2, which was officially opened on 30 October 2015, is one of the assets that will be offered to Keppel DC REIT on a first rights basis.

Keppel DC REIT

Keppel DC REIT is managed by Keppel DC REIT Management Pte Ltd, a wholly-owned subsidiary of Keppel T&T. It has a diversified portfolio of eight high-quality data centre assets in Asia Pacific and Europe with an aggregate appraised value of approximately S$1 billion as at December 2014.

Apart from portfolio management activities, Keppel DC REIT Management Pte Ltd also actively evaluates growth opportunities through acquisitions from third parties, as well as from assets under the terms of a right of first refusal from Keppel T&T and iSeek Communications.

Since its listing in December 2014, Keppel DC REIT has made two acquisitions, namely Intellicentre 2 in Australia and the mainCubes Date Centre in Germany. The addition of these new data centres will bring Keppel DC REIT's assets under management to S$1.2 billion.

Investments

In addition to logistics and data centres, Keppel T&T holds stakes in a portfolio of companies, such as M1 (see the section titled "Investment Business" for more information).

INVESTMENT BUSINESS

As at the Latest Practicable Date, Keppel Corporation's investments comprise of a 40% interest in KrisEnergy, a 36% interest in k1 Ventures and a 19% interest, through Keppel T&T, in M1.

k1 Ventures

k1 Ventures is an investment company with interests in education and financial services. Its key investments are in Knowledge Universe Holdings and Guggenheim Capital.

KrisEnergy

KrisEnergy is an independent upstream company focused on the exploration for, and the development and production of, oil and gas in high-potential geological basins in Asia. KrisEnergy holds working interests in 19 contract areas in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam, and operates 13 of the licences. In 2014, its working interest production averaged just over 7,600 barrels of oil equivalent per day. Production is expected to increase by the end of 2015 as the company ramps up production in two new oil fields in the Gulf of Thailand.

M1

M1 is a leading integrated communications service provider in Singapore with more than 1.7 million customers. It provides a full range of voice and data communications services over its 2G/3G/3.5G network as well as fixed and mobile broadband. M1 also provides international call services to both mobile and fixed line customers. It has partnered operators globally to provide its customers coverage and roaming services in over 230 countries and territories.

Widely known as an innovative operator with an established brand, M1 aims to be the leader in personal voice, business and data communications, focusing on value, quality and customer service.

The following table sets out summary financial information for the Investment business:

	Audited As at 31 December 2013	Audited As at 31 December 2014
Revenue (S$'000)	**27,201**	**64,021**
Net Profit (S$'000)	**53,772**	**43,131**

History

k1 Ventures was formed as an investment company in 2000 from the former Singmarine Industries, which was renamed Keppel Marine Industries Limited.

KrisEnergy was established in 2009 by its founders, who previously created and built Pearl Energy, a Southeast Asian oil and gas producer and explorer. Keppel Corporation acquired a 20% stake in KrisEnergy in 2012, and gradually increased its interests in the company to 40% as at the Latest Practicable Date. KrisEnergy was listed on the Main Board of the SGX-ST on 19 July 2013.

M1 was formed in 1994 by a consortium comprising of Keppel Telecoms Pte Ltd (19.3%), SPH Multimedia Private Limited (13.5%) and Axiata Investments (Singapore) Limited (28.7%), which as at 2 March 2015 jointly own approximately 61% of M1 with the rest owned by institutional and public investors.

Business Strategy

The objective of the Investment business is to focus on building and adding value to grow strategic investments for maximum returns to shareholders.

k1 Ventures strive to deliver returns through the utilisation of value-add strategies, expertise, experience and the proactive management of its investments.

KrisEnergy's strategy is to grow the company's asset portfolio across each stage of the exploration-to production life cycle to achieve its vision of building Asia's premium independent upstream oil and gas company. Growth will come from successful exploration and appraisal that will provide development projects and eventually increased reserves and production, as well as through merger and acquisition activity, government awards and farm-in transactions.

M1 aims to continue to strengthen its position in the mobile market and capitalise on growth opportunities in Singapore, riding on the new national fibre network.

DIRECTORS AND MANAGEMENT

The Board of Directors of Keppel Corporation ("**Board**") is responsible for, amongst others, overseeing the Keppel Corporation's business, setting strategic objectives and deciding on significant matters. The day-to-day operations are entrusted to the Chief Executive Officer ("**CEO**") of Keppel Corporation and a team of executive officers who are responsible for the different functions of Keppel Corporation.

Board of Directors

The Board comprises the following directors:

Dr Lee Boon Yang

Chairman and Independent Director

Dr Lee is the Chairman of Keppel Corporation with effect from 1 July 2009. In addition to being an independent and non-executive Director, he is also a member of the Remuneration, Nominating and Board Safety Committees.

He was appointed director on the board of Singapore Press Holdings from 1 October 2011, and Chairman of the board from 1 December 2011.

He graduated in 1971 with a degree in Veterinary Science from the University of Queensland. After graduation, he worked as a veterinarian and R&D Officer in the government's Primary Production Department from 1972 to 1981.

Between 1981 and 1984, he worked as a Feedgrains Consultant and later as a Senior Project Manager for Primary Industries Enterprise Pte Ltd. In 1984, he stood as a candidate in the Singapore General Elections. Since then he held the Jalan Besar parliamentary seat for six consecutive terms until April 2011.

Prior to March 2009, he held key political appointments as Minister in the Prime Minister's Office, Minister for Labour, Minister for Defence and Minister for Information, Communication and the Arts.

He retired from political office on 31 March 2009 and from the Singapore parliament on 19 April 2011.

Mr Loh Chin Hua

CEO and Executive Director

Mr Loh Chin Hua is the CEO and Executive Director of Keppel Corporation, appointed with effect from 1 January 2014, after having served since 1 January 2012 as its Chief Financial Officer playing a pivotal role in all its major investment initiatives and financial decisions as well as shaping the Group's business strategy.

Within the Keppel Group, Mr Loh is the Chairman of several companies. They include Keppel Offshore & Marine Ltd, Keppel Land Limited, Keppel Infrastructure Holdings Pte. Ltd., Keppel Telecommunications & Transportation Ltd and Alpha Investment Partners Ltd. He also holds directorship in several Keppel companies, namely, Keppel FELS Limited, Keppel Shipyard Limited and associate company, KrisEnergy Ltd.

Mr Loh has over 25 years of experience in real estate investing and fund management spanning the U.S.A., Europe and Asia. He joined the Group in 2002 and founded Alpha Investment Partners Ltd. Under his charge as Managing Director, he grew its assets under management to over S$10.5 billion today. Prior to this, he was the Managing Director at Prudential Investment Inc leading its Asian real estate fund management business and overseeing all investment and asset management for the real estate funds managed out of Asia.

He began his career with the Government of Singapore Investment Corporation, where he held key appointments in its San Francisco office and was head of the European real estate group in London before returning to Singapore to head the Asian real estate group.

A Colombo Plan Scholar with a Bachelor in Property Administration from the Auckland University and a Presidential Key Executive MBA from the Pepperdine University, Mr Loh is also a Chartered Financial Analyst.

Mrs Oon Kum Loon

Independent Director

Mrs Oon holds a Bachelor of Business Administration (Honours) Degree from the University of Singapore.

She was appointed to the Board in 2004. In addition to being an independent and non-executive Director, she is also the Chairperson of the Board Risk Committee and a member of the Audit and Remuneration Committees.

She is a veteran banker with about 30 years of extensive experience and has held a number of management and executive positions with the DBS Bank Ltd. group of companies. She was the Chief Financial Officer of the bank until September 2003.

Prior to serving as Chief Financial Officer of the DBS Bank Ltd. group of companies, she was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a group-wide integrated risk management framework.

Her other directorships include Keppel Land Limited, Singapore Power Limited and Jurong Port Pte. Ltd.

Mr Tow Heng Tan

Non-Independent and Non-Executive Director

Mr Tow has been accredited with the title of "Fellow" of the Association of Chartered Certified Accountants as well as the Chartered Institute of Management Accountants.

He was appointed to the Board in 2004. In addition to being a non-independent and non-executive Director, he is also a member of the Nominating, Remuneration and Board Risk Committees.

He has an extensive business career spanning the management consultancy, investment banking and stockbroking industries. Mr Tow is currently the CEO of Pavilion Capital International Pte. Ltd, a wholly-owned subsidiary of Temasek. Mr Tow was also formerly the Chief Investment Officer of Temasek International (Private) Ltd.

Prior to joining Temasek in September 2002, he was Senior Director of Business Development at DBS Vickers Securities (Singapore) Pte Ltd. From 1993 to 2001, he was Managing Director of Lum Chang Securities Pte Ltd.

He also sits on the board of ComfortDelGro Corporation Limited, among others.

Mr Alvin Yeo Khirn Hai

Independent Director

Mr Yeo graduated with LLB Honours from King's College, University of London.

He was appointed to the Board in 2009. In addition to being an independent and non-executive Director, he is also a member of the Audit and Nominating Committees.

He is the Senior Partner of WongPartnership LLP. He was admitted to the English Bar in 1987 and to the Singapore Bar in 1988. In January 2000, he became the youngest lawyer to be appointed as Senior Counsel in Singapore.

He is a member of the Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation, the Singapore International Arbitration Centre's Council of Advisors and a Fellow of the Singapore Institute of Arbitrators.

His other directorships include United Industrial Corporation Limited and Neptune Orient Lines Limited.

Mr Tan Ek Kia

Independent Director

Mr Tan holds a First Class Honours Degree in BSc Mechanical Engineering from Nottingham University, United Kingdom. He attended a Management Development Programme with International Institute for Management Development, Lausanne, Switzerland. He is a Fellow of the Institute of Engineers, Malaysia; Professional Engineer, Board of Engineers, Malaysia; Chartered Engineer of Engineering Council, United Kingdom and is a Member of the Institute of Mechanical Engineers, United Kingdom.

He was appointed to the Board on 1 October 2010. In addition to being an independent and non-executive Director, he is also Chairman of Board Safety Committee and a member of the Nominating and Board Risk Committees.

Mr Tan is a seasoned executive in the oil and gas and petrochemicals business with more than 30 years of experience in design, engineering and construction, project management, health, safety and environment, production, logistics, procurement and drilling operations management, business management and development, joint venture management and governance and organisation change/transformation. He has worked in a number of different countries and cultures.

Prior to his retirement as the Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore) in September 2006, Mr Tan held senior positions in Shell including Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd (both based in Beijing, China).

His other directorships include SMRT Corporation Ltd, KrisEnergy Ltd, PT Chandra Asli Petrochemical Tbk, Transocean Ltd, Star Energy Holdings Pte Ltd and Keppel Offshore & Marine Ltd.

Mr Danny Teoh

Independent Director

Mr Teoh is a Member of the Institute of Chartered Accountants in England & Wales.

He was appointed to the Board on 1 October 2010. In addition to being an independent and non-executive Director, he is also Chairman of the Audit and Remuneration Committees and a member of the Board Risk Committee.

Mr Teoh was the Managing Partner of KPMG Singapore from October 2005 to October 2010. He was also the Head of Audit and Risk Advisory Services practices in Singapore as well as in Asia, and served on its global team. He has more than 30 years of experience in the areas of auditing and financial advisory in Singapore, Malaysia and the United Kingdom.

He currently serves on the boards of DBS Group Holdings Ltd, Changi Airport Group (Singapore) Pte Ltd and JTC Corporation.

Mr Tan Puay Chiang

Independent Director

Mr Tan holds a Bachelor of Science (First Class Honours) from University of Singapore and MBA (Distinction) from New York University.

He was appointed to the Board on 20 June 2012. In addition to being an independent and non-executive Director, he is the Chairman of the Nominating Committee and a member of the Board Safety and Board Risk Committees.

Mr Tan was formerly Chairman, ExxonMobil (China) Investment Co from 2001 to 2007. During his 37-year career with Mobil and later ExxonMobil, he held executive management roles in Australia, Singapore and the United States. These included the executive positions of Vice-President, Mobil Research & Technology Corp, United States; and Chairman of Mobil Oil Australia. He was appointed General Manager, Corporate Planning, following the merger of Exxon and Mobil in 1999.

Mr Tan has been a member of many business and industry boards including the Australian Institute of Petroleum; the Washington, D.C.-based National Policy Association; and the American Chamber of Commerce in Hong Kong. He is a member of the Board of the Energy Studies Institute at the National University of Singapore.

He is also currently a director on the boards of Neptune Orient Lines Limited, Singapore Power Limited and SP Services Limited.

Mr Till Vestring

Independent Director

Mr Vestring holds a Master of Economics from University of Bonn, Germany and Master of Business Administration, Haas School of Business, University of California, Berkeley.

Mr Vestring was appointed to the Board on 16 February 2015. In addition to being an independent and non-executive Director, he is also a member of the Nominating and Remuneration Committees.

Mr Vestring is a partner in Bain & Company's Southeast Asia office and has more than 20 years of management consulting experience in Asia, advising leading companies on portfolio strategy, growth, mergers and acquisitions, merger integration, organization and performance improvement. From 2007 to 2013, Mr Vestring served as the Managing Partner of Bain's Southeast Asia operations with offices in Singapore, Jakarta, Kuala Lumpur and Bangkok. He is a leader in Bain's Industrial Goods & Services practice and a member of Bain's Telecommunications, Media and Technology practices.

He is also currently a director on the boards of Inchcape plc, the Singapore Chinese Orchestra Company Limited and Leap Philanthropy Ltd.

Ms Veronica Eng

Independent Director

Ms Eng holds a Bachelor of Business Administration (First Class Honours) from the University of Singapore.

She was appointed to the Board on 1 July 2015. In addition to being an independent and non-executive Director, she is also a member of the Audit and Board Risk Committees.

Ms Eng was a Founding Partner of Permira Holdings Limited ("**Permira**"). Over her 30-year career with Permira, Ms Eng held a number of key positions in the firm and had extensive experience in a wide range of roles in relation to its funds' investments across sectors and geographies. She served on the board of Permira and its Executive Committee, chaired the Investment Committee and was the Fund Minder to various Permira funds. In addition, she also had oversight of Permira's firm-wide risk management as well as its operations in Asia.

Her other directorships include Centre for Asset Management & Investment at Business School, National University of Singapore, and the Advisory Board of Asia Private Equity Institute at Singapore Management University. She is also a Professor (Practice) at the NUS Business School.

Senior Management

In addition to Mr Loh Chin Hua (CEO and Executive Director of Keppel Corporation Limited), the following are the key executive officers of Keppel Corporation and its principal subsidiaries:

Name	**Designation(s)**
Chan Hon Chew	CFO of Keppel Corporation Limited
Chow Yew Yuen	CEO of Keppel Offshore & Marine Ltd
Wong Kok Seng	Managing Director (Offshore) of Keppel Offshore & Marine Ltd; Managing Director of Keppel FELS Limited
Michael Chia Hock Chye	Managing Director (Marine and Technology) of Keppel Offshore & Marine Ltd; Managing Director of Keppel Offshore & Marine Technology Centre
Chor How Jat	Managing Director of Keppel Shipyard Limited
Abu Bakar Bin Mohd Nor	Managing Director of Keppel Singmarine Pte. Ltd.
Ong Tiong Guan	CEO of Keppel Infrastructure Holdings Pte Ltd
Nicholas Lai Garchun	Executive Director, Gas-to-Power of Keppel Infrastructure Holdings Pte Ltd
Tan Boon Leng	Executive Director, Waste-to-Energy and X-to-Energy of Keppel Infrastructure Holdings Pte Ltd
Alan Tay Teck Loon	Executive Director, Business Development of Keppel Infrastructure Holdings Pte Ltd
Cindy Lim	Executive Director, Infrastructure Services of Keppel Infrastructure Holdings Pte Ltd

Name	Designation(s)
Khor Un-Hun	CEO of Keppel Infrastructure Fund Management Pte Ltd (the trustee-manager of Keppel Infrastructure Trust (formerly known as CitySpring Infrastructure Trust))
Thomas Pang Thieng Hwi	Executive Director and CEO of Keppel Telecommunications & Transportation Ltd
Chua Hsien Yang	CEO of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT)
Ang Wee Gee	CEO of Keppel Land Limited
Tan Swee Yiow	President, Singapore of Keppel Land International Ltd, and Head of Keppel Land Hospitality Management Pte Ltd.
Ho Cheok Kong	President of Keppel Land China Limited
Ng Hsueh Ling	CEO of Keppel REIT Management Limited (the manager of Keppel REIT)
Christina Tan Hua Mui	Managing Director of Alpha Investment Partners

Committees of the Board

The following are the committees of the Board:

Audit Committee

The primary role of the Audit Committee is to assist the Board to ensure the integrity of financial reporting and that there is in place sound internal control systems. Its other roles include, among other things, reviewing the audit plan, effectiveness of the internal audit function, adequacy and effectiveness of internal controls, interested person transactions and the independence of external auditors. The Audit Committee also performs an independent review of the financial statements of Keppel Corporation before the announcement of Keppel Corporation's quarterly and full-year results and meets with the external and internal auditors at least once a year without the presence of the management of Keppel Corporation.

The Audit Committee comprises four independent non-executive directors, namely, Mr Danny Teoh (Chairman), Mrs Oon Kum Loon, Mr Alvin Yeo and Ms Veronica Eng.

Remuneration Committee

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The Remuneration Committee assists the Board in ensuring that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value.

The Remuneration Committee comprises entirely non-executive directors, four out of five of whom (including the Chairman) are independent, namely Mr Danny Teoh (Chairman), Dr Lee Boon Yang, Mrs Oon Kum Loon, Mr Tow Heng Tan and Mr Till Vesting.

Nominating Committee

The role of the Nominating Committee is, among other things, to make recommendations to the Board on all Board appointments and oversee the Board and senior management's succession and leadership development plans. The Nominating Committee has put in place a formal process for the renewal of the Board and the selection of the new directors. The Nominating Committee is also charged with the responsibility of re-nomination having regard to the director's contribution and performance, with reference to the results of the assessment of the performance of the individual director by his peers.

The Nominating Committee also determines annually whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of Keppel Corporation, taking into account the results of the assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board.

The Nominating Committee comprises entirely non-executive directors, five out of six of whom (including the Chairman) are independent, namely Mr Tan Puay Chiang (Chairman), Dr Lee Boon Yang, Mr Tow Heng Tan, Mr Tan Ek Kia, Mr Alvin Yeo and Mr Till Vesting.

Board Risk Committee

The Board Risk Committee reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests and Keppel Corporation's assets. The Board Risk Committee reports to the Board on material findings and recommendations in respect of significant risk matters.

The Board Risk Committee comprises of five independent directors (including the Chairman) and a non-executive director who is independent of management. Its members are Mrs Oon Kum Loon (Chairman), Mr Danny Teoh, Mr Tow Heng Tan, Mr Tan Puay Chiang, Mr Tan Ek Kia and Ms Veronica Eng.

Board Safety Committee

The Board Safety Committee ensures that there is a set of Group HSE policies and standards to guide HSE operation and performance across the Group. It further monitors HSE performance of Group companies, analyses trends and accident root causes and recommends or proposes Group-wide initiatives for improvement where appropriate to ensure a robust HSE management system is maintained.

The Board Safety Committee comprises of four directors, namely, Mr Tan Ek Kia (Chairman), Dr Lee Boon Yang, Mr Loh Chin Hua and Mr Tan Puay Chiang.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 9 MONTHS ENDED 30 SEPTEMBER 2015 AND 30 SEPTEMBER 2014 AND FINANCIAL YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

	Unaudited 9M 2015 S$'000	Unaudited 9M 2014 S$'000	Audited FY 2014 S$'000	Audited FY 2013 S$'000
Revenue	7,816,828	9,357,729	13,282,979	12,380,419
Materials and subcontract costs	(5,258,175)	(6,441,553)	(9,244,629)	(8,603,659)
Staff costs	(1,245,858)	(1,246,349)	(1,732,964)	(1,668,237)
Depreciation and amortisation	(185,396)	(195,869)	(265,136)	(242,292)
Other operating income/(expenses)	55,497	(26,617)	333,170	268,138
Operating profit	1,182,896	1,447,341	2,373,420	2,134,369
Investment income	12,983	8,170	11,936	14,033
Interest income	88,221	104,428	133,104	144,189
Interest expenses	(114,317)	(81,601)	(134,024)	(124,718)
Share of results of associated companies	252,868	249,107	504,176	625,867
Profit before tax	1,422,651	1,727,445	2,888,612	2,793,740
Taxation	(266,300)	(326,037)	(462,362)	(397,366)
Profit for the period	1,156,351	1,401,408	2,426,250	2,396,374
Attributable to: Shareholders of the Company	1,119,841	1,158,900	1,884,798	1,845,792
Non-controlling interests	36,510	242,508	541,452	550,582
	1,156,351	1,401,408	2,426,250	2,396,374
Earnings per ordinary share				
– basic	61.7 cts	63.9 cts	103.8 cts	102.3 cts
– diluted	61.4 cts	63.2 cts	102.8 cts	101.2 cts

CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2015, 31 DECEMBER 2014 AND 31 DECEMBER 2013

	Unaudited 30 September 2015 S$'000	Audited 31 December 2014 S$'000	Audited 31 December 2013 S$'000
Share capital	1,288,394	1,287,595	1,205,877
Treasury shares	(49,173)	(48,665)	–
Reserves	9,462,775	9,141,832	8,495,304
Share capital & reserves	10,701,996	10,380,762	9,701,181
Non-controlling interests	984,565	4,346,879	3,987,682
Capital employed	11,686,561	14,727,641	13,688,863
Represented by:			
Fixed assets	2,792,741	2,673,015	3,798,279
Investment properties	2,330,518	1,987,515	2,187,858
Subsidiaries	–	–	–
Associated companies	5,667,298	4,988,444	5,482,173
Investments	326,386	358,366	264,745
Long term assets	241,067	258,397	278,917
Intangibles	102,260	101,732	86,240
	11,460,270	10,367,469	12,098,212
Current assets			
Stocks & work-in-progress in excess of related billings	11,032,942	10,681,123	8,994,726
Amounts due from associated companies	611,810	630,552	1,037,206
Debtors	3,488,954	2,509,589	1,915,747
Short term investments	238,727	371,451	445,073
Bank balances, deposits & cash	1,777,093	5,736,001	5,564,656
	17,149,526	19,928,716	17,957,408
Assets classified as held for sale	–	1,258,640	–
	17,149,526	21,187,356	17,957,408

	Unaudited 30 September 2015 S$'000	Audited 31 December 2014 S$'000	Audited 31 December 2013 S$'000
Current liabilities			
Creditors	5,647,000	5,432,754	5,284,617
Billings on work-in-progress in excess of related costs	2,159,799	2,397,376	2,714,983
Provisions	106,764	149,526	163,603
Amounts due to associated companies	449,410	137,188	71,699
Term loans	1,514,177	1,795,635	516,665
Taxation	366,796	462,699	465,387
Bank overdrafts	–	–	473
	10,243,946	10,375,178	9,217,427
Liabilities directly associated with assets classified as held for sale	–	450,017	–
	10,243,946	10,825,195	9,217,427
Net current assets	6,905,580	10,362,161	8,739,981
Non-current liabilities			
Term loans	6,291,788	5,586,908	6,582,861
Deferred taxation	277,561	266,412	441,889
Other non-current liabilities	109,940	148,669	124,580
	6,679,289	6,001,989	7,149,330
Net assets	11,686,561	14,727,641	13,688,863

FY 2014 compared to FY 2013

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 business' 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 seven jack-up rigs, three FPSO upgrades, two FPSO conversions, one FPSO integration and one semi upgrade. Revenue from the Infrastructure business 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 T&T's logistics and data centre businesses. The Property business 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 2014 was $2,889 million, $95 million or 3% above the previous year. The Offshore & Marine business 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 business increased by $379 million to $452 million due mainly to better operating results from both Keppel Infrastructure and Keppel T&T as well as gains from divestments of data centre assets and Keppel FMO ("**Keppel FMO**"). The Property business' 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.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2014 was $1,885 million, $39 million or 2% higher than 2013. The Offshore & Marine business was the largest contributor to Group net profit at 55%, followed by the Property business' 26%, the Infrastructure business' 17% and the Investments business at 2%.

9M 2015 compared to 9M 2014

Group net profit for the nine months ended 30 September 2015 was $1,120 million as compared to $1,159 million for the same period in 2014. Earnings per share decreased by 3% to 61.7 cents. Annualised return on equity was 13.6% and Economic Value Added decreased by $576 million to $456 million.

Group revenue of $7,817 million for the nine months to-date was $1,541 million or 16% below that of the corresponding period in 2014. Revenue from the Offshore & Marine business declined by $1,262 million to $4,918 million due to lower volume of work and deferment of some projects. Major jobs completed and delivered in the nine months include six jack-up rigs, an accommodation semi, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. Revenue from the Property business increased by $349 million to $1,245 million mainly from higher revenue from China and Vietnam partly offset by lower revenue from Singapore. Revenue from the Infrastructure business contracted by $665 million to $1,594 million as a result of a drop in revenue recorded by the gas to power business from lower prices and volume, as well as absence of revenue from Keppel FMO which was disposed in 4Q2014.

At the pre-tax level, Group profit was down by $304 million or 18% to $1,423 million from that of the corresponding period in 2014. The Offshore & Marine business reported a of $330 million drop in pre-tax profit to $678 million. Lower operating results and higher interest expenses were partially offset by higher share of associated companies' profits. Pre-tax profit from the Property business of $454 million was $35 million or 7% below that for the corresponding period in 2014. This is due mainly to lower contribution from Singapore property trading, reduction in share of associated companies profits and higher net interest expense. There were also divestment gains from disposals of Equity Plaza and Prudential Tower in 3Q2014. Pre-tax profit of the Infrastructure business was $193 million for the current period as compared to $149 million for the same period in 2014. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the reduced contribution from the power and gas business. Pre-tax profit of the Investments business was up by $17 million to $98 million from higher gain from sale of investments and higher share of associated companies' profits.

Taxation expenses declined by $60 million or 18% due mainly to lower taxable profits as well as lesser profits from companies in countries with higher tax rates. Non-controlling interests decreased by $205 million due mainly to the lower minority shareholdings in Keppel Land Limited as a result of the privatisation. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $1,120 million, down $39 million or 3% from $1,159 million last year. The Offshore & Marine business was the largest contributor to Group net profit with 48% share, followed by the Property business' 30%, Infrastructure business' 14% and the Investments business at 8%.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the MTN Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer believes are material for the purpose of assessing the market risks associated with Notes issued under the MTN Programme are also described below.

The risk factors set out below do not purport to be a complete or comprehensive list of all the risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or any decision to purchase, own or dispose of the Notes. The risks and uncertainties described below are not the only risks and uncertainties the Issuer and/or the Group face. In addition to the risks described below, there may be other risks and uncertainties not currently known to the Issuer or that the Issuer currently deems to be immaterial which may in the future become material risks. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Limitations of this Information Memorandum

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in any Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such determination. Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or any Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered a recommendation by the Issuer, the Trustee, any Agent or any Dealer that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, any of its subsidiaries or associated companies, the Trustee, any Agent or any Dealer or any person affiliated with any of them in connection with its investigation of the accuracy or completeness of the information contained herein or any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient contemplating subscribing for or purchasing or selling Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the relevant Notes and any other factors relevant to its decision, including the merits and risk involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in any Notes.

Factors relating to the Group that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the MTN Programme

Risks affecting the Group's business generally

The Group may be affected by any changes to the political, economic, regulatory or social conditions globally and in the countries and industries in which it operates currently or intends to operate in the future

With a presence in over 30 countries, the Group is exposed to developments in the global economy as well as the industries and geographical markets in which it operates currently or intends to operate in the future. The Group is subject to the laws, regulations and government policies in each country in which it operates and its business, financial condition, prospects and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. A key part of the Group's strategy involves expanding its business into other emerging markets, including South America. In recent years, these markets have been among the world's fastest growing economies in terms of gross domestic product growth. However, there is no assurance that such growth will be sustained or that these countries will not experience negative growth in the future. A deterioration in the economies of emerging markets, a national, regional or global recession, any slowdown in the economies of the United States or the European Union, a devaluation of the currencies of emerging markets or a significant decrease in demand for imports to, and exports from, such emerging markets may adversely affect economic growth in these emerging markets and elsewhere and may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Significant uncertainty regarding the rising debt burden in the United States has affected consumer confidence and concerns about European economies, triggered by uncertainty as to the ability of certain European countries to repay their sovereign debt, have caused unstable market conditions. Geopolitical instability in various parts of the world, including in North Africa, the Middle East and Asia, could also contribute to economic instability in those and other regions. These events could adversely affect the Issuer's business, financial condition, prospects and results of operation.

The U.S. economy and credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These and other related events have had a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole. These events have resulted in increased difficulty in borrowing from financial institutions and an increased risk of counterparty default. These events could adversely affect the Group's business, financial condition, prospects and results of operations, as a result of, among other things, failure of financial and other institutions, negatively impacting treasury operations including but not limited to counterparty risks relating to deposits, money market investments and treasury contracts, including those related to foreign exchange or interest rate transactions.

In addition, many of the economies in the developing countries where the Group does business differ from the economies of most developed countries in many respects including:

- extent of government involvement;
- political stability;
- level of development;
- growth rate;

- control of foreign exchange; and
- allocation of resources.

While many of these developing economies (for example Brazil and Vietnam) have experienced significant growth in the past 20 years, growth has often been uneven, both geographically and among various sectors of the economy. The governments have implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall economy, but may also have a negative effect on the Group. For example, the Group's business, financial condition, prospects and results of operations may be adversely affected by governmental control over capital investments or changes in tax regulations that are applicable to the Group or regulatory changes affecting the industries in which the Group operates.

Several of the economies in which the Group operates have been transitioning from planned economies to more market-oriented economies (for example China and Vietnam). Although in recent years, local governments have implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance business enterprises, a substantial portion of productive assets is still owned by local governments. In addition, local governments continue to play a significant role in regulating industrial development through industrial policies. Accordingly, changes introduced by those governments during this transition may adversely affect the Group's business, financial condition, prospects and results of operations.

The Group may also be adversely affected by exchange controls, changes in taxation laws, changes in foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities of the countries in which the Group operates.

The Group is affected by any possible loss of major customers

There is no assurance that the Group will be able to continue to retain its major customers or that its customers will maintain or increase their current level of business with the Group. In the event that any of the Group's major customers ceases to have business dealings with it or materially reduces the level of business activities with it, the Group's business, financial condition and results of operations will be adversely affected.

The Group's success in the future may depend, in part, on the successful implementation of its strategy

The Group's ability to successfully pursue new growth opportunities will depend on its continued ability to implement its strategies. There can be no assurance that the Group will be able to successfully implement its strategies.

The Group's overseas projects are located in both developing and developed countries. Overseas expansion will also include entering into new markets. The Group's business and the implementation of its strategies is subject to various risks beyond its control, such as the instability of foreign economies and governments and changes in laws and policies in overseas countries affecting trade and investment activities. The events arising from such risks could potentially affect the Group's business or investments overseas in the future.

The Group is exposed to foreign exchange risks

The Group is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A substantial portion of the Group's investments and revenues are and will continue to be denominated in US Dollars and the respective local currencies of countries where the Group operates, while its reporting currency is in Singapore Dollars. This being the case, many of the

Group's activities, income, costs and operating cash flows are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the US Dollar and the respective local currencies of countries where the Group operates when the assets and liabilities are translated into Singapore Dollars for financial reporting purposes. Consequently, portions of the Group's costs and margins are affected by fluctuations in the exchange rates between these currencies. Although the Group enters into hedging transactions to mitigate the risk of foreign exchange rate fluctuations, there can be no assurance that its exposure to foreign exchange rate fluctuations will be adequately covered or that the Group will not be exposed to future exchange rate fluctuations in the relevant countries when capital and profits are repatriated back to Singapore.

The Group is exposed to general inflationary pressures

Future increases in prices of goods and services globally may negatively affect the economic growth and stability of countries in which the Group operates. The economic and political conditions in these countries make it difficult to predict whether goods and services will continue to be available at prices that will not negatively affect economic growth and stability. There can be no assurance that future increases in prices generally in the countries in which the Group operates will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is subject to interest rate fluctuations

The interest cost to be borne by the Group for its floating interest rate borrowings (if any) will be subject to fluctuations in interest rates. In addition, the Group is subject to market disruption clauses contained in its loan agreements with banks. Such clauses state that to the extent that banks face difficulties in raising funds in the interbank market or pay materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the borrower despite the margins agreed. Although the Group enters into hedging transactions to mitigate the risk of interest rate fluctuations, there can be no assurance that its exposure to interest rate fluctuations will be adequately covered. As a result, the Group's business, financial condition, prospects and results of operations could potentially be adversely affected by interest rate fluctuations.

The Group's performance may be affected by its ability to attract and retain personnel

The Group's future performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. The loss of key employees may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The outbreak of an infectious disease or any other serious public health concerns or the occurrence of a natural or man-made disaster in Asia and elsewhere could adversely impact the Group's business, financial condition, prospects and results of operations

Natural disasters, severe weather conditions and the outbreak of epidemics may adversely affect the economy and infrastructure in the countries in which the Group operates. Some cities where the Group operates are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu and/or H1N1 Influenza (commonly known as swine flu). Past occurrences of such phenomena, for instance the outbreak of SARS in 2003 which adversely affected Asian economies (including Singapore) and the earthquake in Japan in March 2011 have caused varying degrees of harm to businesses and the national and local economies. Any of the foregoing could have a negative impact on the global economy, and business activities in Asia which may have a material and adverse effect on the Group's business, financial condition, prospects and results of operation.

The Group is exposed to terrorist attacks, other acts of violence or war and adverse political developments

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group. Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on its business operations and results. Any additional significant military or other response by the U.S. and/or its allies or other nations or any further terrorist activities could also materially and adversely affect international financial markets and the economies in which the Group operates and may thereby adversely affect its business, financial condition, prospects and results of operations.

Some or all of the Group's existing and planned projects may not be completed

The success and financial performance of the Group will depend on its ability to identify, develop, market and complete its projects in a timely and cost-effective manner. The Group's projects are subject to the risks of changes in regulations, delays in obtaining required approvals, availability of raw materials, increases in costs, natural disasters, any reliance on third party contractors as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed in a timely and cost-effective manner, or if at all. Although the Group plans to apply many of the development and marketing strategies that it has employed in the past, new projects may pose unforeseen challenges and demands on its managerial and financial resources. Non-completion of the projects may have a material and adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group may be involved in legal and other proceedings from time to time

From time to time, the Group may be involved in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the development, operation, purchase and sale of its properties. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays in the construction or completion of its properties. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delay the construction or completion of its projects.

There can be no assurance that these disputes will be settled, or settled on favourable or reasonable terms. In the event such disputes are not settled on favourable or reasonable terms, or at all, the Group's business, financial condition, prospects and results of operations may be adversely affected.

The Group is subject to risks inherent in joint venture structures and/or funds

The Group has, and expects in the future to have, interests in joint venture entities and/or funds in connection with its businesses. Disagreements may occur between the Group, its joint venture partners and/or third party fund investors, as the case may be, regarding the business and operations of the joint ventures and/or funds which may not be resolved amicably. In addition, the Group's joint venture partners and/or third party fund investors may (a) have economic or business interests or goals that are not aligned with the Group's, (b) take actions contrary to the Group's instructions, requests, policies or objectives, (c) be unable or unwilling to fulfil their obligations, (d) have financial difficulties or (e) have disputes with the Group as to the scope of their responsibilities and obligations.

Additionally, in light of the current economic climate, the Group's joint venture partners or third party fund investors (i) may not be able to fulfil their respective contractual obligations (for example, they may default in making payments during future capital calls or capital raising exercises), or (ii) may experience a decline in creditworthiness. Although joint venture and private fund agreements generally contain terms that govern the treatment of such events to the detriment of the defaulting party and the Group would generally seek to enforce its rights as enumerated in these legal agreements, the occurrence of any of these events may materially and adversely affect the performance of the Group's joint ventures and/or funds, which in turn may materially and adversely affect its business, financial condition, prospects and results of operations.

The Group engages in transactions in the ordinary course of business with related parties

The Group engages in transactions in the ordinary course of its business with related parties. The Group believes it engages in these transactions on an arm's length basis, in the best interests of the Group and generally on terms no less favourable to the Group than the terms of similar transactions with non-related parties.

The Group is affected by existing and possible new competitors

The Group operates in highly competitive markets and faces competition on a local, regional, national and international level. Maintaining or increasing its market share will depend upon its ability to anticipate and respond to various competitive factors affecting its business segments, including its ability to improve its processes, respond to pricing strategies of its competitors and adopt new technology efficiently.

The Group expects to face increased competition from existing competitors and any new entrants into the market in the future. Competitive factors include price, delivery schedule, quality/specifications and credit terms of the products and services offered by other providers. Some of the Group's competitors have longer operating histories, greater economies of scale, greater degrees of vertical integration, larger customer bases, stronger relationships with customers and other partners and possess greater financial, technical, political, marketing and other resources in the markets that the Group operates in or intends to venture into.

There can be no assurance that the Group will be able to continue to compete successfully in the markets in which it operates. Any failure to compete effectively, including any delay in the Group's reaction to changes in market conditions, may affect its competitiveness, thereby reducing its market share and resulting in a decline in its revenues. If the Group fails to compete successfully against existing competitors and new entrants, its business, financial condition and results of operations may be adversely affected.

Fluctuations in input costs and disruption in input supplies could adversely affect profitability and consequently the Group's business, financial condition and results of operations and prospects

The profitability of the Group is affected by a variety of input costs including the price of raw materials, transportation costs and labour costs. These input costs represent a significant portion of the total cost of the services the Group provides to its customers.

The price of raw materials is subject to global supply and demand and other macroeconomic conditions. There is no assurance that the Group will continue to be able to obtain raw materials from its suppliers at acceptable prices or that its suppliers would be able to meet the Group's requirements.

Wages in Singapore are generally higher compared to neighbouring countries such as Malaysia, Thailand, India, Bangladesh and China. To ensure that the Group remains competitive, it recruits a significant number of workers from these countries. The Group's operations and project schedules may be affected due to the restrictions implemented against employing foreign employees by the Ministry of Manpower in Singapore and any resulting shortage in the supply of foreign workers.

Any significant increases in the above input costs could result in an increase in the Group's cost of sales and adversely affect its business, financial condition, results of operations and prospects.

The Group's insurance coverage may not adequately protect it against certain operational risks and it may be subject to losses that might not be covered in whole or in part by existing insurance coverage, including potential liability arising from any damage, injury or death resulting from accidents or other causes

The Group's insurance policies, which are taken by the Group and/or by companies within the Group, cover various risks, including risk of theft and burglary, operational risks and risks of accidents occurring to either its employees or third parties as a result of events which may result in injury or death.

However, such insurance may not be adequate to cover all losses or liabilities that may arise from the Group's operations, particularly when the loss suffered is not easily quantifiable. Even if the Group has adequate insurance coverage, it may not be able to successfully assert its claims for any liability or loss under the relevant insurance policies. Additionally, there may be various other risks and losses for which the Group is not insured either because such risks are uninsurable or not insurable on commercially acceptable terms. In addition, certain types of risks (such as risks associated with war and other international conflicts) may be uninsurable or the cost of insurance may be prohibitive or not economically viable when compared to the risks.

In the event that a company within the Group is held liable, whether contractually or under the law, for any or all of such loss or damage or injury to or loss of life that is not covered by its insurance policies or the claims of which are in excess of its insurance coverage or are contested by the insurance companies, the Group's financial performance and position may be adversely affected.

The Group may be affected by project cost overruns

In preparing tender submissions for projects, the Group carries out internal costing and budgeting estimates based on the scope of work, labour and material costs and third party costs. The accuracy of the Group's internal costing and budgeting estimates is subject to the Group's experience and expertise in understanding and accessing the complexity and challenges of each project.

However, unforeseen circumstances such as unanticipated price fluctuations of raw materials, changes or damages during fabrication processes, increases in labour costs and omissions in estimation in the Group's internal costing may arise. As these circumstances may require additional costs and work which may not have been factored into the contract value, these may lead to cost overruns which may erode the Group's profit margin for the project. In the event that any of the above circumstances occur and the Group is unable to manage such cost overruns, then its profitability and financial results will be adversely affected.

The Group is subject to customer credit risk

During the course of its business, certain companies within the Group may enter into agreements with third parties from which the Group may derive income in relation to the operation of its businesses. Such third parties may encounter difficulties in raising sufficient funds to develop and/or undertake the relevant project and operations which may, in turn, affect the Group's ability to derive such income as contracted for in the relevant agreements.

Further, the Group's projects typically involve progressive billing according to the stages of project completion pursuant to the terms of the relevant contracts. Companies within the Group may also enter into contracts with deferred payment terms, where the bulk of the contract price is payable at the delivery of the work product. There is no assurance on the timeliness of customers' payment or whether they will be able to fulfil their payment obligations. The Group is therefore subject to the risk of bad debts should any of its customers fail to promptly settle the amounts due to the Group for work done, particularly if its customers experience cash flow difficulties or deterioration in their business performance and financial position. The incidence of bad debts will have an adverse impact on the Group's prospects, financial position and results of operations.

The Group operates in capital intensive industries and if the Group is unable to obtain the necessary funds on acceptable terms, it may not be able to finance its capital expenditure requirements, which may adversely affect its business and results of operations

The Group operates in capital intensive industries that require significant capital expenditure. Amongst others, the Group is required to make capital expenditures to maintain, upgrade and expand its facilities to keep pace with competitive developments, technological advances and evolving safety standards in the industries in which it operates. The Group may not be able to fulfil all its funding requirements from the resources available to it and may need to look for additional sources of finance, which may not be readily available, or may not be available on commercially reasonable terms. If the Group decides to incur more debt, its interest payment obligations will increase and it may be subject to additional restrictive conditions from lenders. In addition, the expansion of the Group and pursuit of business opportunities may require it to have access to significant amounts of capital.

The Group's ability to finance its capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond its control, including tariff regulations, borrowing or lending restrictions imposed by applicable government regulations and general economic and capital market conditions and interest rates. No assurance can be given that the Group will be able to obtain financing to meet its capital expenditure requirements, either on a short-term or long-term basis on terms favourable to the Group or at all. In addition, further consolidation in the banking industry in Singapore and/or elsewhere may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to any one company or sector. Any significant change in the Group's contemplated financial requirements and development costs may have an adverse effect on its cash flows, financial condition and results of operations.

Compliance with and changes in, safety, health and environmental laws and regulations may adversely affect the Group's business, prospects, results of operations and its financial condition

The Group is subject to and required to ensure that its operations are in compliance with a broad range of safety, health and environmental laws and regulations in each of the locations in which it operates. There is a possibility that the governments of each of these locations may change their laws or regulations with regards to safety, health or environmental matters in the future which would require the Group to modify its facilities or operations and therefore incur expenses that could have an effect on the Group's operating results. In the event the relevant laws or regulations in any of the locations in which the Group operates are changed, no assurance can be given that the ensuing steps taken by the Group to comply with such new laws or regulations will not have a material effect on its operating results. Further, there can be no assurance that members of the Group will not be involved in future litigation or other proceedings or be held responsible in any litigation or proceedings relating to safety, health and environmental matters, the costs of which could be material. The Group could be subject to substantial civil and criminal liability and other regulatory consequences in the event the operation of any of its businesses results in material contamination of the environment. Environmental laws and regulations may also impose joint and several liability, irrespective of fault or legality of the original conduct that caused the release of hazardous substances into the environment.

A failure to comply with any existing or future safety, health and environmental laws or regulations may result in levy of fines, commencement of judicial proceedings and/or third party claims which may result in substantial administrative, civil and criminal penalties and other sanctions.

If any of the above should occur, this may adversely affect the Group's business, prospects, results of operations and financial condition.

The Group may incur additional costs or liquidated damages in the event of disputes, claims, defects or delays

The Group may also encounter disputes with its customers in relation to non-compliance with contract specifications, defects in workmanship and materials used on various projects. Should any projects be delayed, whether such delay is attributable to the relevant company within the Group or such company's suppliers or sub-contractors or events beyond such company's control, such company may be liable to pay liquidated damages. There can be no assurance that any such disputes and claims will not result in protracted litigation, which will have a negative impact on the profits, cash flow and financial position of the relevant companies within the Group. In the event that customers suffer loss and damage due to defects which may be attributable to companies within the Group, the customers may claim for such loss and damage against such company and call on any advance payment guarantees and/or performance bonds relating thereto, thereby adversely affecting the financial performance of the Group as a whole. Subcontractors may also claim for, *inter alia*, prolongation costs.

The Group is exposed to various regulatory and litigation risks

The Group holds investments and operates in many countries. This means the Group from time to time is confronted with legal and regulatory requirements and judiciary systems in many jurisdictions. These include licensing requirements, sanctions, laws against illegal payments and trade barriers, as well as the risk of regulatory action by regulators. For example, according to media reports, it has been alleged that an external consultant/agent of some Keppel entities had made illegal payments in connection with contracts entered into between certain Keppel entities and Petrobas and/or Sete Brasil. As far as Keppel Corporation is aware, it has not been notified that any investigation or proceeding has been commenced against Keppel Corporation or any of its subsidiaries as at the Latest Practicable Date.

However, there can be no assurance that such investigations or proceedings will not be made against Keppel Corporation or its subsidiaries and if so, investors in the Notes may incur reputational or other risk. Further, any such regulatory actions (and/or any civil or other litigation proceedings in relation to alleged violation or breach of legal or regulatory requirements, including without limitation the making of illegal payments) against Keppel Corporation and/or any of its group company may have a material adverse effect on the Group's financial condition and results of operations.

Risks affecting the Group's Offshore & Marine business

The operations and financial position of the Keppel O&M Group are dependent on the state of the offshore oil and gas industry

The operations of the Keppel O&M Group are dependent on the state of, and capital expenditure by its customers in, the offshore oil and gas industry, in terms of the level of activities in the exploration, development and production of oil and natural gas. Such activities are affected by factors such as fluctuations in oil and natural gas prices, changes in capital spending by customers in the offshore oil and gas industry, the numbers and locations of oil and gas fields, the ability to economically justify putting discoveries of oil and gas reserves into production, the need to clear all structures from the production site once the oil and gas reserves have been depleted, as well as weather conditions. The prices of oil and natural gas are volatile and are affected by the fundamental principles of supply and demand as well as global political and economic factors. They in turn will affect the level of capital spending by companies in the offshore oil and gas industry. Low oil and natural gas prices tend to reduce the amount of oil and natural gas that producers can produce economically. When lower oil and gas prices prevail, major oil and gas companies generally reduce their spending budgets for offshore drilling, exploration and development.

The Keppel O&M Group's customers are also affected by the laws, regulations, policies, directives and regulations relating to energy, investment, taxation and such other laws promulgated by the governments of countries from which they will need to obtain licences to engage in the exploration, development and production of oil and gas. The demand for the Keppel O&M Group's services and the potential for growth of its business will be affected if its customers cannot obtain the necessary licences to engage in exploration, development and production activities in the relevant areas.

Any decline in the level of activities in the offshore oil and gas industry will result in a decrease in demand for the Keppel O&M Group's products and services. In the event of a reduction in the level of activities in the exploration, development and production of oil and natural gas as a result of any changes in capital spending by the offshore oil and gas industry, the Keppel O&M Group's results of operations and financial position may be adversely affected.

The Keppel O&M Group is affected by the cyclical nature of the shipping industry

The Keppel O&M Group is affected by the cyclical nature of the shipping industry. The shipping industry is affected by general economic conditions and any adverse change in general economic conditions will have a negative impact on the Keppel O&M Group's operations. In weak economic conditions, ship owners may defer the building or procurement of new vessels and/or the execution of repair and maintenance work on existing vessels, which will have an impact on the demand for shipbuilding, repair, conversion and upgrading services provided by the Keppel O&M Group. Should any such development occur, the Keppel O&M Group's financial performance may be adversely affected.

The Keppel O&M Group is affected by competition in its specialised shipbuilding business and the Keppel O&M Group expects to face increased competition in the future

The market segments and regions in which the Keppel O&M Group operates are highly competitive. The Keppel O&M Group anticipates that it will face increased competition from existing competitors and new entrants into the market in the future. Pricing is a primary factor in determining whom a specialised shipbuilding project is awarded to. Factors such as payment terms, experience, reputation, availability and safety record are also relevant. Some of the Keppel O&M Group's competitors may bid for projects at reduced prices (with low profit margins) in order to gain experience or market share. If the Keppel O&M Group's competitors offer services at a lower cost or engage in aggressive pricing and/or offer very attractive payment terms in order to increase their market share and the Keppel O&M Group is not able to match their lower costs or aggressive pricing or payment terms, it may not be able to secure projects and its revenue may be adversely affected. The Keppel O&M Group's specialised shipbuilding business faces increased competition from, amongst others, Chinese and Korean shipyards which have suppressed prices and reduced margins on newbuild projects. The Keppel O&M Group cannot give assurance that it will be able to continue competing successfully with existing competitors and/or new entrants into the market.

If the Keppel O&M Group is required to reduce the pricing of its specialised shipbuilding services (without any corresponding reduction in costs) in order to retain its existing customers and attract new customers, its profitability will be adversely affected. This may have an adverse effect on the Keppel O&M Group's business, financial performance and financial condition.

The Keppel O&M Group's ability to compete in international markets may also be adversely affected by regulations in the countries where it operates which require, among other things, the awarding of projects to local shipyards.

If the Keppel O&M Group fails to compete successfully with existing competitors and new entrants into the market, the business, financial condition and results of operations of the Keppel O&M Group may be adversely affected.

Risks affecting the Group's Infrastructure business

Contracts have been entered into by companies within the Infrastructure Group which contain provisions regarding penalties which may have a material adverse effect on the Infrastructure business

Certain contracts which contain provisions for the payment of penalties for any delays for the supply of power have been entered into by companies within the Group's Infrastructure business group (the "**Infrastructure Group**"). In addition, the Waste-to-Energy business is exposed to penalties due to non-conformance to required standards, including delay in delivery. The inability of the relevant company within the Infrastructure Group to adhere to delivery schedules or quality parameters could make it liable for payment of penalties, which may adversely affect the financial condition and results of operations of the Infrastructure Group.

Risks affecting the Group's Property business

The majority of the Group's property investments, held through the Keppel Land Group, are currently concentrated in Asia

The majority of the Group's Property business activities, carried out through the Keppel Land Group, are currently concentrated in Asia, mainly in Singapore, China, Vietnam, Indonesia and India. As a result, the Keppel Land Group's revenue, prospects, results of operations and future growth depend, to a large extent, on the continued growth of the markets in Asia. Given this concentration of the Keppel Land Group's business activities, the specific laws, regulations, practices, economic and financial conditions, property market and other aspects of each of these countries and their corresponding micro-regions could have a significant impact on the business, financial condition, operations and results of the Keppel Land Group. In addition, future excesses in property supply over demand as a result of economic uncertainty, slower growth and increased interest rates (which reduces the ability of the Keppel Land Group's customers to finance real estate purchases and increases the Keppel Land Group's own costs of financing) may lead to further volatility in property prices and yields which could in turn adversely affect the financial condition, prospects and results of operations of the Keppel Land Group.

The Keppel Land Group is subject to government regulation in the countries where it operates

The real estate industry in the countries in which the Keppel Land Group operates is subject to significant government regulations, which may result in a reduction in the Keppel Land Group's income or an increase in the Keppel Land Group's costs (including, for example, changes in tenancy laws that limit the Keppel Land Group's recovery of certain property operating expenses or changes in environmental laws that require significant capital expenditure). In addition, regulatory approvals may be required for, among other things, land and title acquisition, development planning and design, construction and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement of development of the land. Some of these countries may also restrict the level, percentage and manner of foreign ownership and investment in real estate or may impose additional costs on foreigners seeking to invest in or own properties. Such regulations are at times ambiguous and their interpretations and applications can be inconsistent and can affect demand for the Keppel Land Group's properties and may be potentially detrimental to the Keppel Land Group. If the Keppel Land Group fails to obtain the relevant approvals or comply with applicable laws and regulations, it may, among other things, be subject to penalties, have its licences or approvals revoked, or lose its right to own, develop or manage its properties and its businesses, any or all of which could have a material and adverse impact on its business, financial condition, prospects and results of operations.

Governments of the countries in which the Keppel Land Group operates may also seek to promote a stable and sustainable property market by monitoring the property market and adopting measures as and when they deem necessary. These governments may introduce new policies or amend or abolish existing policies at any time and these policies may have retroactive effect. These changes may have a material and adverse impact on the overall performance of the property markets in which the Keppel Land Group operates and thus affect the Keppel Land Group's business, financial condition, prospects and results of operations.

For example, the Singapore government introduced in January 2013 a seventh round of measures designed to further cool the residential property market. The new measures implemented include the imposition of higher additional buyer's stamp duties, lower loan-to-value limits and higher cash down-payments for purchasers of second and subsequent residential properties.

The Singapore government is likely to continue to monitor the Singapore property market and it is not possible to predict what measures or policies may be implemented in future. Should any new or more stringent measures be introduced to the property market, the Keppel Land Group's business, financial condition, prospects and results of operations may be adversely affected.

In addition, in the countries in which the Keppel Land Group operates, in order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. Problems may be encountered in obtaining such government approvals or in fulfilling the conditions required for obtaining such approvals, especially as new laws, regulations or policies may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If the Keppel Land Group fails to obtain relevant approvals or fulfil the conditions of those approvals for its property developments, these developments may not proceed as scheduled, and the Keppel Land Group's business, financial condition, prospects and results of operations may be adversely affected.

Higher interest rates may have a significant impact on the real estate industry

An increase in interest rates in Singapore and/or any of the countries in which the Keppel Land Group operates may negatively impact its residential and commercial property developments. Higher interest rates generally impact the real estate industry by making it harder for consumers to secure financing, which can lead to a decrease in the demand for residential and commercial sites. Any downturn in the economy or consumer confidence could negatively impact the demand for all types of property that the Keppel Land Group has under development and negatively affect the financial condition, prospects and results of operations of the Keppel Land Group.

The Keppel Land Group is exposed to fluctuations in the residential and commercial property markets

The real estate development industry in Singapore and the other countries in which the Keppel Land Group operates is cyclical and is significantly affected by changes in general and local economic conditions, including employment levels, availability of financing, interest rates, consumer confidence and demand for developed products, whether residential or commercial. The process of development of a project begins, and financial and other resources are committed, long before a real estate project comes to market, which could occur at a time when the real estate market is depressed. A depressed real estate market will adversely affect the financial condition, prospects and results of operations of the Keppel Land Group.

The Keppel Land Group is exposed to general risks associated with the ownership and management of real estate

Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits Keppel Land Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, the Keppel Land Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to such illiquidity or as a result of restrictions in its various debt obligations.

Property investments are subject to risks incidental to the ownership and management of residential and commercial properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to dispose of major investment properties for the values at which they are recorded in the Keppel Land Group's financial statements, increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated costs, wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond the Keppel Land Group's control. The Keppel Land Group's activities may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and governmental charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditures to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

The Keppel Land Group is dependent on the quality of title to the properties in its land bank

Due to the underdeveloped nature of property law in some of the countries where the Keppel Land Group operates and the lack of a uniform title system in such countries, there is greater potential for disputes over the quality of titles purchased from previous landowners. For example, in Indonesia, the Keppel Land Group must negotiate each time it acquires land as a licence-holder with the actual owner of the land which may result in property purchases and acquisition of title being delayed or not proceeding in the event that negotiations are unsuccessful. Such delays in acquiring properties required for the Keppel Land Group's development activities could negatively affect its business, financial condition, prospects and results of operations.

The Keppel Land Group's land and/or real property may be subject to compulsory acquisition

Land and real property comprise a significant part of the Keppel Land Group's property development division. Properties of the Keppel Land Group or the land on which the properties are located in various countries may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or due to public interest. In the event the Keppel Land Group's properties or the land on which they are located are compulsorily acquired, and the market value of the land (or part thereof), to be compulsorily acquired is greater than the compensation paid to the Keppel Land Group in respect of the acquired land, the income of the Keppel Land Group may be adversely affected. Accordingly, financial condition, prospects and results of operations of the Keppel Land Group would be adversely affected.

The Keppel Land Group is subject to risks in relation to its pre-sold properties

<u>Failure or delay in completion or delivery</u>

In the event the Keppel Land Group pre-sells any properties prior to completion of construction, it may be liable for potential losses that purchasers of such pre-sold properties may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. There can be no assurance that the Keppel Land Group will not experience failure or significant delays in completion or delivery.

<u>Payment default by purchasers</u>

Following the global financial crisis and the imposition of lending restrictions by governments in certain countries, financial institutions have reduced the availability of credit as well as increased borrowing costs. This has resulted in a general fall in real estate prices and the demand for real estate, as well as a decrease in the value of other securable interests which purchasers of properties could provide to such financial institutions in these countries. Purchasers of the Keppel Land Group's properties under deferred payment schemes or otherwise may find it increasingly difficult to secure financing to fund their purchases and could default on their obligations to pay for their units. The Keppel Land Group has granted and may from time to time grant purchasers of its properties (including purchasers of a substantial number of units in a development) an extension of time to pay for their units. There can be no assurance that any such extension or other accommodation granted by the Keppel Land Group to purchasers in respect of their obligations to pay for their units, will ensure that a purchaser will be able to pay for their units. In the event a purchaser defaults, and the total amount in default is substantial, this could adversely affect the financial condition, prospects and results of operations of the Keppel Land Group.

Certain construction risks may arise during the development of any new property

Construction of new developments entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unanticipated cost increases, any of which could give rise to delays in completion or result in cost overruns. Any significant increase in the price of construction materials, for example, would increase the cost of development. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of new developments. If any of these events were to occur, the financial condition, prospects and results of operations of the Keppel Land Group could be adversely affected.

The Keppel Land Group relies on contractors to provide it with various services

The Keppel Land Group engages third party contractors to provide it with various services in connection with its residential and commercial developments, including construction, piling and foundation, building and property fitting-out work, interior design, installation of air-conditioning units and lifts and gardening and landscaping work. The Keppel Land Group is exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and it may have to bear such additional amounts in order to provide the contractor with sufficient incentive to complete the project. Furthermore, there is a risk that contractors may experience financial or other difficulties, which may affect their ability to carry out or continue works, thus delaying the completion of development projects or resulting in additional cost to the Keppel Land Group. There can be no assurance that the services rendered by third party contractors will be satisfactory or meet the Keppel Land Group's targeted quality levels. If any of these events were to occur the financial condition, prospects and results of operations of the Keppel Land Group may be adversely affected.

The Keppel Land Group's property fund management division is subject to investment risks and market fluctuations

The capital value of investments in Keppel Land Group's property fund management division, and the income derived from them, may fluctuate. A fall in such capital values may result in a reduction in the level of income which Keppel Land Group may derive from them. A reduction in the aggregate value of such investments may require additional contributions from investors.

The Keppel Land Group's property fund management division is subject to changes in general economic conditions such as fluctuations in the financial and property markets, increases in inflation and changes in investment returns. Adverse effects on the Keppel Land Group resulting from changes in market conditions could include reduced returns on investments and an increase in credit defaults. Falls in investment returns could impair the Keppel Land Group's operational capabilities, including its ability to derive new business. Adverse general movements in the market and consequent reductions in the value of assets under the Keppel Land Group's management may lead to reduced operating profit of the Keppel Land Group.

The Keppel Land Group's property fund management division is subject to operational risks

The Keppel Land Group's property fund management division is subject to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events.

The Keppel Land Group's property fund management division is dependent on processing a large number of complex transactions across numerous and diverse products. Furthermore, the long term nature of the majority of Keppel Land Group's business means that accurate records have to be maintained for significant periods.

The Keppel Land Group's property fund management division's systems and processes are designed to ensure that the operational risks associated with the Keppel Land Group's activities are appropriately controlled, although weakness in the systems could have a negative impact on the Keppel Land Group's business, financial condition and results of operations during the affected period, resulting in material reputational damage and the loss of customers, and could have a consequent material adverse effect on the property fund management division.

The Keppel Land Group's property fund management division is subject to competition

The Keppel Land Group's property fund management division is conducted in a highly competitive environment and its success depends on the ability of Keppel Land Group's management to respond to the competition.

There are many factors which affect the Keppel Land Group's ability to sell its products, including price and yields offered, financial strength and ratings, the range and quality of products offered, brand strength and name recognition, investment management performance and historical bonus levels. Further, heightened competition for talented and skilled employees with local experience may limit the Keppel Land Group's potential to grow its business.

The Keppel Land Group's principal competitors in the property fund management industry include many of the major financial services businesses. The Keppel Land Group believes that competition will intensify in response to consumer demand, technological advances, the impact of consolidation, regulatory actions and other factors. The Keppel Land Group's ability to generate an appropriate return depends significantly on its ability to anticipate and respond appropriately to these competitive pressures.

The Keppel Land Group's property fund management division has illiquid real estate investments

Real estate investments, particularly in high value properties such as those which the Keppel Land Group owns and those which it invests in, are relatively illiquid. Such illiquidity may affect the Keppel Land Group's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. This could have an adverse impact on the financial condition and results of operations of the Keppel Land Group, and could consequently affect the Keppel Land Group's ability to make expected returns.

The Keppel Land Group has certain hotel operations in Myanmar, a country that is currently subject to certain U.S. and other international trade restrictions, economic embargoes and sanctions

Keppel Land currently owns, operates and manages two hotels in Myanmar, namely Sedona Hotel Yangon and Sedona Hotel Mandalay. Keppel Land has also entered into a conditional joint venture to develop a Grade A office tower in Yangon, Myanmar. Keppel Land will hold a 40% stake in the office tower. Myanmar is a country which has been subject to U.S. Department of Treasury's Office of Foreign Asset Control ("**OFAC**") and other international sanctions. As at the date of this Information Memorandum, most but not all of the sanctions administered by the European Union and by OFAC against Myanmar have been suspended. Further, as far as the Issuer is aware, it has not been put on notice that the Keppel Land Group's current operations in Myanmar are the target of, or breach, any applicable U.S. or international sanctions. However, there can be no assurance that the Keppel Land Group's operations in Myanmar are not actually the target of, or in breach of, such sanctions and, if so, investors in the Notes may incur reputational or other risk.

Risks affecting the Group's investment business

Failure to effectively manage acquisitions may adversely impact the Group's growth and profitability

The Group has made investments through acquisitions of assets in recent years and continues to evaluate merger and acquisition opportunities as part of its growth strategy. The Group may commit itself to mergers or acquisitions in the future if suitable opportunities arise. These may require significant investments which may not result in favourable returns. The Group may acquire or enter into new lines of business in which it may not have substantial previous experience, thus resulting in overpaying for such acquisitions. Acquisitions involve additional risks, including unforeseen contingent risks or latent liabilities relating to these businesses that may become apparent only after the merger or acquisition is completed, integration and management of the operations and systems, retention of select personnel, co-ordination of sales and marketing efforts and diversion of management's attention from other ongoing business concerns. Any inability to effectively develop and operate its new business segments may have an adverse impact on the Group's financial condition and results of operations.

The Group has strategically invested in the telecommunication sector through M1 which is exposed to extensive laws and regulations

The Group's telecommunications operations in Singapore are subject to extensive government regulations which may impact or limit competition, new technologies, changes in cost structures or flexibility to respond to market conditions. The Singapore government may alter its policies relating to the telecommunications, information technology and related industries and the regulatory environment (including taxation) in which M1 operates. Such changes could have a material adverse effect on the Group's financial performance and operations.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Rights of Claim

The Notes constitute general and unsecured contractual obligations of the Issuer only, which will rank equally with all other unsecured contractual obligations of the Issuer and behind preferred liabilities, including those mandatorily preferred by law. If a potential investor purchases the Notes, it is relying upon the creditworthiness of the Issuer and no other person.

The Issuer is a holding company incorporated for the purpose of holding investments both in Singapore and abroad. The Issuer will rely on its investment income, including dividends and distributions from its subsidiaries, associated companies and investee companies and proceeds from divestments, to meet its obligations, including obligations under the Notes. The ability of the Issuer's subsidiaries, associated companies and investee companies to pay dividends and other distributions and, to the extent that the Issuer relies on dividends and distributions to meet its obligations, the ability of the Issuer to make payments, are subject to applicable laws and regulations (contractual or otherwise) on the payment of dividends and distributions contained in relevant financing or other agreements of such companies.

The Notes contain no covenants that prohibit the Issuer's subsidiaries, associated companies and investee companies from entering into agreements which may restrict their ability to pay dividends and distributions to the Issuer.

Payments on the Notes are structurally subordinated to all and any existing and future liabilities and obligations of each of the Issuer's subsidiaries, associated companies and investee companies. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and its creditors, including holders of the Notes seeking to enforce the Notes.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Hybrid Notes

Hybrid Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Hybrid Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Fluctuation of the Market Value of the Notes

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer and its subsidiaries and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or the associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Issuer, its subsidiaries and/or the associated companies (if any).

Modification and waivers

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Terms and Conditions of the Notes are based on Singapore law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the relevant Notes.

Reliance on CDP procedures

Notes issued under the Programme will be represented on issue by one or more global Notes that may be deposited with CDP. Except in the circumstances described in the relevant global Note, investors will not be entitled to receive Notes in definitive form. CDP and its participants will maintain records of the beneficial interests in each global Note held through it. While the Notes are represented by a global Note, investors will be able to trade their beneficial interests only through the CDP and its participants as the case may be.

While the Notes are represented by global Notes, the Issuer will discharge its payment obligation under the Notes by making payments to or to the order of the relevant clearing systems for distribution to their accountholders. A holder of a beneficial interest in a global Note must rely on the procedures of the relevant clearing system and its participants, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any global Note.

Singapore Taxation

The Notes to be issued during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the Income Tax Act, Chapter 134 of Singapore and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013, intended to be "qualifying debt securities" for the purpose of the ITA subject to the fulfilment of certain conditions more particularly described in the "Singapore Taxation" section of this Information Memorandum.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Performance of Contractual Obligations

The ability of the Issuer to make payments in respect of any Notes may depend upon the due performance by the other parties to the documents relating to the MTN Programme or an issue of Notes of the obligations thereunder including the performance by the Trustee and the Issuing and Paying Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of any Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to Noteholders and/or the Couponholders.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. An investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Inflation risk

Noteholders may suffer erosion on the anticipated return of their investments due to inflation. An unexpected increase in inflation could reduce the actual returns received by a Noteholder in connection with its purchase of a Tranche of Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PURPOSE OF THE MTN PROGRAMME AND USE OF PROCEEDS

The MTN Programme will provide the Issuer with the flexibility to procure funding at competitive rates as and when the opportunities arise. The net proceeds of each issue of Notes under the MTN Programme will be used for general corporate or working capital purposes or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arranger nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the acquisition, ownership of or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 20 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties. Pursuant to the Singapore Budget Statement 2015, it was announced that the highest marginal tax rate for Singapore-resident individuals will be increased to 22 per cent. with effect from the year of assessment 2017. It is therefore possible that the above-mentioned withholding tax rate for non-resident individuals may similarly be increased from 20 per cent. to 22 per cent.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the MTN Programme as a whole was arranged by DBS Bank Ltd., which was an Approved Bond Intermediary (as defined in the ITA) prior to 1 January 2004 and was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) thereafter, any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" Issued by MAS on 28 June 2013 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be reopened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus

Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer appointed under the MTN Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer appointed under the MTN Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer will comply with all laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any Information Memorandum, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer, sale or delivery.

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each Dealer has agreed that it will not offer, sell or deliver to any person any Note unless such offer, sale or delivery is subject to the condition that such person shall observe the restrictions set out in the foregoing provisions.

Each issue of Notes shall be subject to such additional selling restrictions as may be agreed between the Issuer and the relevant Dealer(s) and each of the Dealers has undertaken that it will at all times comply with all such selling restrictions.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

INFORMATION ON DIRECTORS

1. The name and occupation of each of the Directors are set out below:

Name	Occupation
Dr Lee Boon Yang	Chairman
Loh Chin Hua	CEO and Executive Director
Oon Kum Loon	Independent Director
Tow Heng Tan	Non-Independent and Non-Executive Director
Alvin Yeo Khirn Hai	Independent Director
Tan Ek Kia	Independent Director
Danny Teoh	Independent Director
Tan Puay Chiang	Independent Director
Till Vestring	Independent Director
Veronica Eng	Independent Director

LITIGATION

2.1. According to media reports, Mr Pedro Jose Barusco, a former engineering manager of Petrobas, had alleged that an external consultant/agent of some Keppel entities, Mr Skornicki, had made illegal payments in connection with contracts entered into between certain Keppel entities and Petrobas and/or Sete Brasil. As far as Keppel Corporation is aware, as at the Latest Practicable Date, Mr Skornicki has not been charged by the Brazilian authorities.

2.2. Keppel Corporation has refuted the allegations made on its involvement in the alleged illegal payments.

2.3. On 22 October 2015, the ComissãoParlamentar de Inquérito ("**CPI**") (i.e. the Parliamentary Commission of Inquiry) voted in favor of various recommendations by its rapporteur. These recommendations included the indictment of agents, lobbyists and intermediaries of certain companies and political parties and former officers of Petrobras and Sete Brasil. In addition, the CPI recommended the deepening of investigations into ten companies involved in transactions with Petrobras and Sete Brasil, which included Keppel FELS Brasil.

2.4. As far as Keppel Corporation is aware, as at the Latest Practicable Date, no investigation or proceeding has been commenced against Keppel Corporation or any of its subsidiaries.

2.5. Keppel Corporation intends to extend its full cooperation to the authorities if approached.

2.6. Keppel Corporation has a code of conduct which prohibits bribery and corruption.

2.7. Given the ongoing external investigations, it would not be appropriate for Keppel Corporation to make any further disclosure on the matter.

3. The Issuer is not and has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Information Memorandum which may have or have in such period had a material adverse effect on the financial position of the Group.

CONSENTS

4. Deloitte & Touche LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

5. Copies of the following documents may be inspected at the registered office of the Issuer at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours for a period of six months from the date of this Information Memorandum:

   (i) the Memorandum and Articles of Association of the Issuer;

   (ii) the letter of consent referred to in paragraph 4 above;

   (iii) the audited consolidated accounts of the Issuer and its subsidiaries for the last financial year ended 31 December 2014; and

   (iv) the unaudited consolidated financial statements of the Issuer and its subsidiaries for the nine months ended 30 September 2015.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

6. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KEPPEL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix II has been extracted from the Annual Report of the Issuer for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

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

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT to the Members of Keppel Corporation Limited
For the financial year ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Keppel Corporation Limited ("Company") and its subsidiaries ("Group") which comprise the balance sheets of the Group and the Company as at 31 December 2014, the profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 3 to 83.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT to the Members of Keppel Corporation Limited
For the financial year ended 31 December 2014

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

DELOITTE & TOUCHE LLP
Public Accountants and Chartered Accountants
Singapore

Cheung Pui Yuen
Partner
Appointed on 21 April 2011

25 February 2015

BALANCE SHEETS
As at 31 December 2014

	Note	Group		Company	
		31 December 2014 $'000	31 December 2013 $'000	**31 December 2014 $'000**	31 December 2013 $'000
Share capital	3	**1,287,595**	1,205,877	**1,287,595**	1,205,877
Reserves	4	**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	5	**4,346,879**	3,987,682	**-**	-
Capital employed		**14,727,641**	13,688,863	**5,830,501**	5,694,899
Represented by:					
Fixed assets	6	**2,673,015**	3,798,279	**694**	882
Investment properties	7	**1,987,515**	2,187,858	**-**	-
Subsidiaries	8	**-**	-	**5,067,567**	5,094,452
Associated companies	9	**4,988,444**	5,482,173	**-**	-
Investments	10	**358,366**	264,745	**-**	-
Long term assets	11	**258,397**	278,917	**321**	218
Intangibles	12	**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	13	**10,681,123**	8,994,726	**-**	-
Amounts due from:					
- subsidiaries	14	**-**	-	**4,100,374**	3,465,513
- associated companies	14	**630,552**	1,037,206	**471**	9,430
Debtors	15	**2,509,589**	1,915,747	**26,288**	33,804
Short term investments	16	**371,451**	445,073	**-**	-
Bank balances, deposits & cash	17	**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	18	**1,258,640**	-	**-**	-
		21,187,356	17,957,408	**4,129,441**	3,511,213
Current liabilities					
Creditors	19	**5,432,754**	5,284,617	**492,168**	228,167
Billings on work-in-progress in excess of related costs	13	**2,397,376**	2,714,983	**-**	-
Provisions	20	**149,526**	163,603	**-**	-
Amounts due to:					
- subsidiaries	14	**-**	-	**1,004,570**	951,328
- associated companies	14	**137,188**	71,699	**-**	3
Term loans	21	**1,795,635**	516,665	**290,511**	160,838
Taxation	28	**462,699**	465,387	**14,000**	19,575
Bank overdrafts	22	**-**	473	**-**	-
		10,375,178	9,217,427	**1,801,249**	1,359,911
Liabilities directly associated with assets classified as held for sale	18	**450,017**	-	**-**	-
		10,825,195	9,217,427	**1,801,249**	1,359,911
Net current assets		**10,362,161**	8,739,981	**2,328,192**	2,151,302
Non-current liabilities					
Term loans	21	**5,586,908**	6,582,861	**1,500,000**	1,500,000
Deferred taxation	23	**266,412**	441,889	**-**	4,933
Other non-current liabilities	19	**148,669**	124,580	**66,273**	47,022
		6,001,989	7,149,330	**1,566,273**	1,551,955
Net assets		**14,727,641**	13,688,863	**5,830,501**	5,694,899

See accompanying notes to the financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue	24	**13,282,979**	12,380,419
Materials and subcontract costs		**(9,244,629)**	(8,603,659)
Staff costs	25	**(1,732,964)**	(1,668,237)
Depreciation and amortisation		**(265,136)**	(242,292)
Other operating income		**333,170**	268,138
Operating profit	26	**2,373,420**	2,134,369
Investment income	27	**11,936**	14,033
Interest income	27	**133,104**	144,189
Interest expenses	27	**(134,024)**	(124,718)
Share of results of associated companies	9	**504,176**	625,867
Profit before tax		**2,888,612**	2,793,740
Taxation	28	**(462,362)**	(397,366)
Profit for the year		**2,426,250**	2,396,374
Attributable to:			
Shareholders of the Company		**1,884,798**	1,845,792
Non-controlling interests		**541,452**	550,582
		2,426,250	2,396,374
Earnings per ordinary share	29		
- basic		**103.8 cts**	102.3 cts
- diluted		**102.8 cts**	101.2 cts

See accompanying notes to the financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2014

	2014 $'000	2013 $'000
Profit for the year	**2,426,250**	2,396,374
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale assets		
- Fair value changes arising during the year	**(47,295)**	13,552
- Realised and transferred to profit and loss account	**(34,553)**	28
Cash flow hedges		
- Fair value changes arising during the year	**(505,083)**	(204,730)
- Realised and transferred to profit and loss account	**(24,112)**	7,468
Foreign exchange translation		
- Exchange difference arising during the year	**128,500**	73,628
- Realised and transferred to profit and loss account	**23,570**	37,876
Share of other comprehensive income of associated companies		
- Available-for-sale assets	**(3,732)**	(5,847)
- Cash flow hedges	**14,401**	(2,152)
- Foreign exchange translation	**23,650**	2,881
Items that will not be reclassified to profit and loss account:		
Share of other comprehensive income of associated companies		
- Revaluation surplus	**996**	-
Other comprehensive income for the year, net of tax	**(423,658)**	(77,296)
Total comprehensive income for the year	**2,002,592**	2,319,078
Attributable to:		
Shareholders of the Company	**1,393,768**	1,721,456
Non-controlling interests	**608,824**	597,622
	2,002,592	2,319,078

See accompanying notes to the financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2014

	Attributable to owners of the Company						
	Share Capital	Capital Reserves	Revenue Reserves	Foreign Exchange Translation Account	Share Capital & Reserves	Non-controlling Interests	Capital Employed
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'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.

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2014

	Attributable to owners of the Company						
Group	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							
Dividend 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 changes 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.

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the financial year ended 31 December 2014

	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Capital Employed $'000
Company				
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**
Company				
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

See accompanying notes to the financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
OPERATING ACTIVITIES			
Operating profit		**2,373,420**	2,134,369
Adjustments:			
Depreciation and amortisation		**265,136**	242,292
Share-based payment expenses		**56,461**	55,362
Profit on sale of fixed assets and an investment property		**(289,214)**	(3,865)
Write-back of provision for restructuring of operations		**(4,752)**	(43,088)
Gain on disposal of subsidiaries		**(48,647)**	(307,726)
Gain on disposal of associated companies		**(145,184)**	-
Impairment/write-off of fixed assets		**7,746**	1,482
Fair value gain on investment properties		**(54,569)**	(156,284)
Write-back of impairment of investments		**(47,971)**	(2,818)
Operational cash flow before changes in working capital		**2,112,426**	1,919,724
Working capital changes:			
Stocks & work-in-progress		**(2,181,890)**	(7,443)
Debtors		**(764,052)**	(416,516)
Creditors		**257,521**	(130,472)
Investments		**(99,496)**	(60,219)
Intangibles		**(10)**	(769)
Advances to / from associated companies		**1,008,696**	(107,618)
		333,195	1,196,687
Interest received		**130,371**	145,058
Interest paid		**(130,818)**	(120,080)
Income taxes paid, net of refunds received		**(328,031)**	(584,931)
Net cash from operating activities		**4,717**	636,734
INVESTING ACTIVITIES			
Acquisition of subsidiaries	A	**(268,768)**	(103,555)
Acquisition and further investment in associated companies		**(398,680)**	(472,791)
Acquisition of fixed assets and investment properties		**(594,931)**	(936,060)
Disposal of subsidiaries	B	**125,097**	534,062
Proceeds from disposal of fixed assets and an investment property		**973,588**	33,088
Proceeds from disposal of associated companies and return of capital		**629,910**	-
Dividends received from investments and associated companies		**410,401**	267,391
Net cash from/(used in) investing activities		**876,617**	(677,865)

See accompanying notes to the financial statements.

KEPPEL CORPORATION LIMITED & ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 December 2014

	Note	**2014 $'000**	2013 $'000
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		**(9,600)**	-
Proceeds from share issues		**34,296**	39,749
Proceeds from non-controlling shareholders of subsidiaries		**12,196**	65,348
Proceeds from disposal of interest in a subsidiary without loss of control	C	**-**	135,513
Proceeds from term loans		**1,066,375**	5,154,702
Repayment of term loans		**(794,844)**	(3,024,586)
Purchase of treasury shares		**(48,665)**	-
Dividend paid to shareholders of the Company		**(762,906)**	(668,506)
Dividend paid to non-controlling shareholders of subsidiaries		**(265,603)**	(174,629)
Net cash (used in)/ from financing activities		**(768,751)**	1,527,591
Net increase in cash and cash equivalents		**112,583**	1,486,460
Cash and cash equivalents as at beginning of year		**5,557,601**	4,036,523
Effects of exchange rate changes on the balance of cash held in foreign currencies		**42,167**	34,618
Cash and cash equivalents as at end of year	D	**5,712,351**	5,557,601

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows

A. Acquisition of Subsidiaries

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

	2014	2013
	$'000	$'000
Fixed assets	**21,352**	67,643
Investment properties	**-**	133,420
Investment in associated company	**14**	-
Intangibles	**16,757**	-
Stocks and work-in-progress	**-**	325,264
Debtors and other assets	**12,817**	1,681
Bank balances and cash	**1,432**	6,775
Shareholders' loans	**-**	(122,911)
Creditors	**(8,056)**	(5,562)
Borrowings	**(11,486)**	(50,607)
Current and deferred taxation	**(102)**	(51,472)
Total identifiable net assets at fair value	**32,728**	304,231
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	**(7,204)**	(23,535)
Amount previously accounted for as associated companies	**(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)**	-
Net assets acquired	**22,421**	235,198
Payment of deferred consideration for prior year's acquisition of a subsidiary	**247,779**	-
Assumption of shareholders' loans	**-**	122,911
Total purchase consideration	**270,200**	358,109
Less: Deferred payments	**-**	(247,779)
Less: Bank balances and cash acquired	**(1,432)**	(6,775)
Cash flow on acquisition	**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"). The newly acquired subsidiaries had no material impact on the Group's consolidated statement of comprehensive income, both from the dates of their acquisitions as well as assuming their acquisitions had been effected as at 1 January 2014.

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.

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows (con't)

B. Disposal of Subsidiaries

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

	2014 $'000	2013 $'000
Fixed assets	**(7,019)**	(9,371)
Investment properties	**-**	(3,757,083)
Investment in associated company	**(49,426)**	(1,941,645)
Intangible assets	**(457)**	(15,549)
Stocks and work-in-progress	**(116)**	(123,156)
Debtors and other assets	**(37,028)**	(122,852)
Bank balances and cash	**(3,084)**	(91,200)
Creditors and other liabilities	**20,187**	171,058
Borrowings	**-**	2,424,159
Current and deferred taxation	**862**	13,827
Non-controlling interests deconsolidated	**1,516**	859,713
	(74,565)	(2,592,099)
Amount accounted for as associated company	**-**	1,407,821
Amount accounted for as amount owing from associated company	**-**	222,651
Distribution of dividend *in specie*	**-**	688,017
Net assets disposed of	**(74,565)**	(273,610)
Net profit on disposal	**(48,647)**	(307,726)
Realisation of foreign currency translation reserve and capital reserve	**(7,699)**	(43,926)
Sale proceeds	**(130,911)**	(625,262)
Less: Bank balances and cash disposed	**3,084**	91,200
Less: Deferred proceeds	**2,730**	-
Cash flow on disposal	**(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 Pte Ltd.

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.

C. 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.

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows (con't)

D. 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)
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(23,650)**	(6,582)
	5,712,351	5,557,601

See accompanying notes to the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment and property fund management; and
- investments.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet and statement of changes in equity of the Company at 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of New and Revised Standards

In the current year, 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 new or amended FRS did not have any significant impact on the financial statements of the Group, except as disclosed below:

FRS 112 Disclosure of Interests in Other Entities
FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The adoption of FRS 112 has no significant impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 112 in the financial statements.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the balance sheet date.

The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of acquisition or disposal. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

(c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 5 to 80 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	1 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

Where there is a change in use, transfers to or from investment properties to another asset category are at the carrying values of the properties at the date of transfer.

(e) Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

(f) Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company is included in the consolidated profit and loss account and other comprehensive income respectively. The Group's share of net assets of the associated company is included in the consolidated balance sheet.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account.

(g) Intangibles

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

Management Rights

Management rights acquired is initially recognised at cost and subsequently carried at cost less accumulated impairment losses. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

Other Intangible Assets

Intangible assets include development expenditure and customer contracts. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight line basis over their useful lives, ranging from 3 to 17 years.

(h) Investments

Investments are classified as held for trading or available-for-sale. Investments acquired for the purpose of selling in the short term are classified as held for trading. Other investments held by the Group are classified as available-for-sale.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments are initially measured at fair value plus transaction costs except for investments held for trading, which are recognised at fair value. For unquoted equity investments whose fair value cannot be reliably measured using alternative valuation methods, they are carried at cost less any impairment loss.

For investments held for trading, gains and losses arising from changes in fair value are included in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

(i) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

(j) Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits and are subject to an insignificant risk of changes in value.

(k) Stocks & Work-in-Progress

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method.

Work-in-progress is stated at the lower of cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) and net realisable value, which is arrived at after providing for anticipated losses, if any, when the possibility of loss is ascertained.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, financing charges and other net costs incurred during the period of construction.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. Upon completion of construction, they are transferred to completed properties held for sale.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

Progress claims made against work-in-progress are offset against the cost of work-in-progress and the profits recognised on partly completed long-term contracts less any provision required to reduce cost to estimated realisable value.

(l) Impairment of Assets

Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables
Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Investments
Significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account - is removed from equity and recognised in the profit and loss account. For available-for-sale investments, impairment losses previously recognised in the profit and loss account are not reversed through the profit and loss account until the investment is disposed of.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

<u>Other Non-Financial Assets</u>

Tangible and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for cash-generating unit to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

(m) Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit and loss account over the period of the borrowings using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

(o) Leases

When a group company is the lessee

Finance leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases
Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a group company is the lessor

Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases
Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

(p) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(q) Revenue

Revenue consists of:
- Revenue recognised on contracts, under the completion of construction method;
- Revenue recognised on contracts, under the percentage of completion method when the outcome of the contract can be estimated reliably;
- Invoiced value of goods and services;
- Rental income from investment properties; and
- Investment income, interest and fee income.

Revenue recognition

Revenue from rigbuildings, shipbuildings and repairs, and long term engineering contracts is recognised based on the percentage of completion method in proportion to the stage of completion and provided the outcome of such work can be reliably estimated. The percentage of completion is measured by reference to the percentage of the physical proportion of the contract work completed as determined by engineers' estimates. Where applicable, anticipated losses on contracts in progress are recognised in the profit and loss account.

Revenue recognition on partly completed properties, which are held for sale is based on the following methods:

– For Singapore trading properties under progressive payment scheme, revenue and profit are recognised on the percentage-of-completion method to reflect the continuous transfer of significant risks and rewards of the ownership of the properties to the purchasers as construction progresses. The percentage of work completion is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs;

– For Singapore trading projects under deferred payment scheme and overseas trading properties, profit recognition is recognised upon the transfer of significant risks and rewards of ownership to the purchasers under the completion of construction method; and

– Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project.

When losses are expected, they are recognised in full in the accounts after adequate allowance has been made for estimated costs to completion. Any expenditure incurred on abortive projects is written off in the profit and loss account.

Revenue from the sale of products is recognised upon shipment to customers and collectibility of the related receivables is reasonably assured. Sales are stated net of goods and services tax and sales returns.

Revenue from the rendering of services including electricity supply and logistic services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Rental income from operating leases on investment properties are recognised on a straight-line basis over the lease term.

Dividend income from investments is recognised when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

(r) Borrowing Costs

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

(s) Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued.

(t) Income Taxes

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(u) Foreign Currencies

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Exchange differences on non-monetary items such as investments held for trading are reported as part of the fair value gain or loss. Exchange differences on non-monetary items are also recognised in other comprehensive income.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. The trading results of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in a separate component of equity. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as non-monetary foreign currency assets and liabilities of the acquiree and recorded at the closing exchange rate.

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(w) Segment Reporting

The Group has four reportable segments, namely Offshore & Marine, Infrastructure, Property and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

(x) Critical Accounting Estimates and Judgements

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

Control over Keppel REIT

The Group has approximately 45% gross ownership interest of units in Keppel REIT as at 31 December 2014 and 2013. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it continues to have significant influence over Keppel REIT.

Control over Keppel Infrastructure Trust

The Group has 49% gross ownership interest of units in Keppel Infrastructure Trust ("KIT") as at 31 December 2014 and 2013. Determining whether the Group has control over KIT requires management to exercise its judgement. In exercising its judgement, management considers the proportion of its voting rights and whether it can control the relevant activities of KIT. The business purpose and relevant activities of KIT are stated in the Deed of Trust which requires a special resolution to amend. In addition, the Board of Directors of KIT/Keppel Infrastructure Fund Management Pte Ltd, its trustee-manager, comprises more than 50% independent directors. Management concluded that the Group does not have sufficient dominant vesting interest to exert control over KIT and the Deed of Trust and therefore the Group only has significant influence over KIT.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet. As at 31 December 2014, the Group has credit risk exposure to an external group of companies for receivables that are past due. Management has considered any changes in the credit quality of the debtors when determining the allowance for doubtful receivables. Management performs on-going assessments on the ability of its debtors to repay the amounts owing to the Group. These assessments include the review of the customers' credit-standing and the ability of customers to secure long-term financing for the ongoing projects. Management has assessed that no allowance for doubtful debt is required.

Impairment of available-for-sale investments

The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The fair values of available-for-sale investments are disclosed in the balance sheet.

Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investment properties and intangibles are disclosed in the balance sheet.

Revenue recognition

The Group recognises contract revenue based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

3. SHARE CAPITAL

	Group and Company Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2014	2013	**2014**	2013
Balance at 1 January	**1,807,970,459**	1,797,607,004	**-**	-
Issue of shares under the share option scheme	**4,936,211**	5,335,750	**-**	-
Issue of shares under KCL PSP	**636,100**	1,092,100	**-**	-
Issue of shares under KCL RSP	**4,225,457**	3,935,605	**-**	-
Treasury shares purchased	**-**	-	**5,932,000**	-
Balance at 31 December	**1,817,768,227**	1,807,970,459	**5,932,000**	-

	Amount (S$'000)			
	Issued Share Capital		Treasury Shares	
	2014	2013	**2014**	2013
Balance at 1 January	**1,205,877**	1,123,590	**-**	-
Issue of shares under the share option scheme	**34,315**	39,729	**-**	-
Issue of shares under KCL PSP	**5,418**	6,128	**-**	-
Issue of shares under KCL RSP	**41,985**	36,430	**-**	-
Treasury shares purchased	**-**	-	**48,665**	-
Balance at 31 December	**1,287,595**	1,205,877	**48,665**	-

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 4,936,211 (2013: 5,335,750) Shares at an average weighted price of $6.95 (2013: $7.45) per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 636,100 (2013: 1,092,100) Shares under the KCL Performance Share Plan ("KCL PSP") and 4,225,457 (2013: 3,935,605) Shares under the KCL Restricted Share Plan ("KCL RSP") were vested.

The Company acquired 5,932,000 (2013: nil) treasury shares in the Company in the open market during the financial year. The total amount paid was $48,665,000 (2013: $nil) and this is presented as a component within shareholders' equity (Note 4). There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Danny Teoh
Lee Boon Yang
Oon Kum Loon (Mrs)
Tow Heng Tan

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last done prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the subscription price at a discount not exceeding 20 percent to the above price. None of the options offered in 2010 was granted at a discount.

To promote transparency, the Board of Directors had in 2002 resolved that the date of offer of share options under the Scheme shall be a pre-determined date; that is, the date falling 14 days immediately after the date of announcement of the Company's half-year or full-year results, as the case may be. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2014		2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**24,832,315**	**$8.30**	30,314,565	$8.49
Exercised	**(4,936,211)**	**$6.95**	(5,335,750)	$7.45
Cancelled	**(325,600)**	**$11.17**	(146,500)	$9.32
Balance at 31 December	**19,570,504**	**$8.60**	24,832,315	$8.30
Exercisable at 31 December	**19,570,504**	**$8.60**	24,832,315	$8.30

The weighted average share price at the date of exercise for options exercised during the financial year was $10.52 (2013: $11.12). The options outstanding at the end of the financial year had a weighted average exercise price of $8.60 (2013: $8.30) and a weighted average remaining contractual life of 3.4 years (2013: 4.4 years).

Details of share options granted by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd, subsidiaries of the Company are disclosed in the annual reports of the respective publicly-listed subsidiaries.

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP and the KCL PSP are as follows:

	KCL RSP	KCL PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	(a) Economic Value Added (b) Absolute Total Shareholder's Return (c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN)
Final Award	0% or 100% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfillment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfillment of service requirements

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

	2014		2013	
	KCL RSP	**KCL PSP**	KCL RSP	KCL PSP
Contingent awards				
Balance at 1 January	**4,383,491**	**1,901,333**	4,103,656	2,129,314
Granted	**4,750,386**	**577,400**	4,300,500	845,000
Adjustments upon released	**-**	**(26,450)**	-	344,100
Released	**(4,309,301)**	**(636,100)**	(4,075,068)	(1,092,100)
Cancelled	**(184,792)**	**(67,458)**	(96,494)	(403,422)
Other adjustments	**-**	**-**	150,897	78,441
Balance at 31 December	**4,639,784**	**1,748,725**	4,383,491	1,901,333

	2014		2013	
	KCL RSP	**KCL PSP**	KCL RSP	KCL PSP
Awards released but not vested:				
Balance at 1 January	**4,040,616**	**-**	3,955,446	-
Released	**4,309,301**	**636,100**	4,075,068	1,092,100
Vested	**(4,225,457)**	**(636,100)**	(3,935,605)	(1,092,100)
Cancelled	**(131,020)**	**-**	(68,586)	-
Other adjustments	**-**	**-**	14,293	-
Balance at 31 December	**3,993,440**	**-**	4,040,616	-

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2014, there were 3,993,440 (2013: 4,040,616) restricted shares that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 4,639,784 (2013: 4,383,491) under the KCL RSP and 1,748,725 (2013: 1,901,333) under the KCL PSP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could be zero or a maximum of 4,639,784 under the KCL RSP and range from zero to a maximum of 2,623,088 under the KCL PSP.

The fair values of the contingent award of shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 31 March 2014 (2013: 28 March 2013), the Company granted contingent awards of 4,750,386 (2013: 4,300,500) shares under the KCL RSP and 577,400 (2013: 845,000) shares under the KCL PSP. The estimated fair value of the shares granted amounts to $10.31 (2013: $10.54) under the KCL RSP and $6.74 (2013: $7.30) under the KCL PSP. The significant inputs into the model are as follows:

	2014		2013	
	KCL RSP	**KCL PSP**	KCL RSP	KCL PSP
Date of grant	**31.03.2014**	**31.03.2014**	28.03.2013	28.03.2013
Prevailing share price at date of grant	**$10.89**	**$10.89**	$11.20	$11.20
Expected volatility:				
Company	**24.65%**	**24.65%**	27.48%	27.48%
MXAPJIN	**#**	**22.45%**	#	25.34%
Correlation with MXAPJIN	**#**	**88.80%**	#	83.50%
Expected term	**0.75 - 2.75 years**	**2.75 years**	0.75 - 2.75 years	2.75 years
Risk free rate	**0.35% - 0.70%**	**0.70%**	0.15% - 0.36%	0.36%
Expected dividend yield	*	*	*	*

This input is not required for the valuation of shares granted under the KCL RSP.
* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price and the MXAPJIN price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

Details of share plans granted by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd, subsidiaries of the Company are disclosed in the annual reports of the respective publicly-listed subsidiaries.

4. RESERVES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Capital Reserves				
Share option and share plan 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
Revenue Reserves	**9,422,754**	8,301,117	**4,400,277**	4,300,590
Foreign Exchange Translation Account	**(191,587)**	(306,566)	**-**	-
	9,093,167	8,495,304	**4,542,906**	4,489,022

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity.

5. NON-CONTROLLING INTERESTS

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Keppel Land Limited		Other individually immaterial subsidiaries		Total	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
NCI percentage of ownership interest and voting interest	**45%**	45%				
Carrying amount of NCI	**3,963,440**	3,670,586	**383,439**	317,096	**4,346,879**	3,987,682
Profit after tax allocated to NCI	**412,319**	533,519	**129,133**	17,063	**541,452**	550,582

Summarised financial information before inter-group elimination

	Keppel Land Limited	
	2014	2013
	$'000	$'000
Non-current assets	**4,817,660**	5,696,259
Current assets	**9,709,888**	8,126,268
Non-current liabilities	**(3,384,532)**	(4,110,879)
Current liabilities	**(2,998,078)**	(2,226,061)
Net assets	**8,144,938**	7,485,587
Revenue	**1,497,177**	1,461,048
Profit for the year	**823,238**	903,954
Total comprehensive income	**959,895**	1,029,548
Net cash flow from operations	**200,443**	(1,308,680)
Dividends paid to NCI	**190,248**	100,722

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2014
	$'000
Amounts paid on changes in ownership interest in subsidiaries	**(9,600)**
Non-controlling interest acquired	**5,736**
Others	**5**
Total amount recognised in equity reserves	**(3,859)**

6. FIXED ASSETS

Group	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery & Equipment $'000	Capital Work-in-Progress $'000	Total $'000
2014						
Cost						
At 1 January	**120,662**	**1,858,825**	**449,937**	**3,043,349**	**418,896**	**5,891,669**
Additions	**591**	**15,970**	**22,485**	**86,575**	**434,666**	**560,287**
Disposals	**(307)**	**(123,721)**	**(18,254)**	**(176,570)**	**(8,923)**	**(327,775)**
Write-off	**-**	**(715)**	**(50)**	**(1,315)**	**(506)**	**(2,586)**
Subsidiaries acquired	**-**	**4,566**	**15,343**	**1,443**	**-**	**21,352**
Subsidiaries disposed	**(1,121)**	**-**	**-**	**(15,882)**	**-**	**(17,003)**
Reclassification						
- Stocks	**-**	**-**	**-**	**-**	**103,238**	**103,238**
- Investment properties (Note 7)	**-**	**(64,008)**	**-**	**(66,250)**	**(90)**	**(130,348)**
- Other fixed assets Categories	**341**	**123,028**	**-**	**265,085**	**(388,454)**	**-**
- Assets classified as held for sale (Note 18)	**-**	**-**	**-**	**(1,353,571)**	**(12,666)**	**(1,366,237)**
Exchange differences	**439**	**12,794**	**(1,958)**	**3,179**	**3,789**	**18,243**
At 31 December	**120,605**	**1,826,739**	**467,503**	**1,786,043**	**549,950**	**4,750,840**
Accumulated Depreciation & Impairment Losses						
At 1 January	**44,817**	**723,200**	**171,908**	**1,153,465**	**-**	**2,093,390**
Depreciation charge	**4,525**	**54,222**	**21,647**	**182,377**	**-**	**262,771**
Disposals	**(234)**	**(15,091)**	**(5,798)**	**(59,427)**	**-**	**(80,550)**
Impairment loss/write-off	**-**	**5,711**	**-**	**(551)**	**-**	**5,160**
Subsidiaries disposed	**(129)**	**-**	**-**	**(9,855)**	**-**	**(9,984)**
Reclassification						
- Stocks	**-**	**-**	**-**	**358**	**-**	**358**
- Investment properties (Note 7)	**-**	**(1,131)**	**-**	**(2,150)**	**-**	**(3,281)**
- Assets classified as held for sale (Note 18)	**-**	**-**	**-**	**(198,015)**	**-**	**(198,015)**
Exchange differences	**663**	**5,128**	**(222)**	**2,407**	**-**	**7,976**
At 31 December	**49,642**	**772,039**	**187,535**	**1,068,609**	**-**	**2,077,825**
Net Book Value	**70,963**	**1,054,700**	**279,968**	**717,434**	**549,950**	**2,673,015**

Included in freehold land & buildings are freehold land amounting to $11,254,000 (2013: $11,854,000).

Certain plant, machinery and equipment with carrying amount of $74,657,000 (2013: $102,112,000) are mortgaged to banks for loan facilities (Note 21).

Interest capitalised during the financial year amounted to $2,364,000 (2013: $5,973,000).

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery & Equipment $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2013						
Cost						
At 1 January	111,512	1,549,020	448,445	2,092,551	1,037,992	5,239,520
Additions	11,165	68,829	40,777	76,608	490,776	688,155
Disposals	(869)	(418)	(39,706)	(23,286)	-	(64,279)
Write-off	-	(245)	-	(4,498)	(1,248)	(5,991)
Subsidiaries acquired	-	63,516	-	3,947	180	67,643
Subsidiaries disposed	-	(9,968)	-	(1,383)	-	(11,351)
Reclassification						
- Stocks	-	-	-	(839)	(24,161)	(25,000)
- Other assets	-	-	-	(821)	1,492	671
- Other fixed assets categories	1,684	173,702	2,573	910,075	(1,088,034)	-
Exchange differences	(2,830)	14,389	(2,152)	(9,005)	1,899	2,301
At 31 December	120,662	1,858,825	449,937	3,043,349	418,896	5,891,669
Accumulated Depreciation & Impairment Losses						
At 1 January	41,774	664,917	161,627	1,033,769	-	1,902,087
Depreciation charge	4,622	50,502	22,523	156,005	-	233,652
Disposals	(611)	(299)	(12,391)	(22,381)	-	(35,682)
Write-off	-	-	-	(4,509)	-	(4,509)
Subsidiaries disposed	-	(1,354)	-	(626)	-	(1,980)
Reclassification						
- Stocks	-	-	-	(34)	-	(34)
- Other fixed assets categories	-	4,851	-	(4,851)	-	-
Exchange differences	(968)	4,583	149	(3,908)	-	(144)
At 31 December	44,817	723,200	171,908	1,153,465	-	2,093,390
Net Book Value	75,845	1,135,625	278,029	1,889,884	418,896	3,798,279

	Freehold Land & Buildings $'000	Plant, Machinery & Equipment $'000	Total $'000
Company			
2014			
Cost			
At 1 January	**1,464**	**7,196**	**8,660**
Additions	**-**	**238**	**238**
At 31 December	**1,464**	**7,434**	**8,898**
Accumulated Depreciation			
At 1 January	**1,220**	**6,558**	**7,778**
Depreciation charge	**76**	**350**	**426**
At 31 December	**1,296**	**6,908**	**8,204**
Net Book Value	**168**	**526**	**694**
2013			
Cost			
At 1 January	1,419	6,894	8,313
Additions	45	687	732
Disposals	-	(385)	(385)
At 31 December	1,464	7,196	8,660
Accumulated Depreciation			
At 1 January	1,144	6,610	7,754
Depreciation charge	76	327	403
Disposals	-	(379)	(379)
At 31 December	1,220	6,558	7,778
Net Book Value	244	638	882

7. INVESTMENT PROPERTIES

	Group	
	2014 $'000	2013 $'000
At 1 January	**2,187,858**	5,423,060
Development expenditure	**34,644**	247,769
Fair value gain		
- Attributable to the Group (Note 26)	**54,569**	156,284
- Attributable to third parties under a contractual agreement	**7,983**	4,685
Disposal	**(454,712)**	-
Subsidiary acquired	**-**	133,420
Subsidiary disposed	**-**	(3,757,083)
Reclassification		
- Stocks and work-in-progress	**-**	(9,200)
- Fixed assets (Note 6)	**127,067**	-
Exchange differences	**30,106**	(11,077)
At 31 December	**1,987,515**	2,187,858

The Group's investment properties (including integral plant and machinery) are stated at Directors' valuations based on the following valuations (open market value basis), performed on an annual basis, by independent firms of professional valuers as at 31 December 2014:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd for properties in Singapore;
- CBRE (Vietnam) Co. Ltd for properties in Vietnam;
- KJPP Wilson & Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- Cushman & Wakefield Valuation Advisory Services (HK) Ltd for a property in China; and
- Agency for Real Estate Affairs Co., Ltd for a property in Thailand.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised during the financial year amounted to $1,285,000 (2013: $1,067,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $239,230,000 (2013: $588,400,000) to banks for loan facilities (Note 21).

During the financial year, the Group, through its subsidiary, D.L. Properties Ltd, divested its entire interest in Equity Plaza, resulting in a gain of $32 million attributable to shareholders of the Company.

The investment properties that had been reclassified from fixed assets are attributable to a data centre under development in Singapore which is stated at cost as the fair value cannot be reliably measured until development is substantially completed.

8. SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Quoted shares, at cost		
Market value: $3,548,692,000 (2013: $3,505,684,000)	**2,083,839**	2,083,839
Unquoted shares, at cost	**3,055,798**	3,066,728
	5,139,637	5,150,567
Provision for impairment	**(72,070)**	(56,115)
	5,067,567	5,094,452

Movements in the provision for impairment of subsidiaries are as follows:

	Company	
	2014	2013
	$'000	$'000
At 1 January	**56,115**	621,070
Charge/(credit) to profit and loss account	**15,955**	(564,955)
At 31 December	**72,070**	56,115

Impairment made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of a subsidiary.

During the previous year, arising from the sale of certain subsidiaries of the Company to another wholly-owned subsidiary, provision for impairment of investments in these subsidiaries had been written-back.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 38.

9. ASSOCIATED COMPANIES

	Group	
	2014	2013
	$'000	$'000
Quoted shares, at cost Market value: $3,482,487,000 (2013: $3,066,879,000)	**2,801,642**	2,283,983
Unquoted shares, at cost	**1,441,871**	1,488,781
	4,243,513	3,772,764
Provision for impairment	**(98,430)**	(149,498)
	4,145,083	3,623,266
Share of reserves	**843,361**	1,321,248
	4,988,444	4,944,514
Advances to associated companies	**-**	537,659
	4,988,444	5,482,173

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2014	2013
	$'000	$'000
At 1 January	**149,498**	157,901
Write-back of impairment loss	**(47,971)**	(2,818)
Disposal	**(3,940)**	(6,446)
Exchange differences	**843**	861
At 31 December	**98,430**	149,498

Long term advances to associated companies were repaid during the financial year. In the prior year, interest was charged at rates ranging from 1.87% to 2.02% per annum on these advances. During the financial year, arising from the sale of certain assets in an associated company, the Group wrote back an impairment loss of $47,971,000 (2013: $2,818,000) on investment in associated companies.

	Group	
	2014	2013
	$'000	$'000
The share of net profit of associated companies is as follows:		
Share of profit before tax	**504,176**	625,867
Share of taxation (Note 28)	**(72,096)**	(57,608)
Share of net profit	**432,080**	568,259

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

	2014	2013
	$'000	$'000
Total assets	**21,031,854**	22,641,871
Total liabilities	**8,479,519**	9,769,863
Revenue	**5,021,596**	5,020,684
Net profit	**1,075,579**	1,453,096

The carrying amount of the Group's material associates, all of which are equity accounted for and whose activities are strategic to the Group's activities, are as follows:

	2014	2013
	$'000	$'000
Keppel REIT	**1,833,180**	1,568,444
Keppel Infrastructure Trust	**290,577**	308,543
KrisEnergy Limited	**335,655**	336,797
Other associates	**2,529,032**	3,268,389
	4,988,444	5,482,173

The summarised financial information of the material associates, not adjusted for the Group's proportionate share, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Keppel REIT		Keppel Infrastructure Trust		KrisEnergy Limited *	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets	**225,467**	125,833	**138,392**	130,848	**332,590**	444,392
Non-current assets	**7,103,937**	6,649,706	**472,634**	511,681	**709,489**	404,687
Total assets	**7,329,404**	6,775,539	**611,026**	642,529	**1,042,079**	849,079
Current liabilities	**380,371**	399,176	**19,930**	14,883	**44,198**	31,061
Non-current liabilities	**2,491,613**	2,479,370	**-**	10	**430,065**	231,733
Total liabilities	**2,871,984**	2,878,546	**19,930**	14,893	**474,263**	262,794
Net assets	**4,457,420**	3,896,993	**591,096**	627,636	**567,816**	586,285
Proportion of the Group's ownership	**45%**	45%	**49%**	49%	**31%**	31%
Group's share of net assets	**2,018,320**	1,744,684	**290,642**	308,609	**178,294**	184,093
Other adjustments	**(185,140)**	(176,240)	**(65)**	(66)	**157,361**	152,704
Carrying amount of the investment	**1,833,180**	1,568,444	**290,577**	308,543	**335,655**	336,797

	Keppel REIT		Keppel Infrastructure Trust		KrisEnergy Limited *	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**184,093**	174,043	**65,451**	67,113	**101,531**	89,345
Profit after tax	**371,902**	534,928	**12,709**	14,183	**(43,236)**	(37,825)
Other comprehensive income	**(11,469)**	(90,092)	**-**	-	**8**	(76)
Total comprehensive income	**360,433**	444,836	**12,709**	14,183	**(43,228)**	(37,901)
Fair value of ownership interest (if listed) **	**1,751,331**	1,478,925	**329,812**	323,619	**206,978**	412,313
Dividends received	**102,442**	76,463	**24,217**	24,217	**-**	-

** Financial information is available as at 30 September for the current year at the time of reporting and equity accounting is applied on financials from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.*

*** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).*

As at 31 December 2014, the fair values of Keppel REIT and KrisEnergy Limited are below the carrying amounts of the Group's ownership interest. Management is of the view that no impairment is required as they are held for long term and their recoverable amounts are more than their carrying amounts.

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2014	2013
	$'000	$'000
Share of profit before tax	**338,916**	422,420
Share of taxation	**(58,852)**	(50,516)
Share of other comprehensive income	**38,786**	16,375
Share of total comprehensive income	**318,850**	388,279

Information relating to significant associated companies, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 38.

10. INVESTMENTS

	Group	
	2014	2013
	$'000	$'000
Available-for-sale investments:		
Quoted equity shares	**67,690**	52,251
Unquoted equity shares	**142,677**	88,319
Unquoted property funds	**136,760**	112,222
Unquoted funds - others	**11,239**	-
Quoted bonds	**-**	11,953
	358,366	264,745

11. LONG TERM ASSETS

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Staff loans	**1,799**	1,751	**402**	440
Long term receivables and others	**270,151**	296,145	**-**	-
	271,950	297,896	**402**	440
Less: Amounts due within one year and included in debtors (Note 15)	**(13,553)**	(14,261)	**(81)**	(222)
	258,397	283,635	**321**	218
Provision for doubtful debts	**-**	(4,718)	**-**	-
	258,397	278,917	**321**	218

Movements in the provision for doubtful debts are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**4,718**	-	**-**	-
Credit/ (charge) to profit and loss account	**(4,489)**	4,577	**-**	-
Exchange differences	**(229)**	141	**-**	-
At 31 December	**-**	4,718	**-**	-

Included in staff loans are interest-free advances to certain Directors amounting to $nil (2013: $50,000) and to directors of related corporations amounting to $114,000 (2013: $116,000) under an approved car loan scheme.

Long term receivables are unsecured, largely repayable after five years (2013: five years) and bears effective interest ranging from 4.00% to 11.00% (2013: 0.11% to 11.00%) per annum.

The fair value of long term receivables for the Group is $268,815,000 (2013: $290,530,000). These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow basis using discount rates based upon market-related rates for similar instruments as at the balance sheet date.

12. INTANGIBLES

	Goodwill	Development Expenditure	Management Rights	Customer Contracts	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2014					
At 1 January	**59,270**	**7,879**	**-**	**19,091**	**86,240**
Additions	**-**	**10**	**-**	**-**	**10**
Amortisation	**-**	**(1,146)**	**-**	**(1,219)**	**(2,365)**
Subsidiary acquired	**1,472**	**-**	**16,757**	**-**	**18,229**
Subsidiary disposed	**-**	**(457)**	**-**	**-**	**(457)**
Exchange differences	**-**	**75**	**-**	**-**	**75**
At 31 December	**60,742**	**6,361**	**16,757**	**17,872**	**101,732**
Cost	**60,742**	**19,244**	**16,757**	**24,963**	**121,706**
Accumulated amortisation	**-**	**(12,883)**	**-**	**(7,091)**	**(19,974)**
	60,742	**6,361**	**16,757**	**17,872**	**101,732**
2013					
At 1 January	59,270	29,779	-	20,559	109,608
Additions	-	769	-	-	769
Amortisation	-	(7,172)	-	(1,468)	(8,640)
Subsidiary disposed	-	(15,549)	-	-	(15,549)
Exchange differences	-	52	-	-	52
At 31 December	59,270	7,879	-	19,091	86,240
Cost	59,270	21,800	-	24,963	106,033
Accumulated amortisation	-	(13,921)	-	(5,872)	(19,793)
	59,270	7,879	-	19,091	86,240

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Goodwill allocated to the Offshore & Marine Division amounted to $2,092,000 (2013: $2,092,000). The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by management for the next five years using discount rates of 7.96% (2013: 7.44%). The key assumptions are those regarding the discount rate and expected changes to selling prices and direct costs. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and risks specific to the unit. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Goodwill allocated to the Infrastructure Division amounted to $58,650,000 (2013: $57,178,000). The recoverable amount of goodwill at the balance sheet date is based on current bid prices of the quoted shares of the cash-generating unit.

The recoverable amount of management rights is determined based on cash flow projections from the provision of asset management services using a pre-tax discount rate of 9.0% (2013: nil%). The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

As at 31 December 2014, any reasonably possible changes to the key assumptions applied above is not likely to cause the recoverable amounts of goodwill and management rights to be below the respective carrying amounts.

13. STOCKS & WORK-IN-PROGRESS

		Group 2014 $'000	2013 $'000
Work-in-progress in excess of related billings	(a)	**3,339,234**	1,679,714
Consumable materials and supplies		**173,936**	224,755
Finished products for sale		**15,968**	105,538
Properties held for sale	(c)	**7,151,985**	6,984,719
		10,681,123	8,994,726
Billings on work-in-progress in excess of related costs	(b)	**(2,397,376)**	(2,714,983)

(a) Work-in-progress in excess of related billings

	2014	2013
Costs incurred and attributable profits	**12,897,402**	7,705,970
Provision for loss on work-in-progress	**(4,498)**	(4,491)
	12,892,904	7,701,479
Less: Progress billings	**(9,553,670)**	(6,021,765)
	3,339,234	1,679,714

Movements in the provision for loss on work-in-progress are as follows:

	2014	2013
At 1 January	**4,491**	4,443
Charge to profit and loss account	**7**	48
At 31 December	**4,498**	4,491

(b) Billings on work-in-progress in excess of related Costs

	2014	2013
Costs incurred and attributable profits	**13,320,254**	13,544,089
Less: Progress billings	**(15,717,630)**	(16,259,072)
	(2,397,376)	(2,714,983)

(c) Properties held for sale

	2014	2013
Properties under development		
Land cost	**4,682,842**	5,081,312
Development cost incurred to date	**1,168,308**	1,190,765
Related overhead expenditure	**466,399**	459,667
Progress billings	**(460,349)**	(577,528)
	5,857,200	6,154,216
Completed properties held for sale	**1,329,045**	860,396
	7,186,245	7,014,612
Provision for properties held for sale	**(34,260)**	(29,893)
	7,151,985	6,984,719

Movements in the provision for properties held for sale are as follows:

	Group	
	2014	2013
	$'000	$'000
At 1 January	**29,893**	28,566
Charge to profit and loss account	**4,019**	1,383
Exchange differences	**348**	(56)
At 31 December	**34,260**	29,893

The following table provides information about agreements that are in progress at the reporting date whose revenue are recognised on a percentage of completion basis:

Aggregate amount of costs incurred and recognised profit (less recognised losses) to date	**2,629,799**	2,900,451
Less: Progress billings	**(555,267)**	(668,576)
At 31 December	**2,074,532**	2,231,875

Interest capitalised during the financial year amounted to $59,199,000 (2013: $78,409,000) at rates ranging from 0.55% to 3.30% (2013: 0.58% to 2.50%) per annum for Singapore properties and 0.05% to 8.00% (2013: 3.34% to 10.00%) per annum for overseas properties.

Certain properties held for sale with carrying amount of $2,327,841,000 (2013: $2,204,792,000) are mortgaged to banks for loan facilities (Note 21).

14. AMOUNTS DUE FROM / TO

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Subsidiaries				
Amounts due from				
- trade	**-**	-	**311,955**	22,372
- advances	**-**	-	**3,795,019**	3,449,741
	-	-	**4,106,974**	3,472,113
Provision for doubtful debts	**-**	-	**(6,600)**	(6,600)
	-	-	**4,100,374**	3,465,513
Amounts due to				
- trade	**-**	-	**218,638**	156,772
- advances	**-**	-	**785,932**	794,556
	-	-	**1,004,570**	951,328

Movements in the provision for doubtful debts are as follows:

At 1 January/31 December	**-**	-	**6,600**	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.00% to 8.00% (2013: 0.00% to 8.00%) per annum on interest-bearing advances.

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Associated Companies				
Amounts due from				
- trade	**139,223**	198,498	**471**	9,430
- advances	**491,375**	838,994	**-**	-
	630,598	1,037,492	**471**	9,430
Provision for doubtful debts	**(46)**	(286)	**-**	-
	630,552	1,037,206	**471**	9,430
Amounts due to				
- trade	**43,665**	21,402	**-**	-
- advances	**93,523**	50,297	**-**	3
	137,188	71,699	**-**	3

Movements in the provision for doubtful debts are as follows:

At 1 January	**286**	207	**-**	-
(Write-back)/charge to profit and loss account	**(240)**	79	**-**	-
At 31 December	**46**	286	**-**	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.22% to 8.00% (2013: 0.22% to 12.50%) per annum on interest-bearing advances.

15. DEBTORS

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade debtors	**1,433,609**	1,118,868	**-**	-
Provision for doubtful debts	**(6,538)**	(10,500)	**-**	-
	1,427,071	1,108,368	**-**	-
Long term receivables due within one year (Note 11)	**13,553**	14,261	**81**	222
Sundry debtors	**153,874**	62,483	**731**	693
Prepaid project cost & prepayments	**60,923**	63,623	**225**	326
Derivative financial instruments (Note 34)	**8,923**	50,050	**24,829**	32,229
Tax recoverable	**9,139**	13,900	**-**	-
Goods & Services Tax receivable	**62,585**	59,400	**-**	-
Interest receivable	**17,152**	14,419	**57**	50
Deposits paid	**35,959**	37,464	**365**	284
Advance land payments	**67,717**	37,132	**-**	-
Recoverable accounts	**155,116**	120,808	**-**	-
Accrued receivables	**149,896**	125,267	**-**	-
Advances to subcontractors	**225,041**	117,327	**-**	-
Advances to corporations in which the Group has investment interests	**-**	215	**-**	-
Advances to non-controlling shareholders of subsidiaries	**145,597**	113,496	**-**	-
	1,105,475	829,845	**26,288**	33,804
Provision for doubtful debts	**(22,957)**	(22,466)	**-**	-
	1,082,518	807,379	**26,288**	33,804
Total	**2,509,589**	1,915,747	**26,288**	33,804

Movements in the provision for doubtful debts are as follows:

At 1 January	**32,966**	36,967	**-**	-
Charge/(write-back) to profit and loss account	**2,945**	(2,322)	**-**	-
Amount written off	**(1,472)**	(1,634)	**-**	-
Subsidiary disposed	**(4,874)**	(94)	**-**	-
Exchange differences	**(70)**	49	**-**	-
At 31 December	**29,495**	32,966	**-**	-

16. SHORT TERM INVESTMENTS

	Group	
	2014	2013
	$'000	$'000
Available-for-sale investments:		
Quoted equity shares	**217,704**	320,002
Unquoted equity shares	**1,217**	1,172
Unquoted unit trust	**42,209**	40,383
Unquoted debt securities	**-**	1,892
Total available-for-sale investments	**261,130**	363,449
Investments held for trading:		
Quoted equity shares	**110,321**	81,624
Total short term investments	**371,451**	445,073

17. BANK BALANCES, DEPOSITS & CASH

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Bank balances and cash	**2,587,578**	3,938,778	**2,308**	2,466
Fixed deposits with banks	**3,028,583**	1,520,308	**-**	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**23,650**	6,582	**-**	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**96,190**	98,988	**-**	-
	5,736,001	5,564,656	**2,308**	2,466

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 3 months (2013: 1 day to 3 months). This comprises Singapore dollar fixed deposits of $1,943,175,000 (2013: $82,761,000) at interest rates ranging from 0.00% to 2.75% (2013: 0.00% to 2.81%) per annum, and foreign currency fixed deposits of $1,085,408,000 (2013: $1,437,547,000) at interest rates ranging from 0.00% to 11.57% (2013: 0.00% to 10.50%) per annum.

18. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS 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 Keppel Merlimau Cogen Pte Ltd ("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:-

	Group 2014 $'000
Assets classified as held for sale	
Fixed assets (Note 6)	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

KMC is included in the Infrastructure Division for purpose of segmental reporting.

19. CREDITORS

	Group		**Company**	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Trade creditors	**805,240**	757,308	**-**	-
Customers' advances and deposits	**67,895**	73,551	**-**	-
Progress billings received	**282,763**	236,395	**-**	-
Derivative financial instruments (Note 34)	**350,100**	121,191	**341,075**	104,067
Sundry creditors	**1,357,466**	1,453,693	**2,780**	2,827
Accrued operating expenses	**2,118,849**	2,117,788	**131,304**	104,307
Advances from non-controlling shareholders	**223,945**	312,833	**-**	-
Retention monies	**187,323**	175,891	**-**	-
Interest payables	**39,173**	35,967	**17,009**	16,966
	5,432,754	5,284,617	**492,168**	228,167
Other non-current liabilities:				
Accrued operating expenses	**148,669**	124,580	**66,273**	47,022

The carrying amount of the non-current liabilities approximates the fair value.

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.20% to 3.48% (2013: 1.90% to 6.68%) per annum on interest-bearing advances.

20. PROVISIONS

	Warranties $'000	Claims $'000	Total $'000
Group			
2014			
At 1 January	**153,598**	**10,005**	**163,603**
Charge to profit and loss account	**649**	**-**	**649**
Amount utilised	**(3,458)**	**(10,005)**	**(13,463)**
Exchange differences	**(1,263)**	**-**	**(1,263)**
At 31 December	**149,526**	**-**	**149,526**
2013			
At 1 January	130,169	15,000	145,169
Charge to profit and loss account	18,134	-	18,134
Amount utilised	(448)	(5,000)	(5,448)
Exchange differences	5,743	5	5,748
At 31 December	153,598	10,005	163,603

21. TERM LOANS

		2014		2013	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000
Group					
Keppel Corporation Medium Term Notes	(a)	**-**	**1,500,000**	-	1,500,000
Keppel Land Medium Term Notes	(b)	**154,994**	**854,083**	-	899,000
Keppel Land 1.875% Convertible Bonds 2015	(c)	**495,649**	**-**	-	491,188
Keppel Telecommunications & Transportation Medium Term Notes	(d)	**-**	**120,000**	-	120,000
Bank and other loans					
- secured	(e)	**123,234**	**915,945**	198,619	741,725
- unsecured	(f)	**1,021,758**	**2,196,880**	318,046	2,830,948
		1,795,635	**5,586,908**	516,665	6,582,861
Company					
Keppel Corporation Medium Term Notes	(a)	**-**	**1,500,000**	-	1,500,000
Unsecured bank loans	(f)	**290,511**	**-**	160,838	-
		290,511	**1,500,000**	160,838	1,500,000

(a) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to $1,500,000,000 (2013: $1,500,000,000). The notes are unsecured and comprised fixed rate notes due from 2020 to 2042 (2013: from 2020 to 2042) with interest rates ranging from 3.10% to 4.00% (2013: 3.10% to 4.00%) per annum.

(a) At the end of the financial year, notes issued under the US$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to $325,339,000 (2013: $314,000,000). The fixed rate notes, due in 2019, are unsecured and carried an interest rate of 3.26% (2013: 3.26%) per annum.

At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to $683,738,000 (2013: $585,000,000). The notes are unsecured and comprised fixed rate notes due from 2015 to 2024 (2013: 2015 to 2024) with interest rates ranging from 2.67% to 3.90% (2013: 2.67% to 3.90%) per annum.

(c) The $500,000,000 1.875%, 5 year convertible bonds were issued in 2010 by Keppel Land Limited. Interest is payable semi-annually. The bonds, maturing on 29 November 2015, are convertible at the option of bondholders to Keppel Land ordinary shares at a conversion price of $6.72 per share. Any bondholder may request to redeem all of its bonds in the event that its shares cease to be listed or admitted to trading on the Singapore Stock Exchange.

The convertible bonds are recognised on the balance sheet as follows:

	2014 **$'000**	2013 $'000
At 1 January	**491,188**	486,800
Interest expense	**13,836**	13,763
Interest paid	**(9,375)**	(9,375)
Liability component at 31 December	**495,649**	491,188

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 2.50% (2013: 2.50%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

(d) At the end of the financial year, notes issued under the S$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to $120,000,000 (2013: $120,000,000). The fixed rates notes, due in 2019, are unsecured and carried an interest rate of 2.63% (2013: 2.63%) per annum from August 2012 to August 2017, and at 3.83% (2013: 3.83%) per annum from August 2017 to August 2019.

(e) The secured bank loans consist of:

- A term loan of $38,000,000 (2013: $38,000,000) drawn down by a subsidiary. The term loan is repayable in 2015 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 1.44% to 1.48% (2013: 1.37% to 1.44%) per annum.

- A term loan of $289,370,000 (2013: $290,000,000) drawn down by a subsidiary. The term loan is repayable in 2017 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.26% to 1.90% (2013: 1.26% to 1.33%) per annum.
- A term loan of $46,621,000 (2013: $nil) drawn down by a subsidiary. The term loan is repayable in 2018 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.20% to 1.71% (2013: nil%) per annum.

- A term loan of $394,861,000 (2013: $nil) drawn down by a subsidiary. The term loan is repayable in 2019 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.02% to 1.16% (2013: nil%) per annum.

- A term loan of $nil (2013: $137,000,000) drawn down by a subsidiary. The term loan was repaid in 2014 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from nil% to nil% (2013: 0.58% to 1.25%) per annum.

- A term loan of $nil (2013: $244,428,000) drawn down by a subsidiary. The term loan was repaid in 2014 and was previously secured on the investment property of the subsidiary. Interest was based on money market rates ranging from nil% to nil% (2013: 1.42% to 1.49%) per annum.

- Term loans of $9,600,000 (2013: $22,400,000) drawn down by subsidiaries. The term loans are repayable within a year (2013: one to two years) and are secured on certain fixed assets of the subsidiaries. Interest is based on money market rates ranging from 0.80% to 0.87% (2013: 0.79% to 0.82%) per annum.

- Other secured bank loans comprised $260,727,000 (2013: $208,516,000) of foreign currency loans. They are repayable between one to five (2013: one to six) years and are secured on certain fixed and other assets of subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 3.03%% to 16.70% (2013: 6.33% to 16.70%) per annum.

(f) The unsecured bank and other loans of the Group totalling $3,218,638,000 (2013: $3,148,994,000) comprised $1,215,834,000 (2013: $1,340,492,000) of loans denominated in Singapore dollar and $2,002,804,000 (2013: $1,808,502,000) of foreign currency loans. They are repayable between one to six (2013: one to seven) years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 0.83% to 4.50% (2013: 0.86% to 2.90%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.38% to 10.73% (2013: 0.75% to 10.17%) per annum.

The unsecured bank loans of the Company totalling $290,511,000 (2013: $160,838,000), denominated foreign currency, are repayable within one to six months (2013: one month) and are based on money market rates ranging from 0.38% to 3.30% (2013: 0.75% to 2.91%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,704,286,000 (2013: $2,895,304,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $7,426,920,000 (2013: $6,809,218,000) and $1,787,799,000 (2013: $1,641,236,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		**Company**	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Years after year-end:				
After one but within two years	**137,015**	1,731,231	**-**	-
After two but within five years	**3,260,206**	2,314,607	**-**	-
After five years	**2,189,687**	2,537,023	**1,500,000**	1,500,000
	5,586,908	6,582,861	**1,500,000**	1,500,000

22. BANK OVERDRAFTS

As at 31 December 2013, interest on the bank overdrafts was payable at the banks' prevailing prime rate of 5.72% per annum. The bank overdrafts were secured by certain assets of a subsidiary.

23. DEFERRED TAXATION

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Deferred tax liabilities:				
Accelerated tax depreciation	**107,385**	288,306	**-**	-
Investment properties valuation	**132,404**	124,183	**-**	-
Offshore income & others	**119,875**	139,257	**-**	4,933
	359,664	551,746	**-**	4,933
Deferred tax assets:				
Provisions	**(30,938)**	(37,600)	**-**	-
Unutilised tax benefits	**(62,314)**	(72,257)	**-**	-
	(93,252)	(109,857)	**-**	-
Net deferred tax liabilities	**266,412**	441,889	**-**	4,933

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of $59,239,000 (2013: $51,156,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of $389,130,000 (2013: $444,251,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The unutilised tax losses and capital allowances do not have expiry dates.

Movements in deferred tax liabilities and assets are as follows:

Group	At 1 January $'000	Charged /(credited) to profit or loss $'000	Charged /(credited) to other comprehensive income $'000	Subsidiaries acquired $'000	Reclassification $'000	Liabilities directly associated with assets classified as held for sale (Note 18) $'000	Exchange differences $'000	At 31 December $'000
2014								
Deferred Tax Liabilities								
Accelerated tax depreciation	**288,306**	**6,711**	**-**	**-**	**-**	**(187,300)**	**(332)**	**107,385**
Investment properties valuation	**124,183**	**7,744**	**-**	**-**	**-**	**-**	**477**	**132,404**
Offshore income & others	**139,257**	**(22,585)**	**2,351**	**-**	**-**	**-**	**852**	**119,875**
Total	**551,746**	**(8,130)**	**2,351**	**-**	**-**	**(187,300)**	**997**	**359,664**
Deferred Tax Assets								
Other provisions	**(37,600)**	**3,923**	**-**	**-**	**568**	**2,180**	**(9)**	**(30,938)**
Unutilised tax benefits	**(72,257)**	**(1,626)**	**-**	**-**	**(7,087)**	**19,890**	**(1,234)**	**(62,314)**
Total	**(109,857)**	**2,297**	**-**	**-**	**(6,519)**	**22,070**	**(1,243)**	**(93,252)**
Net Deferred Tax Liabilities	**441,889**	**(5,833)**	**2,351**	**-**	**(6,519)**	**(165,230)**	**(246)**	**266,412**
2013								
Deferred Tax Liabilities								
Accelerated tax depreciation	232,894	55,259	-	674	-	-	(521)	288,306
Investment properties valuation	120,937	3,291	-	-	-	-	(45)	124,183
Offshore income & others	83,405	3,011	229	50,595	-	-	2,017	139,257
Total	437,236	61,561	229	51,269	-	-	1,451	551,746
Deferred Tax Assets								
Other provisions	(39,847)	2,195	-	-	-	-	52	(37,600)
Unutilised tax benefits	(35,506)	(35,813)	-	-	-	-	(938)	(72,257)
Total	(75,353)	(33,618)	-	-	-	-	(886)	(109,857)
Net Deferred Tax Liabilities	361,883	27,943	229	51,269	-	-	565	441,889

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

24. REVENUE

	Group	
	2014	2013
	$'000	$'000
Revenue from construction contracts	**8,547,313**	7,226,479
Sale of property		
- Recognised on completion of construction method	**860,351**	683,737
- Recognised on percentage of completion method	**564,962**	713,709
Sale of goods	**25,602**	34,937
Rental income from investment properties	**91,105**	199,675
Revenue from services rendered	**3,185,654**	3,514,581
Dividend income from quoted shares	**7,776**	6,880
Others	**216**	421
	13,282,979	12,380,419

25. STAFF COSTS

	Group	
	2014	2013
	$'000	$'000
Wages and salaries	**1,406,861**	1,326,667
Employer's contribution to Central Provident Fund	**105,077**	109,763
Share options and share plans granted to Directors and employees	**56,461**	55,362
Other staff benefits	**164,565**	176,445
	1,732,964	1,668,237

26. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2014	2013
	$'000	$'000
Auditors' remuneration		
- auditors of the Company	**1,550**	1,419
- other auditors of subsidiaries	**4,232**	4,369
Fees and other remuneration to Directors of the Company	**2,355**	2,371
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**956**	783
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**23,521**	30,144
- post-employment benefits	**127**	110
- share options and share plans granted	**9,391**	12,259
Depreciation of fixed assets	**262,771**	233,652
Impairment/write-off of fixed assets	**7,746**	1,482
Amortisation of intangibles	**2,365**	8,640
Profit on sale of fixed assets and an investment property	**(289,214)**	(3,865)
Profit on sale of investments	**(8,008)**	(4,805)

	Group	
	2014	2013
	$'000	$'000
Fair value loss/(gain) on		
- investments	**15,002**	(9,350)
- forward foreign exchange contracts	**27,389**	15,474
- interest rate caps and swaps	**(3,170)**	(9,877)
Charge for warranties	**649**	18,134
Provision for stocks and work-in-progress	**2,699**	4,173
Provision for doubtful debts	**2,945**	2,255
Cost of stocks & properties held for sale recognised as expense	**1,038,024**	1,021,080
Rental expense		
- operating leases	**107,153**	84,622
Direct operating expenses		
- investment properties that generated rental income	**23,802**	41,895
Loss/(gain) on differences in foreign exchange	**7,513**	(23,881)
Gain on disposal of subsidiaries	**(48,647)**	(307,726)
Gain on disposal of associated companies	**(145,184)**	-
Write-back of impairment of investments	**(47,971)**	(2,818)
Fair value gain on investment properties (Note 7)	**(54,569)**	(156,284)
Write-back of provision for restructuring of operations and others	**(4,752)**	(43,088)
Non-audit fees paid to		
- auditors of the Company	**118**	35
- other auditors of subsidiaries	**463**	359

27. INVESTMENT INCOME, INTEREST INCOME AND INTEREST EXPENSES

	Group	
	2014	2013
	$'000	$'000
Investment income from:		
Shares - quoted outside Singapore	**4,169**	1,849
Shares - unquoted	**7,767**	12,184
	11,936	14,033
Interest income from:		
Bonds, debentures, deposits and associated companies	**133,104**	144,189
Interest expenses on bonds, debentures, fixed term loans and overdrafts	**(137,194)**	(134,595)
Fair value gain on interest rate caps and swaps	**3,170**	9,877
	(134,024)	(124,718)

28. TAXATION

(a) Income tax expense

	Group	
	2014	2013
	$'000	$'000
Tax expense comprised:		
Current tax	**397,319**	370,197
Adjustment for prior year's tax	**(33,512)**	(36,132)
Share of taxation of associated companies (Note 9)	**72,096**	57,608
Others	**32,292**	(22,250)
Deferred tax movement:		
Movements in temporary differences (Note 23)	**(5,833)**	27,943
	462,362	397,366

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2014	2013
	$'000	$'000
Profit before tax	**2,888,612**	2,793,740
Tax calculated at tax rate of 17% (2013: 17%)	**491,064**	474,936
Income not subject to tax	**(181,507)**	(259,183)
Expenses not deductible for tax purposes	**113,793**	145,703
Utilisation of previously unrecognised tax benefits	**(1,564)**	(14,778)
Effect of different tax rates in other countries	**74,088**	86,820
Adjustment for prior year's tax	**(33,512)**	(36,132)
	462,362	397,366

(b) Movement in current income tax liabilities

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**465,387**	764,862	**19,575**	21,097
Exchange differences	**143**	(8,225)	**-**	-
Tax expense	**397,319**	370,197	**7,000**	7,000
Adjustment for prior year's tax	**(33,512)**	(36,132)	**(12,575)**	(6,200)
Income taxes paid	**(332,610)**	(592,453)	**-**	(2,205)
Subsidiary acquired	**102**	203	**-**	-
Subsidiaries disposed	**(862)**	(13,827)	**-**	-
Reclassification - tax recoverable and others	**(33,268)**	(19,121)	**-**	-
Others	**-**	(117)	**-**	(117)
At 31 December	**462,699**	465,387	**14,000**	19,575

29. EARNINGS PER ORDINARY SHARE

	Group			
	2014 $'000		2013 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders	**1,884,798**	**1,884,798**	1,845,792	1,845,792
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies	**-**	**(1,730)**	-	(844)
Adjusted net profit	**1,884,798**	**1,883,068**	1,845,792	1,844,948
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,815,042**	**1,815,042**	1,805,198	1,805,198
Adjustment for dilutive potential ordinary shares	**-**	**16,461**	-	18,038
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,815,042**	**1,831,503**	1,805,198	1,823,236
Earnings per ordinary share	**103.8 cts**	**102.8 cts**	102.3 cts	101.2 cts

30. DIVIDENDS

A final cash dividend of 36.0 cents per share tax exempt one-tier (2013: final cash dividend of 30.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2014 has been proposed 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 special distribution *in specie* of 8 Keppel REIT units for every 100 shares in the Company 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 per share (2013: 49.5 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 30.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	544,887
An interim cash dividend of 12.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	218,019
	762,906

31. COMMITMENTS

(a) Capital commitments

	Group	
	2014	2013
	$'000	$'000
Capital expenditure not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**71,047**	67,709
- for purchase of other fixed assets	**131,798**	216,324
- for purchase/subscription of shares in other companies	**250,079**	134,871
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**142,310**	156,676
- for purchase of other fixed assets	**412,767**	237,174
- for purchase/subscription of shares in other companies	**23,073**	68,448
	1,031,074	881,202
Less: Non-controlling shareholders' shares	**(272,267)**	(267,244)
	758,807	613,958

There was no significant future capital expenditure/commitment of the Company.

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Years after year-end:				
Within one year	**109,170**	97,494	**49**	128
From two to five years	**349,888**	310,580	**-**	47
After five years	**1,029,104**	917,194	**-**	-
	1,488,162	1,325,268	**49**	175

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Years after year-end:				
Within one year	**147,020**	166,001	**-**	-
From two to five years	**222,717**	259,806	**-**	-
After five years	**151,902**	152,263	**-**	-
	521,639	578,070	**-**	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

32. CONTINGENT LIABILITIES AND GUARANTEES (UNSECURED)

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**452,719**	544,354	**1,664,968**	1,833,292
Bank guarantees	**30,165**	63,062	**-**	-
Others	**619**	537	**-**	-
	483,503	607,953	**1,664,968**	1,833,292

The financial effects of FRS 39 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, there were no other significant related party transactions during the financial year.

34. FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) Currency risk

The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $9,753,671,000 (2013: $9,185,298,000). The net negative fair value of forward foreign exchange contracts is $315,776,000 (2013: net negative fair value of $77,275,000) comprising assets of $25,907,000 (2013: $27,818,000) and liabilities of $341,683,000 (2013: $105,093,000). These amounts are recognised as derivative financial instruments in debtors (Note 15), creditors (Note 19) and assets classified as held for sale and liabilities directly associated with assets classified as held for sale (Note 18).

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $9,625,812,000 (2013: $8,949,991,000). The net negative fair value of forward foreign exchange contracts is $316,246,000 (2013: net negative fair value of $71,838,000) comprising assets of $24,829,000 (2013: $32,229,000) and liabilities of $341,075,000 (2013: $104,067,000). These amounts are recognised as derivative financial instruments in debtors (Note 15) and creditors (Note 19).

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2014			2013		
	USD $'000	**Euro $'000**	**Others $'000**	USD $'000	Euro $'000	Others $'000
Group						
Financial Assets						
Debtors	**265,883**	**21,144**	**287,090**	91,747	1,673	52,685
Investments	**197,589**	**-**	**56,891**	161,410	8,475	86,944
Bank balances, deposits & cash	**405,770**	**29,310**	**72,229**	1,809,771	118,633	131,729
Financial Liabilities						
Creditors	**69,543**	**645**	**29,773**	89,456	6,455	18,415
Term loans	**1,010,277**	**56,119**	**240,752**	1,607,207	-	14,645
Company						
Financial Assets						
Debtors	**26**	**-**	**126**	32	-	118
Bank balances, deposits & cash	**27**	**-**	**1,036**	15	-	1,134

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2013: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		**Equity**	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Group				
USD against SGD				
- Strengthened	**(20,346)**	10,276	**9,849**	8,096
- Weakened	**20,346**	(10,276)	**(9,849)**	(8,096)
Euro against SGD				
- Strengthened	**(314)**	5,670	**-**	422
- Weakened	**314**	(5,670)	**-**	(422)
Company				
USD against SGD				
- Strengthened	**3**	2	**-**	-
- Weakened	**(3)**	(2)	**-**	-

(ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its S$ and US$ variable rate term loans (Note 21). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $1,138,161,000 (2013: $1,140,845,000) whereby it receives variable rates equal to SIBOR and LIBOR (2013: SIBOR and LIBOR) and pays fixed rates of between 1.27% and 3.62% (2013: 1.27% and 3.62%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $14,047,000 (2013: net negative fair value of $3,694,000) comprising assets of $379,000 (2013: $10,922,000) and liabilities of $14,426,000 (2013: $14,616,000). These amounts are recognised as derivative financial instruments in debtors (Note 15), creditors (Note 19) and assets classified as held for sale and liabilities directly associated with assets classified as held for sale (Note 18).

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2013: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $6,855,000 (2013: $11,081,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling $583,635,000 (2013: $421,604,000) and $11,284,000 (2013: $10,450,000) respectively. The net negative fair value of HSFO forward contracts for the Group is $219,752,000 (2013: net positive fair value of $9,604,000) comprising assets of $nil (2013: $11,042,000) and liabilities of $219,752,000 (2013: $1,438,000). The net negative fair value of Dated Brent forward contracts for the Group is $3,519,000 (2013: net positive fair value of $224,000) comprising assets of $nil (2013: $268,000) and liabilities of $3,519,000 (2013: $44,000). These amounts are recognised as derivative financial instruments in debtors (Note 15), creditors (Note 19) and assets classified as held for sale and liabilities directly associated with assets classified as held for sale (Note 18).

The Group is exposed to equity securities price risk arising from equity investments classified as investments held for trading and available-for-sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk

If prices for HSFO and Dated Brent increase/decrease by 5% (2013: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $18,194,000 (2013: $21,560,000) and $388,000 (2013: $534,000) respectively as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2013: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $5,516,000 (2013: $4,081,000) as a result of higher/lower fair value gains on investments held for trading, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $14,267,000 (2013: $20,632,000) as a result of higher/lower fair value gains on available-for-sale investments.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms or stage of completion. These credit terms are normally contractual. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly debtors, amounts due from associated companies and bank balances, deposits and cash.

(i) Financial assets that are neither past due nor impaired

Debtors and amounts due from associated companies that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits, forward foreign exchange contracts, interest rate caps and interest rate swaps are mainly transacted with banks of high credit ratings assigned by international credit-rating agencies.

(ii) Financial assets that are past due but not impaired/partially impaired

The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	2014	2013
	$'000	$'000
Past due 0 to 3 months but not impaired	**531,853**	258,699
Past due 3 to 6 months but not impaired	**32,519**	11,819
Past due over 6 months and partially impaired	**116,011**	107,576
	680,383	378,094

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Information relating to the provision for doubtful debts is given in Note 15.

Liquidity Risk

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 21.

The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
2014				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,680,313**	**2,541,804**	**2,245,217**	**-**
- Payments	**(4,899,429)**	**(2,641,733)**	**(2,292,699)**	**-**
Net-settled HSFO forward contracts				
- Payments	**(164,727)**	**(51,865)**	**(3,160)**	**-**
Net-settled Dated Brent forward contracts				
- Payments	**(3,519)**	**-**	**-**	**-**
Borrowings	**(1,945,561)**	**(268,190)**	**(3,617,775)**	**(2,630,933)**
2013				
Gross-settled forward foreign exchange contracts				
- Receipts	4,696,325	3,086,863	1,293,663	-
- Payments	(4,752,995)	(3,112,213)	(1,308,256)	-
Net-settled HSFO forward contracts				
- Receipts	9,393	1,558	91	-
- Payments	(866)	(277)	(257)	(38)
Net-settled Dated Brent forward contracts				
- Receipts	268	-	-	-
- Payments	(44)	-	-	-
Borrowings	(677,879)	(1,881,053)	(2,639,036)	(3,055,002)
Company				
2014				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,527,663**	**2,541,804**	**2,245,217**	**-**
- Payments	**(4,698,470)**	**(2,641,733)**	**(2,292,699)**	**-**
Borrowings	**(342,159)**	**(51,460)**	**(154,380)**	**(1,894,846)**
2013				
Gross-settled forward foreign exchange contracts				
- Receipts	4,487,427	3,068,707	1,290,404	-
- Payments	(4,540,047)	(3,093,639)	(1,305,007)	-
Borrowings	(212,343)	(51,480)	(154,440)	(1,946,368)

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital requirements for the financial year ended 31 December 2014. Externally imposed capital requirements are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to capital employed not exceeding ratios ranging from 2.75 to 3.00 times.

Management monitors capital based on the Group net gearing. The Group net gearing is calculated as net borrowings divided by total capital. Net borrowings are calculated as bank balances, deposits & cash (Note 17) less total term loans (Note 21) plus bank overdrafts (Note 22). Total capital refers to capital employed under equity.

	Group	
	2014	2013
	$'000	$'000
Net debt	**1,646,542**	1,535,343
Total capital	**14,727,641**	13,688,863
Net gearing ratio	**0.11x**	0.11x

Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2014				
Financial assets				
Derivative financial instruments	**-**	**8,923**	**-**	**8,923**
Investments				
- Available-for-sale investments	**67,690**	**11,239**	**155,340**	**234,269**
Short term investments				
- Available-for-sale investments	**217,704**	**42,209**	**-**	**259,913**
- Investments held for trading	**110,321**	**-**	**-**	**110,321**
	395,715	**62,371**	**155,340**	**613,426**
Financial liabilities				
Derivative financial instruments	**-**	**350,100**	**-**	**350,100**
Non-financial assets				
Investment Properties				
- Commercial, completed	**-**	**-**	**784,931**	**784,931**
- Commercial, under construction	**-**	**-**	**952,017**	**952,017**
- Residential, completed	**-**	**123,500**	**-**	**123,500**
	-	**123,500**	**1,736,948**	**1,860,448**
2013				
Financial assets				
Derivative financial instruments	-	50,050	-	50,050
Investments				
- Available-for-sale investments	64,204	-	129,433	193,637
Short term investments				
- Available-for-sale investments	320,002	42,275	-	362,277
- Investments held for trading	81,624	-	-	81,624
	465,830	92,325	129,433	687,588
Financial liabilities				
Derivative financial instruments	-	121,191	-	121,191
Non-financial assets				
Investment Properties				
- Commercial, completed	-	-	1,205,222	1,205,222
- Commercial, under construction	-	-	845,726	845,726
- Residential, completed	-	136,910	-	136,910
	-	136,910	2,050,948	2,187,858

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2014				
Financial assets				
Derivative financial instruments	**-**	**24,829**	**-**	**24,829**
Financial liabilities				
Derivative financial instruments	**-**	**341,075**	**-**	**341,075**
2013				
Financial assets				
Derivative financial instruments	-	32,229	-	32,229
Financial liabilities				
Derivative financial instruments	-	104,067	-	104,067

There have been no transfer between Level 1, Level 2 and Level 3 for the Group and Company during 2014 and 2013.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2014 $'000	2013 $'000
At 1 January	**129,433**	153,555
Purchases	**33,094**	498
Sales	**(15,946)**	(18,394)
Fair value gain/(loss) recognised in other comprehensive income	**8,696**	(6,438)
Exchange differences	**63**	212
At 31 December	**155,340**	129,433

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2014 $'000	2013 $'000
At 1 January	**2,050,948**	5,419,850
Development expenditure	**34,644**	247,769
Fair value gain	**75,962**	160,689
Disposal	**(454,712)**	-
Subsidiary disposed	**-**	(3,757,083)
Reclassification		
– Stocks and work-in-progress	**-**	(9,200)
Exchange differences	**30,106**	(11,077)
At 31 December	**1,736,948**	2,050,948

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties. The fair value of available-for-sale investments categorised under Level 2 of the fair value hierarchy are based on the net asset value in the fund managers' valuation reports at the balance sheet date and is derived from prices from an observable market.

The fair value of residential investment property categorised under Level 2 is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. The most significant input is selling price per square feet.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2014 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Available-for-sale investments	155,340	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
Investment Properties				
- Commercial, completed	784,931	Direct comparison method, income capitalisation method and/or discounted cash flow method	Discount rate	4.25% to 14.99%
			Occupancy rate	70% to 98%
			Terminal yield	10.41% to 11.15%
			Capitalisation rate	7.00% to 12.50%
			Monthly effective rental (psm)	$18 to $78
- Commercial, under construction	952,017	Direct comparison method and/or residual method	Price of comparable land plots (psm)	$10,075 to $11,289
			Gross development value ($'million)	$598 to $893

* *Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

Description	Fair value as at 31 December 2013 $'000	Valuation Techniques	Unobservable Inputs	Range of unobservable Inputs
Available-for-sale investments	129,433	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
Investment Properties				
- Commercial, completed	1,205,222	Direct comparison method, income capitalisation method and/or discounted cash flow method	Discount rate	4.25% to 14.04%
			Occupancy rate	70% to 100%
			Terminal yield	9.40% to 12.00%
			Capitalisation rate	4.00% to 13.50%
			Monthly effective rental (psm)	$20 to $70
- Commercial, under construction	845,726	Direct comparison method and/or residual method	Price of comparable land plots (psm)	$4,240 to $4,570
			Gross development value ($'million)	$570 to $850

** Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.*

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of available-for-sale investments on a quarterly basis.

Valuation process of investment properties is described in Note 7.

35. SEGMENT ANALYSIS

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Offshore & Marine
Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) Infrastructure
Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iii) Property
Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

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

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable segments is presented in the following table:

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 INFORMATION

	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**

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

INFORMATION ABOUT A MAJOR CUSTOMER
No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2014.

Note: Pricing of inter-segment goods and services is at fair market value.

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
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 INFORMATION

	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

Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2013

INFORMATION ABOUT A MAJOR CUSTOMER
No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2013.

Note: Pricing of inter-segment goods and services is at fair market value.

36. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

On 23 January 2015, the Company announced that it intends to make a voluntary unconditional cash offer for all the issued ordinary shares of Keppel Land Limited ("KLL") other than those already owned, controlled or agreed to be acquired by the Company as at the date of the offer. Pursuant to Section 215 of the Companies Act, the Company intends to exercise its right to compulsorily acquire all the shares not acquired under the offer in the event that the Company reaches or exceeds the Compulsory Acquisition Threshold. Thereafter, the Company will then proceed to delist KLL from the Singapore Stock Exchange. Please refer to the Offer Document dated 12 February 2015 for more details. Upon successful full privatisation of KLL, on a pro-forma basis, the Group's share capital and reserves as at 31 December 2014 is estimated to increase from approximately $10.38 billion to $10.77 billion and its net profit attributable to shareholders of the Company for FY2014 is estimated to increase from approximately $1.9 billion to $2.1 billion. As at the date of authorisation for issue of the financial statements, the transaction has not been completed.

37. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- Improvements to Financial Reporting Standards (November 2014)
- FRS 115 *Revenue from Contracts with Customers*
- FRS 109 *Financial Instruments*

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

<u>FRS 115 Revenue from Contracts with Customers</u>

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after 1 January 2017. The Group is currently evaluating the impact of the changes in the period of initial adoption.

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council issued the final version of FRS 109 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group’s financial assets, but no impact on the classification and measurement of the Group’s financial liabilities. The Group is currently evaluating the impact of the changes in the period of initial adoption.

38. SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest 2014 %	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Cost of Investment 2014 $'000	Cost of Investment 2013 $'000	Country of Incorporation / Operation	Principal Activities
OFFSHORE & MARINE							
Offshore							
Subsidiaries							
Keppel Offshore and Marine Ltd	100	100	100	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltd(1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
AzerFELS Pte Ltd	68	68	60	#	#	Singapore	Holding of long-term investments
Caspian Shipyard Company LLC(1a) (formerly known as Caspian Shipyard Company Ltd)	75	51	45	#	#	Azerbaijan	Construction and repair of offshore drilling rigs
Deepwater Technology Group Pte Ltd	100	100	100	#	#	Singapore	Research and experimental development on deepwater engineering
Estaleiro BrasFELS Ltda(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Fernvale Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
FSTP Brasil Ltda(1a)	75	75	75	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	#	#	Singapore	Project management, engineering and procurement
Guanabara Navegacao Ltda(1a)	100	100	100	#	#	Brazil	Ship owning
Hygrove Investments Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Keppel AmFELS, LLC(3)	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd(3)	100	100	100	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Offshore & Marine Engineering Services Mumbai Pte Ltd(3)	100	100	100	#	#	India	Marine and offshore engineering services
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	#	#	Singapore	Research & development on marine and offshore engineering

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest 2014 %	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Cost of Investment 2014 $'000	Cost of Investment 2013 $'000	Country of Incorporation / Operation	Principal Activities
Keppel Offshore & Marine USA Inc(3)	100	100	100	#	#	USA	Offshore and marine-related services
Keppel Sea Scan Pte Ltd	100	100	100	#	#	Singapore	Trading and installation of hardware, industrial, marine and building related products, leasing and provision of services
Keppel Singmarine Brasil Ltda(1a)	100	100	100	#	#	Brazil	Shipbuilding
Keppel Verolme BV(1a)	100	100	100	#	#	Netherlands	Construction and repair of offshore drilling rigs and shiprepairs
KV Enterprises BV(1a)	100	100	100	#	#	Netherlands	Holding of long-term investments
KVE Adminstradora de Bens Imoveis Ltda(1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
Lindel Pte Ltd	100	100	100	#	#	Singapore	Project management, engineering and procurement
Navegantes Administracoes de Bens Moveis e Imoveis Ltda(1a)	100	100	100	#	#	Brazil	Shipbuilding
Offshore Technology Development Pte Ltd	100	100	100	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd(1a)	51	51	51	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Topaz Atlantic Unlimited(4)	100	100	100	#	#	BVI	Holding of long-term investments
Wideluck Enterprises Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Willalpha Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Associated Companies							
Asian Lift Pte Ltd	50	50	50	#	#	Singapore	Provision of heavy-lift equipment and related services
Atwin Offshore & Marine Pte Ltd	30	30	30	#	#	Singapore	Investment holding company
FloaTEC Singapore Pte Ltd	50	50	50	#	#	Singapore	Manufacturing and repair of oil rigs
Floatel International Ltd(3)	50	50	47	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Keppel Kazakhstan LLP(4)	-	-	50	-	#	Kazakhstan	Disposed
Marine Housing Services Pte Ltd	50	50	50	#	#	Singapore	Provision of housing services for marine workers
Seafox 5 Ltd(3)	49	49	49	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Marine							
Subsidiaries							
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Ship repairing, shipbuilding and conversions

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
	2014	2014	2013	2014	2013		
	%	%	%	$'000	$'000		
Keppel Philippines Marine Inc(1a)	98	98	98	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag
Keppel Nantong Heavy Industry Co Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding and repairing
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Keppel Subic Shipyard Inc(1a)	87+	86+	86+	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd(4)	100	100	100	#	#	BVI/Norway	Holding of long-term investments
Maju Maritime Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Marine Technology Development Pte Ltd	100	100	100	#	#	Singapore	Provision of technical consultancy for ship design and engineering works
Associated Companies							
Arab Heavy Industries PJSC(1a)	33	33	33	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd(3)	24	24	24	#	#	Singapore	Investment holding
Dyna-Mac Keppel Philippines Inc(3)	40	40	40	#	#	Philippines	Fabrication and assembly of topside modules for FPSOs and FSOs
Kejora Resources Sdn Bhd(3)	49	25	25	#	#	Malaysia	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd(1a)	20	20	20	#	#	Qatar	Ship repairing
PV Keez Pte Ltd	20	20	20	#	#	Singapore	Chartering of ships, barges and boats with crew
INFRASTRUCTURE							
Subsidiaries							
Keppel Infrastructure Holdings Pte Ltd	100	100	100	445,892	445,892	Singapore	Investment holding
X-to-Energy							
Subsidiaries							
Keppel DHCS Pte Ltd	100	100	100	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Associated Companies							
Keppel Infrastructure Trust (formerly known as K-Green Trust)	49	49	49	#	#	Singapore	Infrastructure business trust

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest 2014 %	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Cost of Investment 2014 $'000	Cost of Investment 2013 $'000	Country of Incorporation / Operation	Principal Activities
Waste-to-Energy							
Subsidiaries							
Keppel Seghers Pte Ltd (formerly known as Keppel Seghers Holdings Pte Ltd)	100	100	100	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Belgium NV(1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers UK Ltd(1a)	100	100	100	#	#	United Kingdom	Design, supply and installation of flue gas treatment equipment
Associated Companies							
Tianjin Eco-City Energy Investment & Construction Co Ltd(3)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd(3)	20	20	20	#	#	China	Investment, construction and operation of infrastructure for environmental protection
Gas-to-Power							
Subsidiaries							
Keppel Energy Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel Merlimau Cogen Pte Ltd	100	100	100	#	#	Singapore	Commercial power generation
Infrastructure Services							
Subsidiaries							
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel FMO Pte Ltd(4)	-	-	100	-	#	Singapore	Disposed
Associated Companies							
GE Keppel Energy Services Pte Ltd(2)	50	50	50	#	#	Singapore	Precision engineering, repairing, services and agencies
Others							
Subsidiaries							
Keppel Integrated Engineering Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Prince Engineering Pty Ltd(2a)	100	100	100	#	#	Australia	Metal fabrication
Keppel Seghers Hong Kong Ltd(1a)	100	100	100	#	#	HK	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest 2014 %	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Cost of Investment 2014 $'000	Cost of Investment 2013 $'000	Country of Incorporation / Operation	Principal Activities
Logistics & Data Centres							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd(2)	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
Jilin Sino-Singapore Food Zone International Logistics Co Ltd(3)	70	56	56	#	#	China	Integrated logistics services, storage and distribution
Keppel Communications Pte Ltd(2)	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Data Centres Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd(2)	100+	73+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel Datahub Pte Ltd(2)	100+	73+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel Digihub Ltd(2)	100+	73+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel DC REIT Management Pte Ltd(2) (formerly known as Keppel Data Centre Investment Management Pte Ltd)	100	80	80	#	#	Singapore	Investment holding and fund management
Keppel DC Investment Holdings Pte Ltd(2) (formerly known as TradeOneAsia Pte Ltd)	100	80	80	#	#	Singapore	Datacentre asset management services
Keppel Logistics (Foshan) Ltd(3)	70	56	56	#	#	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics Pte Ltd(2)	100	80	80	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Telecoms Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Associated Companies							
Advanced Research Group Co Ltd(2a)	45	36	36	#	#	Thailand	IT publication and business information
Asia Airfreight Terminal Company Ltd(3)	10	8	8	#	#	HK	Operation of air cargo handling terminal
Citadel 100 Datacenters Ltd(3)	-	-	54	-	#	Ireland	Disposed
Computer Generated Solutions Inc(3)	21	17	17	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT(n)(3)	35+	27+	-	#	-	Singapore	Investment holding
Radiance Communications Pte Ltd(2)	50	40	40	#	#	Singapore	Distribution and maintenance of communications equipment and systems
Securus Data Property Fund Pte Ltd(3)	-	-	28	-	#	Singapore	Disposed
Securus Guernsey 2 Ltd(4)	-	-	44	-	#	Guernsey/ Australia	Disposed
SVOA Public Company Ltd(2a)	32	26	26	#	#	Thailand	Distribution of IT products and telecommunications services

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest 2014 %	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Cost of Investment 2014 $'000	Cost of Investment 2013 $'000	Country of Incorporation / Operation	Principal Activities
Wuhu Sanshan Port Co Ltd(3)	50	40	40	#	#	China	Integrated logistics services and port operations
PROPERTY							
Subsidiaries							
Keppel Land Ltd(2)	55	55	55	1,685,699	1,685,699	Singapore	Holding, management and investment company
Keppel Land China Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100+	86+	86+	626	626	Singapore	Property development
Keppel Philippines Properties Inc(2a)	80+	57+	57+	493	493	Philippines	Investment holding
Aether Ltd(3)	51	28	28	#	#	HK	Investment holding
Aintree Assets Ltd(4)	100	55	55	#	#	BVI/Asia	Investment holding
Alpha Investment Partners Ltd(2)	100	55	55	#	#	Singapore	Fund management
Bayfront Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd(3)	51	28	28	#	#	China	Property investment
Beijing Kingsley Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Belwynn-Hung Phu Joint Venture LLC(2a)	60	33	33	#	#	Vietnam	Property development
Bintan Bay Resort Pte Ltd(2)	90	49	49	#	#	Singapore	Investment holding
Broad Elite Investments Ltd(4)	100	55	55	#	#	BVI/China	Investment holding
Castlehigh Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Hilltop Development Co Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Hillwest Development Co Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Investment Co Ltd(3)	100	55	55	#	#	China	Property development
D.L. Properties Ltd(2)	65	35	35	#	#	Singapore	Property investment
Double Peak Holdings Ltd(4)	100	55	55	#	#	BVI/Singapore	Investment holding
Estella JV Co Ltd(2a)	55	30	30	#	#	Vietnam	Property development
Evergro Properties Ltd(2)	100	55	55	#	#	Singapore	Property investment and development
Floraville Estate Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Harvestland Development Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Hillsvale Resort Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Hillwest Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
International Centre Co Ltd(1a)	79	59	59	#	#	Vietnam	Property investment
Jiangyin Evergro Properties Co Ltd(3)	99	54	54	#	#	China	Property development

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest 2014 %	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Cost of Investment 2014 $'000	Cost of Investment 2013 $'000	Country of Incorporation / Operation	Principal Activities
KeplandeHub Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Al Numu Development Ltd(2a)	51	28	28	#	#	Saudi Arabia	Property development
Keppel Bay Property Development (Shenyang) Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel China Marina Holdings Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Digihub Holdings Ltd(2)	100	55	55	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(3)	100+	75+	75+	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd(3)	100+	75+	75+	#	#	China	Property development
Keppel Lakefront (Nantong) Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel Land (Mayfair) Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd(3)	100	55	55	#	#	HK	Investment holding
Keppel Land Financial Services Pte Ltd(2)	100	55	55	#	#	Singapore	Financial services
Keppel Land International Ltd(2)	100	55	55	#	#	Singapore	Property services
Keppel Land Properties Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Keppel Land Watco IV Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Land Watco V Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Puravankara Development Pvt Ltd(2a)	51	28	28	#	#	India	Property development
Keppel REIT Investment Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel REIT Management Ltd(2)	100	55	55	#	#	Singapore	Property fund management
Keppel REIT Property Management Pte Ltd(2)	100	55	55	#	#	Singapore	Property management services
Keppel Thai Properties Public Co Ltd(2a)	45	25	25	#	#	Thailand	Property development and investment
Keppel Tianjin Eco-City Holdings Pte Ltd(2)	100+	75+	75+	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd(2)	100+	75+	75+	126,137	126,137	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd(3)	100	55	55	#	#	China	Property development
Kingsdale Development Pte Ltd(2)	86	47	47	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
	2014	2014	2013	2014	2013		
	%	%	%	$'000	$'000		
Le-Vision Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Mansfield Developments Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Merryfield Investment Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd(2)	100	55	55	#	#	Singapore	Property and investment holding
Oceansky Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Parksville Development Pte Ltd(2)	100	55	55	#	#	Singapore	Property investment
Pembury Properties Ltd(4)	100	55	55	#	#	BVI/Singapore	Investment holding
PT Harapan Global Niaga(n)(2a)	100	55	-	#	-	Indonesia	Property development
PT Kepland Investama(2a)	100	55	55	#	#	Indonesia	Property investment and development
PT Ria Bintan(1a)	100	25	25	#	#	Indonesia	Golf course ownership and operation
PT Sentral Supel Perkasa(2a)	80	44	44	#	#	Indonesia	Property investment and development
PT Sentral Tanjungan Perkasa(2a)	80	44	44	#	#	Indonesia	Property development
PT Straits-CM Village(1a)	100	21	21	#	#	Indonesia	Hotel ownership and operations
Quang Ba Royal Park JV Co(2a)	70	38	38	#	#	Vietnam	Property investment
Riviera Cove JV LLC(2a)	60	33	33	#	#	Vietnam	Property development
Riviera Point LLC(2a)	75	41	41	#	#	Vietnam	Property development
Saigon Centre Holdings Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Saigon Centre Investment Ltd(4)	100	55	55	#	#	BVI/HK	Investment holding
Saigon Sports City Ltd(2a)	100	49	49	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(3)	99	54	54	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd(3)	100	54	54	#	#	China	Property development
Shanghai Ji Xiang Land Co Ltd(3)	100	55	55	#	#	China	Property development
Shanghai Jinju Real Estate Investment Co Ltd(3)	100	54	55	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd(3)	100	54	55	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd(3)	99	54	54	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(3)	99	54	54	#	#	China	Property development
Sherwood Development Pte Ltd(2)	70	38	38	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd(3)	80	38	38	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Straits Greenfield Ltd(3)	100	55	55	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd(2)	100	55	55	#	#	Singapore	Property development
Straits Property Investments Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
	2014	2014	2013	2014	2013		
	%	%	%	$'000	$'000		
Success View Enterprises Ltd(4)	100+	75+	75+	#	#	BVI/China	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd(3)	100	44	44	#	#	China	Development of marina lifestyle cum residential properties
Sunseacan Investment (HK) Co Ltd(3)	80	44	44	#	#	HK	Investment holding
Third Dragon Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding and marketing agent
Tianjin Fushi Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Tianjin Keppel Hong Hui Procurement Headquarter Co Ltd(3)	100	55	55	#	#	China	Trading of construction materials
Triumph Jubilee Ltd(4)	100	55	55	#	#	BVI/China	Investment holding
Wiseland Investment Myanmar Ltd(3)	100	55	55	#	#	Myanmar	Hotel ownership and operations
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	91+	91+	1,460	1,460	Singapore	Investment holding
Esqin Pte Ltd	100	100	100	11,001	11,001	Singapore	Investment holding
FELS Property Holdings Pte Ltd	100	100	100	78,214	78,214	Singapore	Investment holding
FELS SES International Pte Ltd	98+	90+	90+	48	48	Singapore	Investment holding
Harbourfront One Pte Ltd	70	65	65	#	#	Singapore	Property development
Keppel Group Eco-City Investments Pte Ltd	100+	84+	84+	126,744	126,744	Singapore	Investment holding
Keppel Houston Group LLC(4)	100	86	86	#	#	USA	Property investment
Keppel Kunming Resort Ltd(3)	100+	91+	91+	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	86+	86+	122,785	122,785	Singapore	Property development and investment
Keppel Real Estate Investment Pte Ltd	100	100	100	764,400	764,400	Singapore	Investment holding
Petro Tower Ltd(3)	76	69	69	#	#	Vietnam	Property investment
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90	76	76	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(4)	100	84	84	#	#	BVI	Investment holding
Associated Companies							
Asia Real Estate Fund Management Ltd(2)	-	-	27	-	#	Singapore	Liquidated
Bellenden Investments Ltd(4)	67	37	37	#	#	BVI/Vietnam	Investment holding
Central Boulevard Development Pte Ltd(2)	-	-	18	-	#	Singapore	Disposed
CityOne Development (Wuxi) Co Ltd(3)	50	27	27	#	#	China	Property development
CityOne Township Development Pte Ltd(2)	50	27	27	#	#	Singapore	Investment holding
Davinelle Ltd(4)	67	37	37	#	#	BVI/Vietnam	Investment holding
Dong Nai Waterfront City LLC(2a)	50	27	27	#	#	Vietnam	Property development
EM Services Pte Ltd(1a)	25	14	14	#	#	Singapore	Property management
Equity Rainbow II Pte Ltd(2)	43	23	23	#	#	China	Property investment

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
	2014	2014	2013	2014	2013		
	%	%	%	$'000	$'000		
Harbourfront Three Pte Ltd(3)	39	34	34	#	#	Singapore	Property development
Harbourfront Two Pte Ltd(3)	39	34	34	#	#	Singapore	Property development
Keppel Land Watco I Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Magus Development Pvt Ltd(3)	-	-	21	-	#	India	Disposed
Keppel REIT(2)	45	25	25	#	#	Singapore	Real estate investment trust
PT Pulomas Gemala Misori(3)	25	14	14	#	#	Indonesia	Property development
PT Purimas Straits Resorts(3)	25	14	14	#	#	Indonesia	Development of holiday resort
Raffles Quay Asset Management Pte Ltd(2)	33	18	18	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(2a)	40	22	22	#	#	Malaysia	Property investment
SAFE Enterprises Pte Ltd(3)	25	14	14	#	#	Singapore	Investment holding
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(1a)	50	38	38	#	#	China	Property development
Suzhou Property Development Pte Ltd(3)	25	14	14	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd(3)	30	27	27	#	#	Vietnam	Property investment
INVESTMENTS							
Subsidiaries							
Keppel Philippines Holdings Inc(2a)	60+	59+	55+	-	-	Philippines	Investment holding
Alpha Real Estate Securities Fund	98	98	96	#	#	Singapore	Investment holding
Devan International Ltd(4)	100	100	100	#	#	BVI	Investment holding
Kep Holdings Ltd(4)	100	100	100+	#	10,480	BVI	Investment company
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Kepital Management Ltd(3)	100	100	100	#	#	HK	Investment company
Keppel Funds Investment Pte Ltd	100	100	100	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	484,355	484,355	Singapore	Investment holding
KI Investments (HK) Ltd(3)	100	100	100	#	#	HK	Investment company
Primero Investments Pte Ltd	100	100	100	#	#	Singapore	Investment company
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency
Associated Companies							
k1 Ventures Ltd	36	36	36	#	#	Singapore	Investment holding
KrisEnergy Ltd(2)	31	31	31	#	#	BVI	Exploration for, and the development and production of oil and gas

SIGNIFICANT SUBSIDIARIES & ASSOCIATED COMPANIES

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation / Operation	Principal Activities
	2014	2014	2013	2014	2013		
	%	%	%	$'000	$'000		
M1 Ltd(2)	19	15	15	#	#	Singapore	Telecommunications services
Total Subsidiaries				**5,140,520**	**5,151,000**		

Notes:

(i) All the companies are audited by Deloitte & Touche LLP, Singapore except for the following:
(1a) Audited by overseas practice of Deloitte Touche Tohmatsu Limited;
(2) Audited by Ernst & Young LLP, Singapore;
(2a) Audited by overseas practice of Ernst & Young LLP;
(3) Audited by other firms of auditors; and
(4) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vi) Abbreviations:
British Virgin Islands (BVI) United Arab Emirates (UAE)
Hong Kong (HK) United States of America (USA)

(vii) The Company has 243 significant subsidiaries and associated companies as at 31 December 2014. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KEPPEL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

The information in this Appendix III has been reproduced from the unaudited consolidated accounts of the Issuer for the nine months ended 30 September 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

Keppel Corporation

KEPPEL CORPORATION LIMITED

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

THIRD QUARTER AND NINE MONTHS 2015 FINANCIAL STATEMENTS

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KEPPEL CORPORATION LIMITED

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

THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

Welcome

1. Good evening to all of you. On behalf of my colleagues, a warm welcome to the webcast on Keppel Corporation's results and performance for the third quarter and first nine months of 2015.

Macro Environment

2. The global economic environment remains challenging, with volatility in international financial markets and concerns over the economic slowdown in China and other emerging economies. China's GDP grew 6.9% in the third quarter, the slowest quarterly economic growth since the first quarter of 2009. Uncertainty over the timing of the US expected interest rate hike is also affecting business sentiments.

3. Against these headwinds, economic growth in Singapore is also slowing. According to preliminary estimates released by the Ministry of Trade and Industry last week, Singapore narrowly avoided a technical recession in the third quarter, with the economy growing only 0.1% quarter on quarter. The Monetary Authority of Singapore expects the economy to grow at a "modest pace" in 2015 and 2016, with GDP growth of 2.0% to 2.5% in 2015.

4. Meanwhile, oil price remains depressed, hovering at around US$50 per barrel. Slower demand growth coupled with global oversupply continue to weigh on oil prices, posing significant challenges to the global oil and gas industry.

Performance Highlights

5. Amidst the challenging operating environment, in the first nine months of 2015, our business divisions contributed to a net profit of $1,120 million. This was down 3% year-on-year mainly due to lower profit contribution from Offshore & Marine.

6. For 3Q 2015, we achieved a net profit of $363 million. Annualised ROE was 13.6% and EVA was $456 million for the current period.

7. Given the current headwinds, these results are creditable. They demonstrate our resilience as a multi-business conglomerate, not just a single business company.

8. During a downturn, if one of our businesses slows down, our other businesses would be able to contribute. As it stands today, this fact that our multi-business approach provides us some resilience in our earnings, as borne out by our results this year, may not be fully appreciated by the market.

Business Updates

9. Let me now take you through the businesses in our Group. First, Offshore & Marine.

10. Even during this slowdown in orders for drilling rigs, we are responding with agility to capture opportunistic, high value work for modifications and upgrading of offshore solutions as well as repair. On this slide is a recent photograph of our yard in Keppel FELS, Singapore, in which you can see a good mix of such projects in addition to newbuilds in various stages of progress.

Offshore & Marine

11. We remain confident of the sound long-term fundamentals in the offshore and marine business.

12. While E&P investments have declined, they will have to increase eventually to keep up with global oil demand, which is set to rise by 1.4 million barrels per day in 2016. With rebalancing forces intensifying on both oil demand and supply sides, we believe oil prices will eventually recover and stabilise at a new equilibrium.

13. The Offshore & Marine Division has secured about $1.7 billion worth of contracts year-to-date. For the first nine months of 2015, we achieved a net profit $542 million, albeit down 28% year-on-year. While there was a fall in demand for drilling rigs, our projects such as conversions and specialised shipbuilding are bolstering Keppel Offshore & Marine's performance.

14. We are also winning customers for more diversified and specialised solutions such as FLNG conversions, liftboats as well as ice-class vessels which will position us to capture more value.

15. Work is advancing well for the Hilli with Golar, which is the world's first-of-its-type conversion of an existing Moss LNG carrier into a Floating Liquefaction Vessel. We will commence work on GIMI, the second conversion project from Golar once we receive the expected notice to proceed by the end of the year. The third conversion project, Gandria, remains on track with feed study being carried out for potential deployment in Equatorial Guinea with Ophir. Golar has also initiated talks with Keppel Shipyard for the fourth conversion project with a delivery in early 2019.

16. Keppel Offshore & Marine has a net orderbook year-to-date which stands at $10 billion, giving us visibility to 2020. We will be delivering six jackups in 4Q2015 for Grupo R, Falcon Energy, Energy Arabian Drilling Co and Perforadora Central.

17. In the current challenging environment, we have acceded prudently to requests for slightly later delivery of three jackups, two for Grupo R and the other for Parden Holdings, from 2015 to early next year.

18. To be prepared for a possibly longer winter, we are also hunkering down in our O&M business, rightsizing our operations and resources. We have considerable flexibility in our workforce deployment with our contract workers as well as overseas production yards. Our yards are still busy these next two years, but we are already trimming our overheads and making ourselves more efficient. We will continue to invest prudently in training, R&D and productivity improvements through the down cycle and get ourselves ready to seize opportunities when the upturn comes.

19. During the quarter, we entered into an agreement with Cameron International Corporation, to acquire Cameron's offshore rigs business, which comprises the LETOURNEAU™ jackup rig designs, rig kit business, and aftermarket services. We expect to conclude this by end of the year.

20. This opportune and strategic acquisition will not only broaden our suite of jackup rig design offerings but also provide us with enhanced capabilities to service customers through the provision of expanded aftermarket sales and services.

21. With about 100 LETOURNEAU™ rigs currently operating around the world, many operators require servicing and repair of their rigs. Keppel will leverage its global network of yards to better meet these customers' needs.

Property

22. I will now move on to our Property business.

23. Across emerging Asia, the fundamentals for sustainable urbanisation remain sound despite the soft property market in certain cities.

24. Following the privatisation of Keppel Land, we have seen the contribution from the Property Division improve notably, bolstering the Group's performance. In the first nine months of 2015, our Property Division achieved a net profit of $333 million, up 51% year-on-year. The additional interest acquired of Keppel Land has added $127 million in Net Profit contribution to

the Group's bottom line so far this year. Interest cost related to the privatisation should be less than $15 million for the full year. This is highly accretive to the Group.

25. Keppel Land sold 3,130 homes for the first nine months of this year. This is 66% higher compared to the same period last year and is more than the over 2,400 homes we sold for the whole of 2014.

26. In Singapore, the property market remains subdued due to the government's continuing property market cooling measures. Meanwhile, reflecting stronger buying sentiments in China, more than 70% of our homes sold were in China, in the cities of Shanghai, Chengdu and Tianjin. Residential sales in the country have been improving steadily since first quarter 2015 with the government relaxing various property tightening measures.

27. We are also seeing improved property sentiments in Vietnam, where we sold about 600 homes year-to-date, more than triple the 134 units we sold over the same period in 2014. This last weekend, we launched the final phase of Estella Heights in Ho Chi Minh City and sold 110 out of a total of 376 units in a special preview. The Saigon Centre Phase 2 retail podium, also in Ho Chi Minh City, is already about 85% pre-committed and we look forward to its opening in the second half of 2016.

28. Over in Jakarta, Indonesia, we topped off another commercial development, International Financial Centre Jakarta Tower Two (IFC 2) in August. Ahead of its completion in the first quarter of 2016, IFC 2 has secured tenants such as Servcorp, Tokio Marine, Grant Thornton and Rintis.

29. The 48-storey state-of-the-art Tower Two, offering 50,200 sm of prime Grade A office space, will meet the growing needs of multinational and local corporations in Jakarta's central business district. IFC 2 is the first project in Indonesia to be conferred the highest Green Mark Platinum Award by the Building and Construction Authority of Singapore (BCA).

30. Participating in the continuing growth of Myanmar, we have launched the new wing of Sedona Hotel Yangon, adding 431 rooms to its current total of 366 rooms.

31. Keppel Land will be nimble to capture opportunities which present themselves in a softening market. From proceeds obtained from the sale of its one-third shareholding interest in Marina Bay Financial Centre Tower 3, some $616 million has been reinvested in new residential and commercial projects. Our expanding portfolio comprises more than 16,000 launch-ready homes and total commercial GFA of some 843,737 square metres under development.

32. We are also steadily growing our property fund management business through Keppel REIT and Alpha, which have a combined AUM of $18.7 billion. Keppel REIT strengthened its portfolio in Australia, topping off the 100% pre-committed Old Treasury Building Office Tower in Perth and acquiring three prime retail units at 8 Exhibition Street in Melbourne.

33. Alpha Asia Macro Trends Fund II has acquired a portfolio of retail properties in Singapore located in established suburban locations comprising a total net lettable area of 246,000 sq ft. In this quarter, Alpha divested two commercial buildings in Singapore and Tokyo, and one logistics centre in Korea.

34. Separately, BVK, Germany's largest pension fund, has just awarded a Euro 500m separate account mandate to Alpha Investment Partners to be their manager for their Core strategy in Asia.

Infrastructure

35. We remain committed to grow our Infrastructure Division into a stable contributor to the Group's bottom line.

36. The Division's net profit of $160 million for the first nine months was higher, compared to $105 million a year ago, mainly due to gains from the injection of our 51% stake in Keppel Merlimau Cogen into Keppel Infrastructure Trust.

37. We have successfully handed over both phases of the Greater Manchester EfW Plant. The Doha North project will achieve significant completion this year. Following this, we look forward to commencing the operating and maintenance of the Doha North facility for a period of 10 years, which will add stability to income contributions from Keppel Infrastructure while it looks for new opportunities to design, build, own and operate its own assets.

38. Meanwhile, Keppel Telecommunications & Transportation (Keppel T&T) inaugurated its distribution centre in Vietnam, as well as announced plans to develop its fourth data centre in Singapore. The company's purpose-built data centre facility in the Netherlands, Almere 2, has also commenced operations on schedule in September.

39. As these new data centres ramp up, they will augment our portfolio of high quality assets adding stability to income from the Infrastructure Division. Looking ahead, Keppel T&T will continue seeking opportunities to develop such assets as well as explore the possibility of collaborating with like-minded investors.

40. The development of our infrastructure fund management arms is also picking up steadily. Keppel DC REIT made its first acquisition in less than six months from its successful IPO in December 2014, adding Intellicentre 2 in Sydney to its portfolio of quality data centres.

41. Keppel Infrastructure Trust (KIT) has also just completed a full quarter of operations following the combination with CitySpring and acquisition of a 51% interest in Keppel Merlimau Cogen.

42. Together, the value of assets managed by Keppel DC REIT and KIT has more than tripled, reaching $5.4 billion at end-September 2015, from $1.6 billion at the end of 2014.

Investments

43. Next, I will provide some updates on our investments.

44. Following the subscription to the Rights Issue of KrisEnergy, our shareholding in the company has increased to 40.2%.

45. Over the last quarter, k1 Ventures sold the US childcare operating business owned by Knowledge Universe Education for good returns to shareholders. k1 Ventures will continue to actively manage its existing investments with the goal to monetise them when appropriate and distribute surplus cash to drive shareholder value.

Harnessing core strengths

46. A downturn can either be the worst of times or the best time to strengthen one's capabilities. For Keppel, it presents the opportunity to build a long-term sustainable, competitive position for the Group as we posture ourselves for future growth.

47. As a Group, we are melding together our fortes to create better opportunities and a more conducive environment for collaboration across business units.

48. We are a leader in technology and innovation with the ability to create quality products and assets tailored to our customers' needs. We are able to execute on our business plans and developments with precision, through strong engineering and project management capabilities. We have also honed solid expertise in the operating and maintenance of the products and assets that we create. Keppel has a long history of successful capital management of its portfolio of businesses as well as growing successful fund management businesses.

49. Conglomerates tend to perform well through crises due to their access to capital and the ability to invest when times are tough. With the privatisation of Keppel Land, our corporate structure has been simplified. We now have greater flexibility to deploy resources across our key business verticals, manage our capital and invest sensibly in the best interests of the Group's long-term growth.

50. I am confident that we are well placed not only to seize opportunities for the best possible returns but also apply our unique blend of strengths to draw synergy and capture value from all parts of Keppel.

Capturing value

51. The world is undergoing the largest wave of urban growth in history. More than half of the world's population now lives in towns and cities, and by 2030 this number will swell to about 5 billion.

52. Our Offshore & Marine, Property, Infrastructure and Investments divisions are already meeting people's needs for energy, a clean urban environment, urban living and connectivity. Anchored on our multi-business strategy, and Keppel's distinct combination of strengths, we are configured to provide competitive solutions and services for sustainable urbanisation.

53. In addition to providing turnkey solutions, we are also capable of creating quality assets across our business lines that can generate stable cash flows for the Group over a longer period. These range from office buildings to data centres and power and waste-to-energy plants, as well as midstream assets such as FLNG vessels which may be chartered for 10 to 20 years at time.

54. Such assets can be created either from green or brown fields. We can then own, manage and operate the assets, stabilise and de-risk them, before monetising them. Our goal is to capture value at every step of the way, from the time we create an asset till even after we inject it into a trust or fund that we own.

55. As demonstrated, we have created an efficient eco-system for capital recycling with established vehicles in place to support asset creation by our key verticals. There will also be fees that we can continue to earn along the way, such as for asset management, operations and maintenance, and facilities and property management. All of these add to our bottom line in a sustainable way.

Recurring income

56. For the first nine months of 2015, recurring income contributed $293 million or about 26% of the Group's total net profit. Recurring income contributed a similar percentage of the Group's profit for the first nine months of 2014. Through the business model that I have just discussed, we aim to continue growing contributions from recurring income to improve the overall quality and stability of our earnings.

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

KEPPEL CORPORATION LIMITED

Third Quarter and Nine Months 2015 Financial Statements

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2015.

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

	Note	Third Quarter			Nine Months		
		30.9.2015 $'000	30.9.2014 $'000	+/- %	**30.9.2015 $'000**	30.9.2014 $'000	+/- %
Revenue		**2,439,769**	3,184,784	-23.4	**7,816,828**	9,357,729	-16.5
Materials & subcontract costs	(i)	**(1,535,320)**	(2,238,697)	-31.4	**(5,258,175)**	(6,441,553)	-18.4
Staff costs	(ii)	**(390,605)**	(413,475)	-5.5	**(1,245,858)**	(1,246,349)	–
Depreciation & amortisation		**(55,153)**	(67,550)	-18.4	**(185,396)**	(195,869)	-5.3
Other operating (expenses)/income	(iii)	**(88,263)**	100,157	NM	**55,497**	(26,617)	NM
Operating profit		**370,428**	565,219	-34.5	**1,182,896**	1,447,341	-18.3
Investment income		**7,010**	6,516	+7.6	**12,983**	8,170	+58.9
Interest income		**37,420**	36,281	+3.1	**88,221**	104,428	-15.5
Interest expenses	(iv)	**(47,032)**	(27,126)	+73.4	**(114,317)**	(81,601)	+40.1
Share of results of associated companies	(v)	**101,483**	61,632	+64.7	**252,868**	249,107	+1.5
Profit before tax		**469,309**	642,522	-27.0	**1,422,651**	1,727,445	-17.6
Taxation	1b	**(96,963)**	(105,124)	-7.8	**(266,300)**	(326,037)	-18.3
Profit for the period		**372,346**	537,398	-30.7	**1,156,351**	1,401,408	-17.5
Attributable to:							
Shareholders of the Company		**362,897**	414,188	-12.4	**1,119,841**	1,158,900	-3.4
Non-controlling interests		**9,449**	123,210	-92.3	**36,510**	242,508	-84.9
		372,346	537,398	-30.7	**1,156,351**	1,401,408	-17.5
Earnings per ordinary share							
- basic		**20.0 cts**	22.9 cts	-12.7	**61.7 cts**	63.9 cts	-3.4
- diluted		**20.0 cts**	22.6 cts	-11.5	**61.4 cts**	63.2 cts	-2.8

NM – Not Meaningful

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Third Quarter			Nine Months		
		30.9.2015 $'000	30.9.2014 $'000	+/- %	**30.9.2015 $'000**	30.9.2014 $'000	+/- %
Share-based payment expenses		**17,907**	7,775	+130.3	**38,403**	40,472	-5.1
Profit on sale of fixed assets and investment property	(vi)	**(1,084)**	(93,715)	-98.8	**(2,511)**	(94,865)	-97.4
Profit on sale of investments	(vii)	**–**	(1,469)	NM	**(49,605)**	(13,809)	+259.2
(Write-back)/Provision							
- Stocks & work-in-progress		**(23)**	(176)	-86.9	**614**	(1,450)	NM
- Doubtful debts		**4,460**	2,448	+82.2	**5,389**	1,971	+173.4
Fair value loss/(gain)							
- Investments	(viii)	**18,327**	(3,764)	NM	**18,396**	(6,761)	NM
- Forward contracts	(ix)	**13,738**	3,090	NM	**28,372**	11,985	+136.7
- Financial derivatives		**(887)**	4,413	NM	**(4,257)**	3,423	NM
Foreign exchange loss/(gain)	(x)	**13,888**	(2,032)	NM	**24,094**	(4,622)	NM
Gain associated with restructuring of operations and others	(xi)	**(3,329)**	–	NM	**(58,427)**	–	NM
Write-back of impairment of investments	(xii)	**(23,860)**	(23,716)	+0.6	**(25,413)**	(45,390)	-44.0
Gain on disposal of subsidiaries	(xiii)	**–**	–	NM	**(218,770)**	(6,924)	NM

NM – Not Meaningful

Note:

(i) Materials & subcontract costs decreased mainly as a result of lower revenue from the Offshore & Marine Division and Infrastructure Division, partly offset by higher revenue from the Property Division.

(ii) For 9M 2015, lower staff costs at Infrastructure Division were offset by higher staff costs at Property Division. For 3Q 2015, staff costs decreased due mainly to lower staff costs in the Offshore & Marine Division and Infrastructure Division, partly offset by higher staff costs in the Property Division.

(iii) Other operating income for the nine months ended 30 September 2015 as compared to operating expenses for the same period last year was due mainly to higher profit on sale of investments (Note (vii)), gain associated with restructuring of operations and others (Note (xi)) and higher gain on disposal of subsidiaries (Note (xiii)), partially offset by lower profit on sale of fixed assets and investment property (Note (vi)), fair value loss on investments (Note (viii)), foreign exchange loss in the current period as compared to foreign exchange gain in the prior period (Note (x)) and lower write-back of impairment of investments (Note (xii)).

(iv) Higher interest expense was mainly attributable to higher borrowings in the Offshore & Marine Division and project development companies in the Property Division.

(v) Share of profits of associated companies was higher due mainly to higher contribution from associated companies in the Offshore & Marine Division and Investments Division, partially offset by lower contribution from the Property Division.

Keppel REIT carried out a valuation for the Old Treasury Building subsequent to its receipt of the Certificate of Practical Completion on 31 August 2015. The Group did not account for its share of the fair value gain in 3Q 2015 in accordance with its policy to revalue its investment properties on an annual basis. An update to the fair values of the Group's investment properties will be done at the end of the financial year.

(vi) Profit on sale of fixed assets and investment property in the prior period was largely attributable to divestment of Equity Plaza in the Property Division.

(vii) Profit on sale of investments was due to disposals of listed equities.

(viii) Fair value loss (mark-to-market) on investment portfolio held for trading was due to drop in stock prices.

(ix) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rate.

(x) Foreign exchange loss was mainly attributable to the revaluation of assets denominated in Azerbaijani Manat as a result of devaluation, partially offset by gain from revaluation of assets denominated in United States dollar, which appreciated against Singapore dollar.

(xi) Gain associated with restructuring of operations and others arose mainly from the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust and the gain on change in interest in an associated company, partly offset by business combination loss on acquisition of additional interest in OWEC Tower.

(xii) The write-back in the current period was in relation to write-back of impairment of investment in the Infrastructure Division. The write-back in the prior period was mainly in relation to the write-back of impairment of investments in the Investments Division.

(xiii) Gain on disposal of subsidiaries in the current period arose mainly from the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd.

1b. Taxation expenses for the nine months ended 30 September 2015 were lower because of gains on sale of investments and restructuring which are not taxable and lower profits from companies in countries with higher tax rates.

1c. Earnings per ordinary share

	Third Quarter			**Nine Months**		
	30.9.2015	30.9.2014	+/-%	**30.9.2015**	30.9.2014	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	**20.0 cts**	22.9 cts	-12.7	**61.7 cts**	63.9 cts	-3.4
- Weighted average number of shares (excluding treasury shares) ('000)	**1,814,542**	1,814,985	–	**1,814,542**	1,814,985	–
(ii) On a fully diluted basis	**20.0 cts**	22.6 cts	-11.5	**61.4 cts**	63.2 cts	-2.8
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,825,297**	1,832,924	-0.4	**1,825,297**	1,832,924	-0.4

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

	Note	Third Quarter			Nine Months		
		30.9.2015 $'000	30.9.2014 $'000	+/- %	**30.9.2015 $'000**	30.9.2014 $'000	+/- %
Profit for the period		**372,346**	537,398	-30.7	**1,156,351**	1,401,408	-17.5
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the period	(i)	**(33,426)**	(30,702)	+8.9	**(25,018)**	(33,009)	-24.2
- Realised and transferred to profit & loss account	(ii)	**(3,359)**	(1,384)	+142.7	**(41,981)**	(10,525)	+298.9
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(iii)	**(313,862)**	(116,460)	+169.5	**(400,716)**	(56,421)	NM
- Realised and transferred to profit & loss account	(iv)	**31,515**	(10,259)	NM	**135,719**	(22,546)	NM
Foreign exchange translation							
- Exchange differences arising during the period	(v)	**65,053**	77,659	-16.2	**114,354**	(10,808)	NM
- Realised and transferred to profit & loss account		**(126)**	(3,406)	-96.3	**11,513**	(4,537)	NM
Share of other comprehensive income of associated companies							
- Available-for-sale assets		**4,118**	(645)	NM	**5,606**	(1,486)	NM
- Cash flow hedges		**8,376**	11,762	-28.8	**26,495**	16,849	+57.2
- Foreign exchange translation		**5,349**	1,907	+180.5	**(17,652)**	17,065	NM
Other comprehensive income for the period, net of tax		**(236,362)**	(71,528)	+230.4	**(191,680)**	(105,418)	+81.8
Total comprehensive income for the period		**135,984**	465,870	-70.8	**964,671**	1,295,990	-25.6
Attributable to:							
Shareholders of the Company		**109,937**	300,131	-63.4	**889,841**	1,053,923	-15.6
Non-controlling interests		**26,047**	165,739	-84.3	**74,830**	242,067	-69.1
		135,984	465,870	-70.8	**964,671**	1,295,990	-25.6

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, which were largely entered to hedge exposures against United States dollar. The fair value loss was as a result of the hedge rate being lower than the spot rate.

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

(v) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for 3Q 2015 and nine months in 2015 arose largely from the strengthening of United States dollar and Renminbi against the Singapore dollar.

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

3. BALANCE SHEETS as at 30 September

	Group		Company	
	30.9.2015	31.12.2014	**30.9.2015**	31.12.2014
	$'000	$'000	**$'000**	$'000
Share capital	**1,288,394**	1,287,595	**1,288,394**	1,287,595
Treasury shares	**(49,173)**	(48,665)	**(49,173)**	(48,665)
Reserves	**9,462,775**	9,141,832	**4,674,013**	4,591,571
Share capital & reserves	**10,701,996**	10,380,762	**5,913,234**	5,830,501
Non-controlling interests	**984,565**	4,346,879	**–**	–
Capital employed	**11,686,561**	14,727,641	**5,913,234**	5,830,501
Represented by:				
Fixed assets	**2,792,741**	2,673,015	**1,542**	694
Investment properties	**2,330,518**	1,987,515	**–**	–
Subsidiaries	**–**	–	**8,098,505**	5,067,567
Associated companies	**5,667,298**	4,988,444	**–**	–
Investments	**326,386**	358,366	**–**	–
Long term assets	**241,067**	258,397	**407**	321
Intangibles	**102,260**	101,732	**–**	–
	11,460,270	10,367,469	**8,100,454**	5,068,582
Current assets				
Stocks & work-in-progress in excess of related billings	**11,032,942**	10,681,123	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**2,062,188**	4,100,374
- associated companies	**611,810**	630,552	**1,333**	471
Debtors	**3,488,954**	2,509,589	**120,834**	26,288
Short term investments	**238,727**	371,451	**–**	–
Bank balances, deposits & cash	**1,777,093**	5,736,001	**2,515**	2,308
	17,149,526	19,928,716	**2,186,870**	4,129,441
Assets classified as held for sale	**–**	1,258,640	**–**	–
	17,149,526	21,187,356	**2,186,870**	4,129,441
Current liabilities				
Creditors	**5,647,000**	5,432,754	**888,102**	492,168
Billings on work-in-progress in excess of related costs	**2,159,799**	2,397,376	**–**	–
Provisions	**106,764**	149,526	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**1,107,600**	1,004,570
- associated companies	**449,410**	137,188	**38,362**	–
Term loans	**1,514,177**	1,795,635	**758,636**	290,511
Taxation	**366,796**	462,699	**21,220**	14,000
	10,243,946	10,375,178	**2,813,920**	1,801,249
Liabilities directly associated with assets classified as held for sale	**–**	450,017	**–**	–
	10,243,946	10,825,195	**2,813,920**	1,801,249
Net current assets/(liabilities)	**6,905,580**	10,362,161	**(627,050)**	2,328,192
Non-current liabilities				
Term loans	**6,291,788**	5,586,908	**1,500,000**	1,500,000
Deferred taxation	**277,561**	266,412	**–**	–
Other non-current liabilities	**109,940**	148,669	**60,170**	66,273
	6,679,289	6,001,989	**1,560,170**	1,566,273
Net assets	**11,686,561**	14,727,641	**5,913,234**	5,830,501
Group net debt	***6,028,872***	*1,646,542*	***n.a.***	*n.a.*
Group net gearing ratio	***0.52x***	*0.11x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 30.9.2015		As at 31.12.2014	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
86,894	**1,427,283**	123,234	1,672,401

(ii) Amount repayable after one year

As at 30.9.2015		As at 31.12.2014	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,164,054	**5,127,734**	915,945	4,670,963

(iii) Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,577,784,000 (31 December 2014: $2,704,286,000) to banks for loan facilities.

3b. Net asset value

	Group			**Company**		
	30.9.2015	31.12.2014	+/-%	**30.9.2015**	30.9.2014	+/-%
Net asset value per ordinary share *	**$5.91**	$5.73	+3.1	**$3.26**	$3.22	+1.2
Net tangible asset per ordinary share *	**$5.85**	$5.67	+3.2	**$3.26**	$3.22	+1.2

* Based on share capital of 1,811,124,895 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2014: 1,811,836,227 ordinary shares (excluding treasury shares)).

3c. Assets and liabilities classified as held for sale

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

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

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

3d. Balance sheet analysis

Group shareholders' funds were $10.70 billion at 30 September 2015, $0.32 billion higher than the previous year end. The increase was mainly attributable to retained profits for the period ended 30 September 2015. In addition, the difference between non-controlling interests adjusted and the fair value of the consideration paid, arising from the privatisation of Keppel Land Limited was recognised in equity attributable to shareholders of the Company. This was partially offset by payment of final dividend of 36.0 cents per share in respect of financial year 2014 and interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2015, fair value loss on cash flow hedges and available-for-sale assets as well as fair value realised on disposal of available-for-sale assets. Non-controlling interest of $0.98 billion were $3.36 billion lower because of the privatization of Keppel Land Limited.

Group total assets of $28.61 billion at 30 September 2015 were $2.95 billion lower than the previous year end. Decrease in current assets was partially offset by increase in non-current assets. The decrease in current assets was due mainly to disposal of KMC and lower bank balances, deposits & cash, largely due to the privatisation of Keppel Land Limited and capital expenditure. This was partly offset by the increase in stocks & work-in-progress largely attributable to higher work-in-progress for the Offshore & Marine Division as well as higher level of debtors due mainly to higher billings from the Offshore & Marine Division and the Property Division. Non-current assets were higher due mainly to increase in investment properties from the acquisition of a freehold office building in London. In addition, the increase in associated companies was largely due to the recognition of KMC as an associated company following the sale of 51% interest under the Infrastructure Division as well as the additional investments and acquisitions in the Property Division.

Group total liabilities of $16.92 billion at 30 September 2015 were $0.10 billion higher than the previous year end. This was mainly due to increased bank borrowings for working capital requirements, operational capital expenditure and privatisation of Keppel Land Limited, offset by the derecognition of liabilities directly associated with KMC.

Group net debt increased by $4.38 billion to $6.03 billion at 30 September 2015.

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

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
2015								
As at 1 January	**1,287,595**	**(48,665)**	**(89,335)**	**9,422,754**	**(191,587)**	**10,380,762**	**4,346,879**	**14,727,641**
Total comprehensive income for first half								
Profit for first half	**–**	**–**	**–**	**756,944**	**–**	**756,944**	**27,061**	**784,005**
Other comprehensive income *	**–**	**–**	**6,101**	**–**	**16,859**	**22,960**	**21,722**	**44,682**
Total comprehensive income for first half	**–**	**–**	**6,101**	**756,944**	**16,859**	**779,904**	**48,783**	**828,687**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	**–**	**–**	**–**	**(654,398)**	**–**	**(654,398)**	**–**	**(654,398)**
Share-based payment	**–**	**–**	**19,947**	**–**	**–**	**19,947**	**253**	**20,200**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(43,639)**	**(43,639)**
Shares issued	**799**	**–**	**(20)**	**–**	**–**	**779**	**–**	**779**
Purchase of treasury shares	**–**	**(4,956)**	**–**	**–**	**–**	**(4,956)**	**–**	**(4,956)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**48,597**	**(40,664)**	**–**	**–**	**7,933**	**–**	**7,933**
Cash subscribed by non-controlling shareholders	**–**	**–**	**1,388**	**–**	**–**	**1,388**	**3,738**	**5,126**
Contributions to defined benefits plans	**–**	**–**	**1,577**	**–**	**–**	**1,577**	**451**	**2,028**
Total contributions by and distributions to owners	**799**	**43,641**	**(17,772)**	**(654,398)**	**–**	**(627,730)**	**(39,197)**	**(666,927)**
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**1,224**	**1,224**
Acquisition of additional interest in a subsidiary	**–**	**–**	**(4,976)**	**296,567**	**–**	**291,591**	**(3,282,199)**	**(2,990,608)**
Disposal of interest in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(7,414)**	**(7,414)**
Total change in ownership interests in subsidiaries	**–**	**–**	**(4,976)**	**296,567**	**–**	**291,591**	**(3,288,389)**	**(2,996,798)**
Total transactions with owners	**799**	**43,641**	**(22,748)**	**(357,831)**	**–**	**(336,139)**	**(3,327,586)**	**(3,663,725)**
As at 30 June	**1,288,394**	**(5,024)**	**(105,982)**	**9,821,867**	**(174,728)**	**10,824,527**	**1,068,076**	**11,892,603**

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

2015	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
	Attributable to owners of the Company							
Total comprehensive income for third quarter								
Profit for third quarter	**–**	**–**	**–**	**362,897**	**–**	**362,897**	**9,449**	**372,346**
Other comprehensive income *	**–**	**–**	**(306,802)**	**–**	**53,842**	**(252,960)**	**16,598**	**(236,362)**
Total comprehensive income for third quarter	**–**	**–**	**(306,802)**	**362,897**	**53,842**	**109,937**	**26,047**	**135,984**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	**–**	**–**	**–**	**(218,081)**	**–**	**(218,081)**	**–**	**(218,081)**
Share-based payment	**–**	**–**	**17,676**	**–**	**–**	**17,676**	**53**	**17,729**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(13,541)**	**(13,541)**
Purchase of treasury shares	**–**	**(44,411)**	**–**	**–**	**–**	**(44,411)**	**–**	**(44,411)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**262**	**(80)**	**–**	**–**	**182**	**–**	**182**
Cash subscribed by non-controlling shareholders	**–**	**–**	**19**	**–**	**–**	**19**	**1,737**	**1,756**
Contributions to defined benefits plans	**–**	**–**	**16**	**–**	**–**	**16**	**15**	**31**
Total contributions by and distributions to owners	**–**	**(44,149)**	**17,631**	**(218,081)**	**–**	**(244,599)**	**(11,736)**	**(256,335)**
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in a subsidiary	**–**	**–**	**(68)**	**12,199**	**–**	**12,131**	**(97,822)**	**(85,691)**
Total change in ownership interests in subsidiaries	**–**	**–**	**(68)**	**12,199**	**–**	**12,131**	**(97,822)**	**(85,691)**
Total transactions with owners	**–**	**(44,149)**	**17,563**	**(205,882)**	**–**	**(232,468)**	**(109,558)**	**(342,026)**
As at 30 September	**1,288,394**	**(49,173)**	**(395,221)**	**9,978,882**	**(120,886)**	**10,701,996**	**984,565**	**11,686,561**

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

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

	Attributable to owners of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
2014							
As at 1 January	1,205,877	500,753	8,301,117	(306,566)	9,701,181	3,987,682	13,688,863
Total comprehensive income for first half							
Profit for first half	–	–	744,712	–	744,712	119,298	864,010
Other comprehensive income *	–	40,913	–	(31,833)	9,080	(42,970)	(33,890)
Total comprehensive income for first half	–	40,913	744,712	(31,833)	753,792	76,328	830,120
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	–	–	(544,887)	–	(544,887)	–	(544,887)
Share-based payment	–	31,836	–	–	31,836	904	32,740
Dividend paid to non-controlling shareholders	–	–	–	–	–	(120,082)	(120,082)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	5,132	5,132
Shares issued	72,887	(46,499)	–	–	26,388	–	26,388
Other adjustments	–	–	10	–	10	–	10
Total contributions by and distributions to owners	72,887	(14,663)	(544,877)	–	(486,653)	(114,046)	(600,699)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	–	–	–	–	–	3,737	3,737
Acquisition of additional interest in a subsidiary	–	(2,053)	–	–	(2,053)	(1,707)	(3,760)
Disposal of interest in subsidiaries	–	–	–	–	–	(5,806)	(5,806)
Total change in ownership interests in subsidiaries	–	(2,053)	–	–	(2,053)	(3,776)	(5,829)
Total transactions with owners	72,887	(16,716)	(544,877)	–	(488,706)	(117,822)	(606,528)
As at 30 June	1,278,764	524,950	8,500,952	(338,399)	9,966,267	3,946,188	13,912,455

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

	Attributable to owners of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
2014							
Total comprehensive income for third quarter							
Profit for third quarter	–	–	414,188	–	414,188	123,210	537,398
Other comprehensive income *	–	(154,137)	–	40,080	(114,057)	42,529	(71,528)
Total comprehensive income for third quarter	–	(154,137)	414,188	40,080	300,131	165,739	465,870
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	–	–	(218,019)	–	(218,019)	–	(218,019)
Share-based payment	–	6,922	–	–	6,922	779	7,701
Dividend paid to non-controlling shareholders	–	–	–	–	–	(71,228)	(71,228)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	7,064	7,064
Shares issued	4,616	(158)	–	–	4,458	–	4,458
Total contributions by and distributions to owners	4,616	6,764	(218,019)	–	(206,639)	(63,385)	(270,024)
Changes in ownership interests in subsidiaries							
Acquisition of additional interest in a subsidiary	–	(2,468)	–	–	(2,468)	(1,252)	(3,720)
Total change in ownership interests in subsidiaries	–	(2,468)	–	–	(2,468)	(1,252)	(3,720)
Total transactions with owners	4,616	4,296	(218,019)	–	(209,107)	(64,637)	(273,744)
As at 30 September	1,283,380	375,109	8,697,121	(298,319)	10,057,291	4,047,290	14,104,581

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

4b. Statement of changes in equity of the Company

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2015					
As at 1 January	**1,287,595**	**(48,665)**	**191,294**	**4,400,277**	**5,830,501**
Profit / Total comprehensive income for first half	**–**	**–**	**–**	**874,740**	**874,740**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(654,398)**	**(654,398)**
Share-based payment	**–**	**–**	**17,687**	**–**	**17,687**
Shares issued	**799**	**–**	**(20)**	**–**	**779**
Purchase of treasury shares	**–**	**(4,956)**	**–**	**–**	**(4,956)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**48,597**	**(40,664)**	**–**	**7,933**
Total transactions with owners	**799**	**43,641**	**(22,997)**	**(654,398)**	**(632,955)**
As at 30 June	**1,288,394**	**(5,024)**	**168,297**	**4,620,619**	**6,072,286**
Profit / Total comprehensive income for third quarter	**–**	**–**	**–**	**86,494**	**86,494**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(218,081)**	**(218,081)**
Share-based payment	**–**	**–**	**16,764**	**–**	**16,764**
Purchase of treasury shares	**–**	**(44,411)**	**–**	**–**	**(44,411)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**262**	**(80)**	**–**	**182**
Total transactions with owners	**–**	**(44,149)**	**16,684**	**(218,081)**	**(245,546)**
As at 30 September	**1,288,394**	**(49,173)**	**184,981**	**4,489,032**	**5,913,234**

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2014					
As at 1 January	1,205,877	–	188,432	4,300,590	5,694,899
Profit / Total comprehensive income for first half	–	–	–	805,451	805,451
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(544,887)	(544,887)
Share-based payment	–	–	30,280	–	30,280
Shares issued	72,887	–	(46,499)	–	26,388
Other adjustments	–	–	–	10	10
Total transactions with owners	72,887	–	(16,219)	(544,877)	(488,209)
As at 30 June	1,278,764	–	172,213	4,561,164	6,012,141
Profit / Total comprehensive income for third quarter	–	–	–	136,615	136,615
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(218,019)	(218,019)
Share-based payment	–	–	5,724	–	5,724
Shares issued	4,616	–	(158)	–	4,458
Total transactions with owners	4,616	–	5,566	(218,019)	(207,837)
As at 30 September	1,283,380	–	177,779	4,479,760	5,940,919

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2015	1,817,768,227	5,932,000
Issue of shares under share option scheme	139,900	–
Issue of shares under restricted share plan and performance share plan	2,053	–
Treasury shares transferred pursuant to share option scheme	–	(1,357,730)
Treasury shares transferred pursuant to restricted share plan and performance share plan	–	(4,565,785)
Purchase of treasury shares	–	584,000
As at 30 June 2015	1,817,910,180	592,485
Treasury shares transferred pursuant to share option scheme	–	(30,500)
Treasury shares transferred pursuant to restricted share plan	–	(700)
Purchase of treasury shares	–	6,224,000
As at 30 September 2015	**1,817,910,180**	**6,785,285**

Issued share capital and treasury shares

Treasury shares
During the nine months ended 30 September 2015, the Company transferred 5,954,715 (30 September 2014: Nil) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 6,808,000 treasury shares (30 September 2014: Nil) during the period. As at 30 September 2015, the number of treasury shares held by the Company represented 0.37% (30 September 2014: Nil) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the nine months ended 30 September 2015.

Share options
As at 30 September 2015, there were unexercised options for 17,839,074 of unissued ordinary shares (30 September 2014: 20,126,904 ordinary shares) under the KCL Share Options Scheme. 1,528,130 options (30 September 2014: 4,412,811) were exercised during the period and 203,300 unexercised options (30 September 2014: 292,600) were cancelled in the nine months ended 30 September 2015.

KCL Performance Share Plan ("KCL PSP")
As at 30 September 2015, the number of contingent shares granted but not released were 2,052,119 (30 September 2014: 1,748,725) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 3,078,179 under KCL PSP.

KCL Restricted Share Plan ("KCL RSP")
As at 30 September 2015, the number of contingent shares granted but not released was 5,602,502 (30 September 2014: 4,712,345). 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 5,602,502 under KCL RSP.

As at 30 September 2015, the number of awards released but not vested was 4,280,204 (30 September 2014: 4,123,789) 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 1.1.15	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.9.15
KCL PSP						
29.6.2012	616,606	–	(240,406)	(376,200)	–	–
28.3.2013	554,719	–	–	–	–	554,719
31.3.2014	577,400	–	–	–	–	577,400
31.3.2015	–	700,000	–	–	–	700,000
30.7.2015	–	220,000	–	–	–	220,000
	1,748,725	920,000	(240,406)	(376,200)	–	2,052,119
KCL RSP						
31.3.2014	4,639,784	–	–	(4,585,541)	(54,243)	–
31.3.2015	–	4,863,286	–	–	(50,387)	4,812,899
30.7.2015	–	789,603	–	–	–	789,603
	4,639,784	5,652,889	–	(4,585,541)	(104,630)	5,602,502

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.15	Released	Vested	Cancelled	Other adjustments	At 30.9.15
KCL PSP						
29.6.2012	–	376,200	(323,400)	–	(52,800)	–
	–	376,200	(323,400)	–	(52,800)	–
KCL RSP						
29.6.2012	1,275,274	–	(1,272,168)	(3,106)	–	–
28.3.2013	2,718,166	–	(1,364,385)	(20,019)	–	1,333,762
31.3.2014	–	4,585,541	(1,608,585)	(30,514)	–	2,946,442
	3,993,440	4,585,541	(4,245,138)	(53,639)	–	4,280,204

4d. Capital reserves

	Group		Company	
	30.9.2015	30.9.2014	**30.9.2015**	30.9.2014
	$'000	$'000	**$'000**	$'000
Share option and share plan reserve	**204,954**	198,587	**180,312**	177,779
Fair value reserve	**41,294**	144,479	**–**	–
Hedging reserve	**(755,227)**	(64,382)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**73,758**	56,425	**4,669**	–
	(395,221)	375,109	**184,981**	177,779

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

	Note	Third Quarter		Nine Months	
		30.9.2015	30.9.2014	**30.9.2015**	30.9.2014
		$'000	$'000	**$'000**	$'000
OPERATING ACTIVITIES					
Operating profit		**370,428**	565,219	**1,182,896**	1,447,341
Adjustments:					
Depreciation and amortisation		**55,153**	67,550	**185,396**	195,869
Share-based payment expenses		**17,907**	7,775	**38,403**	40,472
Profit on sale of investments		**–**	(1,469)	**(49,605)**	(13,809)
Profit on sale of fixed assets and investment property		**(1,084)**	(93,715)	**(2,511)**	(94,865)
Write-back of impairment of investments		**(23,860)**	(23,716)	**(25,413)**	(45,390)
Gain on disposal of subsidiaries		**–**	–	**(218,770)**	(6,924)
Write-back of provision for restructuring of operations and others		**(3,329)**	–	**(58,427)**	–
Operational cash flow before changes in working capital		**415,215**	521,644	**1,051,969**	1,522,694
Working capital changes:					
Stocks & work-in-progress		**(573,713)**	(1,069,012)	**(703,552)**	(1,614,488)
Debtors		**(13,481)**	365,250	**(937,168)**	(579,795)
Creditors		**(495,934)**	403,614	**(273,471)**	207,179
Investments		**55,537**	3,785	**137,468**	(47,580)
Advances to associated companies		**274,520**	(8,914)	**329,755**	369,694
		(337,856)	216,367	**(394,999)**	(142,296)
Interest received		**37,420**	36,281	**88,221**	104,428
Interest paid		**(47,032)**	(27,126)	**(114,317)**	(81,601)
Income taxes paid, net of refunds received		**(119,426)**	(140,496)	**(317,332)**	(357,449)
Net cash (used in)/from operating activities		**(466,894)**	85,026	**(738,427)**	(476,918)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	**–**	–	**(2,559)**	(224,029)
Acquisition and further investment in associated companies		**(153,263)**	(61,537)	**(549,867)**	(87,540)
Acquisition of fixed assets and investment properties		**(117,375)**	(156,840)	**(639,738)**	(430,422)
Disposal of subsidiaries	5b	**–**	–	**1,248,946**	37,793
Proceeds from disposal of fixed assets and investment property		**2,106**	555,029	**3,676**	561,015
Proceeds from disposal of associated companies and return of capital		**368**	6,941	**368**	8,941
Dividends received from investments and associated companies		**78,440**	150,167	**240,805**	319,003
Net cash (used in)/from investing activities		**(189,724)**	493,760	**301,631**	184,761
FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiaries		**(84,863)**	(3,720)	**(3,046,645)**	(7,480)
Proceeds from share issues		**–**	4,458	**779**	30,846
Proceeds from share options exercised with issue of treasury shares		**182**	–	**8,115**	–
Purchase of treasury shares		**(44,411)**	–	**(49,367)**	–
Proceeds from non-controlling shareholders of subsidiaries		**1,756**	7,064	**6,882**	12,196
Proceeds from term loans		**433,479**	383,798	**1,649,120**	811,100
Repayment of term loans		**(46,327)**	(328,990)	**(1,213,657)**	(676,816)
Dividend paid to shareholders of the Company		**(218,081)**	(218,019)	**(872,479)**	(762,906)
Dividend paid to non-controlling shareholders of subsidiaries		**(13,541)**	(71,228)	**(57,180)**	(191,310)
Net cash from/(used in) financing activities		**28,194**	(226,637)	**(3,574,432)**	(784,370)
Net (decrease)/increase in cash and cash equivalents		**(628,424)**	352,149	**(4,011,228)**	(1,076,527)
Cash and cash equivalents as at beginning of period		**2,335,310**	4,121,736	**5,712,351**	5,557,601
Effects of exchange rate changes on the balance of cash held in foreign currencies		**29,434**	11,231	**35,197**	4,042
Cash and cash equivalents as at end of period	5c	**1,736,320**	4,485,116	**1,736,320**	4,485,116

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

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

	Third Quarter		Nine Months	
	30.9.2015	30.9.2014	**30.9.2015**	30.9.2014
	$'000	$'000	**$'000**	$'000
Fixed assets	**–**	–	**85**	5,929
Intangible assets	**–**	–	**3,245**	–
Investment in associated company	**–**	–	**–**	14
Debtors and other assets	**–**	–	**2,970**	11,905
Bank balances and cash	**–**	–	**2,433**	792
Creditors	**–**	–	**(3,381)**	(4,338)
Bank borrowings	**–**	–	**(222)**	(2,414)
Current and deferred taxation	**–**	–	**(763)**	(96)
Total identifiable net assets at fair value	**–**	–	**4,367**	11,792
Non-controlling interest measured at non-controlling interests' proportionate share of the net assets	**–**	–	**(1,224)**	(3,737)
Amount previously accounted for as associated companies	**–**	–	**(490)**	(3,887)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	**–**	–	**–**	(219)
Goodwill arising from acquisition	**–**	–	**2,339**	1,472
Payment of deferred consideration for prior year's acquisition of a subsidiary	**–**	–	**–**	219,400
Total purchase consideration	**–**	–	**4,992**	224,821
Less: Bank balances and cash acquired	**–**	–	**(2,433)**	(792)
Cash flow on acquisition	**–**	–	**2,559**	224,029

Significant acquisition of subsidiaries during the nine months of the year mainly relates to acquisition of 75% interest in Array Real Estate Pte. Ltd. and acquisition of additional 50.1% interest in OWEC Tower (AS) increasing our interest to 100%.

For the nine months in the prior year, the Group acquired additional interest of 11% in Indo-Trans Keppel Logistics Vietnam Co., Ltd, increasing our interest to 51%. Payment of deferred consideration relates to Shanghai Jinju Real Estate Development Co. Ltd.

5b. Disposal of subsidiaries

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

	Third Quarter		Nine Months	
	30.9.2015	30.9.2014	**30.9.2015**	30.9.2014
	$'000	$'000	**$'000**	$'000
Fixed assets	**–**	–	**(1,141,882)**	(731)
Investment properties	**–**	–	**(21,592)**	–
Investment in associated company	**–**	–	**–**	(26,980)
Stocks and work-in-progress	**–**	–	**(27,843)**	–
Debtors and other assets	**–**	–	**(206,906)**	(17,621)
Bank balances and cash	**–**	–	**(240,637)**	(40)
Creditors and other liabilities	**–**	–	**210,928**	928
Current and deferred taxation	**–**	–	**187,940**	9,652
Non-controlling interests deconsolidated	**–**	–	**7,414**	5,806
	–	–	**(1,232,578)**	(28,986)
Amount accounted for as associated company	**–**	–	**(40,498)**	50,722
Amount accounted for as amount owing from associated company	**–**	–	**–**	(52,645)
Net assets disposed of	**–**	–	**(1,273,076)**	(30,909)
Net profit on disposal	**–**	–	**(218,770)**	(6,924)
Realisation of foreign currency translation reserve and capital reserve	**–**	–	**(10,053)**	–
Sale proceeds	**–**	–	**(1,501,899)**	(37,833)
Less: Deferred proceeds received	**–**	–	**12,316**	–
Less: Bank balances and cash disposed	**–**	–	**240,637**	40
Cash flow on disposal	**–**	–	**(1,248,946)**	(37,793)

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

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

5c. Cash and cash equivalents

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

	Third Quarter		Nine Months	
	30.9.2015	30.9.2014	**30.9.2015**	30.9.2014
	$'000	$'000	**$'000**	$'000
Bank balances, deposits and cash	**1,777,093**	4,497,882	**1,777,093**	4,497,882
Bank overdrafts	**–**	–	**–**	–
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(40,773)**	(12,766)	**(40,773)**	(12,766)
	1,736,320	4,485,116	**1,736,320**	4,485,116

5e. Cash flow analysis

(i) Third Quarter

Net cash used in operating activities for the quarter was $467 million compared to the net cash from operating activities of $85 million for the corresponding quarter last year. This was due mainly to lower operational cash inflow and higher working capital requirements.

Net cash used in investing activities for the quarter was $190 million. This comprised principally the acquisitions and further investment in associated companies as well as other operational capex during the quarter.

Net cash from financing activities was $28 million. This was due mainly to net proceeds of term loans, offset by the dividend of $232 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the quarter.

(ii) Nine Months

Net cash used in operating activities for the nine months was $738 million, $261 million higher than that in the previous period. This was due mainly to lower operating profit and higher working capital requirements.

Net cash from investing activities was $302 million. This was mainly attributable to the proceeds from the sale of KMC, partly offset by further investment in associated companies, acquisition of a freehold office building in London, capital expenditure on logistics warehouses and data centres in the Infrastructure Division and other operational capex. Dividend income amounted to $241 million.

Net cash used in financing activities was $3,574 million compared to $784 million in the previous period, mainly attributable to the acquisition of additional shareholding in Keppel Land Limited. Dividend payment amounted to $930 million.

6. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

7. AUDITORS' REPORT

Not applicable

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2014.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014)
Improvements to FRSs (February 2014)

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

10. REVIEW OF GROUP PERFORMANCE

(i) Third Quarter

Group revenue for 3Q2015 of $2,440 million was $745 million or 23% below that of 3Q2014. Revenue from the Offshore & Marine Division declined $788 million to $1,411 million because of a lower volume of work and deferment of some projects. Revenue from the Property Division improved by $268 million to $487 million mainly from higher revenue from China and Vietnam partly offset by lower revenue from Singapore. The Infrastructure Division's revenue was lower by $226 million to $536 million resulting from a drop in revenue from the power and gas business, lower revenue from the Engineering, Procurement and Construction ("EPC") projects, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

Group pre-tax profit for 3Q2015 decreased by $172 million or 27% from $642 million to $470 million. Pre-tax profit of the Offshore & Marine Division dropped by $153 million to $206 million. Lower operating results and net interest income were partially offset by an increase in share of associated companies' profits. Pre-tax profit of Property Division of $200 million for 3Q2015 is comparable to that of 3Q2014. Pre-tax profit of the Infrastructure Division was $43 million for the current quarter as compared to $54 million for the same quarter in 2014 due mainly to the lower contribution from the gas to power business. Pre-tax profit of the Investments Division is lower at $21 million compared to $31 million for the same quarter in 2014.

Tax expenses decreased by $8 million because of lower taxable profits as well as lesser profits from companies in countries with higher tax rates in the current quarter. Non-controlling interests fell by $113 million mainly from lower non-controlling interests in Keppel Land Limited. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 3Q2015 was $363 million, 12% below the same quarter in the previous year. Earnings per share was 20.0 cents.

(ii) Nine Months

Group net profit for the nine months ended 30 September 2015 was $1,120 million as compared to $1,159 million for the same period in 2014. Earnings per share decreased by 3% to 61.7 cents. Annualised return on equity was 13.6% and Economic Value Added decreased by $576 million to $456 million.

Group revenue of $7,817 million for the nine months to-date was $1,541 million or 16% below that of the corresponding period in 2014. Revenue from the Offshore & Marine Division declined by $1,262 million to $4,918 million due to lower volume of work and deferment of some projects. Major jobs completed and delivered in the nine months include six jack-up rigs, an accommodation semi, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. Revenue from the Property Division increased by $349 million to $1,245 million mainly from higher revenue from China and Vietnam partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division contracted by $665 million to $1,594 million as a result of a drop in revenue recorded by the gas to power business from lower prices and volume, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

At the pre-tax level, Group profit was down by $304 million or 18% to $1,423 million from that of the corresponding period in 2014. Offshore & Marine Division reported a $330 million drop in pre-tax profit to $678 million. Lower operating results and higher interest expenses were partially offset by higher share of associated companies' profits. Pre-tax profit from the Property Division of $454 million was $35 million or 7% below that for the corresponding period in 2014. This is due mainly to lower contribution from Singapore property trading, reduction in share of associated companies profits and higher net interest expense. There were also divestment gains from disposals of Equity Plaza and Prudential Tower in 3Q2014. Pre-tax profit of the Infrastructure Division was $193 million for the current period as compared to $149 million for the same period in 2014. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the reduced contribution from the power and gas business. Pre-tax profit of the Investments Division was up by $17 million to $98 million from higher gain from sale of investments and higher share of associated companies' profits.

Taxation expenses declined by $60 million or 18% due mainly to lower taxable profits as well as lesser profits from companies in countries with higher tax rates. Non-controlling interests decreased by $205 million due mainly to the lower minority shareholdings in Keppel Land Limited as a result of the privatisation. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $1,120 million, down $39 million or 3% from $1,159 million last year. Offshore & Marine Division was the largest contributor to Group net profit with 48% share, followed by the Property Division's 30%, Infrastructure Division's 14% and the Investments Division's at 8%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured $1.7 billion of new orders todate. Its net order book stands at $10.0 billion, with deliveries extending into 2020. The environment remains challenging with lower oil prices, reduction in global E&P expenditure and oversupply of oil rigs. However, the healthy net order book will keep the yards busy up to 2016. The Division will focus on niche markets in which there is still good demand.

The Property Division sold about 3,130 homes in the first nine months of 2015, comprising about 2,230 in China, 600 in Vietnam, 155 in Singapore and 120 in Indonesia. This is higher than the 1,890 homes sold in the same period last year. The improvement is mainly attributable to China and Vietnam. Total assets under management by Keppel REIT and Alpha stood at $18.7 billion as at end-September 2015. Keppel REIT's office buildings both in Singapore and Australia continue to maintain high occupancy level of 98.5% as at end-September 2015. The Division will remain focused on strengthening its presence in its core and growth markets, seeking opportunities to unlock value and recycle capital as well as growing its fund management business for a sustainable recurring income stream.

In the Infrastructure Division, Keppel Infrastructure ("KI") will remain focused on its power and gas, as well as its other energy-related infrastructure businesses. The disposal of 51% interest in the Keppel Merlimau Cogen Pte Ltd to Keppel Infrastructure Trust allows KI to recycle capital to pursue new growth opportunities. The electricity market is still expected to remain competitive but KI's integrated gas-to-power business platform will enable it to weather the challenges ahead through driving synergies and value creation across its diversified portfolio as well as pursuing strategic infrastructure projects. Keppel Telecommunications & Transportation will continue to develop both logistics and data centre businesses locally and overseas. It will also focus on growing a portfolio of quality data centre assets for injection into Keppel DC REIT. Total assets under management by Keppel DC REIT are about $1.1 billion as at end-September 2015.

The Group will continue to execute its multi-business strategy, relying on its core strengths and build on what it has been doing successfully while being agile to seize new opportunities.

13. DIVIDEND

13a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No

13b. Corresponding Period of the Immediately Preceding Financial Year

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

No

13c. Date Payable

Not applicable

13d. Books Closure Date

Not applicable

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

No dividend is declared for the quarter ended 30 September 2015.

Total cash distribution paid to shareholders in 2015 amounted to 48.0 cents per share. A tax exempt one-tier final dividend of 36.0 cents per share in respect of the year ended 31 December 2014 was paid on 6 May 2015 and a tax exempt one-tier interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2015 was paid on 13 August 2015.

14. SEGMENT ANALYSIS

Nine months ended 30 September 2015

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**4,918,011**	**1,245,131**	**1,594,140**	**59,546**	**–**	**7,816,828**
Inter-segment sales	**375**	**8,445**	**25,859**	**60,516**	**(95,195)**	**–**
Total	**4,918,386**	**1,253,576**	**1,619,999**	**120,062**	**(95,195)**	**7,816,828**
Segment Results						
Operating profit	**599,103**	**378,322**	**177,986**	**10,391**	**17,094**	**1,182,896**
Investment income	**1,726**	**10,685**	**–**	**572**	**–**	**12,983**
Interest income	**54,428**	**22,221**	**13,168**	**105,629**	**(107,225)**	**88,221**
Interest expenses	**(24,383)**	**(61,117)**	**(19,690)**	**(99,258)**	**90,131**	**(114,317)**
Share of results of associated companies	**47,388**	**103,530**	**21,381**	**80,569**	**–**	**252,868**
Profit before tax	**678,262**	**453,641**	**192,845**	**97,903**	**–**	**1,422,651**
Taxation	**(126,216)**	**(107,764)**	**(23,844)**	**(8,476)**		**(266,300)**
Profit for the period	**552,046**	**345,877**	**169,001**	**89,427**	**–**	**1,156,351**
Attributable to:						
Shareholders of Company	**541,818**	**332,754**	**159,714**	**85,555**	**–**	**1,119,841**
Non-controlling interests	**10,228**	**13,123**	**9,287**	**3,872**	**–**	**36,510**
	552,046	**345,877**	**169,001**	**89,427**	**–**	**1,156,351**
Other Information						
Segment assets	**10,135,447**	**16,524,229**	**3,046,507**	**6,061,495**	**(7,157,882)**	**28,609,796**
Segment liabilities	**8,305,825**	**7,314,580**	**1,922,577**	**6,538,135**	**(7,157,882)**	**16,923,235**
Net assets	**1,829,622**	**9,209,649**	**1,123,930**	**(476,640)**	**–**	**11,686,561**
Investment in associated companies	**542,503**	**3,416,251**	**937,926**	**770,618**	**–**	**5,667,298**
Additions to non-current assets	**151,882**	**497,212**	**430,496**	**110,015**	**–**	**1,189,605**
Depreciation and amortisation	**107,527**	**20,384**	**56,905**	**580**	**–**	**185,396**

Geographical Information

	Singapore $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**5,412,566**	**822,981**	**1,112,396**	**468,885**	**–**	**7,816,828**
Non-current assets	**6,178,718**	**256,078**	**3,576,568**	**881,453**	**–**	**10,892,817**

Nine months ended 30 September 2014

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

Geographical Information

	Singapore $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	6,805,507	1,249,401	781,157	521,664	–	9,357,729
Non-current assets	7,153,367	226,148	3,014,910	538,340	–	10,932,765

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. Investments consist mainly of the Group's investments in KrisEnergy Limited, M1 Limited, k1 Ventures 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 nine months ended 30 September 2015 and 2014.
(d) No single external customer accounted for 10% or more of the Group's revenue for the nine months ended 30 September 2015 and 2014.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $7,817 million was $1,541 million or 16% below that of corresponding period in 2014. Revenue from the Offshore & Marine Division of $4,918 million was $1,262 million lower due to lower volume of work and deferment of some projects. Revenue from the Property Division rose by $349 million to $1,245 million. This was due mainly to higher revenue from China partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division of $1,594 million was $665 million lower due mainly to lower revenue recorded by the power and gas business from lower prices and volume as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

15b. Net profit by Segments

Group net profit of $1,120 million was $39 million or 3% lower than that of corresponding period in 2014. Profit from the Offshore & Marine Division of $542 million was $211 million lower than that of the corresponding period in the prior year due mainly to lower operating results and higher interest expenses. Net profit from the Property Division of $333 million rose by $112 million because of lower non-controlling interest following the privatisation of Keppel Land Limited partially offset by a lower contribution from associated companies and higher net interest expenses. Profit from the Infrastructure Division of $160 million was $55 million higher due largely to the gain from divestment of 51% interest in Keppel Merlimau Cogen Pte Ltd to Keppel Infrastructure Trust (KIT) and the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged KIT, partially offset by losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the reduced contribution from the power and gas business. Profit from the Investments Division increased by $5 million due mainly to higher profit from sale of investments. The Offshore & Marine Division was the largest contributor to Group net profit with a 48% share followed by the Property Division with 30% share, the Infrastructure Division with 14% share and the Investments Division with 8% share.

15c. Revenue by Geographical Segments

Revenue from Singapore of $5,413 million was $1,393 million lower due largely to lower revenue from the Offshore & Marine Division and Infrastructure Division partly offset by higher revenue from the Property Division. Higher revenue from Far East & Other ASEAN Countries mainly came from residential property trading in China.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 17 April 2015. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual. (excluding transactions less than $100,000)	
	Nine months 30.9.2015 $'000	Nine months 30.9.2014 $'000	**Nine months 30.9.2015 $'000**	Nine months 30.9.2014 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**–**	–	**–**	182,980
CapitaMalls Asia Group	**–**	–	**200,000**	–
Mapletree Investments Group	**–**	–	**104**	113,760
Neptune Orient Lines Group	**–**	–	**583**	–
PSA International Group	**–**	–	**110**	999
SATS Group	**–**	–	**37,654**	–
SembCorp Marine Group	**–**	–	**224**	1,940
Singapore Airlines Group	**–**	–	**5,600**	–
Singapore Power Group	**–**	–	**12,300**	–
Singapore Technologies Engineering Group	**–**	–	**270**	1,161
Singapore Telecommunications Group	**–**	–	**182**	–
Temasek Holdings Group	**–**	–	**–**	3,758
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	**–**	–	**161**	–
Certis CISCO Security Group	**–**	–	**738**	3,362
Gas Supply Pte Ltd	**–**	–	**80,000**	85,000
Mapletree Investments Group	**–**	–	**24,222**	544
PSA International Group	**–**	–	**127**	600
SembCorp Marine Group	**–**	–	**74**	166
Singapore Power Group	**–**	–	**–**	400
Singapore Technologies Engineering Group	**–**	–	**24,866**	–
Singapore Telecommunications Group	**–**	–	**1,583**	5,200
Temasek Holdings Group	**–**	–	**–**	511
Total Interested Person Transactions	**–**	–	**388,798**	400,381

BY ORDER OF THE BOARD

CAROLINE CHANG/KELVIN CHUA
Company Secretaries

22 October 2015

CONFIRMATION BY THE BOARD

We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter 2015 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

LEE BOON YANG
Chairman

LOH CHIN HUA
Chief Executive Officer

Singapore, 22 October 2015