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MEDIA RELEASE

Keppel Corporation Limited Unaudited Results for the Third Quarter and Nine Months Ended 30 September 2016

Singapore, 20 October 2016 – The Directors of Keppel Corporation Limited advise the following unaudited results of the Group for the Third Quarter and Nine Months ended 30 September 2016.

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This media release is also available at www.kepcorp.com.

KEPPEL CORPORATION LIMITED

THIRD QUARTER & NINE MONTHS 2016 REPORT CARD

1. The Property Division was the largest contributor to Group net profit for 3Q & 9M 2016.
 - i. 3Q 2016 Net Profit down 38% to S\$225 million, compared to S\$363 million for 3Q 2015.
 - ii. 9M 2016 Net Profit down 43% to S\$641 million, compared to S\$1,120 million for 9M 2015.
 - iii. RIDs contributed S\$91 million or 14% of Net Profit for 9M 2016.
2. Earnings per Share was 35.3 cents, down 43% from 61.7 cents for 9M 2015.
3. Annualised Return on Equity was 7.6%.
4. 9M 2016 Economic Value Added decreased to S\$39 million from S\$456 million YoY.
5. Cash inflow of S\$552 million, compared to cash outflow of S\$784m a year ago.
6. Net gearing was 0.57x as at end-Sep, compared to 0.62x as at end-Jun.

KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N

(Incorporated in the Republic of Singapore)

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KEPPEL CORPORATION LIMITED

Address by Mr Loh Chin Hua, Chief Executive Officer

THIRD QUARTER AND NINE MONTHS 2016 FINANCIAL STATEMENTS

Welcome

1. Good evening. On behalf of my colleagues on the panel, welcome to the conference and webcast on our results and performance for the third quarter and first nine months of 2016.

Macro Environment

2. Global growth remains slow. Weak demand in the major advanced economies, coupled with the transition to slower but more sustainable growth in China, are also weighing on global trade. Against these headwinds, GDP growth in Singapore has slowed. According to MTI's advance estimates, GDP grew by only 0.6% in Q3, compared to the same quarter a year ago, which is the weakest rate of growth since the 2009 global financial crisis.
3. The landscape for Offshore & Marine (O&M) remains very challenging. The big news for the Oil & Gas sector during the quarter was OPEC's announced deal to cut production. Although still scant on details, the news was welcomed by the oil market and we have seen oil recover to above US\$50 per barrel. Despite the gradual recovery in oil price, demand in the offshore market is expected to remain tepid. Oversupply remains a key concern in the offshore market, worsened by the overhang of rigs still under construction. With priority given to strengthening their balance sheets, the oil majors are expected to continue to hold back on offshore exploration expenditure. On a more positive note, we see continuing interest in FPSO conversions and production solutions such as tension leg platforms and semi-submersible production units, as well as opportunities in the development of specialised vessels.
4. Also resilient amidst the global slowdown are strong urbanisation trends, especially in Asia, driving demand for quality homes and offices, infrastructure and connectivity, which Keppel is well poised to meet as a provider of solutions for sustainable urbanisation.

Building a Stronger Keppel

5. Keppel is responding with agility and resilience to the challenging environment, underpinned by our multi-business strategy.
6. Despite the strong headwinds affecting the O&M industry, Keppel O&M has remained profitable. Other divisions in the Keppel Group continue to bolster our earnings, with our Property business now the largest contributor, Infrastructure providing steady recurring income, and our data centre and asset management businesses serving as new areas of growth.
7. Rightsizing of our Keppel O&M business will continue as we prepare for an extended period of weaker demand for new oil rigs. We are not just cutting costs and surviving the downturn in the offshore industry, but are also investing prudently in new capabilities and exploring new markets and opportunities. Our aim, as always, is to emerge from this downturn stronger. We are looking at re-purposing the technology that we have developed in the offshore industry for other uses such as floating power plants and floating desalination plants. We expect that our O&M business will be increasingly diversified beyond just oil and gas.
8. In the short term, painful measures which have kept Keppel O&M profitable despite the sharp drop in revenues and operating profits will have to continue. Reflecting our solidarity as OneKeppel, senior management across all the Keppel business units have voluntarily taken a reduction in our monthly salary. The Directors of Keppel Corporation will also be proposing lower directors' fees for 2016 at next year's AGM. Whilst Keppel remains profitable, the voluntary cuts by Directors and senior management demonstrate our determination to hunker down, and deal squarely with the challenges we face. It is also the right thing to do, given the hard measures we have taken to rightsize our O&M Division and the sacrifices that our stakeholders have to make.
9. For our asset heavy businesses, such as Property and Infrastructure, our focus is on returns. In seeking higher returns, we proactively recycle our capital and co-invest with like-minded partners through platforms such as those in our newly-created Keppel Capital. We see strong investor demand for real assets such as data centres, power plants, offices and waste-to-energy plants, and Keppel can partner with investors to develop these assets from greenfield and brownfield. This partnership allows us to more ambitiously grow our Infrastructure and Property businesses and to capture value in the process, without overburdening our balance sheet.

10. We are also driving collaboration across the Group, to harness synergies, capture new business opportunities and create value for the Group. Later on, I will highlight examples of how collaboration within our Group has started to bear fruit.

Financial Performance

11. In the first nine months of 2016, our business divisions achieved a net profit of S\$641 million. This was down 43% year-on-year, mainly due to lower profit contributions from O&M Division.
12. EVA was S\$39 million while our annualised ROE was 7.6%.
13. Cash from operating activities has reversed from an outflow of S\$738 million in the first nine months of 2015 to an inflow of S\$274 million over the same period this year. This turnaround has been led by lower working capital requirements for Keppel O&M, better asset turns in our Property Division, and improving cash inflows from our Infrastructure business.
14. Net gearing has reduced slightly from 0.62x as at end-June 2016 to 0.57x as at end-September 2016.

Offshore & Marine

15. Let me now take you through the businesses in our Group, starting with Offshore & Marine.

Building resilience & efficiency

16. In this quarter, Keppel O&M continued to rightsize, further reducing its direct workforce by about 3,080. This includes a reduction of around 660 in Singapore and 2,420 in our overseas yards.
17. For the first nine months of the year, Keppel O&M has reduced its direct workforce by close to 8,000 or around 26%.
18. Much of the reduction has so far been through natural attrition. However, we will increasingly also look into early termination of contracts and selective retrenchment in Singapore, in line with the drop in workload, while ensuring that Keppel O&M continues to retain its core capabilities. Other parts of the Keppel Group are still growing and are in need of good people, especially those with strong engineering and project management expertise. Where possible, we will look to redeploy displaced talents to other business units within the Group.
19. Apart from reducing variable costs, we have also worked on cutting our overheads which have come down by close to 20% year-on-year in the first nine months of 2016. These efforts, together with cost savings achieved on our projects, have allowed our operating margins to remain at 11.4% for 3Q 2016 and 12.5% for nine months of this year despite the lower top line. We are also reviewing our yard capacity in light of declining workload.
20. The harsh winter in the O&M market will not last forever. We are not just cutting costs to survive the short term. We are taking advantage of the downturn to restructure Keppel O&M and make the company leaner, more competitive and stronger when Spring returns.

Brazil

21. We are monitoring the political developments and investigations in Brazil, which continue to widen in scope.
22. Earlier this month, we announced that following further internal investigations, Keppel recognised that certain transactions associated with the agent of some Keppel entities in Brazil may be suspicious. Keppel has since notified the authorities in the relevant jurisdictions of its intention to cooperate and work towards the resolution of the underlying issues arising from, or in connection with the transactions.
23. I want to reassure all our stakeholders of Keppel's zero-tolerance stance against any form of illegal activity, including bribery and corruption, involving its employees or associates. The matter is closely under review and we will make further announcements as appropriate.

Key developments

24. The O&M Division has secured new contracts worth about S\$500 million year-to-date.
25. Even as we work at optimising our operations and resources, we remain focused on the timely and effective execution of our order book. 20 projects were delivered on time and on budget in the nine months of 2016 including nine in the third quarter. Four additional projects are slated for delivery in the last quarter of the year.

26. While we wait for more clarity on Sete's plans, we believe that the provision of S\$230 million taken at the end of 2015 remains appropriate and adequate.

Growing LNG business

27. We are looking out for opportunities where we can leverage our expertise to service niche, adjacent, or even new markets. These include production solutions, gas solutions and specialised vessels, as well as non-oil and gas solutions.
28. We see a promising future for the LNG market over the long term. The use of LNG as an alternative marine fuel is on the rise as a result of emissions reduction goals set by the International Maritime Organisation and the United Nations Climate Change Conference.
29. Keppel is well positioned to capture opportunities across the value chain in the growing gas market. We have secured orders for our first two dual-fuel tugs, which will be built to Keppel's award-winning proprietary design.
30. Our joint venture with Shell, FuelNG, has also secured its first two contracts from Shell to provide bunkering services for Keppel Smit Towage and Maju Maritime's dual-fuel tugs. Keppel will leverage its shipbuilding and design capabilities, and LNG bunkering services to provide end-to-end solutions for vessel owners turning to LNG as a marine fuel.
31. Keppel O&M, through its subsidiary Gas Technology Development, has also signed an MOU with Shell to jointly explore potential opportunities catering to the demand for LNG as a fuel in coastal areas, inland waterways and the international marine sectors.

Providing Diverse Solutions

32. Keppel has long been known for our innovative solutions, and we will continue to expand our suite of solutions and pursue new opportunities for growth.

Property

33. Now to our Property Division.

Capital recycling for best risk-adjusted returns

34. Keppel Land has been actively implementing our strategy to recycle assets and focus on seeking higher returns. We have achieved divestment proceeds totalling about S\$530 million year-to-date.
35. Amongst the divestments in this quarter is that of the 80% stake held by Keppel Land China and Alpha Investment Partners in Life Hub @ Jinqiao, a successful mixed-use development in Shanghai for US\$517 million.
36. Significantly, our stake in Life Hub was divested based on the property's sale value of RMB 5.5 billion, which is close to a 70% premium over the original purchase price of RMB 3.3 billion three years ago. It is an example of the successful collaboration between Keppel Land China and Alpha, which is now under Keppel Capital. Through innovative asset management and enhancement efforts, we contributed to growing a profitable mall which enjoys high occupancy with international retailers. This has proven to be an excellent investment for Keppel, and also Alpha's investors. We have achieved an IRR of over 20% per annum without taking any development risks.
37. Keppel Land is also unlocking value in Sedona Hotel Mandalay, where it has inked a conditional sales and purchase agreement to divest its 100% stake.
38. At the same time, we are seizing opportunities to redeploy our funds and have made investments of about S\$430 million this year especially in our key markets in Vietnam and China, where we are strengthening our presence.
39. In Shanghai, Keppel Land China is acquiring a newly completed retail development in the upcoming Jiading District, for a total consideration of approximately S\$102 million. Keppel Land Retail Management will be its manager and contribute to enhancing the value of the community mall.
40. The examples of the Life Hub and Jiading malls demonstrate how we are building new muscles, and shortening time to market. As a property player, we do not have to physically develop all our projects ourselves but can

also selectively acquire and add value to completed projects. This reflects Keppel Land's approach of "Thinking Unboxed".

41. Strengthening our presence in Yangon, we are furthering our collaboration with Shwe Taung Group with a conditional joint venture agreement for a 40% stake in developing premium serviced residences and offices in the next phase of Junction City. This follows Keppel Land and Shwe Taung's first joint venture to develop Junction City Tower, a Grade A office building in Yangon's central business district.
42. Riding on growing demand for high quality properties in Vietnam, we have also increased our involvement in prime developments in Ho Chi Minh City's Thu Thiem New Urban Area.

Residential

43. For the first nine months of this year, Keppel Land sold 3,510 homes. This is 13% higher compared to the same period last year. The total sales value amounted to some S\$1.6 billion.
44. Of these, 2,940 homes were sold in China, up 32% year-on-year. In Vietnam, we sold 260 homes over the same period, including all 135 units of the newly launched Palm Residence in Ho Chi Minh City over one weekend.
45. In addition, we are launching around 1,500 homes for sale in Vietnam in the fourth quarter of the year. Just over last weekend, we sold 450 homes in Palm Heights also in Ho Chi Minh City. These new sales are not in our reported nine month numbers.
46. Despite continuing property market cooling measures, we sold 300 homes in Singapore in the first nine months, compared to 155 units sold over the same period last year.

Commercial

47. We opened the much anticipated Saigon Centre retail mall on 1 August, with Takashimaya Department Store as its anchor tenant. Phase Two of Saigon Centre, which also includes 44,000 sm of premium Grade A office space as well as 195 luxury serviced apartments, is expected to be completed in end-2017.

Property Portfolio

48. In our residential portfolio, we have a 70,000-strong pipeline and over 16,000 launch-ready homes from now till end 2018. We aim to increase the inventory turn and launch more homes for sale, especially in those markets with favourable conditions. With a landbank comprising more than 10 times the number of homes sold on average each year, we are not under pressure to accumulate land and will only do so if we can get an adequate risk-adjusted return. As we look to turn our inventory more, we can rightsize our property book and re-deploy the balance sheet space that is freed up for our other growth businesses. Our objective is not to create the largest landbank or property business but one that builds good homes, offices and commercial developments sought after by buyers and tenants. Our goal is to keep Keppel Land a developer with one of the highest ROEs in Asia.
49. On the commercial front, Keppel Land has over a million square metres of gross floor area under development. These projects will be progressively completed and will contribute to our recurring income and revaluation gains.

Infrastructure

50. I will now move on to our Infrastructure business.

Energy infrastructure & services

51. Keppel Seghers, a wholly-owned subsidiary of Keppel Infrastructure, has secured a contract from repeat customer Shenzhen Energy Environment Engineering Co to provide technology and services to the Bao'an waste-to-energy (WTE) plant in Shenzhen, which will make it the world's largest WTE facility in terms of incineration capacity. The contract win reinforces Keppel's position as the leader among imported WTE technology solutions providers in China.
52. We have also completed the handover, and commenced the operations and maintenance phase for the solids stream and sludge treatment facilities in the Doha North Sewage Treatment Works. The 10-year operations and maintenance phase of the contract will contribute to stable income streams, while Keppel Infrastructure continues to seek new opportunities to design, build, own and operate its own assets.

Data Centres

53. The mega trends of data traffic, cloud computing and Big Data augur well for our data centre business. Demand for data centres remains strong in Europe and the Asia-Pacific. This is a business that we will continue to grow as Keppel Data Centres, a joint venture between Keppel T&T and Keppel Land, has firmly established itself as a trusted partner and operator of data centres by the industry. We will continue to improve the value proposition to our customers by looking into energy efficiency, connectivity, security and the reliability of our data centres.
54. Earlier this week, we announced that Keppel Data Centres will unlock value with the divestment of 90% of Keppel DC Singapore 3 to Keppel DC REIT for over S\$200 million. This allows Keppel Data Centres to recycle its capital and provides a valuable deal flow pipeline for unitholders of Keppel DC REIT.

Logistics

55. Keppel Logistics has just announced the acquisition of a stake in a Singapore-based e-commerce fulfilment company, Courex. This is in line with Keppel's plans to grow our Logistics Division by acquiring complementary capabilities to tap into fast-growing market sectors. Courex's cloud-based inventory management platform and crowdsourcing model of managing its delivery fleet will allow Keppel to gain a competitive foothold in the rapidly growing e-commerce space. The acquisition will strengthen our ability to tap the e-commerce sector in Singapore and Southeast Asia.
56. Meanwhile, our distribution centre in the Sino-Singapore Tianjin Eco City began operations in 3Q 2016, and will cater to the growing market in Northern China.

Investments

57. The creation of Keppel Capital is a critical piece of our business model in how we can pool together like-minded investors to co-fund the development of infrastructure, energy and property assets from greenfield and brownfield. The REITs and Trust under Keppel Capital also form part of a critical ecosystem for capital recycling. It is a symbiotic relationship that we share with unitholders. As a strong and responsible sponsor, we have aligned our interests squarely with investors by co-investing significantly in the REITs and Trust that we manage. Keppel also provides a steady flow of pipeline assets for growth, and has strong operating capabilities in driving value from the assets that we manage.
58. Keppel Capital has recently received the approval from MAS to centralise certain regulated activities carried out by its licensed asset managers, in addition to the non-regulated activities. This is a significant step in allowing Keppel Capital to fulfill its vision to be a global asset management powerhouse focused on investing successfully in real assets.
59. With the latest approval, Keppel Capital can strive for better operating efficiencies and provide more varied and complete career opportunities for its investment and asset management professionals. Keeping investors' interests at heart and making sure that any conflicts are properly managed will remain a key part of Keppel Capital's DNA and processes.
60. Drawing on the Group's strengths, Keppel Capital will connect financial investors with high quality real assets in the energy, infrastructure and property spaces, whilst creating pull-through opportunities for our business verticals. We are encouraged by positive feedback from both existing and prospective investors, many of whom are large pension and sovereign wealth funds seeking alternative investments with steady, predictable cash flows.
61. We announced in the last quarter that Keppel Capital launched a new data centre fund and a property fund through Alpha Investment Partners with a combined target size of US\$1.5 billion. I am pleased to update you that the Alpha Asia Macro Trends Fund III has made its first acquisition of an office building in Tokyo. Meanwhile, the Alpha Data Centre Fund, set up in collaboration with Keppel T&T, is close to making its maiden acquisition. When fully invested, the two new private funds will add as much as US\$3.5 billion to Keppel's total assets under management.
62. Our asset managers of the public-listed REITs and Trust have also made good progress. Keppel DC REIT's portfolio of quality data centres was expanded by new acquisitions in Italy and the UK in the past three months.
63. Meanwhile, Keppel Infrastructure Trust has completed the upgrading of the Senoko WTE plant for the National Environment Agency, ahead of schedule and on budget, thus improving the operating cash flow from the plant.

Fortifying Earnings Streams

64. Our strategic moves and rightsizing efforts ensure that the Group remains resilient and nimble in the face of harsh challenges.

65. We will continue to work our assets hard, and then recycle them at the right time, to earn the best risk-adjusted returns. Gains from revaluations, impairments and divestments contributed S\$91 million or 14% of our earnings in the first nine months of 2016. These sources of income are an integral part of our business model and we expect them to contribute regularly and meaningfully to our bottom line.
66. For the first nine months of 2016, recurring income contributed S\$237 million or 37% of the Group's total net profit. We are determined to improve the quality of our earnings by growing stable streams of recurring income for the long term.

Creating Synergies

67. By hunting as a pack and capitalising on synergies as OneKeppel, I am confident that we will perform better as a business, both in good times and when the going gets tougher.
68. An immediate opportunity for us is to further encourage the flow of goods and services between Keppel companies and associates. Just this month, Keppel Land has begun purchasing renewable energy from Keppel Infrastructure to power its corporate office at Bugis Junction Towers. The renewable energy is harvested from photovoltaic panels installed in premises operated by Keppel Infrastructure and is then transferred to Keppel Land. There is also potential for Keppel Infrastructure and Keppel Land to offer similar schemes to other office tenants and external customers.
69. The good returns from the divestment of our stake in Life Hub @ Jinqiao reflect the successful partnership between Keppel Land China and Alpha.
70. The Alpha Data Centre Fund, a product of collaboration amongst Alpha, Keppel T&T and Keppel Land, is yet another example of how we can compound value creation as a Group, layering our diverse strengths to create winning propositions for customers and investors.
71. Whilst we have started to see some fruits from collaborating and unleashing synergies across our business units, the potential to do even more is there. We are only just beginning.
72. I shall now invite our CFO, Hon Chew, to take you through the Group's financial performance.
73. Thank you.

KEPPEL CORPORATION LIMITED

Third Quarter and Nine Months 2016 Financial Statements

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2016.

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

	Note	Third Quarter			Nine Months		
		30.9.2016 \$'000	30.9.2015 \$'000	+/- %	30.9.2016 \$'000	30.9.2015 \$'000	+/- %
Revenue		1,458,835	2,439,769	-40.2	4,827,275	7,816,828	-38.2
Materials & subcontract costs	(i)	(916,582)	(1,535,320)	-40.3	(2,989,696)	(5,258,175)	-43.1
Staff costs	(ii)	(278,654)	(390,605)	-28.7	(864,085)	(1,245,858)	-30.6
Depreciation & amortisation		(52,748)	(55,153)	-4.4	(167,023)	(185,396)	-9.9
Other operating (expenses)/income	(iii)	(25,193)	(88,263)	-71.5	(109,273)	55,497	NM
Operating profit		185,658	370,428	-49.9	697,198	1,182,896	-41.1
Investment income		2,312	7,010	-67.0	10,279	12,983	-20.8
Interest income		28,236	37,420	-24.5	88,850	88,221	+0.7
Interest expenses	(iv)	(52,166)	(47,032)	+10.9	(148,837)	(114,317)	+30.2
Share of results of associated companies	(v)	122,374	101,483	+20.6	201,494	252,868	-20.3
Profit before tax		286,414	469,309	-39.0	848,984	1,422,651	-40.3
Taxation	1b	(60,817)	(96,963)	-37.3	(178,423)	(266,300)	-33.0
Profit for the period		225,597	372,346	-39.4	670,561	1,156,351	-42.0
Attributable to:							
Shareholders of the Company		224,529	362,897	-38.1	640,867	1,119,841	-42.8
Non-controlling interests		1,068	9,449	-88.7	29,694	36,510	-18.7
		225,597	372,346	-39.4	670,561	1,156,351	-42.0
Earnings per ordinary share							
- basic		12.4 cts	20.0 cts	-38.0	35.3 cts	61.7 cts	-42.8
- diluted		12.3 cts	20.0 cts	-38.5	35.1 cts	61.4 cts	-42.8

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		
		30.9.2016 \$'000	30.9.2015 \$'000	+/- %	30.9.2016 \$'000	30.9.2015 \$'000	+/- %
Share-based payment expenses		12,248	17,907	-31.6	27,216	38,403	-29.1
Profit on sale of fixed assets		(1,195)	(1,084)	+10.2	(2,632)	(2,511)	+4.8
Loss/(Profit) on sale of investments	(vi)	–	–	NM	49	(49,605)	NM
(Write-back)/Provision							
- Stocks & work-in-progress	(vii)	1,597	(23)	NM	(6,653)	614	NM
- Doubtful debts		442	4,460	-90.1	(155)	5,389	NM
Fair value (gain)/loss							
- Investments	(viii)	(5,342)	18,327	NM	(4,030)	18,396	NM
- Forward contracts	(ix)	(18,281)	13,738	NM	(35,351)	28,372	NM
- Financial derivatives		(369)	(887)	-58.4	1,418	(4,257)	NM
Foreign exchange (gain)/loss	(x)	(30,671)	13,888	NM	(17,183)	24,094	NM
Loss/(gain) associated with restructuring of operations and others	(xi)	3,099	(3,329)	NM	1,466	(58,427)	NM
Write-back of impairment of investments	(xii)	(284)	(23,860)	-98.8	(852)	(25,413)	-96.6
Impairment of fixed assets	(xiii)	34,500	–	NM	34,500	–	NM
Adjustment to gain on disposal of data centres	(xiv)	(26,963)	–	NM	(26,963)	–	NM
Gain on disposal of subsidiaries	(xv)	(3,041)	–	NM	(11,413)	(218,770)	-94.8

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) Staff costs decreased for the nine months ended 30 September 2016 due mainly to lower manpower costs in the Offshore & Marine Division and Infrastructure Division.
- (iii) Other operating expenses for the nine months ended 30 September 2016 as compared to operating income for the same period last year was due mainly to the impairment of fixed assets (Note xiii), lower write-back of impairment of investments (Note xii), lower gain on disposal of subsidiaries (Note xv) and loss associated with restructuring of operations and others (Note xi). These were partially offset by the adjustment to gain on disposal of data centres (Note xiv), hedging differential on forward exchange contracts (Note ix) and foreign exchange gain in the current period as compared to foreign exchange loss in the prior period (Note x).
- (iv) Higher interest expense was mainly attributable to higher borrowings.
- (v) Share of profits of associated companies for the nine months ended 30 September 2016 was lower due mainly to losses from associated companies in the Investments Division, partially offset by higher contribution from the Property Division.
- (vi) Profit on sale of investments in the prior period was due to disposals of listed equities in the Investments Division.
- (vii) Write-back of stocks & work-in-progress for the nine months ended 30 September 2016 arose mainly from the Property Division.
- (viii) Fair value gain (mark-to-market) on investment portfolio held for trading was due to increase in stock prices.

- (ix) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rate.
 - (x) Foreign exchange gain for the nine months ended 30 September 2016 was mainly attributable to the revaluation of loans denominated in United States dollar, which depreciated against Singapore dollar.
 - (xi) Loss associated with restructuring of operations and others for the nine months ended 30 September 2016 arose mainly from the loss on change in interest in an associated company. In the prior period, the gain 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-backs in the current and prior period were in relation to write-back of impairment of investment in the Infrastructure Division.
 - (xiii) The impairment of fixed assets arose mainly from the Infrastructure Division and Offshore & Marine Division.
 - (xiv) The adjustment to gain on disposal of data centres pertains to increase in sale proceeds for disposal of Keppel DC Singapore 1 and Keppel DC Singapore 2 to Keppel DC REIT, previously transacted in December 2014. As per the sale and purchase agreements entered into with Keppel DC REIT, the sale proceeds are conditional on revisions to property taxes of these two data centres for the financial year ended 31 December 2014. There was an increase in sale proceeds of these two data centres due to lower property taxes based on revised assessments received.
 - (xv) Gain on disposal of subsidiaries in the current period arose from the sale of Quang Ba Royal Park Joint Venture Co Ltd, Keppel Thai Properties Public Company Ltd, Jiangyin Yangtze International Country Club and Fernland Investment Pte Ltd, partly offset by the loss on sale of Keppel CT Developments Pte Ltd. In the prior period, gain on disposal of subsidiaries arose mainly from the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd and disposal of 80% interest in BG Junction in Surabaya.
- 1b. Taxation expenses for the nine months ended 30 September 2016 were lower because of lower taxable profits in the Offshore & Marine Division as well as write-back of prior year's provision.

1c. Earnings per ordinary share

	Third Quarter			Nine Months		
	30.9.2016	30.9.2015	+/-%	30.9.2016	30.9.2015	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	12.4 cts	20.0 cts	-38.0	35.3 cts	61.7 cts	-42.8
- Weighted average number of shares (excluding treasury shares) ('000)	1,814,776	1,814,542	—	1,814,776	1,814,542	—
(ii) On a fully diluted basis	12.3 cts	20.0 cts	-38.5	35.1 cts	61.4 cts	-42.8
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,825,938	1,825,297	—	1,825,938	1,825,297	—

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

	Note	Third Quarter			Nine Months		
		30.9.2016 \$'000	30.9.2015 \$'000	+/- %	30.9.2016 \$'000	30.9.2015 \$'000	+/- %
Profit for the period		225,597	372,346	-39.4	670,561	1,156,351	-42.0
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the period	(i)	(11,099)	(33,426)	-66.8	(21,986)	(25,018)	-12.1
- Realised and transferred to profit & loss account	(ii)	(291)	(3,359)	-91.3	2,425	(41,981)	NM
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(iii)	(34,390)	(313,862)	-89.0	229,999	(400,716)	NM
- Realised and transferred to profit & loss account	(iv)	50,882	31,515	+61.5	154,438	135,719	+13.8
Foreign exchange translation							
- Exchange differences arising during the period	(v)	(35,181)	65,053	NM	(333,166)	114,354	NM
- Realised and transferred to profit & loss account		13,609	(126)	NM	9,833	11,513	-14.6
Share of other comprehensive income of associated companies							
- Available-for-sale assets		81	4,118	-98.0	654	5,606	-88.3
- Cash flow hedges		(12,626)	8,376	NM	(40,318)	26,495	NM
- Foreign exchange translation		(19,593)	5,349	NM	(123,142)	(17,652)	NM
Other comprehensive income for the period, net of tax		(48,608)	(236,362)	-79.4	(121,263)	(191,680)	-36.7
Total comprehensive income for the period		176,989	135,984	+30.2	549,298	964,671	-43.1
Attributable to:							
Shareholders of the Company		178,183	109,937	+62.1	565,305	889,841	-36.5
Non-controlling interests		(1,194)	26,047	NM	(16,007)	74,830	NM
		176,989	135,984	+30.2	549,298	964,671	-43.1

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 changes were due mainly to the hedging differential on forward exchange contracts, which were largely entered to hedge exposures against United States dollar.
- (iv) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.
- (v) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation losses for 3Q 2016

arose largely from the weakening of Renminbi, partly offset by the translation gains from the strengthening of United States dollar against the Singapore dollar while the translation losses for nine months in 2016 arose largely from the weakening of United States dollar and Renminbi against the Singapore dollar.

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.

3. BALANCE SHEETS as at 30 September

	Group		Company	
	30.9.2016	31.12.2015	30.9.2016	31.12.2015
	\$'000	\$'000	\$'000	\$'000
Share capital	1,288,394	1,288,394	1,288,394	1,288,394
Treasury shares	(16,447)	(49,011)	(16,447)	(49,011)
Reserves	9,865,761	9,856,278	4,816,733	5,608,423
Share capital & reserves	11,137,708	11,095,661	6,088,680	6,847,806
Non-controlling interests	726,852	830,198	–	–
Capital employed	11,864,560	11,925,859	6,088,680	6,847,806
Represented by:				
Fixed assets	2,671,956	2,845,547	1,046	1,281
Investment properties	3,250,163	3,272,112	–	–
Subsidiaries	–	–	8,352,802	8,139,235
Associated companies	5,371,489	5,521,756	–	–
Investments	343,223	350,103	–	–
Long term assets	610,678	283,464	394	380
Intangibles	146,555	99,825	–	–
	12,394,064	12,372,807	8,354,242	8,140,896
Current assets				
Stocks & work-in-progress in excess of related billings	10,153,359	10,650,500	–	–
Amounts due from:				
- subsidiaries	–	–	2,969,968	3,445,760
- associated companies	558,437	509,041	474	511
Debtors	3,270,025	3,144,822	1,911	1,257
Derivative assets	56,370	125,472	54,964	120,507
Short term investments	207,669	225,118	–	–
Bank balances, deposits & cash	2,012,701	1,892,841	629	91
	16,258,561	16,547,794	3,027,946	3,568,126
Current liabilities				
Creditors	4,835,077	4,971,549	122,450	144,866
Derivative liabilities	361,536	780,275	267,940	515,746
Billings on work-in-progress in excess of related costs	1,696,933	1,888,468	–	–
Provisions	77,585	90,216	–	–
Amounts due to:				
- subsidiaries	–	–	934,904	993,056
- associated companies	291,972	137,376	–	–
Term loans	1,758,585	856,735	950,716	631,879
Taxation	278,679	352,595	10,194	15,867
	9,300,367	9,077,214	2,286,204	2,301,414
Net current assets	6,958,194	7,470,580	741,742	1,266,712
Non-current liabilities				
Term loans	7,025,157	7,401,934	2,950,000	2,500,000
Deferred taxation	338,934	373,173	–	–
Other non-current liabilities	123,607	142,421	57,304	59,802
	7,487,698	7,917,528	3,007,304	2,559,802
Net assets	11,864,560	11,925,859	6,088,680	6,847,806
Group net debt	6,771,041	6,365,828	n.a.	n.a.
Group net gearing ratio	0.57x	0.53x	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 30.9.2016		As at 31.12.2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
202,523	1,556,062	11,764	844,971

(ii) Amount repayable after one year

As at 30.9.2016		As at 31.12.2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
965,343	6,059,814	1,216,914	6,185,020

(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 \$2,617,758,000 (31 December 2015: \$2,455,633,000) to banks for loan facilities.

3b. Net asset value

	Group			Company		
	30.9.2016	31.12.2015	+/-%	30.9.2016	31.12.2015	+/-%
Net asset value per ordinary share *	\$6.13	\$6.13	—	\$3.35	\$3.78	-11.4
Net tangible asset per ordinary share *	\$6.05	\$6.07	-0.3	\$3.35	\$3.78	-11.4

* Based on share capital of 1,815,544,670 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2015: 1,811,147,200 ordinary shares (excluding treasury shares)).

3c. Balance sheet analysis

Group shareholders' funds were \$11.14 billion at 30 September 2016, \$0.04 billion higher than the previous year end. The increase was mainly attributable to increase in fair value on cash flow hedges and retained profits for the period ended 30 September 2016. This was partially offset by payment of final dividend of 22.0 cents per share in respect of financial year 2015 and interim dividend of 8.0 cents per share in respect of the first half year ended 30 June 2016 and foreign exchange translation losses.

Group total assets of \$28.65 billion at 30 September 2016 were \$0.27 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 the lower stocks & work-in-progress from the Property Division, partly offset by higher bank balances, deposits & cash. Non-current assets increased due mainly to increase in receivables, partly offset by depreciation and impairment of fixed assets and foreign currency translation of investment properties in China as a result of weaker Renminbi exchange rate. The decrease in associated companies was largely due to the dividends received during the period, partly offset by acquisitions and further investment in associated companies.

Group total liabilities of \$16.79 billion at 30 September 2016 were \$0.21 billion lower than the previous year end. This was mainly due to a reduction in derivative liabilities, partially offset by increased bank borrowings.

Group net debt increased by \$0.41 billion to \$6.77 billion at 30 September 2016.

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 Transla- tion Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2016								
As at 1 January	1,288,394	(49,011)	(383,540)	10,379,320	(139,502)	11,095,661	830,198	11,925,859
Total comprehensive income for first half								
Profit for first half	-	-	-	416,338	-	416,338	28,626	444,964
Other comprehensive income *	-	-	334,074	-	(363,290)	(29,216)	(43,439)	(72,655)
Total comprehensive income for first half	-	-	334,074	416,338	(363,290)	387,122	(14,813)	372,309
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividends paid	-	-	-	(399,411)	-	(399,411)	-	(399,411)
Share-based payment	-	-	13,304	-	-	13,304	244	13,548
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(19,871)	(19,871)
Purchase of treasury shares	-	(3,069)	-	-	-	(3,069)	-	(3,069)
Treasury shares reissued pursuant to share plans and share option scheme	-	35,350	(34,574)	-	-	776	-	776
Transfer of statutory, capital and other reserves from revenue reserves	-	-	6,257	(6,257)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	4,903	4,903
Contributions to defined benefits plans	-	-	39	-	-	39	-	39
Total contributions by and distributions to owners	-	32,281	(14,974)	(405,668)	-	(388,361)	(14,724)	(403,085)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in a subsidiary	-	-	-	11,925	-	11,925	(59,481)	(47,556)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(16,421)	(16,421)
Total change in ownership interests in subsidiaries	-	-	-	11,925	-	11,925	(75,902)	(63,977)
Total transactions with owners	-	32,281	(14,974)	(393,743)	-	(376,436)	(90,626)	(467,062)
As at 30 June	1,288,394	(16,730)	(64,440)	10,401,915	(502,792)	11,106,347	724,759	11,831,106

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

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Transla- tion Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2016								
Total comprehensive income for third quarter								
Profit for third quarter	-	-	-	224,529	-	224,529	1,068	225,597
Other comprehensive income *	-	-	(7,167)	-	(39,179)	(46,346)	(2,262)	(48,608)
Total comprehensive income for third quarter	-	-	(7,167)	224,529	(39,179)	178,183	(1,194)	176,989
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividends paid	-	-	-	(145,243)	-	(145,243)	-	(145,243)
Share-based payment	-	-	11,356	-	-	11,356	66	11,422
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(27,476)	(27,476)
Treasury shares reissued pursuant to share plans and share option scheme	-	283	(261)	-	-	22	-	22
Transfer of statutory, capital and other reserves from revenue reserves	-	-	(32)	32	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	25,715	25,715
Contributions to defined benefits plans	-	-	190	-	-	190	15	205
Total contributions by and distributions to owners	-	283	11,253	(145,211)	-	(133,675)	(1,680)	(135,355)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in a subsidiary	-	-	-	(13,147)	-	(13,147)	11,047	(2,100)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(6,080)	(6,080)
Total change in ownership interests in subsidiaries	-	-	-	(13,147)	-	(13,147)	4,967	(8,180)
Total transactions with owners	-	283	11,253	(158,358)	-	(146,822)	3,287	(143,535)
As at 30 September	1,288,394	(16,447)	(60,354)	10,468,086	(541,971)	11,137,708	726,852	11,864,560

* 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	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Transla- tion 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								
<u>Contributions by and distributions to owners</u>								
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)
<u>Changes in ownership interests in subsidiaries</u>								
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)

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Transla- tion Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2015								
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								
<u>Contributions by and distributions to owners</u>								
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)
<u>Changes in ownership interests in subsidiaries</u>								
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.

4b. Statement of changes in equity of the Company

	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
2016					
As at 1 January	1,288,394	(49,011)	199,713	5,408,710	6,847,806
Profit / Total comprehensive income for first half	–	–	–	(298,653)	(298,653)
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(399,411)	(399,411)
Share-based payment	–	–	12,317	–	12,317
Purchase of treasury shares	–	(3,069)	–	–	(3,069)
Treasury shares reissued pursuant to share plans and share option scheme	–	35,350	(34,574)	–	776
Total transactions with owners	–	32,281	(22,257)	(399,411)	(389,387)
As at 30 June	1,288,394	(16,730)	177,456	4,710,646	6,159,766
Profit / Total comprehensive income for third quarter	–	–	–	63,048	63,048
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(145,243)	(145,243)
Share-based payment	–	–	11,087	–	11,087
Treasury shares reissued pursuant to share plans and share option scheme	–	283	(261)	–	22
Total transactions with owners	–	283	10,826	(145,243)	(134,134)
As at 30 September	1,288,394	(16,447)	188,282	4,628,451	6,088,680
	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

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2016	1,817,910,180	6,762,980
Treasury shares transferred pursuant to share option scheme	–	(253,000)
Treasury shares transferred pursuant to restricted share plan and performance share plan	–	(4,693,853)
Purchase of treasury shares	–	590,000
As at 30 June 2016	1,817,910,180	2,406,127
Treasury shares transferred pursuant to share option scheme	–	(6,600)
Treasury shares transferred pursuant to restricted share plan	–	(34,017)
As at 30 September 2016	1,817,910,180	2,365,510

Issued share capital and treasury shares

Treasury shares

During the nine months ended 30 September 2016, the Company transferred 4,987,470 (30 September 2015: 5,954,715) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 590,000 treasury shares (30 September 2015: 6,808,000) during the period. As at 30 September 2016, the number of treasury shares held by the Company represented 0.13% (30 September 2015: 0.37%) 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 2016.

Share options

As at 30 September 2016, there were unexercised options for 14,293,074 of unissued ordinary shares (30 September 2015: 17,839,074 ordinary shares) under the KCL Share Options Scheme. 259,600 options (30 September 2015: 1,528,130) were exercised during the period and 3,268,800 unexercised options (30 September 2015: 203,300) were cancelled in the nine months ended 30 September 2016.

KCL Performance Share Plan ("KCL PSP")

As at 30 September 2016, the number of contingent shares granted but not released were 8,187,212 (30 September 2015: 2,052,119) for KCL PSP, which included 5,625,000 (30 September 2015: NIL) under a transformation incentive plan. 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 12,280,818 under KCL PSP.

KCL Restricted Share Plan ("KCL RSP")

As at 30 September 2016, the number of contingent shares granted but not released was 5,773,645 (30 September 2015: 5,602,502). 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 5,773,645 under KCL RSP.

As at 30 September 2016, the number of awards released but not vested was 4,918,142 (30 September 2015: 4,280,204) for KCL RSP.

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

Contingent awards:

Date of Grant	Number of shares					
	At 1.1.16	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.9.16
KCL PSP						
28.3.2013	554,719	–	(421,619)	(133,100)	–	–
31.3.2014	577,400	–	–	–	(12,318)	565,082
31.3.2015	700,000	–	–	–	(37,295)	662,705
30.7.2015	220,000	–	–	–	–	220,000
29.4.2016	–	1,185,000	–	–	(70,575)	1,114,425
29.4.2016	–	5,625,000	–	–	–	5,625,000
	2,052,119	6,810,000	(421,619)	(133,100)	(120,188)	8,187,212
KCL RSP						
31.3.2015	4,731,880	–	–	(4,683,980)	(47,900)	–
30.7.2015	789,603	–	–	(764,298)	(25,305)	–
29.4.2016	–	5,825,645	–	–	(52,000)	5,773,645
	5,521,483	5,825,645	–	(5,448,278)	(125,205)	5,773,645

Awards released but not vested:

Date of Grant	Number of shares					
	At 1.1.16	Released	Vested	Cancelled	Other adjustments	At 30.9.16
KCL PSP						
28.3.2013	–	133,100	(122,600)	–	(10,500)	–
	–	133,100	(122,600)	–	(10,500)	–
KCL RSP						
28.3.2013	1,309,027	–	(1,296,338)	(7,512)	(5,177)	–
31.3.2014	2,884,098	–	(1,446,900)	(32,216)	(10,000)	1,394,982
31.3.2015	–	4,683,980	(1,605,691)	(35,456)	(14,630)	3,028,203
30.7.2015	–	764,298	(256,341)	(12,000)	(1,000)	494,957
	4,193,125	5,448,278	(4,605,270)	(87,184)	(30,807)	4,918,142

4d. Capital reserves

	Group		Company	
	30.9.2016 \$'000	30.9.2015 \$'000	30.9.2016 \$'000	30.9.2015 \$'000
Share option and share plan reserve	196,000	204,954	173,738	180,312
Fair value reserve	55,052	41,294	–	–
Hedging reserve	(445,852)	(755,227)	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Others	94,446	73,758	14,544	4,669
	(60,354)	(395,221)	188,282	184,981

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

		Third Quarter		Nine Months	
	Note	30.9.2016 \$'000	30.9.2015 \$'000	30.9.2016 \$'000	30.9.2015 \$'000
OPERATING ACTIVITIES					
Operating profit		185,658	370,428	697,198	1,182,896
Adjustments:					
Depreciation and amortisation		52,748	55,153	167,023	185,396
Share-based payment expenses		12,248	17,907	27,216	38,403
Loss/(profit) on sale of investments		—	—	49	(49,605)
Profit on sale of fixed assets		(1,195)	(1,084)	(2,632)	(2,511)
Write-back of impairment of investments		(284)	(23,860)	(852)	(25,413)
Impairment of fixed assets		34,500	—	34,500	—
Adjustment to gain on disposal of data centres		(26,963)	—	(26,963)	—
Gain on disposal of subsidiaries		(3,041)	—	(11,413)	(218,770)
Loss/(gain) associated with restructuring of operations and others		3,099	(3,329)	1,466	(58,427)
Operational cash flow before changes in working capital		256,770	415,215	885,592	1,051,969
Working capital changes:					
Stocks & work-in-progress		254,000	(573,713)	284,208	(703,552)
Debtors		(344,565)	(13,481)	(552,585)	(937,168)
Creditors		398,071	(495,934)	(186,734)	(273,471)
Investments		11,912	55,537	4,798	137,468
Advances to/from associated companies		145,778	274,520	103,952	329,755
		721,966	(337,856)	539,231	(394,999)
Interest received		28,236	37,420	88,850	88,221
Interest paid		(52,166)	(47,032)	(148,837)	(114,317)
Income taxes paid, net of refunds received		(62,810)	(119,426)	(205,506)	(317,332)
Net cash from/(used in) operating activities		635,226	(466,894)	273,738	(738,427)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	—	—	(135,500)	(2,559)
Acquisition and further investment in associated companies		(87,755)	(153,263)	(204,390)	(549,867)
Acquisition of fixed assets and investment properties		(75,262)	(117,375)	(188,261)	(639,738)
Disposal of subsidiaries	5b	13,458	—	60,206	1,248,946
Proceeds from disposal of fixed assets		7,460	2,106	9,785	3,676
Return of capital from associated companies		6	368	81	368
Dividends received from investments and associated companies		204,519	78,440	360,426	240,805
Net cash from/(used in) investing activities		62,426	(189,724)	(97,653)	301,631
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		(2,100)	(84,863)	(49,656)	(3,046,645)
Proceeds from share issues		—	—	—	779
Proceeds from share options exercised with issue of treasury shares		22	182	798	8,115
Purchase of treasury shares		—	(44,411)	(3,069)	(49,367)
Proceeds from non-controlling shareholders of subsidiaries		25,715	1,756	30,618	6,882
Proceeds from term loans		148,086	433,479	1,287,799	1,649,120
Repayment of term loans		(493,220)	(46,327)	(731,676)	(1,213,657)
Dividend paid to shareholders of the Company		(145,243)	(218,081)	(544,654)	(872,479)
Dividend paid to non-controlling shareholders of subsidiaries		(27,476)	(13,541)	(47,347)	(57,180)
Net cash (used in)/from financing activities		(494,216)	28,194	(57,187)	(3,574,432)
Net increase/(decrease) in cash and cash equivalents		203,436	(628,424)	118,898	(4,011,228)
Cash and cash equivalents as at beginning of period		1,735,159	2,335,310	1,859,118	5,712,351
Effects of exchange rate changes on the balance of cash held in foreign currencies		9,137	29,434	(30,284)	35,197
Cash and cash equivalents as at end of period	5c	1,947,732	1,736,320	1,947,732	1,736,320

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	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	\$'000	\$'000	\$'000	\$'000
Fixed assets	–	–	14,849	85
Intangible assets	–	–	34,371	3,245
Stocks and work-in-progress	–	–	60,873	–
Debtors and other assets	–	–	21,904	2,970
Bank balances and cash	–	–	–	2,433
Creditors	–	–	(11,349)	(3,381)
Bank borrowings	–	–	–	(222)
Current and deferred taxation	–	–	–	(763)
Total identifiable net assets at fair value	–	–	120,648	4,367
Non-controlling interest measured at non-controlling interests' proportionate share of the net assets	–	–	–	(1,224)
Amount previously accounted for as associated companies	–	–	–	(490)
Goodwill arising from acquisition	–	–	14,852	2,339
Total purchase consideration	–	–	135,500	4,992
Less: Bank balances and cash acquired	–	–	–	(2,433)
Cash flow on acquisition	–	–	135,500	2,559

During the nine months, the Group acquired Cameron International Corporation's (Cameron) offshore product division, which comprises the LeTourneau™ jackup rig designs, rig kit business, as well as its aftersales and aftermarket service. Fair value of the net identifiable assets are determined on a provisional basis.

Significant acquisition of subsidiaries during the nine months of the prior 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%.

5b. Disposal of subsidiaries

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

	Third Quarter		Nine Months	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	\$'000	\$'000	\$'000	\$'000
Fixed assets	(49)	–	(18,512)	(1,141,882)
Investment properties	(19,377)	–	(74,062)	(21,592)
Long term investments	–	–	(54)	–
Stocks and work-in-progress	(127)	–	(47,557)	(27,843)
Debtors and other assets	(197)	–	(30,722)	(206,906)
Bank balances and cash	(1,139)	–	(18,500)	(240,637)
Creditors and other liabilities	1,356	–	45,049	210,928
Borrowings	–	–	45,176	–
Current and deferred taxation	1,393	–	5,380	187,940
Non-controlling interests deconsolidated	6,080	–	22,501	7,414
	(12,060)	–	(71,301)	(1,232,578)
Amount accounted for as associated company	–	–	–	(40,498)
Net assets disposed of	(12,060)	–	(71,301)	(1,273,076)
Net profit on disposal	(3,041)	–	(11,413)	(218,770)
Realisation of foreign currency translation reserve and capital reserve	504	–	4,008	(10,053)
Sale proceeds	(14,597)	–	(78,706)	(1,501,899)
Less: Deferred proceeds received	–	–	–	12,316
Less: Bank balances and cash disposed	1,139	–	18,500	240,637
Cash flow on disposal	(13,458)	–	(60,206)	(1,248,946)

Significant disposal of subsidiaries during the nine months include the sale of 60% interest in Keppel CT Developments Pte Ltd, sale of 70% interest in Quang Ba Royal Park Joint Venture Co Ltd, sale of 45% interest in Keppel Thai Properties Public Company Ltd, sale of 95% interest in Jiangyin Yangtze International Country Club and sale of 100% interest in Fernland Investment Pte Ltd.

Significant disposals during the nine months in the prior year include the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd and disposal of 80% interest in BG Junction in Surabaya.

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	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	\$'000	\$'000	\$'000	\$'000
Bank balances, deposits and cash	2,012,701	1,777,093	2,012,701	1,777,093
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(64,969)	(40,773)	(64,969)	(40,773)
	1,947,732	1,736,320	1,947,732	1,736,320

5d. Cash flow analysis

(i) Third Quarter

Net cash from operating activities for the quarter was \$635 million compared to the net cash used in operating activities of \$467 million for the corresponding quarter last year. This was due mainly to a reduction in working capital requirements.

Net cash from investing activities for the quarter was \$62 million. This comprised principally the dividend received from investments and associated companies, partly offset by acquisition of 40% interest in Empire City Limited Liability Company and further investment in associated companies as well as other operational capex during the quarter.

Net cash used in financing activities was \$494 million. This was due mainly to repayment of term loans and the dividend of \$173 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the quarter.

(ii) Nine Months

Operational cash inflow for the nine months was \$886 million, \$166 million below the previous period. However, outflow for working capital changes, interest and income taxes was \$612 million, compared to an outflow of \$1,790 million in the prior period. Net cash from operating activities for the nine months was \$274 million compared to the net cash used in operating activities of \$738 million in the prior period.

Net cash used in investing activities was \$98 million. This was mainly attributable to the acquisition of Cameron offshore product division, acquisition of 22.4% interest in 112 Katong, acquisition of 45% interest in Quoc Loc Phat Joint Stock Company, acquisition of 40% interest in Empire City Limited Liability Company, further investment in associated companies and other operational capex. Dividend income amounted to \$360 million.

Net cash used in financing activities was \$57 million. This was mainly attributable to the dividend of \$592 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries, partly offset by the net proceeds from term loans during the period. The net cash used in financing activities in the prior period was mainly attributable to the acquisition of additional shareholding in Keppel Land Limited.

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 2015.

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 2016. 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:

- Improvements to Financial Reporting Standards (November 2014)
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 111 *Joint Arrangements : Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

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 3Q2016 of \$1,459 million was \$981 million or 40% below that of 3Q2015. Revenue from the Offshore & Marine Division declined \$895 million to \$516 million because of lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Revenue from the Property Division improved by \$17 million to \$479 million due mainly to higher revenue from Singapore partly offset by lower revenue from China. The Infrastructure Division's revenue was lower by \$97 million to \$434 million resulting from a drop in revenue from the power and gas business due to lower prices and volume.

Group pre-tax profit for 3Q2016 decreased by \$184 million or 39% from \$470 million to \$286 million. Pre-tax profit of the Offshore & Marine Division dropped by \$184 million to \$22 million as a result of lower operating results arising from lower revenue and share of associated companies' losses. Pre-tax profit of the Property Division of \$199 million was \$17 million or 9% higher than 3Q2015. Higher share of associated companies' profits mainly arising from divestment of the stake in Life Hub @ Jinqiao was partly offset by lower contribution from China property trading. Pre-tax profit of the Infrastructure Division of \$40 million is comparable to that of 3Q2015. Pre-tax profit of the Investments Division decreased by \$17 million to \$25 million due mainly to share of associated companies' losses.

Tax expenses decreased by \$38 million because of lower taxable profits. Non-controlling interests were \$8 million lower than those of 3Q2015. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 3Q2016 was \$225 million, 38% below the same quarter in the previous year. Earnings per share were 12.4 cents.

(ii) Nine Months

Group net profit for the nine months ended 30 September 2016 of \$641 million was lower than the \$1,120 million for the same period in 2015. Earnings per share were 35.3 cents. Annualised return on equity was 7.6% and Economic Value Added decreased by \$417 million to \$39 million.

Group revenue of \$4,827 million for the nine months to-date was \$2,990 million or 38% below that of the corresponding period in 2015. Revenue from the Offshore & Marine Division declined by \$2,864 million to \$2,054 million because of lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Major jobs completed and delivered in the nine months included four jack-up rigs, a land rig, a derrick lay vessel, an accommodation semisubmersible and two FPSO conversions. Revenue from the Property Division increased by \$280 million to \$1,451 million due mainly to higher revenue from China and Singapore. Revenue from the Infrastructure Division contracted by \$350 million to \$1,228 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume.

At the pre-tax level, Group profit was down by \$574 million or 40% to \$849 million from that of the corresponding period in 2015. The Offshore & Marine Division reported a drop in pre-tax profit of \$446 million to \$232 million due mainly to lower operating results arising from lower revenue and lower share of associated companies' profits. Pre-tax profit from the Property Division of \$463 million was \$56 million or 14% higher than the corresponding period in 2015. Higher share of associated companies' profits mainly arising from divestment of the stake in Life Hub @ Jinqiao and 77 King Street was partly offset by lower contribution from Singapore property trading. Pre-tax profit of the Infrastructure Division dropped by \$88 million to \$95 million due mainly to the absence of gains recognised in 2015. In 2015, there were gains from disposal of the 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, which were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant. Pre-tax profit of the Investments Division decreased by \$96 million to \$59 million due mainly to share of associated companies' losses and the absence of gain from sale of investments in the same period last year.

Taxation expenses declined by \$89 million or 33% due mainly to lower taxable profits. Non-controlling interests are comparable to those of the corresponding period in 2015. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$641 million, down \$479 million from \$1,120 million last year. The Property Division was the largest contributor to Group net profit with 55% share, followed by the Offshore & Marine Division's 26%, Infrastructure Division's 12% and the Investments Division's 7%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured \$0.5 billion of new orders to-date. Its net order book, excluding the Sete rigs, stands at \$4.1 billion. Faced with the global sector downturn, the Division is rightsizing its operations for what is expected to be an extended slowdown, while pursuing opportunities in niche markets and in non-drilling areas. It will continue to build new capabilities and position itself to seize opportunities for the upturn.

The Property Division sold about 3,510 homes in the first nine months of 2016, comprising about 2,940 in China, 300 in Singapore and 260 in Vietnam. This is higher than the 3,110 homes sold in the same period last year. Sales have improved in China and Singapore. Keppel REIT's office buildings in Singapore and Australia continue to maintain high occupancy of 99.5% as at end-September 2016. The Division will remain focused on strengthening its presence in its core and growth markets, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure ("KI") will remain focused on its power and gas as well as its other energy-related infrastructure businesses and will continue to pursue promising growth areas. The electricity market is still expected to remain competitive but KI's integrated power and gas business platform will enable it to weather the challenges ahead through driving synergies and value creation across its diversified portfolio. 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.

In the Investments Division, the formation of Keppel Capital will allow the Group to more effectively recycle capital and expand its capital base with co-investments, giving the Group greater capacity to seize opportunities for growth without putting a strain on the balance sheet. Keppel Capital will create value for investors and grow the Group's asset management business. Total assets under management by Keppel Capital are about \$26 billion as at 30 September 2016.

The Group will continue to execute its multi-business strategy, capturing value by harnessing its core strengths and growing collaboration across divisions to unleash potential synergies, while being agile and investing in the future.

13. DIVIDEND

13a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No

13b. Corresponding Period of the Immediately Preceding Financial Year

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

No

13c. Date Payable

Not applicable

13d. Books Closure Date

Not applicable

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

No dividend is declared for the quarter ended 30 September 2016.

Total cash distribution paid to shareholders in 2016 amounted to 30.0 cents per share. A tax exempt one-tier final dividend of 22.0 cents per share in respect of the year ended 31 December 2015 was paid on 6 May 2016 and a tax exempt one-tier interim dividend of 8.0 cents per share in respect of the first half year ended 30 June 2016 was paid on 10 August 2016.

14. SEGMENT ANALYSIS

Nine months ended 30 September 2016

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	2,053,632	1,450,872	1,228,396	94,375	–	4,827,275
Inter-segment sales	444	9,061	19,786	51,624	(80,915)	–
Total	2,054,076	1,459,933	1,248,182	145,999	(80,915)	4,827,275
Segment Results						
Operating profit	251,862	299,928	67,526	69,996	7,886	697,198
Investment income	818	8,290	(6)	1,177	–	10,279
Interest income	41,106	18,688	34,067	184,355	(189,366)	88,850
Interest expenses	(95,099)	(57,494)	(13,796)	(163,928)	181,480	(148,837)
Share of results of associated companies	33,041	194,122	7,328	(32,997)	–	201,494
Profit before tax	231,728	463,534	95,119	58,603	–	848,984
Taxation	(39,701)	(116,236)	(11,444)	(11,042)	–	(178,423)
Profit for the period	192,027	347,298	83,675	47,561	–	670,561
Attributable to:						
Shareholders of Company	167,002	351,160	80,101	42,604	–	640,867
Non-controlling interests	25,025	(3,862)	3,574	4,957	–	29,694
	192,027	347,298	83,675	47,561	–	670,561
Other Information						
Segment assets	10,225,705	15,900,410	3,016,879	7,029,356	(7,519,725)	28,652,625
Segment liabilities	8,084,580	6,930,190	1,671,238	7,621,782	(7,519,725)	16,788,065
Net assets	2,141,125	8,970,220	1,345,641	(592,426)	–	11,864,560
Investment in associated companies	576,906	3,231,280	868,122	695,181	–	5,371,489
Additions to non-current assets	54,403	265,970	61,395	10,883	–	392,651
Depreciation and amortisation	116,217	19,629	29,936	1,241	–	167,023

Geographical Information

	Singapore \$'000	China \$'000	Brazil \$'000	Other Far East & ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	3,207,398	800,175	233,444	367,365	218,893	–	4,827,275
Non-current assets	5,981,649	3,105,754	308,288	1,160,684	883,788	–	11,440,163

Nine months ended 30 September 2015

	<u>Offshore & Marine</u> \$'000	<u>Property</u> \$'000	<u>Infra- structure</u> \$'000	<u>Invest- ments</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
Revenue						
External sales	4,918,011	1,170,624	1,578,157	150,036	–	7,816,828
Inter-segment sales	375	8,445	25,859	60,516	(95,195)	–
Total	<u>4,918,386</u>	<u>1,179,069</u>	<u>1,604,016</u>	<u>210,552</u>	<u>(95,195)</u>	<u>7,816,828</u>
Segment Results						
Operating profit	599,103	332,250	168,838	65,611	17,094	1,182,896
Investment income	1,726	10,150	(400)	1,507	–	12,983
Interest income	54,428	21,654	13,108	106,256	(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	103,421	21,381	80,678	–	252,868
Profit before tax	678,262	406,358	183,237	154,794	–	1,422,651
Taxation	(126,216)	(100,674)	(22,305)	(17,105)	–	(266,300)
Profit for the period	<u>552,046</u>	<u>305,684</u>	<u>160,932</u>	<u>137,689</u>	<u>–</u>	<u>1,156,351</u>
Attributable to:						
Shareholders of Company	541,818	292,854	152,248	132,921	–	1,119,841
Non-controlling interests	10,228	12,830	8,684	4,768	–	36,510
	<u>552,046</u>	<u>305,684</u>	<u>160,932</u>	<u>137,689</u>	<u>–</u>	<u>1,156,351</u>
Other Information						
Segment assets	10,135,447	16,498,012	3,012,332	6,163,669	(7,199,664)	28,609,796
Segment liabilities	8,305,825	7,333,449	1,917,200	6,566,425	(7,199,664)	16,923,235
Net assets	<u>1,829,622</u>	<u>9,164,563</u>	<u>1,095,132</u>	<u>(402,756)</u>	<u>–</u>	<u>11,686,561</u>
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	20,835	56,961	73	–	185,396

Geographical Information

	<u>Singapore</u> \$'000	<u>China</u> \$'000	<u>Brazil</u> \$'000	<u>Other Far East & ASEAN Countries</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales	5,412,566	726,496	822,981	385,900	468,885	–	7,816,828
Non-current assets	6,178,718	2,521,050	256,078	1,055,518	881,453	–	10,892,817

Note:

- The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. Investments consist mainly of the Group's investments in fund management, M1 Limited, KrisEnergy Limited, k1 Ventures Limited and equities.
- Pricing of inter-segment goods and services is at fair market value.
- For the nine months ended 30 September 2016, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue. For the nine months ended 30 September 2015, other than Singapore and Brazil, no single country accounted for 10% or more of the Group's revenue.
- No single external customer accounted for 10% or more of the Group's revenue for the nine months ended 30 September 2016 and 2015.

15. REVIEW OF SEGMENT PERFORMANCE

- 15a. Prior to 2016, the Group had presented the contribution of its asset management businesses within the Infrastructure Division and the Property Division accordingly. Following the consolidation of the interests in the Group's four asset management businesses under its wholly-owned subsidiary, Keppel Capital Holdings Pte. Ltd., the contributions from these businesses are presented in the Investments Division from 2016. The 2015 segment information has been restated to align to the current reportable segment presentation.

15b. Revenue by Segments

Group revenue of \$4,827 million was \$2,990 million or 38% below that of corresponding period in 2015. Revenue from the Offshore & Marine Division of \$2,054 million was \$2,864 million lower due to lower volume of work, deferment of some projects and the suspension of Sete Brasil contracts. Revenue from the Property Division rose by \$280 million to \$1,451 million. This was due mainly to higher revenue from China and Singapore. Revenue from the Infrastructure Division contracted by \$350 million to \$1,228 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume.

15c. Net profit by Segments

Group net profit of \$641 million was \$479 million or 43% lower than that of corresponding period in 2015. Profit from the Offshore & Marine Division of \$167 million was \$375 million lower than that of the corresponding period in the prior year due mainly to lower operating results arising from lower revenue, net interest expense and lower share of associated companies' profits. Net profit from the Property Division of \$351 million rose by \$58 million mainly due to higher share of associated companies' profits arising from divestment of the stake in Life Hub @ Jinqiao and 77 King Street, partly offset by lower contribution from Singapore property trading. Profit from the Infrastructure Division of \$80 million was \$72 million lower due largely to the absence of gain recognized in 2015. In 2015, there were gains from disposal of the 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, which were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant. Profit from the Investments Division decreased by \$90 million due mainly to share of associated companies' losses and the absence of gain from sale of investments in the same period last year. The Property Division was the largest contributor to Group net profit with 55% share, followed by the Offshore & Marine Division with 26% share, Infrastructure Division with 12% share and the Investments Division with 7% share.

15d. Revenue by Geographical Segments

Revenue from Singapore of \$3,207 million was \$2,205 million lower due largely to lower revenue from the Offshore & Marine Division. Higher revenue from China were mainly from the Property Division.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 19 April 2016. 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 30.9.2016 \$'000	Nine months 30.9.2015 \$'000	Nine months 30.9.2016 \$'000	Nine months 30.9.2015 \$'000
Transaction for the Sale of Goods and Services				
CapitaMalls Asia Group	-	-	-	200,000
Mapletree Investments Group	-	-	-	104
Neptune Orient Lines Group	-	-	389	583
PSA International Group	-	-	1,460	110
SATS Group	-	-	-	37,654
SembCorp Marine Group	-	-	4,641	224
Singapore Airlines Group	-	-	-	5,600
Singapore Power Group	-	-	-	12,300
Singapore Technologies Engineering Group	-	-	891	270
Singapore Telecommunications Group	-	-	-	182
Temasek Holdings Group	-	-	16,560	-
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	-	-	-	161
Certis CISCO Security Group	-	-	470	824
Gas Supply Pte Ltd	-	-	-	80,000
Mapletree Investments Group	-	-	-	24,222
Pavilion Gas Pte Ltd	-	-	50,000	-
PSA International Group	-	-	105	127
SembCorp Marine Group	-	-	55	74
Singapore Technologies Engineering Group	-	-	3,809	24,866
Singapore Telecommunications Group	-	-	1,160	1,583
Temasek Holdings Group	-	-	1,945	-
Total Interested Person Transactions	-	-	81,485	388,884

17. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual

BY ORDER OF THE BOARD

CAROLINE CHANG/LEON NG
Company Secretaries

20 October 2016

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 2016 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, 20 October 2016

Third Quarter and Nine Months 2016 Financial Results

20 October 2016



Scope of Briefing

- Address by CEO
- Group Financial Highlights by CFO

Address by CEO

3

Keppel Corporation

Macro Environment

- Slow global growth
- Continuing challenges in offshore sector despite gradual recovery in oil price
- Resilient urbanisation trends in Asia

4

Keppel Corporation

Building a Stronger Keppel

- Reduce and manage costs for greater efficiencies
- Invest prudently in new capabilities and explore opportunities in new markets
- Focus on returns; recycle capital
- Drive collaboration and synergy

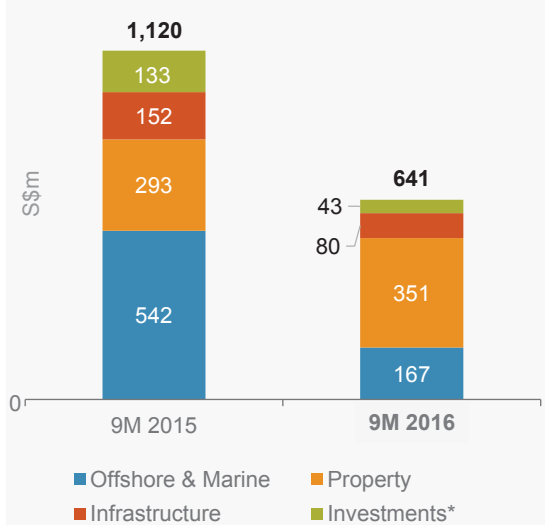
5

Keppel Corporation

Financial Performance

9M 2016 net profit

S\$641m, down 43% yoy



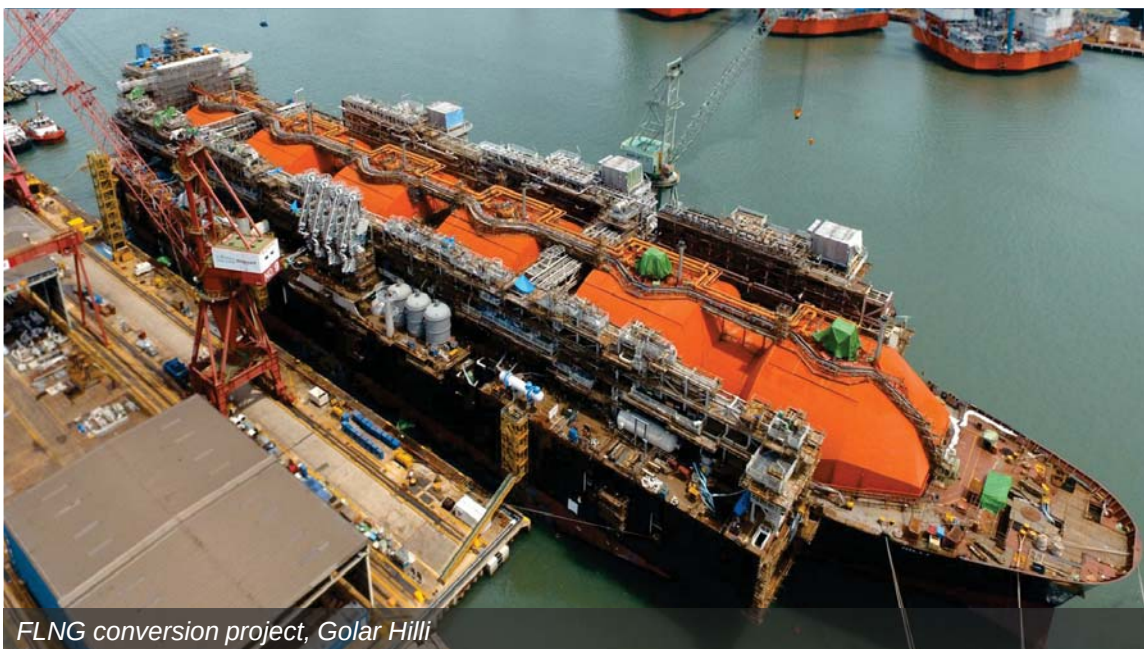
** Includes contributions from asset management businesses under Keppel Capital*

Key highlights

- Net profit was S\$641m
- EVA was S\$39m
- Annualised ROE was 7.6%
- Net gearing was 0.57x as at end-Sep, compared to 0.62x as at end-Jun

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Keppel Corporation



Offshore & Marine

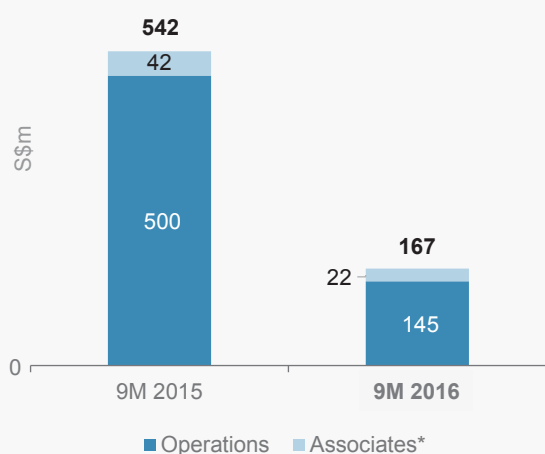
7

Keppel Corporation

Offshore & Marine

9M 2016 net profit

S\$167m, down 69% yoy



* Includes contributions from Floatel, Seafox and Dyna-Mac, etc.

Building resilience & efficiency

- Lowered direct workforce by about 26% since start of 2016
- Reduced overheads by ~20% yoy in 9M 2016
- Reviewing yard capacity

Brazil

- Cooperating with relevant authorities towards resolving issues in relation to contracts with Petrobras and Sete Brasil

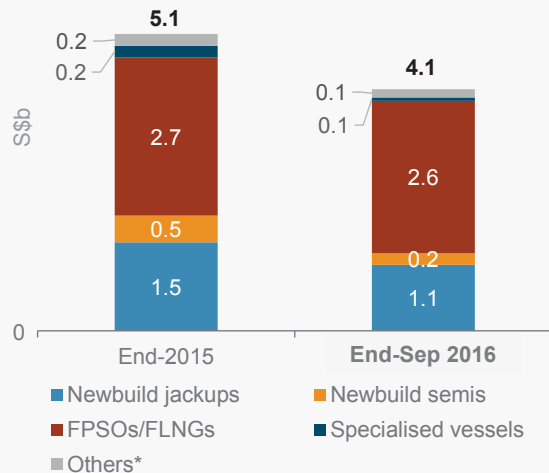
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Keppel Corporation

Offshore & Marine

Net orderbook (excl. semis for Sete)

S\$4.1b as at end-Sep 2016



* Includes modification, upgrading, fabrication and rig repairs.

Key developments

- YTD new contracts of ~S\$500m
- Focus on execution
 - 20 projects delivered in 9M 2016, including 9 in 3Q 2016
 - 4 projects slated for delivery in 4Q 2016
- Growing LNG business
 - Commercialised award-winning dual-fuel diesel LNG tug design
 - Signed MOU with Shell to explore opportunities in using LNG as fuel

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Keppel Corporation

Providing Diverse Solutions



Offshore Desalination



Single/Dual Fuel Floating Power Barge



PreNEx Liquefaction Technology



Specialised Vessels



LNG Transportation & Bunkering

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Keppel Corporation



Property

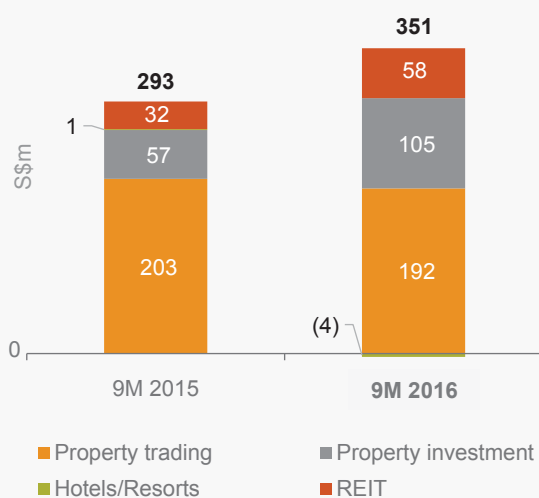
11

Keppel Corporation

Property

9M 2016 net profit

S\$351m, up 20% yoy



Capital recycling for best risk-adjusted returns

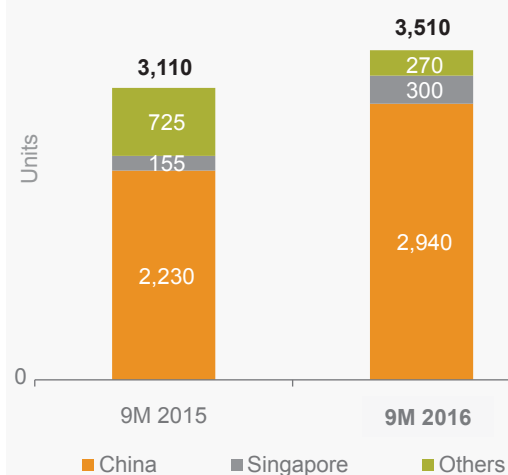
- YTD divestment proceeds of ~S\$530m including:
 - Life Hub @ Jinqiao - divested at ~70% premium over purchase price
 - Sedona Hotel Mandalay
- YTD investments of ~S\$430m including:
 - Retail mall in Jiading, Shanghai
 - Phase Two of Junction City, Yangon
 - Increased stake in Thu Thiem New Urban Area developments in Ho Chi Minh City

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Keppel Corporation

Property

Home sales



Residential

- Resilient home sales - total of 3,510 units sold in 9M 2016, up 13% yoy
 - Total sales value amounted to about S\$1.6b
 - Sales volume in China increased 32% yoy
- Launching 1,500 homes in Vietnam in 4Q 2016

Commercial

- Saigon Centre retail mall in Ho Chi Minh City officially opened and fully leased

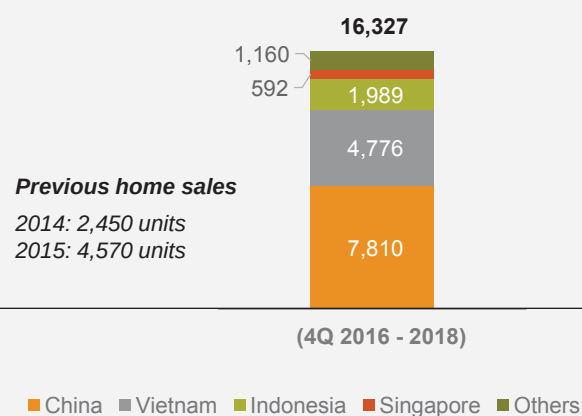
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Keppel Corporation

Property Portfolio

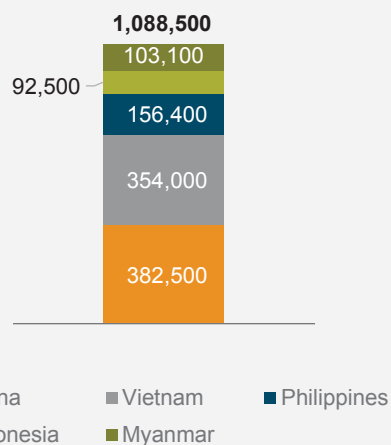
Residential

Launch-Ready Homes (units)



Commercial

GFA Under Development (sm)



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Keppel Corporation



Infrastructure

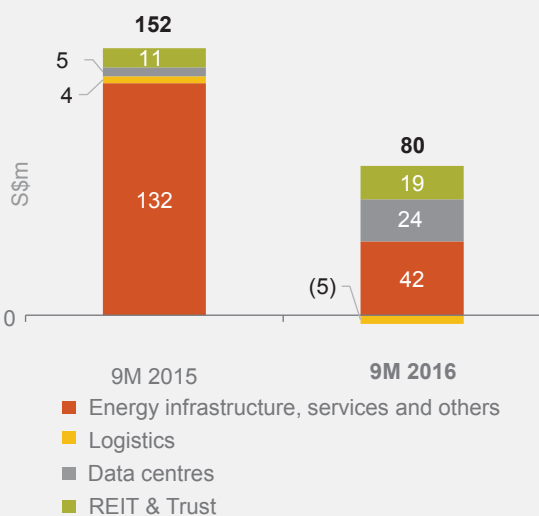
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Keppel Corporation

Infrastructure

9M 2016 net profit

S\$80m, down 47% yoy



Energy infrastructure & services

- Supplying technology solutions to world's largest WTE facility in Shenzhen, China
- Handed over and commenced O&M phase for sludge treatment facilities in Doha North Sewage Treatment Works

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Keppel Corporation

Infrastructure



Keppel DC Singapore 3

Data centres

- Progressing with plans to divest 90% of Keppel DC Singapore 3 for over S\$200m

Logistics

- Acquired stake in Courex, an e-commerce fulfillment company in Singapore
- Tianjin distribution centre started operations in 3Q 2016



Keppel Merlimau Cogen, Singapore

Investments

Investments

9M 2016 net profit

S\$43m, down 68% yoy



* Contributions from asset management businesses have been restated under the Investments Division for 9M 2015

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Keppel Corporation

Key developments

- Keppel Capital
 - Vision to become a global asset management powerhouse
 - Received MAS approval to centralise certain regulated activities
 - Achieve greater operating efficiencies
 - Aim to connect financial investors with high quality real assets

Investments



Senoko WTE plant, Singapore

Key developments

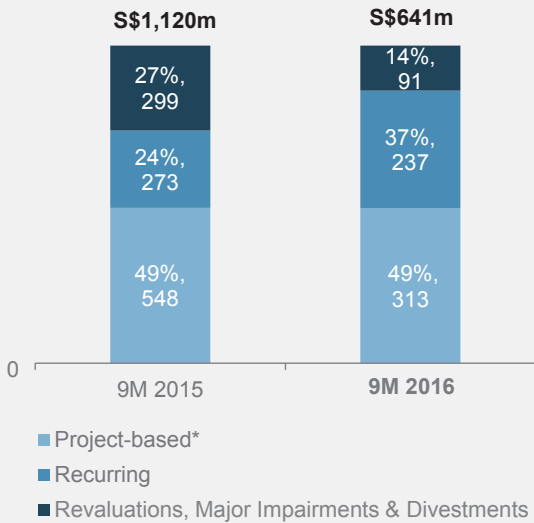
- Alpha Asia Macro Trends Fund III acquired an office building in Tokyo
- Keppel DC REIT
 - Strengthened data centre portfolio with acquisitions in Italy and the UK
 - Announced plans to acquire stake in Keppel DC Singapore 3
- Keppel Infrastructure Trust completed Senoko WTE plant upgrade

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Keppel Corporation

Fortifying Earnings Streams

Net profit by income type



- Resilient operations underpinned by rightsizing efforts and prudent investments in new capabilities
- RIDs of S\$91m in 9M 2016, continuing to be a regular profit contributor
- Focusing on growing stable, recurring income for the long term

* Project-based earnings include income from rig building, specialised shipbuilding, property development and EPC projects.

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Keppel Corporation

Creating Synergies

Keppel Land | Keppel Infrastructure



Inter-BU Sales & Services

- Keppel Land's office is powered by solar energy from Keppel Infrastructure
- Opportunities to offer similar schemes to other office tenants

Keppel Land | Keppel Capital



Life Hub @ Jinqiao

- Monetised at US\$517m
- Achieved IRR of over 20% p.a. through active management

Keppel Capital | Keppel T&T | Keppel Land



Alpha Data Centre Fund
(Target size: US\$500m)

- Expanding capital base with co-investors to seize opportunities
- Creating pull-through for other business units

Keppel O&M | Keppel Infrastructure



Offshore Desalination Plant

- Harnessing Keppel's capabilities to pursue opportunities

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Keppel Corporation

Group Financial Highlights by CFO

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Keppel Corporation

3Q 2016 Financial Performance

Net Profit ↓ 38% to S\$225m

EPS ↓ 38% to 12.4cts

EVA ↓ from S\$194m to S\$30m

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Keppel Corporation

3Q 2016 Financial Highlights

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	1,459	2,440	(40)
EBITDA	238	425	(44)
Operating Profit	185	371	(50)
Profit Before Tax	286	470	(39)
Net Profit	225	363	(38)
EPS (cents)	12.4	20.0	(38)

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Keppel Corporation

3Q 2016 Revenue by Segments

S\$m	<u>3Q 2016</u>	<u>%</u>	<u>3Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	516	35	1,411	58	(63)
Property	479	33	462	19	4
Infrastructure	434	30	531	22	(18)
Investments	30	2	36	1	(17)
Total	1,459	100	2,440	100	(40)

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Keppel Corporation

3Q 2016 Pre-tax Profit by Segments

S\$m	<u>3Q 2016</u>	<u>%</u>	<u>3Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	22	8	206	44	(89)
Property	199	69	182	39	9
Infrastructure	40	14	40	8	-
Investments	25	9	42	9	(40)
Total	286	100	470	100	(39)

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Keppel Corporation

3Q 2016 Net Profit by Segments

S\$m	<u>3Q 2016</u>	<u>%</u>	<u>3Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	11	5	166	46	(93)
Property	157	70	128	35	23
Infrastructure	39	17	32	9	22
Investments	18	8	37	10	(51)
Total	225	100	363	100	(38)

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Keppel Corporation

9M 2016 Financial Performance

Net Profit	↓ 43% to S\$641m
EPS	↓ 43% to 35.3cts
Annualised ROE	↓ from 13.6% to 7.6%
EVA	↓ from S\$456m to S\$39m
Free Cash Flow	↑ from outflow of S\$784m to inflow of S\$552m
Net Gearing	↑ from 0.53x to 0.57x

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Keppel Corporation

9M 2016 Financial Highlights

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	4,827	7,817	(38)
EBITDA	864	1,368	(37)
Operating Profit	697	1,183	(41)
Profit Before Tax	849	1,423	(40)
Net Profit	641	1,120	(43)
EPS (cents)	35.3	61.7	(43)

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Keppel Corporation

9M 2016 Revenue by Segments

S\$m	<u>9M 2016</u>	<u>%</u>	<u>9M 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	2,054	43	4,918	63	(58)
Property	1,451	30	1,171	15	24
Infrastructure	1,228	25	1,578	20	(22)
Investments	94	2	150	2	(37)
Total	4,827	100	7,817	100	(38)

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Keppel Corporation

9M 2016 Pre-tax Profit by Segments

S\$m	<u>9M 2016</u>	<u>%</u>	<u>9M 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	232	27	678	48	(66)
Property	463	55	407	28	14
Infrastructure	95	11	183	13	(48)
Investments	59	7	155	11	(62)
Total	849	100	1,423	100	(40)

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Keppel Corporation

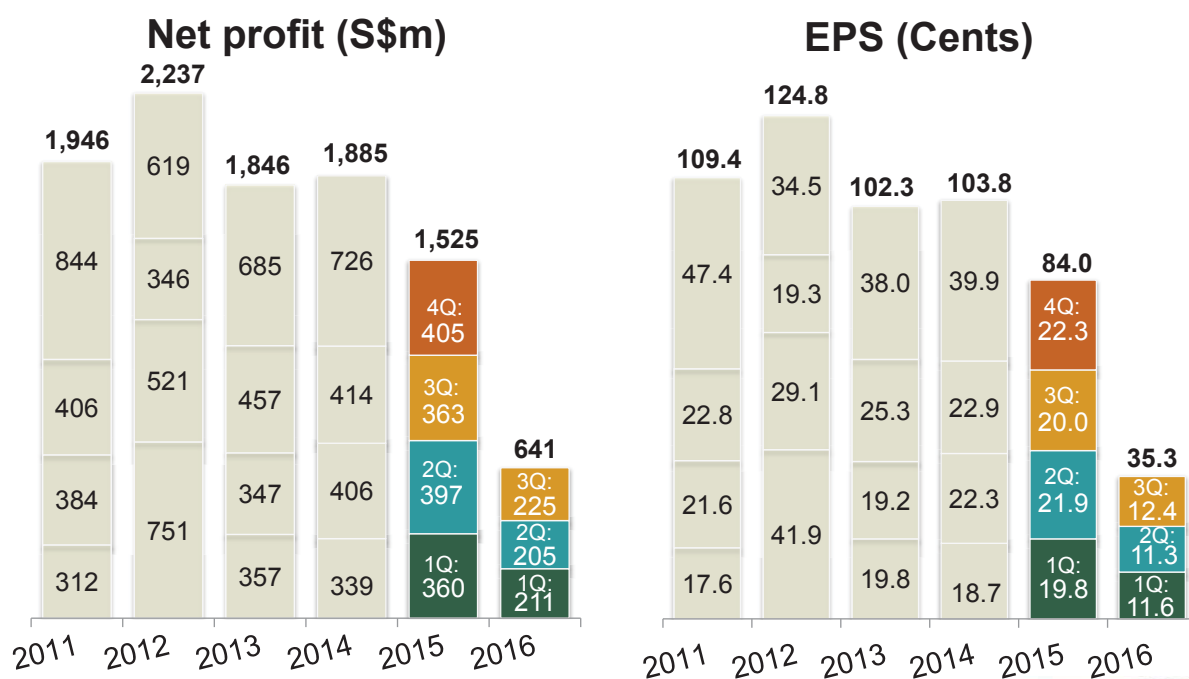
9M 2016 Net Profit by Segments

S\$m	9M 2016	%	9M 2015	%	% Change
Offshore & Marine	167	26	542	48	(69)
Property	351	55	293	26	20
Infrastructure	80	12	152	14	(47)
Investments	43	7	133	12	(68)
Total	641	100	1,120	100	(43)

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Keppel Corporation

Net Profit & EPS



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Keppel Corporation

Free Cash Flow

	<u>9M 2016</u>	<u>9M 2015</u>
	S\$m	S\$m
Operating profit	697	1,183
Depreciation & other non-cash items	188	(131)
	885	1,052
Working capital changes	(346)	(1,447)
Interest & tax paid	(265)	(343)
Net cash from/(used in) operating activities	274	(738)
Investments & capex	(97)	(291)
Divestments & dividend income	375	245
Net cash from/(used in) investing activities	278	(46)
Cash inflow/(outflow)	552	(784)
Dividend Paid	(592)	(930)

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

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Keppel Corporation

**Harnessing strengths and
building resilience through a
robust multi-business strategy.**

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Keppel Corporation

3Q & 9M 2016 Results Q&A

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Keppel Corporation

Additional Information

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Keppel Corporation

Revenue by Geography

	9M 2016		
	<u>Total</u>	<u>Overseas</u>	<u>Singapore</u>
	<u>S\$m</u>	<u>Customers</u>	<u>Customers</u>
		%	%
Offshore & Marine	2,054	84	16
Property	1,451	56	44
Infrastructure	1,228	15	85
Investments	94	2	98
Total	4,827	58	42

58% of total revenue came from overseas customers

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Keppel Corporation

EBITDA by Segments

S\$m	<u>9M 2016</u>	<u>%</u>	<u>9M 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	368	43	706	52	(48)
Property	320	37	353	26	(9)
Infrastructure	97	11	226	16	(57)
Investments	79	9	83	6	(5)
Total	864	100	1,368	100	(37)

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Keppel Corporation

Capital/Gearing/ROE

S\$m	<u>30 Sep 2016</u>	<u>31 Dec 2015</u>
Shareholders' Funds	11,138	11,096
Capital Employed	11,865	11,926
Net Debt	6,771	6,366
Net Gearing Ratio	0.57x	0.53x
ROE	7.6%	14.2%

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Keppel Corporation

OFFSHORE & MARINE

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Keppel Corporation

Financial Highlights – Offshore & Marine

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	516	1,411	(63)
EBITDA	86	209	(59)
Operating Profit	49	173	(72)
Profit Before Tax	22	206	(89)
Net Profit	11	166	(93)

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Keppel Corporation

Financial Highlights – Offshore & Marine

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	2,054	4,918	(58)
EBITDA	368	706	(48)
Operating Profit	252	599	(58)
Profit Before Tax	232	678	(66)
Net Profit	167	542	(69)

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Keppel Corporation

Offshore & Marine Review

▪ About S\$500m contracts secured in YTD 2016:

4 FPSO projects involving modification/upgrade and modules fabrication and integration, a pipelay vessel upgrade, 3 dredgers* and 2 dual fuel tugs.

▪ Contract completions in 9M 2016:

4 jackups, a land rig, an accommodation semi, a semi upgrade, a derrick lay vessel, a liftboat, an anchor handling tug, a transformer platform, a field development vessel repair/upgrade, a launch barge upgrade, a pipelay vessel upgrade, 3 FPSO/FSU conversions, 1 FPSO integration, 1 FPSO turret fabrication and 1 FPSO topsides fabrication.

* Construction of the third dredger will start upon receiving notice from Jan De Nul.

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Keppel Corporation

Offshore & Marine Orderbook

	Contract Value		Client
	Gross S\$m.	Net S\$m.	
<u>For delivery in 2016</u>			
1 JU/1 Semi/2 FPSO Conversions	1,112	26	Falcon Energy/SOCAR/ Bumi Armada/Yinson
<u>For delivery in 2017</u>			
10 JUs/1 FLNG Conversion/2 FPSO Modules Fab. & Integration/1 FPSO Topsides Installation & Integration/1 FPSO Turret Fabrication/1 RORO Vessel Engine Conversion/1 Subsea Construction Vessel/1 Ice-class Multi-Purpose Vessel	5,351	820	TS Offshore/Fecon/Clearwater/BOT Lease Co./ Grupo R/Parden/Golar/Petrobras/Modec/ BW Offshore/SOFEC/Totem Ocean/ Baku Shipyard/New Orient Marine
<u>For delivery in 2018</u>			
1 JU/1 Liftboat/1 FPSO Modules Fab. & Integration/ 2 Dredgers/2 Dual Fuel Tugs	577	250	Ensco/Crystal Heights/Petrobras/Woodside/ Jan De Nul/KST/ Maju
<u>For delivery in 2019-2021</u>			
5 JUs/2 Semis/1 FPSO Modification & Upgrade/ 2 FLNG Conversions	4,236	2,974	Transocean/2 Semis - Name withheld/ Petrobras/Golar
Total as at 30 Sep 2016 (excl. semis for Sete Brasil)	11,276	4,070	

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Keppel Corporation

PROPERTY

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Keppel Corporation

Financial Highlights - Property

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	479	462	4
EBITDA	96	164	(41)
Operating Profit	90	155	(42)
Profit Before Tax	199	182	9
Net Profit	157	128	23

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Keppel Corporation

Financial Highlights - Property

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	1,451	1,171	24
EBITDA	320	353	(9)
Operating Profit	300	332	(10)
Profit Before Tax	463	407	14
Net Profit	351	293	20

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Keppel Corporation

Sales Achieved - Overseas

Key Projects	Units Sold in 9M 2016	Sales Value in 9M 2016	Latest Avg. Selling Price
China		(RMB'm)	(RMB'psm)
8 Park Avenue, Shanghai	34	960	~105,000
Seasons Residence, Shanghai	202	810	~44,600
Central Park City, Wuxi	428	400	~9,000
Park Avenue Heights, Chengdu	308	650	~16,500
V City, Chengdu	1,443	1,090	~8,900
Seasons Park, Tianjin Eco-City Ph 1	63	45	~9,800
Seasons Gardens, Tianjin Eco-City Ph 2	201	390	~13,800
Waterfront Residence, Tianjin	80	298	~20,000
Total	2,759	4,643	
Vietnam		(US\$m)	(US\$'psm)
Estella Heights, Dist. 2	56	13.3	~2,300
Palm Residence, Palm City Ph1, Dist. 2	132	40.7	~2,800
Riviera Point, Dist. 7	68	14.0	~1,800
Riviera Cove, Dist. 9	4	2.8	~1,500
Total	260	70.8	

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Keppel Corporation

Residential Landbank - Singapore

Singapore	Stake	Tenure	Attributable GFA (sf)	Total Units	Units Launched	Units Sold	Remaining Units
Launched Projects							
The Glades	70%	99-yr	384,357	726	650	564	162
Corals at Keppel Bay	100%	99-yr	509,998	366	250	208	158
Reflections at Keppel Bay	100%	99-yr	2,081,738	1,129	950	926	50*
Highline Residences	100%	99-yr	473,218	500	320	278	222
Upcoming Projects							
Keppel Bay Plot 4	39%	99-yr	134,335	234^	-	-	234
Keppel Bay Plot 6	100%	99-yr	226,044	86^	-	-	86
Total			3,809,690	3,041	2,170	1,976	912

* Excludes about 150 units set aside for corporate residences

^ Estimated no. of units

As of end-Sep 2016

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Keppel Corporation

Residential Landbank - China

China	Location	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area For Sale (sm)
8 Park Avenue	Shanghai	99%	133,393	918	918	881	37	10,396
The Springdale	Shanghai	99.4%	328,792	2,596	2,596	2,595	1	189
Seasons Residence	Shanghai	99.9%	128,918	1,102	953	947	155	18,394
Sheshan Riviera	Shanghai	100%	83,174	217	-	-	217	83,174
Waterfront Residence	Nantong	100%	189,437	1,199	79	39	1,160	178,761*
Central Park City	Wuxi	49.7%	671,477	5,339	4,447	4,424	915	146,639
Waterfront Residence	Wuxi	100%	306,607	1,481	62	53	1,428	283,823*
Park Avenue Heights	Wuxi	100%	165,308	1,048	-	-	1,048	165,308
Stamford City	Jiangyin	99.4%	299,991	1,478	1,125	1,016	462	101,897
Park Avenue Heights	Chengdu	100%	200,200	1,535	1,255	1,137	398	52,896
Hill Crest Villa	Chengdu	100%	163,147	274	-	-	274	163,147
Serenity Villa	Chengdu	100%	233,862	573	-	-	573	233,862
V City	Chengdu	35%	560,963	5,617	2,351	2,195	3,422	370,968*
The Seasons	Shenyang	100%	365,186	2,794	420	286	2,508	338,335
Hunnan Township Devt	Shenyang	99.8%	756,580	7,026	-	-	7,026	756,580
Serenity Villa	Tianjin	100%	80,000	340	287	141	199	54,464
Mixed-use Devt	Tianjin	100%	1,358,202	11,299	-	-	11,299	1,358,202
Tianjin Eco-City	Tianjin	100%	625,292	4,294	2,147	2,109	2,185	403,594*
Waterfront Residence	Tianjin	100%	61,417	341	245	242	99	18,509
Keppel Cove	Zhongshan	80%	460,000	1,647	-	-	1,647	460,000
Hill Crest Residence (Ph 1)	Kunming	68.8%	20,193	133	133	112	21	4,415
Hill Crest Residence (Ph 2)	Kunming	68.8%	24,428	130	33	8	122	24,846
La Quinta II	Kunming	68.8%	10,928	62	62	58	4	810
Total			7,227,495	51,443	17,113	16,243	35,200	5,229,210

*Includes commercial area

As of end-Sep 2016

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Keppel Corporation

Residential Landbank - Other Overseas

	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area for Sale (sm)
Vietnam							
Saigon Sports City, HCMC	90%	783,302	3,887	-	-	3,887	458,892
Estella Heights, HCMC	98%	123,618	872	872	723	149	20,055
Riviera Point, Dist. 7, HCMC	75%	437,944	2,400	549	516	1,884	230,149
Dong Nai Waterfront City, Dong Nai	50%	2,046,955	7,850	-	-	7,850	1,293,500
Riviera Cove, Dist. 9, HCMC	60%	34,711	96	96	83	13	8,318
Palm City, Dist 2, HCMC (South Rach Chiec)	42%	874,044	6,084	132	132	5,952	596,995
Villa Devt, Saigon South, HCMC	50%	58,800	168	-	-	168	55,186
Casuarina Cove, Dist 9, HCMC	60%	39,807	120	-	-	120	47,194
Empire City, Dist 2, HCMC	40%	408,600	2,953	-	-	2,953	338,798
Sub-Total:		4,807,781	24,430	1,649	1,454	22,976	3,049,087
Indonesia							
West Vista, West Jakarta	100%	153,464*	2,855	300	140	2,715	110,791*
Daan Mogot, West Jakarta	100%	226,800	4,523	-	-	4,523	226,800
Sub-Total:		380,264	7,378	300	140	7,238	337,591
India							
Elita Horizon	51%	167,226	2,049	-	-	2,049	167,226
USA							
Residential Development, New York	86%	18,170	68	-	-	68	9,290
Total		5,373,441	33,925	1,949	1,594	32,331	3,563,194

* Includes commercial area

As of end-Sep 2016

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Keppel Corporation

Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		4Q 2016	2017	2018
8 Park Avenue	Shanghai	21	16	-
Seasons Residence	Shanghai	5	233	-
Sheshan Riviera^	Shanghai	33	47	47
Waterfront Residence	Nantong	-	18	29
Central Park City	Wuxi	135	-	-
Waterfront Residence	Wuxi	3	504	371
Park Avenue Heights^	Wuxi	200	430	418
Stamford City	Jiangyin	19	120	213
Park Avenue Heights	Chengdu	34	364	-
Hill Crest Villa^	Chengdu	-	24	36
Serenity Villa^	Chengdu	18	24	48
V City	Chengdu	2	976	1,104
The Seasons	Shenyang	29	50	73
Serenity Villa	Tianjin	33	92	16
Tianjin Eco-City	Tianjin	192	791	816
Waterfront Residence	Tianjin	34	65	-
Keppel Cove^	Zhongshan	12	24	36
Hill Crest Residence	Kunming	2	12	41
Total		772	3,790	3,248

^New launches

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Keppel Corporation

Residential Launch Readiness – Other Overseas

Project	Location	Units Ready to Launch		
		4Q 2016	2017	2018
Indonesia				
West Vista	West Jakarta	289	800	900
Vietnam				
Estella Heights (Ph1&2), Dist 2	HCMC	59	50	40
Riviera Point, Dist 7	HCMC	378	173	300
Riviera Cove, Dist 9	HCMC	8	5	-
Palm Heights, Palm City, Dist 2^	HCMC	816	-	-
Palm City (Subsequent phases), Dist 2 ^	HCMC	-	231	376
Saigon Sports City, Dist 2^	HCMC	-	200	400
Empire City, Dist 2^	HCMC	300	350	430
Dong Nai Waterfront City^	Dong Nai	-	200	460
India				
Elita Horizon^	Bangalore	-	700	460
Total		1,850	2,709	3,366

^New launches

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Expected Completion for Launched Projects

Projects/Phases launched	Total Units	Units Launched as at end-Sep 2016	Units Sold as at end-Sep 2016	Units Remaining as at end-Sep 2016	Expected Completion
China					
Seasons Garden, Tianjin	270	201	178	92	2H16
Waterfront Residence, Tianjin	254	161	158	96	1H17
Park Avenue Heights, Chengdu	220	220	114	106	2H16
V City (Ph 1), Chengdu	1,434	1,434	1,432	2	1H17
V City (Ph 2), Chengdu	1,495	917	763	732	1H18
Indonesia					
West Vista	2,855	300	140	2,715	2H19
Vietnam					
Estella Heights (Ph 1)	496	496	467	29	2H17
Estella Heights (Ph 2)	376	376	256	120	2H18
Palm Residence	132	132	132	-	2H17
Total	7,532	4,237	3,640	3,892	

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Expected Completion for Upcoming Projects

Projects/Phases to be launched	Location	No. of Units Expected to be Completed		
		4Q 2016	2017	2018
China				
Sheshan Riviera	Shanghai	-	112	105
Waterfront Residence	Wuxi	-	83	554
Park Avenue Heights	Wuxi	-	328	720
Park Avenue Heights	Chengdu	-	280	-
Serenity Villa	Chengdu	-	-	97
Seasons Garden (Tianjin Eco-City Ph 2)	Tianjin	-	-	356
Seasons Heights (Tianjin Eco-City Ph 4)	Tianjin	-	-	372
Keppel Cove (Ph 1&2)	Zhongshan	42	-	18
Hill Crest Residence	Kunming	-	-	97
Total		42	803	2,319

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Commercial Projects Overseas

Commercial Projects under Development	GFA (sm)	Development Cost ⁽¹⁾	Completion
China			
Beijing Commercial (51% stake)	104,800	RMB2.7b	2019
Park Avenue Central, Shanghai (99% stake)	115,900	RMB2.9b	2020
Seasons City, Tianjin (100% stake)	161,800	RMB2.6b	2019 (Ph 1)
Indonesia			
IFC Jakarta Tower 1 (100% stake)	92,500	S\$270m	2021
Vietnam			
Saigon Centre Ph 2, HCMC (45.3% stake)	55,000 (Retail - Completed) 44,000 (Office) 20,600 (Serviced apt)	US\$220m	2017 (Office)
Estella Heights (98% stake)	37,000 (Retail)	US\$50m	2018
Empire City, HCMC (40% stake)	86,400 (Office) 106,000 (Retail) 35,000 (Hotel) 25,000 (Service Apt)	US\$580m	2024
Myanmar			
Junction City Office Tower, Yangon (40% stake)	53,100	US\$47m ⁽²⁾	2017
Junction City Phase 2, Yangon (40% stake)	50,000	US\$48.6m ⁽²⁾	2020
Philippines			
SM-KL Project Ph 2, Manila (24.2% stake)	46,300 (Retail) 110,100 (Office)	S\$333m	2017 (Retail) 2019 (Office)

(1) Excluding land cost (2) Investment cost for 40% stake

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INFRASTRUCTURE

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Keppel Corporation

Financial Highlights - Infrastructure

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	434	531	(18)
EBITDA	38	44	(14)
Operating Profit	28	33	(15)
Profit Before Tax	40	40	-
Net Profit	39	32	22

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Keppel Corporation

Financial Highlights - Infrastructure

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	1,228	1,578	(22)
EBITDA	97	226	(57)
Operating Profit	67	169	(60)
Profit Before Tax	95	183	(48)
Net Profit	80	152	(47)

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	30	36	(17)
EBITDA	18	8	125
Operating Profit	18	10	80
Profit Before Tax	25	42	(40)
Net Profit	18	37	(51)

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Financial Highlights - Investments

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	94	150	(37)
EBITDA	79	83	(5)
Operating Profit	78	83	(6)
Profit Before Tax	59	155	(62)
Net Profit	43	133	(68)

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Keppel Corporation

This release may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes. The forward-looking statements reflect the current views of Management on future trends and developments.

**ADDRESS BY KEPPEL CORPORATION LIMITED'S
CHIEF FINANCIAL OFFICER, CHAN HON CHEW**

AT THE 9M 2016 RESULTS PRESENTATION

THURSDAY, 20 OCTOBER 2016

1. Group Financial Highlights by CFO (Slide 23)

2. 3Q 2016 Financial Performance (Slide 24)

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

I shall now take you through the Group's performance for the third quarter of 2016.

The Group recorded a net profit of \$225 million this quarter, which was 38% below the same quarter last year. Earnings per share was correspondingly 38% lower at 12.4 cents, while EVA was at \$30 million.

3. 3Q 2016 Financial Highlights (Slide 25)

The Group's revenue for the third quarter was 40% or \$981 million lower than the same quarter last year. All divisions except Property division recorded lower revenue during the quarter.

Operating profit at \$185 million was 50% or \$186 million lower as compared to the same quarter in 2015. This was due mainly to lower profits from the Offshore & Marine, Property and Infrastructure divisions.

Profit before tax decreased by a smaller extent of 39% to \$286 million, arising from higher contribution from associated companies, which includes the gain from the sale of Life Hub @ Jinqiao in Shanghai.

Correspondingly, net profit after tax and non-controlling interests for the third quarter was lower by 38% or \$138 million.

Similarly, earnings per share decreased 38% to 12.4 cents.

4. 3Q 2016 Revenue by Segments (Slide 26)

Overall, the Group's revenue was 40% lower than the same quarter last year, driven largely by the 63% decline in the Offshore & Marine division as a result of lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts.

Infrastructure division recorded lower revenue as well, due mainly to lower prices and volume from power and gas business.

This was partially offset by a 4% growth in Property division's revenue, primarily due to higher revenue from residential projects such as The Glades and Highline Residences in Singapore, and Waterfront Residence in Tianjin.

5. 3Q 2016 Pre-tax Profit by Segments (Slide 27)

Offshore & Marine division's pre-tax profit fell from \$206 million to \$22 million, a steep 89% or \$184 million decline from the same quarter last year. This was driven by the 63% drop in revenues, as well as a \$10 million impairment provision for plant and machinery. Despite the sharp 63% fall in revenues, the division did well to achieve an operating margin of 11.4%, less than one percentage point lower than the 12.3% margin in the same quarter last year. The ongoing right sizing exercise which started more than a year ago contained the erosion of its margins in the third quarter.

Property division's pre-tax profit increased by 9% or \$17 million due mainly to higher share of profit from associated companies arising from the divestment of our stake in Life Hub @ Jinqiao in Shanghai, as part of the continuing process of recycling capital to earn higher returns.

Investments division's pre-tax profit decreased by 40% mainly as a result of share of losses from KrisEnergy and lower share of profits from k1 Ventures.

6. 3Q 2016 Net Profit by Segments (Slide 28)

After tax and non-controlling interests, the Group's net profit in the third quarter decreased by 38% or \$138 million to \$225 million as compared to the same period last year, with Property division being the top contributor to the Group's earnings at 70%, followed by Infrastructure at 17%.

7. 9M 2016 Financial Performance (Slide 29)

Next, I shall take you through the performance for the first nine months of 2016.

Net profit for the first nine months of 2016 was down 43% from the same period last year to \$641 million.

Earnings per share also decreased by the same extent to 35.3 cents.

Annualised ROE declined to 7.6% while EVA was lower at \$39 million.

Free cash inflow was \$552 million, as compared to an outflow of \$784 million in the prior year due mainly to the slowdown in working capital increases and lower operational capital expenditure from Offshore & Marine and Property divisions.

Net gearing increased by 4% from 53% at the end of 2015 to 57%. However, in comparison to second quarter of 2016, net gearing has decreased 5% from 62%. This was due mainly to proceeds from recycling of assets such as the divestment of our stake in Life Hub @ Jinqiao, proceeds from sale of development projects, and the receipt of retention monies from our EPC projects in Qatar.

8. 9M 2016 Financial Highlights (Slide 30)

In the first nine months of 2016, the Group earned total revenue of \$4.8 billion, a 38% or \$3 billion decrease from the same period last year. All divisions except for Property division recorded lower revenues.

Operating profit at \$697 million was 41% or \$486 million lower than the same period last year. The decrease is led by lower profit from Offshore & Marine and Infrastructure. Operating profit from Property was lower due to the absence of write-back of excess cost accruals.

Pre-tax profit correspondingly decreased by 40% or \$574 million due mainly to lower operating profit, share of losses from KrisEnergy and lower share of profits from other associated companies and higher net interest expense partially offset by share of profit from the sale of Life Hub @ Jinqiao.

After tax and non-controlling interests, net profit was 43% or \$479 million lower at \$641 million.

Similarly, earnings per share decreased by 43% to 35.3 cents.

9. 9M 2016 Revenue by Segments (Slide 31)

Overall, the Group's revenue of \$4.8 billion was 38% lower from last year, led mainly by the 58% decrease in Offshore & Marine revenue resulting from lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts.

Property revenue increased by 24% to \$1.5 billion as compared to the same period last year, led by higher revenue from residential projects such as Eight Park Avenue in Shanghai and The Glades in Singapore.

Infrastructure's revenue decreased by 22%, attributed mainly to lower prices and volume from the power and gas business.

10. 9M 2016 Pre-tax Profit by Segments (Slide 32)

The Group recorded a pre-tax profit of \$849 million for the first nine months of the year, 40% or \$574 million lower than 2015.

The Offshore & Marine division's pre-tax profit was 66% or \$446 million lower as a result of lower revenue and higher interest expense. The division's operating margin for the first nine months at 12.8% was at about the same level as last year.

In the Property division, pre-tax profit increased by 14% or \$56 million due mainly to higher contributions from associated companies as a result of gain from disposal of Life Hub @ Jinqiao and gain from Keppel REIT's divestment of the office tower at 77 King Street in Sydney, Australia.

Infrastructure's pre-tax profit was lower by 48% or \$88 million, due mainly to divestment gains recognised in the same period last year. As mentioned last quarter, the division's profits in 2015 were boosted by gains from the divestment of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gains from the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust, partially offset by the provision for losses on the Doha North Sewage Treatment Plant.

Investments division's pre-tax profit decreased by 62% or \$96 million due to share of losses from KrisEnergy and lower share of profit from k1 Ventures. The division's pre-tax profit included \$51 million from Keppel Capital's fund management business.

11. 9M 2016 Net Profit by Segments (Slide 33)

After tax and non-controlling interests, the Group's earnings decreased 43% or \$479 million to \$641 million, with the Property division being the top contributor at 55% followed by Offshore & Marine division at 26%.

12. Net Profit and EPS (Slide 34)

Amidst a poor market environment especially in the offshore and marine sector, the Group recorded a creditable net profit of \$641 million for the first nine months of the year. The third quarter 2016 results remained comparable to each of the first two quarters of the year on a quarter-to-quarter basis.

This translated to earnings per share of 35.3 cents, which was 43% lower than the corresponding period in 2015.

13. Free Cash Flow (Slide 35)

In the first nine months of 2016, operational cash inflow was \$885 million, \$167 million below the previous period.

Outflow for working capital changes, interest and income taxes was \$611 million, which is significantly less than the outflow of \$1,790 million in the prior period. This was driven mainly by the cash proceeds from sale of development properties and the slowdown in working capital increases in Offshore & Marine division. This resulted in the net cash inflow from operating activities of \$274 million as compared to an outflow of \$738 million in the same period last year.

Net cash generated from investing activities amounted to \$278 million, comprising mainly investment and dividend income of \$360 million, less investments and operational capital expenditure of \$97 million.

As a result, there was an overall cash inflow of \$552 million for the first nine months of 2016, as compared to the cash outflow of \$784 million in the same period last year.

14. Outlook (Slide 36)

The Group remains committed to our multi-business strategy, as we harness the strengths of our core competencies to stay responsive to the changes in the macro environment.

We are also focused on capturing greater efficiencies by controlling our costs, so as to build resilience for the future into our businesses and stay the course in creating value for our stakeholders in the long term.

Thank you.