Keppel Corporation

KEPPEL CORPORATION LIMITED

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

FIRST QUARTER 2011 FINANCIAL STATEMENTS

TABLE OF CONTENTS

KEPPEL CORPORATION LIMITED

First Quarter 2011 Financial Statements

ADDRESS BY MR CHOO CHIAU BENG, CHIEF EXECUTIVE OFFICER, KEPPEL CORPORATION

Challenging External Environment

The global economic recovery is slow, with developing countries expected to expand faster than the advanced economies. The US economy continues to recover gradually, with some improvement in job creation and consumer spending in the past few months. While some European countries are seeing better growth, Europe as a whole remains mired in sovereign debt issues. The world's third largest economy, Japan is grappling with the aftermath of a three-fold disaster. Notwithstanding Japan's woes and rising inflation, Asia's overall growth is expected to remain resilient, led by China and India which are projected by the IMF to grow by 9.6% and 8.2% respectively. In Singapore, growth for the full year is expected to moderate in the range of 4-6%. The political turmoil in the Middle East and North Africa region has resulted in oil prices moving beyond US$100 a barrel.

Sustaining Good Performance

Against this challenging backdrop, I am happy to report that for the first quarter of this year, Keppel Corporation has turned in a better performance than the corresponding period last year. Net profit for 1Q2011 was $346 million, a 7.8% increase over the same quarter last year. Annualised ROE remains healthy at 19.3% and we achieved EVA of $225 million.

Business Prospects in 2011

Despite the challenging external environment, the improving global economy means that the prospects for our key businesses remain good.

The returning market confidence in the Offshore & Marine industry has translated into a strong flow of orders in the first quarter. Our Offshore & Marine Division secured $4.5 billion worth of new orders in the first quarter, more than what was secured for the whole of 2010. Since then, in the first weeks of April, we have secured a few more contracts, bringing the total of new orders secured year to date to $5 billion. With the budgeted increase in E&P spending by major oil companies, in pace with the continued growth in demand for oil, we expected the market for high-specification jackups to remain active. The issue of deepwater drilling permits in the Gulf of Mexico has gradually resumed, and we expect to see continued good prospects for our deepwater solutions. We will continue to strengthen partnerships with our customers to deliver projects that meet their evolving needs as well as ensure that we extract value from each contract.

Our Infrastructure Division continues to work hard to seize opportunities for value creation in the global move towards sustainable solutions. Our environmental engineering arm, Keppel Integrated Engineering (KIE), is participating in several tenders in the UK for energy-from-waste plants. The ongoing work to expand our power plant in Jurong Island is progressing well. Keppel Energy will also continue to seek opportunities to grow its power generation business both within Singapore and overseas. Keppel Telecommunications & Transportation is focussed on growing its logistics footprint in its key markets, such as China, and expanding its data centre business.

The series of property market cooling measures rolled out in Singapore and China have started to take effect. In Singapore, private home price growth slowed in the first quarter. However, we expect demand in the mid- to luxury homes segment in Singapore to remain stable. In China, transaction volumes have dropped although prices are still holding up for now. As the effects of the measures filter through the economy, and prices soften in the months ahead, we may see further adjustments in official policy. For the first quarter, our homes in both Singapore and China have continued to see steady sales, indicating that the fundamentals of demand from genuine homebuyers remain sound, especially in China's second and third tier cities. There will be opportunities to acquire quality sites at good prices and capture value from the growing aspirations of Asia's growing middle class to own their own homes. We remain positive on the long term prospects of countries such as China, Vietnam and Indonesia that have continued to show growth, and will focus on developing quality homes in these markets.

With Asia's growth expected to remain reasonably healthy, the office market is likely to stay firm, auguring well for Keppel Land and K-REIT Asia's strategy to grow their portfolios.

The Sino-Singapore Tianjin Eco-City is making steady progress. The project continues to attract partners who are keen to leverage the Eco-City to testbed and showcase their eco-solutions as well as to tap on the dynamic growth of the Tianjin Binhai New Area. A few days ago, we broke ground on our mixed-use development in the Eco-City which includes three office towers, retail premises and serviced apartments. Our eco-homes in Seasons Park launched in October last year have also continued to do well. Meanwhile, KIE has established a joint venture with Chinese partners with the objective to pursue to build, own and operate a water reclamation plant in the Eco-City. The proposed plant will serve the entire Eco-City, providing treated water of quality higher than China's required standards which can be used for a range of non-potable functions.

Strategic Focus for Growth

The Group has started 2011 on a solid footing. We will continue to deliver value to our customers by seeking gains in both innovation and productivity from each project and each employee. To maximise Group synergy, we will continue to grow our sustainable development business platform through enhanced cross-business unit collaboration. In each of our key businesses, we will seek opportunities in adjacencies to grow and integrate along the value chain. To support our business growth strategy, we will spare no effort in attracting, retaining and developing talent to ensure that we have the best people in the right positions. We will build on the good performance of the first quarter to sustain delivering value to our shareholders.

Now, let me now hand over to Mr Teo Soon Hoe, our Group Finance Director, for a review of the Group's first quarter financial performance. Thank you.

KEPPEL CORPORATION LIMITED

First Quarter 2011 Financial Statements

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2011.

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

	Note	**1Q 2011 $'000**	Restated 1Q 2010 $'000	+/- %
Revenue		**2,418,555**	2,420,931	-0.1
Materials & subcontract costs	(i)	**(1,546,964)**	(1,610,005)	-3.9
Staff costs		**(315,347)**	(312,334)	+1.0
Depreciation & amortisation		**(47,484)**	(44,441)	+6.8
Other operating expenses		**(56,063)**	(62,154)	-9.8
Operating profit		**452,697**	391,997	+15.5
Investment income		**1,508**	195	>500.0
Interest income		**23,247**	17,839	+30.3
Interest expenses		**(24,527)**	(17,070)	+43.7
Share of results of associated companies	(ii)	**41,469**	67,239	-38.3
Profit before tax		**494,394**	460,200	+7.4
Taxation		**(84,489)**	(88,756)	-4.8
Profit for the period		**409,905**	371,444	+10.4
Attributable to:				
Shareholders of the Company		**346,220**	321,316	+7.8
Non-controlling interests		**63,685**	50,128	+27.0
		409,905	371,444	+10.4
Earnings per ordinary share				
- basic		**21.5 cts**	20.1 cts	+7.0
- diluted		**21.3 cts**	20.0 cts	+6.5
Annualised return on equity		**19.3%**	20.3%	-4.9
Economic value added		**225,000**	237,000	-5.1

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	**1Q 2011 $'000**	1Q 2010 $'000	+/- %
Share-based payment expenses		**7,953**	5,858	+35.8
Profit on sale of fixed assets		**(1,932)**	(600)	+222.0
Profit on sale of investments		**(35)**	-	NM
Write-back				
- stocks & work-in-progress		**(1,292)**	(234)	+452.1
- doubtful debts		**(860)**	(1,485)	-42.1
Bad debts written off/(recovered)		**10**	(20)	NM
Stocks written off		**23**	28	-17.9
Fair value loss/(gain)				
- Investments	(iii)	**792**	(964)	NM
- Forward contracts	(iv)	**(3,643)**	691	NM
- Financial derivatives		**1,854**	1,481	+25.2
Foreign exchange loss	(v)	**15,395**	6,344	+142.7

NM – Not Meaningful

Note:

(i) Materials & subcontract costs decreased mainly as a result of lower volume of work in the Offshore & Marine Division.

(ii) Share of profits of associated companies was lower mainly due to lower contribution from associated companies in the Property Division.

(iii) Fair value loss (mark-to-market) on investment portfolio held for trading was due to fall in stock prices during the quarter.

(iv) Higher hedging differential on forward contracts was due to fluctuations in interest rate.

(v) Foreign exchange loss for the quarter mainly arose from revaluation of assets denominated in United States dollar as a result of the weakening of United States dollar.

1b. Earnings per ordinary share

	1Q 2011	Restated 1Q 2010	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**21.5 cts**	20.1 cts	+7.0
- Weighted average number of shares (‘000)	**1,613,343**	1,597,128	+1.0
(ii) On a fully diluted basis	**21.3 cts**	20.0 cts	+6.5
- Adjusted weighted average number of shares (‘000)	**1,628,977**	1,603,767	+1.6

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

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

	1Q 2011 **$'000**	Restated 1Q 2010 $'000	+/- %
Profit for the period	**409,905**	371,444	+10.4
Available-for-sale assets			
- Fair value changes arising during the period	**14,576**	35,843	-59.3
- Realised and transferred to profit & loss account	**(1,174)**	(491)	+139.1
Cash flow hedges			
- Fair value changes arising during the period, net of tax	**68,544**	(50,099)	NM
- Realised and transferred to profit & loss account	**11,413**	(4,820)	NM
Foreign exchange translation			
- Exchange differences arising during the period	**(98,724)**	65,701	NM
- Realised and transferred to profit & loss account	**(5,240)**	(67)	>500.0
Share of other comprehensive (expense)/income of associated companies	**(19,322)**	10,731	NM
Other comprehensive income for the period, net of tax	**(29,927)**	56,798	NM
Total comprehensive income for the period	**379,978**	428,242	-11.3
Attributable to:			
Shareholders of the Company	**375,586**	355,692	+5.6
Non-controlling interests	**4,392**	72,550	-93.9
	379,978	428,242	-11.3

NM – Not Meaningful

3. BALANCE SHEETS as at 31 March

	Group			Company	
		Restated	Restated		
	31.3.2011	31.12.2010	01.01.2010	**31.3.2011**	31.12.2010
	$'000	$'000	$'000	**$'000**	$'000
Share capital	**968,958**	906,409	832,908	**968,958**	906,409
Reserves	**6,158,059**	5,778,744	5,100,255	**3,785,711**	3,783,517
Share capital & reserves	**7,127,017**	6,685,153	5,933,163	**4,754,669**	4,689,926
Non-controlling interests	**2,910,892**	2,900,377	2,652,370	**-**	-
Capital employed	**10,037,909**	9,585,530	8,585,533	**4,754,669**	4,689,926
Represented by:					
Fixed assets	**2,286,277**	2,243,150	2,157,172	**5,096**	5,120
Investment properties	**3,362,404**	3,207,539	3,051,247	**-**	-
Subsidiaries	**-**	-	-	**3,595,813**	3,580,409
Associated companies	**3,725,083**	3,586,904	2,695,012	**55**	55
Investments	**308,647**	299,896	152,046	**-**	-
Long term receivables	**36,291**	28,646	547,665	**401**	360
Intangibles	**107,320**	107,676	90,118	**-**	-
	9,826,022	9,473,811	8,693,260	**3,601,365**	3,585,944
Current assets					
Stocks & work-in-progress					
in excess of related billings	**4,788,994**	4,292,673	3,056,863	-	-
Amounts due from:					
- subsidiaries	**-**	-	-	**1,965,893**	1,732,273
- associated companies	**328,530**	305,162	287,922	**3,086**	2,575
Debtors	**1,734,474**	1,958,993	1,727,099	**164,179**	82,416
Short term investments	**534,679**	536,872	456,515	**-**	-
Bank balances, deposits & cash	**4,308,750**	4,245,990	2,935,787	**4,668**	207,073
	11,695,427	11,339,690	8,464,186	**2,137,826**	2,024,337
Current liabilities					
Creditors	**4,317,984**	4,342,963	4,051,972	**131,735**	138,435
Billings on work-in-progress					
in excess of related costs	**1,866,906**	1,638,193	1,683,392	**-**	-
Provisions	**83,464**	83,586	68,856	**-**	-
Amounts due to:					
- subsidiaries	**-**	-	-	**320,788**	241,792
- associated companies	**163,151**	180,609	168,186	**-**	-
Term loans	**362,260**	391,764	839,117	**-**	9,047
Taxation	**501,268**	455,079	428,515	**27,065**	26,147
Bank overdrafts	**977**	736	1,668	**-**	-
	7,296,010	7,092,930	7,241,706	**479,588**	415,421
Net current assets	**4,399,417**	4,246,760	1,222,480	**1,658,238**	1,608,916
Non-current liabilities					
Term loans	**3,723,193**	3,675,968	918,410	**500,000**	500,000
Deferred taxation	**464,337**	459,073	411,797	**4,934**	4,934
	4,187,530	4,135,041	1,330,207	**504,934**	504,934
Net assets	**10,037,909**	9,585,530	8,585,533	**4,754,669**	4,689,926
Group net cash	***222,320***	*177,522*	*1,176,592*	***n.a.***	*n.a.*
Group net cash ratio	***0.02x***	*0.02x*	*0.14x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 31.3.2011		As at 31.12.2010	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
28,582	334,655	30,526	361,974

(ii) Amount repayable after one year

As at 31.3.2011		As at 31.12.2010	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
1,261,999	2,461,194	1,221,141	2,454,827

(iii) Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The net book value of properties and other assets pledged/mortgaged to financial institutions amounted to $2,795,399,000 (31 December 2010: $2,552,701,000).

3b. Net asset value

	Group			**Company**		
	31.3.2011	Restated 31.12.2010	+/-%	**31.3.2011**	31.12.2010	+/-%
Net asset value per ordinary share *	**$4.41**	$4.16	+6.0	**$2.94**	$2.92	+0.7
Net tangible asset per ordinary share *	**$4.35**	$4.10	+6.1	**$2.94**	$2.92	+0.7

* Based on share capital of 1,614,945,121 ordinary shares as at the end of the period (31 December 2010: 1,605,513,880 ordinary shares).

3c. Balance sheet analysis

Group shareholders' funds increased from $6.69 billion at 31 December 2010 to $7.13 billion at 31 March 2011. The increase was mainly attributable to retained profits for the period, fair value gain on available-for-sale assets and cash flow hedges, partially offset by currency translation loss.

Group total assets of $21.52 billion at 31 March 2011 were $708 million or 3.4% higher than the previous year end. Increase in investment properties was due to redevelopment cost of Ocean Financial Centre. Associated companies increased mainly due to acquisition of Dyna-Mac Holdings Ltd. Higher stocks & work-in-progress was due to expenditure on trading properties and acquisitions of land for development.

Group total liabilities of $11.48 billion at 31 March 2011 were $256 million or 2.3% higher than the previous year end. Higher billings on work-in-progress in excess of related costs was attributable to milestone billings for existing contracts and payment received for new contracts secured in Offshore & Marine Division.

Group net cash of $222 million at 31 March 2011 was an increase of $44 million from $178 million at 31 December 2010. This was mainly due to operational cash inflow, partly offset by capital expenditure.

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

4a. Statement of changes in equity of the Group

	Attributable to equity holders 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
2011							
As at 1 January							
As previously reported	**906,409**	**653,624**	**5,318,836**	**(139,083)**	**6,739,786**	**2,984,097**	**9,723,883**
Effect of INT FRS 115	**–**	**–**	**(54,633)**	**–**	**(54,633)**	**(83,720)**	**(138,353)**
As restated	**906,409**	**653,624**	**5,264,203**	**(139,083)**	**6,685,153**	**2,900,377**	**9,585,530**
Total comprehensive income for the quarter							
Profit for the quarter	**–**	**–**	**346,220**	**–**	**346,220**	**63,685**	**409,905**
Other comprehensive income	**–**	**95,970**	**–**	**(66,604)**	**29,366**	**(59,293)**	**(29,927)**
Total comprehensive income for the quarter	**–**	**95,970**	**346,220**	**(66,604)**	**375,586**	**4,392**	**379,978**
Transactions with equity holders, recorded directly in equity							
Share-based payment	**–**	**7,324**	**–**	**–**	**7,324**	**486**	**7,810**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**(16,915)**	**(16,915)**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**4,356**	**4,356**
Disposal to non-controlling shareholders	**–**	**–**	**6,782**	**–**	**6,782**	**18,209**	**24,991**
Other adjustments	**–**	**–**	**–**	**–**	**–**	**(13)**	**(13)**
Shares issued	**62,549**	**(10,377)**	**–**	**–**	**52,172**	**–**	**52,172**
Total transactions with equity holders	**62,549**	**(3,053)**	**6,782**	**–**	**66,278**	**6,123**	**72,401**
As at 31 March	**968,958**	**746,541**	**5,617,205**	**(205,687)**	**7,127,017**	**2,910,892**	**10,037,909**

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

	Attributable to equity holders 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
2010							
As at 1 January							
As previously reported	832,908	540,289	4,695,478	(83,328)	5,985,347	2,727,226	8,712,573
Effect of INT FRS 115	–	–	(52,184)	–	(52,184)	(74,856)	(127,040)
As restated	832,908	540,289	4,643,294	(83,328)	5,933,163	2,652,370	8,585,533
Total comprehensive income for the quarter							
Profit for the quarter	–	–	321,316	–	321,316	50,128	371,444
Other comprehensive income	–	(18,881)	–	53,257	34,376	22,422	56,798
Total comprehensive income for the quarter	–	(18,881)	321,316	53,257	355,692	72,550	428,242
Transactions with equity holders, recorded directly in equity							
Share-based payment	–	5,663	–	–	5,663	259	5,922
Transfer of statutory, capital and other reserves to revenue reserves	–	18	(18)	–	–	–	–
Dividend paid to non-controlling shareholders	–	–	–	–	–	(8,929)	(8,929)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	1,585	1,585
Disposal to non-controlling shareholders	–	–	–	–	–	1,398	1,398
Other adjustments	–	–	220	–	220	–	220
Shares issued	17,880	–	–	–	17,880	–	17,880
Total transactions with equity holders	17,880	5,681	202	–	23,763	(5,687)	18,076
As at 31 March	850,788	527,089	4,964,812	(30,071)	6,312,618	2,719,233	9,031,851

4b. Statement of changes in equity of the Company

	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2011				
As at 1 January	**906,409**	**126,020**	**3,657,497**	**4,689,926**
Profit / Total comprehensive income for the quarter	**–**	**–**	**5,876**	**5,876**
Transactions with equity holders, recorded directly in equity				
Share-based payment	**–**	**6,695**	**–**	**6,695**
Shares issued	**62,549**	**(10,377)**	**–**	**52,172**
Total transactions with equity holders	**62,549**	**(3,682)**	**–**	**58,867**
As at 31 March	**968,958**	**122,338**	**3,663,373**	**4,754,669**
2010				
As at 1 January	832,908	91,555	3,833,363	4,757,826
Profit / Total comprehensive income for the quarter	–	–	4,915	4,915
Transactions with equity holders, recorded directly in equity				
Share-based payment	–	5,192	–	5,192
Shares issued	17,880	–	–	17,880
Total transactions with equity holders	17,880	5,192	–	23,072
As at 31 March	850,788	96,747	3,838,278	4,785,813

4c. Share capital

	Number of shares	
	31.03.2011	31.12.2010
As at 1 January	**1,605,513,880**	1,594,496,680
Issue of shares under share option scheme	**8,181,500**	11,017,200
Issue of shares under restricted share plan	**1,249,741**	-
As at end of period/year	**1,614,945,121**	1,605,513,880

As at 31 March 2011, there were unexercised options for 44,911,500 of unissued ordinary shares (31 March 2010: 62,933,500 ordinary shares) under the KCL Share Options Scheme.

As at 31 March 2011, the number of contingent shares granted but not released were 680,000 (31 March 2010: Nil) for KCL Performance Share Plan (“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 1,020,000 under KCL PSP.

As at 31 March 2011, the number of awards released but not vested was 2,452,925 (31 March 2010: Nil) for KCL Restricted Share Plan.

As at 31 March 2011, the Company is not holding any treasury shares.

4d. Capital reserves

	Group		Company	
	31.3.2011	31.3.2010	**31.3.2011**	31.3.2010
	$'000	$'000	**$'000**	$'000
Share option and share plan reserve	**134,357**	106,440	**122,338**	96,747
Fair value reserve	**382,878**	267,785	**–**	–
Hedging reserve	**178,728**	87,253	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**10,578**	25,611	**–**	–
	746,541	527,089	**122,338**	96,747

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

	Note	**1Q 2011 $'000**	Restated 1Q 2010 $'000
OPERATING ACTIVITIES			
Operating profit		**452,697**	391,997
Adjustments:			
Depreciation and amortisation		**47,484**	44,441
Share-based payment expenses		**7,953**	5,858
Profit on sale of fixed assets		**(1,932)**	(600)
Others		**(217)**	(161)
Operational cash flow before changes in working capital		**505,985**	441,535
Working capital changes:			
Stocks & work-in-progress		**(85,794)**	(50,334)
Debtors		**128,894**	(306,333)
Creditors		**(39,147)**	(224,311)
Investments in bonds and shares		**2,881**	(36,521)
Advances to associated companies		**(40,826)**	(1,789)
Translation of foreign subsidiaries		**(58,700)**	53,024
		413,293	(124,729)
Interest received		**23,247**	17,839
Interest paid		**(24,527)**	(17,070)
Income taxes paid		**(24,939)**	(61,899)
Net cash from/(used in) operating activities		**387,074**	(185,859)
INVESTING ACTIVITIES			
Acquisition and further investment in associated companies		**(150,610)**	(31,982)
Acquisition of fixed assets and investment properties		**(290,052)**	(309,701)
Proceeds from disposal of an associated company		–	16,281
Proceeds from disposal of fixed assets		**9,456**	1,579
Dividends received from investments and associated companies		**24,326**	8,505
Net cash used in investing activities		**(406,880)**	(315,318)
FINANCING ACTIVITIES			
Proceeds from share issues		**52,172**	17,880
Proceeds from non-controlling shareholders of subsidiaries		**4,356**	1,585
Proceeds from reduction of interest in a subsidiary		**24,991**	–
Proceeds from term loans		**54,962**	440,064
Repayment of term loans		**(37,241)**	(395,003)
Dividend paid to non-controlling shareholders of subsidiaries		**(16,915)**	(8,929)
Net cash from financing activities		**82,325**	55,597
Net increase/(decrease) in cash and cash equivalents		**62,519**	(445,580)
Cash and cash equivalents as at 1 January		**4,245,254**	2,934,119
Cash and cash equivalents as at 31 March	5a	**4,307,773**	2,488,539
Free cash flow		***(19,806)***	*(501,177)*

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	1Q 2011 $'000	1Q 2010 $'000
Bank balances, deposits and cash	**4,308,750**	2,488,539
Bank overdrafts	**(977)**	–
	4,307,773	2,488,539

5b. Cash flow analysis

Net cash from operating activities for the quarter was $387 million compared to net cash used in operating activities of $186 million for the corresponding quarter in the previous year. This was mainly due to higher operating profit, partly offset by lower cash outflow from working capital changes.

Net cash used in investment activities for the quarter was $407 million. The Group spent $441 million on acquisitions and operational capex. This comprised principally acquisition of an associated company, Dyna-Mac Holdings Ltd, further investment in Marina Bay Financial Centre, redevelopment cost of Ocean Financial Centre and other operational capex. Divestment and dividend income totalled $34 million.

Free cash flow was negative $20 million for the quarter compared to negative $501 million for the corresponding quarter in the previous year.

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 2010.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised FRS and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2011. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

FRS 24 (Revised)	Related Party Disclosures
Amendments to FRS 32	Financial Instruments: Presentation - Amendments relating to Classification of Rights Issues
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
INT FRS 115	Agreements for Construction of Real Estate
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above FRS and INT FRS did not have any significant impact on the financial statements of the Group, except for the following:

INT FRS 115 Agreements for Construction of Real Estate
On 26 August 2010, the Accounting Standards Council issued INT FRS 115 with an accompanying note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework. INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that such contracts which do not classify as construction contracts in accordance with FRS 11 *Construction Contracts* can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Upon the adoption of INT FRS 115, the Group continues to account for its Singapore trading projects, both sales made under progressive payment scheme and deferred payment scheme, using the POC method. The Group's overseas trading projects, however, are accounted for using the completion of construction method after taking into consideration the legal framework and industry practices in those countries in which the Group operates. This change in accounting policy has been applied retrospectively. Accordingly, the comparatives have been restated.

The financial effect of adopting INT FRS 115 is as follows:

Group Profit and Loss Account	1Q 2010 $'000
Decrease in revenue	(52,351)
Decrease in materials and subcontract costs	37,361
Increase in share of results of associated companies	10,112
Decrease in taxation	711
Decrease in profit for the period	(4,167)
Attributable to:	
Shareholders of the Company	(730)
Non-controlling interests	(3,437)
	(4,167)
Decrease in basic EPS before exceptional items	0.1 cts
Decrease in diluted EPS before exceptional items	0.1 cts

Group Balance Sheets	31.12.2010 $'000	01.01.2010 $'000
Decrease in revenue reserves	(54,633)	(52,183)
Decrease in non-controlling interests	(83,720)	(74,857)
Decrease in associated companies	(19,819)	(28,157)
Decrease in stocks & work-in-progress in excess of related billings	(148,154)	(121,319)
Decrease in taxation	29,620	22,436

10. REVIEW OF GROUP PERFORMANCE

The Group achieved a net profit of $346 million for the first quarter of 2011. This was 7.8% higher than the corresponding period in 2010. Earnings per share were 21.5 cents. Economic Value Added of $225 million was $12 million lower than first quarter 2010. Annualised return on equity was 19.3%.

Group revenue of $2,419 million was marginally below that of the comparative quarter in 2010 of $2,421 million. Revenue from Offshore & Marine Division of $1,199 million was $294 million or 20% lower. The decline in revenue was because of lower volume of work. The Division completed and delivered three rigs, two specialised vessels and two major upgrade/repair contracts. Revenue from Infrastructure Division increased by 4% to $650 million. Higher revenue generated from the cogen power plant in Singapore was partly offset by lower revenue from Engineering, Procurement and Construction (EPC) contracts in Qatar. Property Division delivered an 87% growth in revenue from $303 million to $568 million. The increase was mainly due to progressive revenue recognition from Reflections at Keppel Bay and other residential projects in Singapore. Following the Group's adoption of INT FRS 115 Agreements for Construction of Real Estate on 1 January 2011, the Group recognises revenue for its overseas trading projects on completion of each project instead of progressive recognition based on percentage of completion. Consequently, revenue was fully recognised for a development in Bangalore in the current quarter as it was completed in March 2011.

At the pre-tax level, Group profit of $494 million was 7% above that of the corresponding quarter in 2010. Despite a higher operating profit, Offshore & Marine Division reported a slightly lower pre-tax profit of $266 million, a decrease of $4 million from the previous year. This was mainly due to lower interest income and contribution from associated companies. Profit from Infrastructure Division increased by 38% to $51 million. This was mainly attributable to better performance by Keppel Energy, partly offset by lower contribution from Keppel Integrated Engineering. Profit from Property Division rose 14% from $147 million to $167 million due to higher contribution from trading projects, partly offset by lower share of profit from associated companies developing Marina Bay Suites and Marina Bay Residences in Singapore. Profit from Investments was slightly higher compared to same quarter last year.

After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $346 million. Offshore & Marine Division remained the largest contributor to net profit with 62%, followed by Property Division with 24%, Infrastructure Division with 12% and Investments Division with 2%.

In the opinion of the Directors, no factor has arisen between 31 March 2011 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

Offshore & Marine Division secured a creditable $4.5 billion of new orders in the first quarter of 2011. This is more than the total orders secured for the whole of last year. The net order book stands at $7.5 billion with deliveries into 2014. The strong momentum in order flows was supported by strong utilisation and day-rates for high-specification jackups as well as increases in exploration and production budgets. The recent surge in orders has reversed the declining trend in orders of the last two years. The Division will remain focused on timely project execution with continued investment in research and development, as it strives to be a key beneficiary of the upturn in the premium jackups market.

In the Infrastructure Division, our expansion of the Keppel Merlimau cogen power plant from 500MW to 1,300MW is progressing and on schedule for completion by 2013. The rising global focus on sustainable urbanisation will translate into demand for solutions in clean water and waste management. The Group will draw useful lessons from the on-going challenges faced in our EPC projects in Qatar, and work to strengthen our execution capabilities in that segment. As the Group expects growth in Asia to drive demand for logistics and data centres, we will focus on providing integrated logistics services in selected regional markets and building a portfolio of high-quality data centre assets.

The Singapore residential property market saw moderation in demand and growth in residential prices as a result of the property-cooling measures introduced recently. Nevertheless, supported by stable economic growth and healthy job market, the outlook for residential market is expected to remain positive. Riding on the interest for homes with good locations, we expanded our Singapore landbank with the acquisition of a prime residential site in Sengkang. Sentiments in China have been affected by the government's policies to cool the property market. We will time our project launches in China. Capitalising on rising demand for waterfront homes in Vietnam, the Division saw an encouraging take-up in its waterfront condominium project in Ho Chi Minh City and is planning to launch a waterfront township project later in the year. On the back of upbeat business confidence, Grade A and prime office rents in Singapore rose during the quarter. The Group's portfolio of prime office buildings will benefit from this improvement. Our property arm continued to make selective acquisitions in the commercial segment. We have recently announced the increase in our strata interest in Prudential Tower.

Amidst a more complex external business setting and uneven global growth, the Group will persist to sharpen our competencies and fortify our capabilities to navigate through this uncertain environment.

13. DIVIDEND

13a. Current Financial Period Reported On
Any dividend recommended for the current financial period reported on? No

13b. Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year? No

13c. Date Payable
Not applicable

13d. Books Closure Date
Not applicable

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

No dividend has been declared for the quarter ended 31 March 2011.

For the year ended 31 December 2010, Directors had recommended a tax exempt one-tier final dividend of 26 cents per share for approval by shareholders at the Annual General Meeting ("AGM") to be held on 21 April 2011. If approved, the final dividend will be payable on 10 May 2011.

The Directors had also proposed a bonus issue to shareholders on the basis of one bonus share for every ten existing ordinary shares in the capital of the Company. The proposed bonus issue is conditional upon approval by shareholders at the AGM in respect of the general share issue mandate pursuant to Section 161 of the Companies Act (Chapter 50). The bonus shares will not be entitled to the proposed final dividend in respect of the financial year ended 31 December 2010.

14. SEGMENT ANALYSIS

First Quarter ended 31 March 2011

	Offshore & Marine $'000	Infra-structure $'000	Property $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**1,198,925**	**650,359**	**567,674**	**1,597**	**–**	**2,418,555**
Inter-segment sales	**–**	**22,422**	**10,620**	**20,651**	**(53,693)**	**–**
Total	**1,198,925**	**672,781**	**578,294**	**22,248**	**(53,693)**	**2,418,555**
Segment Results						
Operating profit	**248,054**	**46,530**	**157,983**	**975**	**(845)**	**452,697**
Investment income	**90**	**–**	**1,418**	**–**	**–**	**1,508**
Interest income	**11,543**	**890**	**11,393**	**18,588**	**(19,167)**	**23,247**
Interest expenses	**(1,914)**	**(4,721)**	**(21,271)**	**(16,633)**	**20,012**	**(24,527)**
Share of results of associated companies	**8,323**	**8,085**	**17,384**	**7,677**	**–**	**41,469**
Profit before tax	**266,096**	**50,784**	**166,907**	**10,607**	**–**	**494,394**
Taxation	**(46,103)**	**(7,899)**	**(27,523)**	**(2,964)**	**–**	**(84,489)**
Profit for the period	**219,993**	**42,885**	**139,384**	**7,643**	**–**	**409,905**
Attributable to:						
Shareholders of Company	**215,815**	**40,254**	**83,560**	**6,591**	**–**	**346,220**
Non-controlling interests	**4,178**	**2,631**	**55,824**	**1,052**	**–**	**63,685**
	219,993	**42,885**	**139,384**	**7,643**	**–**	**409,905**
Other Information						
Segment assets	**6,684,485**	**2,751,350**	**12,681,039**	**6,053,385**	**(6,648,810)**	**21,521,449**
Segment liabilities	**4,534,132**	**1,782,908**	**7,337,498**	**4,477,812**	**(6,648,810)**	**11,483,540**
Net assets	**2,150,353**	**968,442**	**5,343,541**	**1,575,573**	**–**	**10,037,909**
Investment in associated companies	**285,765**	**487,687**	**2,697,832**	**253,799**	**–**	**3,725,083**
Additions to non-current assets	**143,000**	**31,847**	**252,179**	**19,385**	**–**	**446,411**
Depreciation and amortisation	**32,654**	**12,078**	**2,687**	**65**	**–**	**47,484**

Geographical Information

	Singapore $'000	Far East & Other ASEAN Countries $'000	America $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**1,817,158**	**322,066**	**140,553**	**138,778**	**–**	**2,418,555**
Non-current assets	**7,514,808**	**1,233,359**	**170,942**	**561,975**	**–**	**9,481,084**

First Quarter ended 31 March 2010 (Restated)

	Offshore & Marine $'000	Infra-structure $'000	Property $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	1,493,401	623,859	302,350	1,321	–	2,420,931
Inter-segment sales	–	34,553	12,077	19,637	(66,267)	–
Total	1,493,401	658,412	314,427	20,958	(66,267)	2,420,931
Segment Results						
Operating profit	241,915	38,553	123,191	(2,826)	(8,836)	391,997
Investment income	98	–	97	–	–	195
Interest income	13,097	1,529	9,229	18,963	(24,979)	17,839
Interest expenses	(249)	(9,352)	(23,544)	(17,740)	33,815	(17,070)
Share of results of associated companies	14,977	5,891	38,112	8,259	–	67,239
Profit before tax	269,838	36,621	147,085	6,656	–	460,200
Taxation	(54,716)	(3,792)	(27,516)	(2,732)	–	(88,756)
Profit for the period	215,122	32,829	119,569	3,924	–	371,444
Attributable to:						
Shareholders of Company	204,909	31,025	83,119	2,263	–	321,316
Non-controlling interests	10,213	1,804	36,450	1,661	–	50,128
	215,122	32,829	119,569	3,924	–	371,444
Other Information						
Segment assets	6,098,132	2,759,175	10,101,321	4,505,961	(5,822,413)	17,642,176
Segment liabilities	4,317,917	1,859,839	5,563,318	2,691,664	(5,822,413)	8,610,325
Net assets	1,780,215	899,336	4,538,003	1,814,297	–	9,031,851
Investment in associated companies	118,956	190,580	2,236,290	241,299	–	2,787,125
Additions to non-current assets	32,417	7,576	301,687	3	–	341,683
Depreciation and amortisation	30,961	10,749	2,592	139	–	44,441

Geographical Information

	Singapore $'000	Far East & Other ASEAN Countries $'000	America $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	1,867,202	191,214	250,598	111,917	–	2,420,931
Non-current assets	6,808,236	1,075,827	169,782	305,010	–	8,358,855

Note:

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

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

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $2,419 million was marginally below that of the corresponding quarter in the previous year. Revenue from Offshore & Marine Division of $1,199 million was $294 million or 20% lower due to lower volume of work. Revenue from Infrastructure Division of $650 million was $26 million or 4% higher. The higher revenue earned from the cogen power plant in Singapore was partly offset by lower revenue from EPC contracts in Qatar. Revenue from Property Division of $568 million was $265 million or 87% higher due largely to revenue recognition from the residential properties in Singapore and India.

15b. Net profit (before exceptional items) by Segments

Group net profit of $346 million was $25 million or 8% higher than that of the corresponding quarter in the previous year. Profit from Offshore & Marine Division of $216 million was $11 million or 5% higher because of improved operating margins. The division remained the largest contributor to Group net profit with 62% share. Profit from Infrastructure Division of $40 million was $9 million or 29% higher due to better performance by Keppel Energy, partly offset by lower contribution from Keppel Integrated Engineering. Profit from Property Division of $83 million was at the same level compared to the corresponding quarter in the previous financial year. Profit from Investments was slightly higher than 1Q 2010.

16. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	3 months 31.3.2011 $'000	3 months 31.3.2010 $'000	**3 months 31.3.2011 $'000**	3 months 31.3.2010 $'000
Transaction for the Sale of Goods and Services				
SembCorp Marine Group	**–**	–	**–**	294
Singapore Airlines Group	**–**	–	**–**	14,500
Gas Supply Pte Ltd	**–**	–	**–**	9,800
Transaction for the Purchase of Goods and Services				
Gas Supply Pte Ltd	**–**	–	**30,000**	25,000
Mapletree Investments Pte Ltd	**–**	–	**103**	101
Divestment Transaction				
Singbridge International Singapore Pte Ltd	**–**	10,582	**–**	–
Total Interested Person Transactions	**–**	10,582	**30,103**	49,695

BY ORDER OF THE BOARD

CAROLINE CHANG
Company Secretary

20 April 2011

CONFIRMATION BY THE BOARD

We, CHOO CHIAU BENG and TEO SOON HOE, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter 2011 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

CHOO CHIAU BENG
Chief Executive Officer

TEO SOON HOE
Group Finance Director

Singapore, 20 April 2011