

## Media Release

### Keppel posts 11% yoy net profit growth to S\$712m for 9M 2017

*Non-O&M businesses underpin 29% yoy increase in 3Q 2017 net income to S\$291m*

**Singapore, 19 October 2017** – For the nine months ended 30 September 2017, Keppel Corporation Limited (Keppel) reported a net profit of S\$712 million, 11% higher than the S\$641 million for 9M 2016. Group revenue of S\$4,419 million for 9M 2017 was S\$408 million, or 8% below that of the same period in 2016.

Performing stably year-on-year, the Property Division was the largest contributor to the Group's 9M 2017 net profit with a 56% share. The Investments and Infrastructure Divisions, which contributed 30% and 14% to Group net profit respectively, both registered stronger results during the period.

Despite the continuing downturn in the offshore business, the Offshore & Marine Division was able to breakeven on the back of contributions from associates and decisive rightsizing efforts. In the year to date, the Division has secured new contracts of about S\$1 billion, mainly for newbuild dredgers and LNG-related vessels, as well as the conversion of Floating Production Storage Offloading units.

The Group achieved an annualised return on equity of 7.7% for 9M 2017. Net gearing was lower at 0.50x as at end-September 2017, compared to 0.56x as at end-December 2016. Free cash inflow of S\$1,235 million in 9M 2017 was a substantial improvement over the inflow of S\$552 million in 9M 2016.

For 3Q 2017, Group net profit was S\$291 million, 29% higher than the S\$225 million for 3Q 2016, while Group revenue of S\$1,617 million was 11% higher than the \$1,459 million a year ago. Higher profits from China and Vietnam property trading, the power and gas and asset management businesses, as well as the sale of investments, more than offset lower contributions from the Offshore & Marine Division and associated companies.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Over the last few quarters, we have witnessed how our multi-business strategy and the Group's initiatives are bearing fruit. We are driving collaboration across the Group, to harness synergies, grow new business opportunities, enter new markets and capture higher value from all parts of Keppel.

“The mega trend of sustainable urbanisation is one of the key areas where Keppel is carving a niche with its compelling suite of solutions. We intend to step up efforts to seize opportunities in this space through the establishment of a new business unit, Keppel Urban Solutions (KUS). KUS aims to be an integrated master developer of large-scale mixed-use developments in the Asia-Pacific region, drawing from the diverse strengths and strong track record of Keppel’s business verticals.”

### Financial Highlights

	<b>9M 2017 (S\$ m)</b>	<b>9M 2016 (S\$ m)</b>	<b>Change (%)</b>	<b>3Q 2017 (S\$ m)</b>	<b>3Q 2016 (S\$ m)</b>	<b>Change (%)</b>
<b>Revenue</b>	4,419	4,827	(8)	1,617	1,459	11
<b>Operating Profit</b>	650	697	(7)	324	185	75
<b>Net Profit</b>	712	641	11	291	225	29
<b>Earnings per Share</b>	39.2 cents	35.3 cents	11	16.0 cents	12.4 cents	29

- Annualised ROE was 7.7%
- Net Gearing was 0.50x at end-September 2017
- Free cash inflow improved significantly to S\$1,235m in 9M 2017 from S\$552m in 9M 2016

- END -

### **For more information, please contact:**

#### Media Relations

Teri Liew (Ms)  
Deputy General Manager  
Group Corporate Communications  
Keppel Corporation Limited  
DID: (65) 6413 6425  
Email: [teri.liew@keppcorp.com](mailto:teri.liew@keppcorp.com)

#### Investor Relations

Ivana Chua (Ms)  
Assistant General Manager  
Group Corporate Communications  
Keppel Corporation Limited  
DID: (65) 6413 6436  
Email: [ivana.chua@keppcorp.com](mailto:ivana.chua@keppcorp.com)

**KEPPEL CORPORATION LIMITED**

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

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# KEPPEL CORPORATION LIMITED

## Third Quarter and Nine Months 2017 Financial Statements

### UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2017.

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

	Note	Third Quarter			Nine Months		
		30.9.2017 \$'000	30.9.2016 \$'000	+/- %	30.9.2017 \$'000	30.9.2016 \$'000	+/- %
<b>Revenue</b>		<b>1,616,797</b>	1,458,835	+10.8	<b>4,419,071</b>	4,827,275	-8.5
Materials & subcontract costs	(i)	<b>(1,034,747)</b>	(916,582)	+12.9	<b>(2,900,027)</b>	(2,989,696)	-3.0
Staff costs	(ii)	<b>(258,756)</b>	(278,654)	-7.1	<b>(773,876)</b>	(864,085)	-10.4
Depreciation & amortisation		<b>(50,524)</b>	(52,748)	-4.2	<b>(163,487)</b>	(167,023)	-2.1
Other operating income/(expenses)	(iii)	<b>51,319</b>	(25,193)	NM	<b>68,295</b>	(109,273)	NM
<b>Operating profit</b>		<b>324,089</b>	185,658	+74.6	<b>649,976</b>	697,198	-6.8
Investment income		<b>11,231</b>	2,312	NM	<b>15,721</b>	10,279	+52.9
Interest income		<b>28,817</b>	28,236	+2.1	<b>94,949</b>	88,850	+6.9
Interest expenses	(iv)	<b>(46,292)</b>	(52,166)	-11.3	<b>(145,557)</b>	(148,837)	-2.2
Share of results of associated companies	(v)	<b>45,401</b>	122,374	-62.9	<b>312,345</b>	201,494	+55.0
<b>Profit before tax</b>		<b>363,246</b>	286,414	+26.8	<b>927,434</b>	848,984	+9.2
Taxation	1b	<b>(71,696)</b>	(60,817)	+17.9	<b>(210,799)</b>	(178,423)	+18.1
<b>Profit for the period</b>		<b>291,550</b>	225,597	+29.2	<b>716,635</b>	670,561	+6.9
<b>Attributable to:</b>							
Shareholders of the Company		<b>291,825</b>	224,529	+30.0	<b>712,469</b>	640,867	+11.2
Non-controlling interests		<b>(275)</b>	1,068	NM	<b>4,166</b>	29,694	-86.0
		<b>291,550</b>	225,597	+29.2	<b>716,635</b>	670,561	+6.9
Earnings per ordinary share							
- basic		<b>16.0 cts</b>	12.4 cts	+29.0	<b>39.2 cts</b>	35.3 cts	+11.0
- diluted		<b>15.9 cts</b>	12.3 cts	+29.3	<b>38.9 cts</b>	35.1 cts	+10.8

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		
		30.9.2017 \$'000	30.9.2016 \$'000	+/- %	30.9.2017 \$'000	30.9.2016 \$'000	+/- %
Share-based payment expenses		<b>6,835</b>	12,248	-44.2	<b>18,447</b>	27,216	-32.2
(Profit)/loss on sale of investments	(vi)	<b>(17,302)</b>	–	NM	<b>(36,368)</b>	49	NM
Loss/(profit) on sale of fixed assets	(vii)	<b>4,286</b>	(1,195)	NM	<b>(13,218)</b>	(2,632)	NM
Provision/(write-back)							
- Stocks & work-in-progress	(viii)	<b>4</b>	1,597	-99.7	<b>162</b>	(6,653)	NM
- Doubtful debts	(ix)	<b>1,753</b>	442	+296.6	<b>8,243</b>	(155)	NM
Fair value (gain)/loss							
- Investments	(x)	<b>(5,861)</b>	(5,342)	+9.7	<b>3,101</b>	(4,030)	NM
- Forward contracts	(xi)	<b>20,079</b>	(18,281)	NM	<b>41,322</b>	(35,351)	NM
- Financial derivatives		<b>(436)</b>	(369)	+18.2	<b>31</b>	1,418	-97.8
Foreign exchange gain	(xii)	<b>(9,992)</b>	(30,671)	-67.4	<b>(55,208)</b>	(17,183)	+221.3
Write-back of impairment of investments	(xiii)	<b>(298)</b>	(284)	+4.9	<b>(46,894)</b>	(852)	NM
Impairment of fixed assets	(xiv)	<b>2,934</b>	34,500	-91.5	<b>2,934</b>	34,500	-91.5
Adjustment to gain on disposal of data centres	(xv)	–	(26,963)	NM	–	(26,963)	NM
Gain on disposal of subsidiaries	(xvi)	<b>(128,061)</b>	(3,041)	NM	<b>(162,963)</b>	(11,413)	NM
Gain on disposal of associated companies	(xvii)	–	–	NM	<b>(43,534)</b>	–	NM

NM – Not Meaningful

### Note:

- (i) Materials & subcontract costs decreased for the nine months ended 30 September 2017 mainly as a result of lower revenue from the Offshore & Marine Division, partly offset by higher revenue from the Infrastructure Division.
- (ii) Staff costs decreased for the nine months ended 30 September 2017 due mainly to lower manpower costs in the Offshore & Marine Division and Property Division.
- (iii) Other operating income for the nine months ended 30 September 2017 was due mainly to the gain on disposal of subsidiaries (Note xvi), foreign exchange gain (Note xii), write-back of impairment of investments (Note xiii), gain on disposal of associated companies (Note xvii) and profit on sale of fixed assets (Note vii). These were partially offset by hedging differential on forward exchange contracts (Note xi), fair value loss on investments (Note x) and provision for doubtful debts (Note ix).
- (iv) Lower interest expense was mainly attributable to lower average borrowings.
- (v) Share of profits of associated companies for the nine months ended 30 September 2017 was higher due mainly to higher contribution from associated companies in the Investments Division.
- (vi) The profit on sale of investments was due mainly to the disposal of listed equities and equity funds in the Investments Division.
- (vii) Profit on sale of fixed assets for the nine months ended 30 September 2017 was largely attributable to disposal of assets in the Offshore & Marine Division.
- (viii) The write-back in the prior period was in relation to write-back of provision in the Property Division.
- (ix) Provision for doubtful debts arose mainly from the Offshore & Marine Division.
- (x) Fair value loss (mark-to-market) on investment portfolio for the nine months ended 30 September 2017 was due to decrease in stock prices.

- (xi) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rate.
- (xii) Foreign exchange gain for the nine months ended 30 September 2017 was mainly attributable to the revaluation of loans denominated in United States dollar, which depreciated against Singapore dollar.
- (xiii) The write-back in the current period was in relation to write-back of impairment of investment in the Investments Division and the Infrastructure Division.
- (xiv) The impairment of fixed assets arose from the Infrastructure Division. In the prior period, the impairment arose mainly from the Infrastructure Division and Offshore & Marine Division.
- (xv) Adjustment to gain on disposal of data centres in the prior period was in relation 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
- (xvi) Gain on disposal of subsidiaries arose mainly from the sale of Keppel Lakefront (Nantong) Property Development Co Ltd, sale of Wiseland Investment (Myanmar) Limited, sale of 80% interest in PT Sentral Tunjungan Perkasa, sale of Keppel DC Singapore 4, sale of 90% interest in Keppel DC Singapore 3 and sale of Keppel Verolme. In the prior period, gain on disposal of subsidiaries arose from 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 Jianguyin Yangtze International Country Club and sale of Fernland Investment Pte Ltd, partly offset by the loss on sale of 60% interest in Keppel CT Developments Pte Ltd.
- (xvii) Gain on disposal of associated companies arose from the sale of interest in GE Keppel Energy Services Pte Ltd and Cityone Development (Wuxi) Co., Ltd.
- 1b. Taxation expenses for the nine months ended 30 September 2017 were higher because of higher taxable profits in the Investments Division and absence of write-back of provision as compared to the prior period.

1c. Earnings per ordinary share

	Third Quarter			Nine Months		
	30.9.2017	30.9.2016	+/-%	30.9.2017	30.9.2016	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	<b>16.0 cts</b>	12.4 cts	+29.0	<b>39.2 cts</b>	35.3 cts	+11.0
- Weighted average number of shares (excluding treasury shares) ('000)	<b>1,816,927</b>	1,814,776	+0.1	<b>1,816,927</b>	1,814,776	+0.1
(ii) On a fully diluted basis	<b>15.9 cts</b>	12.3 cts	+29.3	<b>38.9 cts</b>	35.1 cts	+10.8
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	<b>1,829,392</b>	1,825,938	+0.2	<b>1,829,392</b>	1,825,938	+0.2

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

	Note	Third Quarter			Nine Months		
		30.9.2017 \$'000	30.9.2016 \$'000	+/- %	30.9.2017 \$'000	30.9.2016 \$'000	+/- %
<b>Profit for the period</b>		<b>291,550</b>	225,597	+29.2	<b>716,635</b>	670,561	+6.9
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the period	(i)	<b>(2,446)</b>	(11,099)	-78.0	<b>(27,526)</b>	(21,986)	+25.2
- Realised and transferred to profit & loss account	(ii)	<b>(16,069)</b>	(291)	NM	<b>(32,092)</b>	2,425	NM
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(iii)	<b>196,651</b>	(34,390)	NM	<b>291,514</b>	229,999	+26.7
- Realised and transferred to profit & loss account	(iv)	<b>(16,412)</b>	50,882	NM	<b>(39,882)</b>	154,438	NM
Foreign exchange translation							
- Exchange differences arising during the period	(v)	<b>3,724</b>	(35,181)	NM	<b>(162,281)</b>	(333,166)	-51.3
- Realised and transferred to profit & loss account		<b>(24,618)</b>	13,609	NM	<b>(28,172)</b>	9,833	NM
Share of other comprehensive income of associated companies							
- Available-for-sale assets		<b>120</b>	81	+48.1	<b>577</b>	654	-11.8
- Cash flow hedges		<b>897</b>	(12,626)	NM	<b>(19,219)</b>	(40,318)	-52.3
- Foreign exchange translation		<b>(12,562)</b>	(19,593)	-35.9	<b>(75,719)</b>	(123,142)	-38.5
<b>Other comprehensive income for the period, net of tax</b>		<b>129,285</b>	(48,608)	NM	<b>(92,800)</b>	(121,263)	-23.5
<b>Total comprehensive income for the period</b>		<b>420,835</b>	176,989	+137.8	<b>623,835</b>	549,298	+13.6
<b>Attributable to:</b>							
Shareholders of the Company		<b>416,423</b>	178,183	+133.7	<b>631,634</b>	565,305	+11.7
Non-controlling interests		<b>4,412</b>	(1,194)	NM	<b>(7,799)</b>	(16,007)	-51.3
		<b>420,835</b>	176,989	+137.8	<b>623,835</b>	549,298	+13.6

NM – Not Meaningful

Note:

- (i) Fair value changes were attributable to movements in quoted prices of available-for-sale assets.
- (ii) These represented fair value changes on available-for-sale assets, which were transferred to profit & loss account upon realisation.
- (iii) Fair value changes were due mainly to the hedging differential on forward exchange contracts and fuel oil forward contracts.
- (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 current period and prior period arose largely from the weakening of foreign currencies, such as United States dollar and Renminbi against Singapore dollar.



### 3. BALANCE SHEETS as at 30 September

	Group		Company	
	30.9.2017 \$'000	31.12.2016 \$'000	30.9.2017 \$'000	31.12.2016 \$'000
<b>Share capital</b>	<b>1,288,394</b>	1,288,394	<b>1,288,394</b>	1,288,394
<b>Treasury shares</b>	<b>(1,513)</b>	(15,523)	<b>(1,513)</b>	(15,523)
<b>Reserves</b>	<b>10,632,260</b>	10,386,078	<b>6,394,030</b>	5,346,838
<b>Share capital &amp; reserves</b>	<b>11,919,141</b>	11,658,949	<b>7,680,911</b>	6,619,709
<b>Non-controlling interests</b>	<b>615,006</b>	674,691	–	–
<b>Total equity</b>	<b>12,534,147</b>	12,333,640	<b>7,680,911</b>	6,619,709
Represented by:				
<b>Fixed assets</b>	<b>2,539,424</b>	2,645,456	<b>470</b>	852
<b>Investment properties</b>	<b>3,272,791</b>	3,550,290	–	–
<b>Subsidiaries</b>	–	–	<b>8,154,201</b>	8,154,201
<b>Associated companies</b>	<b>5,584,649</b>	5,315,078	–	–
<b>Investments</b>	<b>410,159</b>	377,704	<b>14,340</b>	14,340
<b>Long term assets</b>	<b>755,792</b>	814,438	<b>13,311</b>	97,557
<b>Intangibles</b>	<b>134,489</b>	140,669	–	–
	<b>12,697,304</b>	12,843,635	<b>8,182,322</b>	8,266,950
<b>Current assets</b>				
Stocks & work-in-progress in excess of related billings	<b>9,002,266</b>	10,025,805	–	–
Amounts due from:				
- subsidiaries	–	–	<b>3,886,156</b>	3,982,362
- associated companies	<b>675,329</b>	530,883	<b>805</b>	688
Debtors	<b>3,384,118</b>	3,373,841	<b>18,563</b>	2,965
Derivative assets	<b>161,091</b>	98,984	<b>105,998</b>	42,923
Short term investments	<b>178,704</b>	273,928	–	–
Bank balances, deposits & cash	<b>2,318,761</b>	2,087,078	<b>189</b>	542
	<b>15,720,269</b>	16,390,519	<b>4,011,711</b>	4,029,480
<b>Current liabilities</b>				
Creditors	<b>4,698,606</b>	4,753,492	<b>90,377</b>	112,471
Derivative liabilities	<b>47,242</b>	379,910	<b>38,536</b>	345,313
Billings on work-in-progress in excess of related costs	<b>1,691,453</b>	1,669,466	–	–
Provisions	<b>71,208</b>	81,679	–	–
Amounts due to:				
- subsidiaries	–	–	<b>363,319</b>	1,062,722
- associated companies	<b>108,871</b>	111,543	–	–
Term loans	<b>1,798,107</b>	1,835,321	<b>653,444</b>	692,311
Taxation	<b>206,999</b>	339,108	<b>17,481</b>	17,263
	<b>8,622,486</b>	9,170,519	<b>1,163,157</b>	2,230,080
<b>Net current assets</b>	<b>7,097,783</b>	7,220,000	<b>2,848,554</b>	1,799,400
<b>Non-current liabilities</b>				
Term loans	<b>6,765,922</b>	7,217,721	<b>3,244,800</b>	3,325,600
Deferred taxation	<b>322,687</b>	331,175	–	–
Other non-current liabilities	<b>172,331</b>	181,099	<b>105,165</b>	121,041
	<b>7,260,940</b>	7,729,995	<b>3,349,965</b>	3,446,641
<b>Net assets</b>	<b>12,534,147</b>	12,333,640	<b>7,680,911</b>	6,619,709
<i>Group net debt</i>	<b>6,245,268</b>	6,965,964	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	<b>0.50x</b>	0.56x	<i>n.a.</i>	<i>n.a.</i>

## NOTES TO BALANCE SHEETS

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

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

As at 30.9.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
<b>243,986</b>	<b>1,554,121</b>	391,046	1,444,275

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

As at 30.9.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
<b>619,301</b>	<b>6,146,621</b>	744,449	6,473,272

#### (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 \$1,941,577,000 (31 December 2016: \$2,810,528,000) to banks for loan facilities.

### 3b. Net asset value

	Group			Company		
	30.9.2017	31.12.2016	+/-%	30.9.2017	31.12.2016	+/-%
Net asset value per ordinary share *	<b>\$6.56</b>	\$6.42	+2.2	<b>\$4.23</b>	\$3.65	+15.9
Net tangible asset per ordinary share *	<b>\$6.48</b>	\$6.34	+2.2	<b>\$4.23</b>	\$3.65	+15.9

\* Based on share capital of 1,817,690,134 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2016: 1,815,677,670 ordinary shares (excluding treasury shares)).

### 3c. Balance sheet analysis

Group shareholders' funds were \$11.92 billion at 30 September 2017, \$0.26 billion higher than the previous year end. The increase was mainly attributable to retained profits and increase in fair value on cash flow hedges for the period ended 30 September 2017. This was partially offset by payment of final dividend of 12.0 cents per share in respect of financial year 2016 and interim dividend of 8.0 cents per share in respect of the first half year ended 30 June 2017 and foreign exchange translation losses.

Group total assets of \$28.42 billion at 30 September 2017 were \$0.82 billion lower than the previous year end. Decrease in current assets was due mainly to decrease in stocks & work-in-progress in excess of related billings, partly offset by net cash inflow from operating and investing activities during the period. Non-current assets decreased due mainly to the decrease in investment properties following the sale of 100% interest in Keppel DC Singapore 4 and 90% interest in Keppel DC Singapore 3, partly offset by the acquisition and further investment in associated companies.

Group total liabilities of \$15.88 billion at 30 September 2017 were \$1.02 billion lower than the previous year end. This was largely attributable to the net repayment of term loans, reduction in creditors and derivative liabilities.

Group net debt decreased by \$0.72 billion to \$6.25 billion at 30 September 2017.

#### 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	Treasury	Capital	Revenue	Foreign	Share	Non-	Total
	<u>Capital</u>	<u>Shares</u>	<u>Reserves</u>	<u>Reserves</u>	Exchange	Capital &	controlling	<u>Equity</u>
\$'000	\$'000	\$'000	\$'000	Transla- tion Account	Reserves	Interests	\$'000	\$'000
<b>2017</b>								
<b>As at 1 January</b>	<b>1,288,394</b>	<b>(15,523)</b>	<b>11,486</b>	<b>10,655,379</b>	<b>(280,787)</b>	<b>11,658,949</b>	<b>674,691</b>	<b>12,333,640</b>
<b>Total comprehensive income for first half</b>								
Profit for first half	-	-	-	420,644	-	420,644	4,441	425,085
Other comprehensive income *	-	-	10,776	-	(216,209)	(205,433)	(16,652)	(222,085)
<b>Total comprehensive income for first half</b>	<b>-</b>	<b>-</b>	<b>10,776</b>	<b>420,644</b>	<b>(216,209)</b>	<b>215,211</b>	<b>(12,211)</b>	<b>203,000</b>
<b>Transactions with owners, recognised directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Dividends paid	-	-	-	(218,117)	-	(218,117)	-	(218,117)
Share-based payment	-	-	11,645	-	-	11,645	184	11,829
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(17,798)	(17,798)
Purchase of treasury shares	-	(19,428)	-	-	-	(19,428)	-	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	-	33,275	(33,228)	-	-	47	-	47
Transfer of statutory, capital and other reserves from revenue reserves	-	-	119	(119)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	77	77
Contributions to defined benefits plans	-	-	77	-	-	77	-	77
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>13,847</b>	<b>(21,387)</b>	<b>(218,236)</b>	<b>-</b>	<b>(225,776)</b>	<b>(17,537)</b>	<b>(243,313)</b>
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in subsidiaries	-	-	(6,869)	-	-	(6,869)	(25,790)	(32,659)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(5,877)	(5,877)
<b>Total change in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(6,869)</b>	<b>-</b>	<b>-</b>	<b>(6,869)</b>	<b>(31,667)</b>	<b>(38,536)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>13,847</b>	<b>(28,256)</b>	<b>(218,236)</b>	<b>-</b>	<b>(232,645)</b>	<b>(49,204)</b>	<b>(281,849)</b>
<b>As at 30 June</b>	<b>1,288,394</b>	<b>(1,676)</b>	<b>(5,994)</b>	<b>10,857,787</b>	<b>(496,996)</b>	<b>11,641,515</b>	<b>613,276</b>	<b>12,254,791</b>

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	Total Equity \$'000
<b>2017</b>								
<b>Total comprehensive income for third quarter</b>								
Profit for third quarter	-	-	-	291,825	-	291,825	(275)	291,550
Other comprehensive income *	-	-	162,657	-	(38,059)	124,598	4,687	129,285
<b>Total comprehensive income for third quarter</b>	-	-	162,657	291,825	(38,059)	416,423	4,412	420,835
<b>Transactions with owners, recognised directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Dividends paid	-	-	-	(145,414)	-	(145,414)	-	(145,414)
Share-based payment	-	-	6,503	-	-	6,503	172	6,675
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(2,764)	(2,764)
Treasury shares reissued pursuant to share plans	-	163	(163)	-	-	-	-	-
Transfer of statutory, capital and other reserves from revenue reserves	-	-	9,496	(9,496)	-	-	-	-
Contributions to defined benefits plans	-	-	19	-	-	19	5	24
<b>Total contributions by and distributions to owners</b>	-	163	15,855	(154,910)	-	(138,892)	(2,587)	(141,479)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in a subsidiary	-	-	95	-	-	95	(95)	-
<b>Total change in ownership interests in subsidiaries</b>	-	-	95	-	-	95	(95)	-
<b>Total transactions with owners</b>	-	163	15,950	(154,910)	-	(138,797)	(2,682)	(141,479)
<b>As at 30 September</b>	<b>1,288,394</b>	<b>(1,513)</b>	<b>172,613</b>	<b>10,994,702</b>	<b>(535,055)</b>	<b>11,919,141</b>	<b>615,006</b>	<b>12,534,147</b>

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

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

	Attributable to owners of the Company							
	Share 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	Total Equity \$'000
<b>2016</b>								
<b>As at 1 January</b>	1,288,394	(49,011)	(383,540)	10,379,320	(139,502)	11,095,661	830,198	11,925,859
<b>Total comprehensive income for first half</b>								
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)
<b>Total comprehensive income for first half</b>	–	–	334,074	416,338	(363,290)	387,122	(14,813)	372,309
<b>Transactions with owners, recognised directly in equity</b>								
<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
<b>Total contributions by and distributions to owners</b>	–	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)
<b>Total change in ownership interests in subsidiaries</b>	–	–	–	11,925	–	11,925	(75,902)	(63,977)
<b>Total transactions with owners</b>	–	32,281	(14,974)	(393,743)	–	(376,436)	(90,626)	(467,062)
<b>As at 30 June</b>	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							Total Equity \$'000
	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	
<b>2016</b>								
<b>Total comprehensive income for third quarter</b>								
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)
<b>Total comprehensive income for third quarter</b>	–	–	(7,167)	224,529	(39,179)	178,183	(1,194)	176,989
<b>Transactions with owners, recognised directly in equity</b>								
<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
<b>Total contributions by and distributions to owners</b>	–	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)
<b>Total change in ownership interests in subsidiaries</b>	–	–	–	(13,147)	–	(13,147)	4,967	(8,180)
<b>Total transactions with owners</b>	–	283	11,253	(158,358)	–	(146,822)	3,287	(143,535)
<b>As at 30 September</b>	<b>1,288,394</b>	<b>(16,447)</b>	<b>(60,354)</b>	<b>10,468,086</b>	<b>(541,971)</b>	<b>11,137,708</b>	<b>726,852</b>	<b>11,864,560</b>

\* 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
<b>2017</b>					
<b>As at 1 January</b>	<b>1,288,394</b>	<b>(15,523)</b>	<b>213,116</b>	<b>5,133,722</b>	<b>6,619,709</b>
<b>Profit / Total comprehensive income for first half</b>	–	–	–	<b>1,429,731</b>	<b>1,429,731</b>
<b>Transactions with owners, recognised directly in equity</b>					
Dividend paid	–	–	–	(218,117)	(218,117)
Share-based payment	–	–	<b>10,899</b>	–	<b>10,899</b>
Purchase of treasury shares	–	<b>(19,428)</b>	–	–	<b>(19,428)</b>
Treasury shares reissued pursuant to share plans and share option scheme	–	<b>33,275</b>	<b>(33,228)</b>	–	<b>47</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>13,847</b>	<b>(22,329)</b>	<b>(218,117)</b>	<b>(226,599)</b>
<b>As at 30 June</b>	<b>1,288,394</b>	<b>(1,676)</b>	<b>190,787</b>	<b>6,345,336</b>	<b>7,822,841</b>
<b>Profit / Total comprehensive income for third quarter</b>	–	–	–	(2,321)	(2,321)
<b>Transactions with owners, recognised directly in equity</b>					
Dividend paid	–	–	–	(145,414)	(145,414)
Share-based payment	–	–	<b>5,805</b>	–	<b>5,805</b>
Treasury shares reissued pursuant to share plans	–	<b>163</b>	<b>(163)</b>	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>163</b>	<b>5,642</b>	<b>(145,414)</b>	<b>(139,609)</b>
<b>As at 30 September</b>	<b>1,288,394</b>	<b>(1,513)</b>	<b>196,429</b>	<b>6,197,601</b>	<b>7,680,911</b>
<b>2016</b>					
<b>As at 1 January</b>	<b>1,288,394</b>	<b>(49,011)</b>	<b>199,713</b>	<b>5,408,710</b>	<b>6,847,806</b>
<b>Profit / Total comprehensive income for first half</b>	–	–	–	(298,653)	(298,653)
<b>Transactions with owners, recognised directly in equity</b>					
Dividend paid	–	–	–	(399,411)	(399,411)
Share-based payment	–	–	<b>12,317</b>	–	<b>12,317</b>
Purchase of treasury shares	–	<b>(3,069)</b>	–	–	<b>(3,069)</b>
Treasury shares reissued pursuant to share plans and share option scheme	–	<b>35,350</b>	<b>(34,574)</b>	–	<b>776</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>32,281</b>	<b>(22,257)</b>	<b>(399,411)</b>	<b>(389,387)</b>
<b>As at 30 June</b>	<b>1,288,394</b>	<b>(16,730)</b>	<b>177,456</b>	<b>4,710,646</b>	<b>6,159,766</b>
<b>Profit / Total comprehensive income for third quarter</b>	–	–	–	63,048	63,048
<b>Transactions with owners, recognised directly in equity</b>					
Dividend paid	–	–	–	(145,243)	(145,243)
Share-based payment	–	–	<b>11,087</b>	–	<b>11,087</b>
Treasury shares reissued pursuant to share plans and share option scheme	–	<b>283</b>	<b>(261)</b>	–	<b>22</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>283</b>	<b>10,826</b>	<b>(145,243)</b>	<b>(134,134)</b>
<b>As at 30 September</b>	<b>1,288,394</b>	<b>(16,447)</b>	<b>188,282</b>	<b>4,628,451</b>	<b>6,088,680</b>



4c. Share capital

Issued share capital and treasury shares

	<b>Number of ordinary shares</b>	
	<u>Issued Share Capital</u>	<u>Treasury Shares</u>
As at 1 January 2017	1,817,910,180	2,232,510
Treasury shares transferred pursuant to share option scheme	–	(15,400)
Treasury shares transferred pursuant to restricted share plan	–	(4,823,364)
Purchase of treasury shares	–	2,850,000
As at 30 June 2017	1,817,910,180	243,746
Treasury shares transferred pursuant to restricted share plan	–	(23,700)
<b>As at 30 September 2017</b>	<b>1,817,910,180</b>	<b>220,046</b>

Treasury shares

During the nine months ended 30 September 2017, the Company transferred 4,862,464 (30 September 2016: 4,987,470) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 2,850,000 treasury shares (30 September 2016: 590,000) during the period. As at 30 September 2017, the number of treasury shares held by the Company represented 0.01% (30 September 2016: 0.13%) 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 2017.

Share options

As at 30 September 2017, there were unexercised options for 7,344,685 of unissued ordinary shares (30 September 2016: 14,293,074 ordinary shares) under the KCL Share Options Scheme. 15,400 options (30 September 2016: 259,600) were exercised during the period. Unexercised options for 6,665,889 of unissued ordinary shares were cancelled during the nine months ended 30 September 2017 (30 September 2016: 3,268,800).

KCL Performance Share Plan (“KCL PSP”)

As at 30 September 2017, the number of contingent shares granted but not released were 2,655,000 (30 September 2016: 2,562,212) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 3,982,500 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)

As at 30 September 2017, the number of contingent shares granted but not released were 7,065,000 (30 September 2016: 5,625,000) for KCL PSP-TIP. 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 10,597,500 under KCL PSP-TIP.

KCL Restricted Share Plan (“KCL RSP”)

As at 30 September 2017, the number of contingent shares granted but not released was nil (30 September 2016: 5,773,645).

As at 30 September 2017, the number of awards released but not vested was 5,224,776 (30 September 2016: 4,918,142) 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 1.1.17	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.9.17
<b>KCL PSP</b>						
31.3.2014	565,082	–	(565,082)	–	–	–
31.3.2015	662,705	–	–	–	(197,705)	465,000
30.7.2015	220,000	–	–	–	(50,000)	170,000
29.4.2016	1,114,425	–	–	–	(214,425)	900,000
28.4.2017	–	1,120,000	–	–	–	1,120,000
	<b>2,562,212</b>	<b>1,120,000</b>	<b>(565,082)</b>	<b>–</b>	<b>(462,130)</b>	<b>2,655,000</b>
<b>KCL PSP-TIP</b>						
29.4.2016	5,625,000	–	–	–	(600,000)	5,025,000
28.4.2017	–	2,040,000	–	–	–	2,040,000
	<b>5,625,000</b>	<b>2,040,000</b>	<b>–</b>	<b>–</b>	<b>(600,000)</b>	<b>7,065,000</b>
<b>KCL RSP</b>						
29.4.2016	5,726,426	–	–	(5,676,157)	(50,269)	–
	<b>5,726,426</b>	<b>–</b>	<b>–</b>	<b>(5,676,157)</b>	<b>(50,269)</b>	<b>–</b>

**Awards released but not vested:**

Date of Grant	Number of shares					
	At 1.1.17	Released	Vested	Cancelled	Other adjustments	At 30.9.17
<b>KCL RSP</b>						
31.3.2014	1,375,006	–	(1,266,447)	(83,896)	–	24,663
31.3.2015	2,989,935	–	(1,454,900)	(146,096)	–	1,388,939
30.7.2015	489,957	–	(244,200)	(14,332)	–	231,425
29.4.2016	–	5,676,157	(1,881,517)	(214,891)	–	3,579,749
	<b>4,854,898</b>	<b>5,676,157</b>	<b>(4,847,064)</b>	<b>(459,215)</b>	<b>–</b>	<b>5,224,776</b>

4d. Capital reserves

	Group		Company	
	30.9.2017 \$'000	30.9.2016 \$'000	30.9.2017 \$'000	30.9.2016 \$'000
Share option and share plan reserve	189,175	196,000	165,185	173,738
Fair value reserve	66,955	55,052	–	–
Hedging reserve	(178,305)	(445,852)	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Others	54,788	94,446	31,244	14,544
	<b>172,613</b>	<b>(60,354)</b>	<b>196,429</b>	<b>188,282</b>

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

	Note	Third Quarter		Nine Months	
		30.9.2017 \$'000	30.9.2016 \$'000	30.9.2017 \$'000	30.9.2016 \$'000
<b>OPERATING ACTIVITIES</b>					
Operating profit		324,089	185,658	649,976	697,198
Adjustments:					
Depreciation and amortisation		50,524	52,748	163,487	167,023
Share-based payment expenses		6,835	12,248	18,447	27,216
(Profit)/loss on sale of investments		(17,302)	–	(36,368)	49
Loss/(profit) on sale of fixed assets		4,286	(1,195)	(13,218)	(2,632)
Write-back of impairment of investments		(298)	(284)	(46,894)	(852)
Impairment of fixed assets		2,934	34,500	2,934	34,500
Adjustment to gain on disposal of data centres		–	(26,963)	–	(26,963)
Gain on disposal of subsidiaries		(128,061)	(3,041)	(162,963)	(11,413)
Gain on disposal of associated companies		–	–	(43,534)	–
Operational cash flow before changes in working capital		243,007	253,671	531,867	884,126
Working capital changes:					
Stocks & work-in-progress		443,183	254,000	898,654	284,208
Debtors		(256,210)	(344,565)	(93,080)	(552,585)
Creditors		320,467	401,170	(100,913)	(185,268)
Investments		12,524	11,912	(4,221)	4,798
Amount due to/from associated companies		30,409	(29,823)	6,283	(35,555)
		793,380	546,365	1,238,590	399,724
Interest received		28,817	28,236	94,949	88,850
Interest paid		(46,292)	(52,166)	(145,557)	(148,837)
Income taxes paid, net of refunds received		(75,067)	(62,810)	(274,417)	(205,506)
<b>Net cash from operating activities</b>		<b>700,838</b>	<b>459,625</b>	<b>913,565</b>	<b>134,231</b>
<b>INVESTING ACTIVITIES</b>					
Acquisition of subsidiaries	5a	–	–	–	(135,500)
Acquisition and further investment in associated companies		(197,628)	(87,755)	(308,340)	(204,390)
Acquisition of fixed assets and investment properties		(66,883)	(75,262)	(297,431)	(188,261)
Disposal of subsidiaries	5b	520,906	13,458	744,069	60,206
Proceeds from disposal of fixed assets		7,795	7,460	32,003	9,785
Proceeds from disposal of associated companies and return of capital		2,290	6	41,902	81
Advances to/from associated companies		(123,054)	175,601	(155,427)	139,507
Dividends received from investments and associated companies		120,284	204,519	227,509	360,426
<b>Net cash from investing activities</b>		<b>263,710</b>	<b>238,027</b>	<b>284,285</b>	<b>41,854</b>
<b>FINANCING ACTIVITIES</b>					
Acquisition of additional interest in subsidiaries		–	(2,100)	(32,659)	(49,656)
Proceeds from share options exercised with issue of treasury shares		–	22	47	798
Purchase of treasury shares		–	–	(19,428)	(3,069)
Proceeds from non-controlling shareholders of subsidiaries		–	25,715	77	30,618
Proceeds from term loans		469,186	148,086	773,727	1,287,799
Repayment of term loans		(708,513)	(493,220)	(1,203,218)	(731,676)
Dividend paid to shareholders of the Company		(145,414)	(145,243)	(363,531)	(544,654)
Dividend paid to non-controlling shareholders of subsidiaries		(2,764)	(27,476)	(20,562)	(47,347)
<b>Net cash used in financing activities</b>		<b>(387,505)</b>	<b>(494,216)</b>	<b>(865,547)</b>	<b>(57,187)</b>
<b>Net increase in cash and cash equivalents</b>		<b>577,043</b>	<b>203,436</b>	<b>332,303</b>	<b>118,898</b>
<b>Cash and cash equivalents as at beginning of period</b>		<b>1,736,298</b>	<b>1,735,159</b>	<b>2,018,772</b>	<b>1,859,118</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>		<b>(1,341)</b>	<b>9,137</b>	<b>(39,075)</b>	<b>(30,284)</b>
<b>Cash and cash equivalents as at end of period</b>	5c	<b>2,312,000</b>	<b>1,947,732</b>	<b>2,312,000</b>	<b>1,947,732</b>

## 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	
	30.9.2017 \$'000	30.9.2016 \$'000	30.9.2017 \$'000	30.9.2016 \$'000
Fixed assets	-	-	-	14,849
Intangible assets	-	-	-	34,371
Stocks and work-in-progress	-	-	-	60,873
Debtors and other assets	-	-	-	21,904
Creditors and other liabilities	-	-	-	(11,349)
Total identifiable net assets at fair value	-	-	-	120,648
Goodwill arising from acquisition	-	-	-	14,852
Total purchase consideration	-	-	-	135,500
<b>Cash flow on acquisition</b>	-	-	-	135,500

During the nine months of the prior year, the significant acquisition of subsidiaries mainly relates to the acquisition of the 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.

### 5b. Disposal of subsidiaries

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

	Third Quarter		Nine Months	
	30.9.2017 \$'000	30.9.2016 \$'000	30.9.2017 \$'000	30.9.2016 \$'000
Fixed assets and investment properties	(206,097)	(19,426)	(442,883)	(92,574)
Long term investments	-	-	-	(54)
Stocks and work-in-progress	(235,823)	(127)	(265,621)	(47,557)
Debtors and other assets	(12,615)	(197)	(58,761)	(30,722)
Bank balances and cash	(4,347)	(1,139)	(15,511)	(18,500)
Creditors and other liabilities	37,614	1,356	57,180	45,049
Borrowings	-	-	80,000	45,176
Current and deferred taxation	1	1,393	8,881	5,380
Non-controlling interests deconsolidated	-	6,080	5,877	22,501
	(421,267)	(12,060)	(630,838)	(71,301)
Amount accounted for as associated company	-	-	4,962	-
Net assets disposed of	(421,267)	(12,060)	(625,876)	(71,301)
Net profit on disposal	(128,061)	(3,041)	(162,963)	(11,413)
Realisation of foreign currency translation reserve and capital reserve	24,075	504	29,259	4,008
Sale proceeds	(525,253)	(14,597)	(759,580)	(78,706)
Less: Bank balances and cash disposed	4,347	1,139	15,511	18,500
<b>Cash flow on disposal</b>	(520,906)	(13,458)	(744,069)	(60,206)

During the nine months, significant disposal of subsidiaries mainly relates to the sale of Keppel Lakefront (Nantong) Property Development Co Ltd, sale of Wiseland Investment (Myanmar) Limited, sale of 80% interest in PT Sentral Tunjungan Perkasa, sale of Keppel DC Singapore 4, sale of 90% interest in Keppel DC Singapore 3 and the sale of Keppel Verolme.

Significant disposals during the prior period relates to 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 Fernland Investment Pte Ltd.

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:

	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>30.9.2017</b>	<b>30.9.2016</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Bank balances, deposits and cash	<b>2,318,761</b>	2,012,701	<b>2,318,761</b>	2,012,701
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	<b>(6,761)</b>	(64,969)	<b>(6,761)</b>	(64,969)
	<b>2,312,000</b>	1,947,732	<b>2,312,000</b>	1,947,732

5d. Cash flow analysis

(i) Third Quarter

Net cash from operating activities for the quarter was \$701 million compared to \$460 million for the corresponding quarter last year. This was due mainly to higher cash inflow from working capital changes as compared to the prior period during the quarter.

Net cash from investing activities for the quarter was \$264 million. The Group spent \$264 million on acquisitions and capital expenditure. This comprised principally further investment in associated companies. Divestments and dividend income amounted to \$651 million.

Net cash used in financing activities was \$388 million. This was mainly attributable to the net repayment of term loans and the dividend of \$148 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the quarter.

(ii) Nine Months

Net cash from operating activities was \$914 million compared to \$134 million for the corresponding period last year. This was due mainly to cash inflow from working capital changes as compared to outflow in the prior period.

Net cash from investing activities was \$284 million. This comprised principally the proceeds from the disposal of subsidiaries and dividend income, partly offset by the acquisition of investment properties, further investment in associated companies and advances to associated companies.

Net cash used in financing activities was \$866 million. This was mainly attributable to net repayment of term loans and the dividend of \$384 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the period.

**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 2016.

## 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 2017. 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 (December 2016)
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to FRS 7 *Statement of Cash Flows: 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 3Q2017 of \$1,617 million was \$158 million or 11% above that of 3Q2016. Revenue from the Offshore & Marine Division declined \$136 million to \$380 million because of lower volume of work. Revenue from the Property Division improved by \$67 million to \$546 million due mainly to higher revenue from Vietnam partly offset by lower revenue from Singapore. The Infrastructure Division's revenue was higher by \$192 million to \$626 million resulting from increased sales in the power and gas businesses and progressive revenue recognition from the Keppel Marina East Desalination Plant project.

Group pre-tax profit for 3Q2017 increased by \$77 million or 27% to \$363 million. Pre-tax profit of the Offshore & Marine Division dropped by \$21 million to \$1 million as a result of lower operating results arising from lower revenue, partly offset by lower net interest expense and share of associated companies' profits. Pre-tax profit of the Property Division of \$252 million was \$53 million or 27% higher than 3Q2016. This is due mainly to higher contribution from China and Vietnam property trading, partly offset by lower share of associated companies' profits, mainly resulting from the absence of gain from divestment of the stake in Life Hub @ Jinqiao in the prior year. Pre-tax profit of the Infrastructure Division of \$47 million was \$7 million higher than 3Q2016. Pre-tax profit of the Investments Division increased by \$38 million to \$63 million due mainly to higher share of profit from k1 Ventures, higher contribution from the asset management business and profit on sale of investments, partly offset by the share of loss in KrisEnergy.

Tax expenses increased by \$12 million because of higher taxable profits. Non-controlling interests were comparable to those of 3Q2016. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 3Q2017 was \$291 million, 29% above the same quarter in the previous year.

(ii) Nine Months

Group net profit for the nine months ended 30 September 2017 of \$712 million was 11% higher than the \$641 million for the same period in 2016. Earnings per share were 39.2 cents. Annualised return on equity was 7.7% and Economic Value Added was \$61 million.

Group revenue of \$4,419 million for the nine months to-date was \$408 million or 8% below that of the corresponding period in 2016. Revenue from the Offshore & Marine Division declined by \$742 million to \$1,312 million due to lower volume of work. Major jobs completed and delivered in the nine months include a semi, a subsea construction vessel, an FPSO conversion and an FPSO topsides installation/ integration project. Revenue from the Property Division decreased by \$101 million to \$1,350 million due mainly to lower revenue from China and Singapore, partly offset by higher revenue from Vietnam. Revenue from the Infrastructure Division grew by \$386 million to \$1,614 million as a result of increased sales in the power and gas businesses and progressive revenue recognition from the Keppel Marina East Desalination Plant project.

At the pre-tax level, Group profit was up by \$78 million or 9% to \$927 million from that of the corresponding period in 2016. The Offshore & Marine Division reported a drop in pre-tax profit of \$222 million to \$10 million due mainly to lower operating results arising from lower revenue and higher net interest expense, partly offset by higher share of associated companies' profits. Pre-tax profit from the Property Division of \$502 million was \$37 million or 8% higher than the corresponding period in 2016. This is due mainly to higher contribution from China and Vietnam property trading, partly offset by lower share of associated companies' profits, mainly resulting from the absence of gain from divestment of the stake in Life Hub @ Jinqiao and 77 King Street last year. Pre-tax profit of the Infrastructure Division increased by \$23 million to \$118 million due mainly to higher contributions from Energy Infrastructure and Infrastructure Services as well as the gain on divestment of its interest in GE Keppel Energy Services Pte Ltd. These were partly offset by lower contribution from the data centre business, due mainly to the absence of contribution from Keppel DC Singapore 3 which was injected into Keppel DC REIT in January 2017. Pre-tax profit of the Investments Division increased by \$240 million to \$297 million due mainly to the share of profit from Sino-Singapore Tianjin Eco-City, higher share of profit from k1 Ventures, higher contribution from asset management business, write-back of provision for impairment of investments and profit on sale of investments. These were partly offset by the share of loss in KrisEnergy and recognition of fair value loss on KrisEnergy warrants.

Taxation expenses increased by \$33 million or 19% due mainly to higher taxable profits and the absence of write-back of prior years' provisions. Non-controlling interests were \$26 million lower than those of the corresponding period in 2016. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$712 million, up \$71 million from \$641 million last year. The Property Division was the largest contributor to the Group's net profit with 56% share, followed by the Investments Division's 30% and Infrastructure Division's 14%.

## 11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

## 12. PROSPECTS

The Offshore & Marine Division's net order book, excluding the Sete rigs, stands at \$3.9 billion. Faced with the global sector downturn, the Division has been rightsizing its operations for what is expected to be an extended slowdown. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing prudently in R&D and building new capabilities to position itself for the upturn. The Division is also actively capturing opportunities in production assets, specialised vessels and the growing gas market and exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 3,790 homes in the first nine months of 2017, comprising about 2,380 in China, 1,010 in Vietnam, 300 in Singapore and 95 in Indonesia. This is about 8% higher than the 3,510 homes sold in the same period last year. Home sales improved in Vietnam and Indonesia, but were lower in China due to the government's tightening measures. Keppel REIT's office buildings in Singapore and Australia maintained high portfolio committed occupancy of 99.6% as at 30 September 2017. 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 will continue to build on its core competencies in energy and environment-related infrastructure as well as infrastructure services businesses to pursue promising growth areas. Keppel Telecommunications & Transportation will continue to develop its data centre business locally and overseas. Besides building complementary capabilities in the growing e-commerce business, it plans to transform the logistics business from an asset-heavy business to a high performing asset-light service provider in urban logistics.

In the Investments Division, Keppel Capital will continue to 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 its balance sheet. Keppel Capital will also create value for investors and grow the Group's asset management business.

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/recommended, a statement to that effect.

No dividend is declared for the quarter ended 30 September 2017.

Total cash distribution paid to shareholders in 2017 amounted to 20.0 cents per share. A tax exempt one-tier final dividend of 12.0 cents per share in respect of the year ended 31 December 2016 was paid on 11 May 2017 and a tax exempt one-tier interim dividend of 8.0 cents per share in respect of the first half year ended 30 June 2017 was paid on 8 August 2017.

## 14. SEGMENT ANALYSIS

Nine months ended 30 September 2017

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
<b>Revenue</b>						
External sales	1,312,152	1,350,514	1,613,725	142,680	–	4,419,071
Inter-segment sales	479	4,680	16,267	46,089	(67,515)	–
<b>Total</b>	<b>1,312,631</b>	<b>1,355,194</b>	<b>1,629,992</b>	<b>188,769</b>	<b>(67,515)</b>	<b>4,419,071</b>
<b>Segment Results</b>						
Operating profit	38,654	396,395	84,803	127,045	3,079	649,976
Investment income	670	12,153	–	2,898	–	15,721
Interest income	31,751	28,125	34,671	199,671	(199,269)	94,949
Interest expenses	(96,034)	(52,461)	(12,138)	(181,114)	196,190	(145,557)
Share of results of associated companies	35,522	118,164	10,945	147,714	–	312,345
Profit before tax	10,563	502,376	118,281	296,214	–	927,434
Taxation	(21,938)	(109,847)	(16,325)	(62,689)	–	(210,799)
<b>Profit for the period</b>	<b>(11,375)</b>	<b>392,529</b>	<b>101,956</b>	<b>233,525</b>	<b>–</b>	<b>716,635</b>
Attributable to:						
Shareholders of Company	1,623	398,338	96,820	215,688	–	712,469
Non-controlling interests	(12,998)	(5,809)	5,136	17,837	–	4,166
	(11,375)	392,529	101,956	233,525	–	716,635
<b>Other Information</b>						
Segment assets	9,873,666	14,807,542	3,402,651	11,029,307	(10,695,593)	28,417,573
Segment liabilities	7,790,130	6,910,125	1,841,213	10,037,551	(10,695,593)	15,883,426
<b>Net assets</b>	<b>2,083,536</b>	<b>7,897,417</b>	<b>1,561,438</b>	<b>991,756</b>	<b>–</b>	<b>12,534,147</b>
Investment in associated companies	598,518	2,687,223	1,058,145	1,240,763	–	5,584,649
Additions to non-current assets	86,834	236,657	219,478	62,802	–	605,771
Depreciation and amortisation	100,294	28,891	32,810	1,492	–	163,487
Impairment loss/(write- back of impairment loss)	159	–	2,043	(46,000)	–	(43,798)

### Geographical Information

	Singapore \$'000	China \$'000	Brazil \$'000	Other Far East & ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	2,825,862	645,154	376,371	355,325	216,359	–	4,419,071
Non-current assets	5,900,035	3,270,132	270,790	1,325,501	764,895	–	11,531,353

## Nine months ended 30 September 2016

	<u>Offshore &amp; 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
<b>Revenue</b>						
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)	–
<b>Total</b>	<b>2,054,076</b>	<b>1,459,933</b>	<b>1,248,182</b>	<b>145,999</b>	<b>(80,915)</b>	<b>4,827,275</b>
<b>Segment Results</b>						
Operating profit	251,862	299,930	67,526	69,994	7,886	697,198
Investment income	818	8,290	(6)	1,177	–	10,279
Interest income	41,106	18,684	34,067	184,359	(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	195,810	7,328	(34,685)	–	201,494
Profit before tax	231,728	465,220	95,119	56,917	–	848,984
Taxation	(39,701)	(113,793)	(11,444)	(13,485)	–	(178,423)
<b>Profit for the period</b>	<b>192,027</b>	<b>351,427</b>	<b>83,675</b>	<b>43,432</b>	<b>–</b>	<b>670,561</b>
Attributable to:						
Shareholders of Company	167,002	354,876	80,101	38,888	–	640,867
Non-controlling interests	25,025	(3,449)	3,574	4,544	–	29,694
	<b>192,027</b>	<b>351,427</b>	<b>83,675</b>	<b>43,432</b>	<b>–</b>	<b>670,561</b>
<b>Other Information</b>						
Segment assets	10,225,705	15,532,878	3,016,879	7,396,888	(7,519,725)	28,652,625
Segment liabilities	8,084,580	6,903,388	1,671,238	7,648,584	(7,519,725)	16,788,065
<b>Net assets</b>	<b>2,141,125</b>	<b>8,629,490</b>	<b>1,345,641</b>	<b>(251,696)</b>	<b>–</b>	<b>11,864,560</b>
Investment in associated companies	576,906	2,864,508	868,122	1,061,953	–	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
Impairment loss/(write- back of impairment loss)	10,513	(7,175)	23,657	–	–	26,995

## Geographical Information

	<u>Singapore</u> \$'000	<u>China</u> \$'000	<u>Brazil</u> \$'000	<u>Other Far East &amp; ASEAN Countries</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'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

### 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, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities.
- Pricing of inter-segment goods and services is at fair market value.
- For the nine months ended 30 September 2017 and 2016, other than Singapore and China, 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 2017 and 2016.

## 15. REVIEW OF SEGMENT PERFORMANCE

### 15a. Revenue by Segments

Group revenue of \$4,419 million was \$408 million or 8% below that of corresponding period in 2016. Revenue from the Offshore & Marine Division decreased by \$742 million to \$1,312 million due to lower volume of work. The Property Division saw its revenue decrease by 7% to \$1,350 million due mainly to lower revenue from China and Singapore, partly offset by higher revenue from Vietnam. Revenue from the Infrastructure Division grew by \$386 million to \$1,614 million as a result of increased sales in the power and gas businesses and progressive revenue recognition from the Keppel Marina East Desalination Plant project.

### 15b. Net profit by Segments

Group net profit of \$712 million was \$71 million or 11% higher than that of corresponding period in 2016. Profit from the Offshore & Marine Division of \$1 million was \$166 million lower due mainly to lower operating results arising from lower revenue and higher net interest expense, partly offset by higher share of associated companies' profits. Profit from the Property Division of \$398 million increased by \$43 million due largely to higher contribution from China and Vietnam property trading, partly offset by lower share of associated companies' profits. Profit from the Infrastructure Division of \$97 million increased by \$17 million due largely to higher contributions from Energy Infrastructure and Infrastructure Services as well as the gain on divestment of its interest in GE Keppel Energy Services Pte Ltd. Profit from the Investments Division of \$216 million increased by \$177 million due mainly to the share of profit from Sino-Singapore Tianjin Eco-City, higher share of profit from k1 Ventures, higher contribution from asset management business, write-back of provision for impairment of investments and profit on sale of investments. These were partly offset by the share of loss in KrisEnergy and recognition of fair value loss on KrisEnergy warrants. The Property Division was the largest contributor to Group net profit with 56% share, followed by the Investments Division at 30% and Infrastructure Division at 14%.

### 15c. Revenue by Geographical Segments

Revenue from Singapore of \$2,826 million was \$382 million lower than that of corresponding period in 2016, due largely to lower revenue from the Offshore & Marine 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 21 April 2017. 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 30.9.2017 \$'000	Nine months 30.9.2016 \$'000	Nine months 30.9.2017 \$'000	Nine months 30.9.2016 \$'000
<b>Transaction for the Sale of Goods and Services</b>				
CapitaLand Group	–	–	165,000	–
Neptune Orient Lines Group	–	–	–	389
PSA International Group	–	–	5,061	1,460
SATS Group	–	–	24,400	–
SembCorp Marine Group	–	–	1,783	4,630
Singapore Power Group	–	–	2,657	–
Singapore Technologies Engineering Group	–	–	180	891
Temasek Holdings Group	–	–	–	16,560
<b>Transaction for the Purchase of Goods and Services</b>				
CapitaMalls Asia Group	–	–	254	–
Certis CISCO Security Group	–	–	691	470
Mapletree Investments Group	–	–	1,020	–
Pavilion Gas Pte Ltd	–	–	51,000	50,000
PSA International Group	–	–	179	105
SembCorp Marine Group	–	–	–	55
Singapore Power Group	–	–	348	–
Singapore Technologies Engineering Group	–	–	3,289	3,809
Singapore Telecommunications Group	–	–	39	1,160
Temasek Holdings Group	–	–	419	1,945
<b>Total Interested Person Transactions</b>	–	–	<b>256,320</b>	<b>81,474</b>

## 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

19 October 2017

**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 2017 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, 19 October 2017