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MEDIA RELEASE

Keppel Corporation Limited Unaudited Results for the First Quarter Ended 31 March 2017

Singapore, 20 April 2017 – The Directors of Keppel Corporation Limited advise the following unaudited results of the Group for the first quarter ended 31 March 2017.

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KEPPEL CORPORATION LIMITED

FIRST QUARTER 2017 REPORT CARD

The Keppel Group's 1Q 2017 financial performance stayed resilient, underpinned by its multi-business strategy.

1. Net Profit was S$260 million, up 23% from S$211 million for 1Q 2016.

   Lower profit in the Offshore & Marine Division was offset by improved earnings from the Infrastructure and Investments divisions, as well as steady contributions from the Property Division.

2. Earnings per Share was 14.3 cents, up 24% from 11.6 cents a year ago.

3. Annualised Return on Equity was 7.6%, compared to 7.1% a year ago.

4. Economic Value Added increased to S$23 million from S$2 million YoY.

5. Free cash outflow decreased to S$80 million from S$306 million YoY.

6. Net gearing was 0.57x as at end-Mar 2017, compared to 0.56x as at end-Dec 2016.

KEPPEL CORPORATION LIMITED

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

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UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2017.

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

	Note	**1Q 2017 $'000**	1Q 2016 $'000	+/- %
Revenue		**1,248,022**	1,742,957	-28.4
Materials & subcontract costs	(i)	**(823,514)**	(1,076,138)	-23.5
Staff costs	(ii)	**(258,539)**	(284,179)	-9.0
Depreciation & amortisation		**(55,844)**	(56,589)	-1.3
Other operating income/(expenses)	(iii)	**77,134**	(48,101)	NM
Operating profit		**187,259**	277,950	-32.6
Investment income		**2,768**	4,367	-36.6
Interest income		**35,808**	28,760	+24.5
Interest expenses	(iv)	**(49,346)**	(46,594)	+5.9
Share of results of associated companies	(v)	**170,311**	13,723	NM
Profit before tax		**346,800**	278,206	+24.7
Taxation	1b	**(76,403)**	(52,488)	+45.6
Profit for the period		**270,397**	225,718	+19.8
Attributable to:				
Shareholders of the Company		**260,364**	210,558	+23.7
Non-controlling interests		**10,033**	15,160	-33.8
		270,397	225,718	+19.8
Earnings per ordinary share				
- basic		**14.3 cts**	11.6 cts	+23.3
- diluted		**14.2 cts**	11.6 cts	+22.4

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	**1Q 2017 $'000**	1Q 2016 $'000	+/- %
Share-based payment expenses		**341**	5,352	-93.6
Profit on sale of investments	(vi)	**(4,219)**	–	NM
Profit on sale of fixed assets	(vii)	**(372)**	(913)	-59.3
Provision/(write-back)				
- Stocks & work-in-progress	(viii)	**400**	(7,776)	NM
- Doubtful debts	(ix)	**4,114**	240	NM
Fair value (gain)/loss				
- Investments	(x)	**(26,312)**	(2,679)	NM
- Forward contracts	(xi)	**8,141**	(17,039)	NM
- Financial derivatives		**370**	1,962	-81.1
Foreign exchange (gain)/loss	(xii)	**(17,037)**	17,271	NM
Write-back of impairment of investments	(xiii)	**(46,298)**	(284)	NM
(Gain)/loss on disposal of subsidiaries	(xiv)	**(31,963)**	4,439	NM
Gain on disposal of associated companies	(xv)	**(43,534)**	–	NM

NM - Not Meaningful

Note:

(i) Materials & subcontract costs decreased mainly as a result of lower revenue from the Offshore & Marine Division and Property Division, partly offset by higher revenue in the Infrastructure Division.

(ii) Staff costs decreased due mainly to lower manpower cost in the Offshore & Marine Division and Investments Division.

(iii) Other operating income was due mainly to the write-back of impairment of investments (Note xiii), gain on disposal of associated companies (Note xv), gain on disposal of subsidiaries (Note xiv), fair value gain on investments (Note x), foreign exchange gain (Note xii) and profit on sale of investments (Note vi). These were partially offset by hedging differential on forward exchange contracts (Note xi) and provision for doubtful debts (Note ix).

(iv) Higher interest expense was mainly attributable to higher borrowings.

(v) Share of profits of associated companies was higher due mainly to higher contribution from associated companies in the Investments Division and Property Division.

(vi) The profit from sale of investments was due mainly to the disposal of listed equities and equity fund.

(vii) Profit on sale of fixed assets in the current period was largely attributable to disposal of assets in the Property Division and the Offshore & Marine Division.

(viii) Provision for stocks & work-in-progress arose mainly from the Offshore & Marine Division. The write-back in the prior period was in relation to write-back of impairment in the Property Division.

(ix) Provision for doubtful debts arose mainly from the Offshore & Marine Division.

(x) Fair value gain (mark-to-market) on investment portfolio was due to increase in stock prices.

(xi) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rates.

(xii) Foreign exchange gain mainly arose from the revaluation of liabilities 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 investments in the Investments Division and the Infrastructure Division.

(xiv) Gain on disposal of subsidiaries arose mainly from the sale of 80% interest in PT Sentral Tunjungan Perkasa. In the prior period, loss on disposal of a subsidiary arose from the sale of Keppel CT Developments Pte Ltd in the Property Division.

(xv) Gain on disposal of associated companies arose from the sale of interest in GE Keppel Energy Services Pte Ltd and sale of interest in Cityone Development (Wuxi) Co., Ltd.

1b. Taxation expenses 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

	1Q 2017	1Q 2016	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**14.3 cts**	11.6 cts	+23.3
- Weighted average number of shares (excluding treasury shares) ('000)	**1,816,849**	1,814,576	+0.1
(ii) On a fully diluted basis	**14.2 cts**	11.6 cts	+22.4
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,829,256**	1,821,380	+0.4

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

	Note	1Q 2017 $'000	1Q 2016 $'000	+/- %
Profit for the period		**270,397**	225,718	+19.8
Items that may be reclassified subsequently to profit & loss account:				
Available-for-sale assets				
- Fair value changes arising during the period	(i)	**(10,710)**	(21,425)	-50.0
- Realised and transferred to profit & loss account	(ii)	**(3,450)**	–	NM
Cash flow hedges				
- Fair value changes arising during the period, net of tax	(iii)	**(17,072)**	134,750	NM
- Realised and transferred to profit & loss account	(iv)	**11,160**	59,239	-81.2
Foreign exchange translation				
- Exchange differences arising during the period	(v)	**(74,854)**	(167,918)	-55.4
- Realised and transferred to profit & loss account		**(4,215)**	(382)	NM
Share of other comprehensive income of associated companies				
- Available-for-sale assets		**56**	22	+154.5
- Cash flow hedges		**(2,245)**	(15,159)	-85.2
- Foreign exchange translation		**(20,994)**	(40,919)	-48.7
Other comprehensive income for the period, net of tax		**(122,324)**	(51,792)	+136.2
Total comprehensive income for the period		**148,073**	173,926	-14.9
Attributable to:				
Shareholders of the Company		**151,503**	186,895	-18.9
Non-controlling interests		**(3,430)**	(12,969)	-73.6
		148,073	173,926	-14.9

NM - Not Meaningful

Note:

(i) Fair value changes were attributable to movements in quoted prices of available-for-sale assets.

(ii) These represented fair value changes on available-for-sale assets, which were transferred to profit & loss account upon realisation.

(iii) Fair value differences were due mainly to the hedging differential on forward exchange contracts and 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 the current period and prior period arose largely from weakening of foreign currencies, such as United States dollar and Renminbi against Singapore dollar.

3. BALANCE SHEETS as at 31 March

	Group		Company	
	31.3.2017	31.12.2016	**31.3.2017**	31.12.2016
	$'000	$'000	**$'000**	$'000
Share capital	**1,288,394**	1,288,394	**1,288,394**	1,288,394
Treasury shares	**(2,459)**	(15,523)	**(2,459)**	(15,523)
Reserves	**10,498,141**	10,386,078	**5,316,283**	5,346,838
Share capital & reserves	**11,784,076**	11,658,949	**6,602,218**	6,619,709
Non-controlling interests	**636,727**	674,691	**–**	–
Total equity	**12,420,803**	12,333,640	**6,602,218**	6,619,709
Represented by:				
Fixed assets	**2,632,017**	2,645,456	**649**	852
Investment properties	**3,378,968**	3,550,290	**–**	–
Subsidiaries	**–**	–	**8,154,201**	8,154,201
Associated companies	**5,506,718**	5,315,078	**–**	–
Investments	**450,858**	377,704	**14,340**	14,340
Long term assets	**733,492**	814,438	**61,602**	97,557
Intangibles	**138,867**	140,669	**–**	–
	12,840,920	12,843,635	**8,230,792**	8,266,950
Current assets				
Stocks & work-in-progress in excess of related billings	**10,011,790**	10,025,805	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**3,985,187**	3,982,362
- associated companies	**633,955**	530,883	**451**	688
Debtors	**3,263,719**	3,373,841	**6,490**	2,965
Derivative assets	**74,810**	98,984	**54,058**	42,923
Short term investments	**220,298**	273,928	**–**	–
Bank balances, deposits & cash	**1,853,531**	2,087,078	**404**	542
	16,058,103	16,390,519	**4,046,590**	4,029,480
Current liabilities				
Creditors	**4,670,834**	4,753,492	**103,334**	112,471
Derivative liabilities	**263,684**	379,910	**208,814**	345,313
Billings on work-in-progress in excess of related costs	**1,623,182**	1,669,466	**–**	–
Provisions	**81,117**	81,679	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**1,043,986**	1,062,722
- associated companies	**122,944**	111,543	**–**	–
Term loans	**1,876,210**	1,835,321	**834,842**	692,311
Taxation	**314,944**	339,108	**17,481**	17,263
	8,952,915	9,170,519	**2,208,457**	2,230,080
Net current assets	**7,105,188**	7,220,000	**1,838,133**	1,799,400
Non-current liabilities				
Term loans	**7,058,075**	7,217,721	**3,373,700**	3,325,600
Deferred taxation	**321,009**	331,175	**–**	–
Other non-current liabilities	**146,221**	181,099	**93,007**	121,041
	7,525,305	7,729,995	**3,466,707**	3,446,641
Net assets	**12,420,803**	12,333,640	**6,602,218**	6,619,709
Group net debt	***7,080,754***	*6,965,964*	***n.a.***	*n.a.*
Group net gearing ratio	***0.57x***	*0.56x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 31.3.2017		As at 31.12.2016	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
297,925	**1,578,285**	391,046	1,444,275

(ii) Amount repayable after one year

As at 31.3.2017		As at 31.12.2016	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
637,415	**6,420,660**	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 $2,106,177,000 (31 December 2016: $2,810,528,000) to banks for loan facilities.

3b. Net asset value

	Group			**Company**		
	31.3.2017	31.12.2016	+/-%	**31.3.2017**	31.12.2016	+/-%
Net asset value per ordinary share *	**$6.48**	$6.42	+0.9	**$3.63**	$3.65	-0.5
Net tangible asset per ordinary share *	**$6.41**	$6.34	+1.1	**$3.63**	$3.65	-0.5

* Based on share capital of 1,817,552,586 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 shareholder's funds increased by $0.13 billion to $11.78 billion at 31 March 2017. The increase was mainly attributable to retained profits for the quarter ended 31 March 2017, partly offset by exchange differences arising during the period, decrease in fair value on cash flow hedges and fair value losses on available-for-sale assets.

Group total assets were $28.90 billion at 31 March 2017, $0.34 billion lower than the previous year end. Decrease in current assets was due mainly to decrease in bank balances, deposits & cash, largely due to net cash outflow from financing activities during the quarter. Non-current assets decreased due mainly to the decrease in investment properties following the sale of 90% interest in Keppel DC Singapore 3, partly offset by the increase in associated companies due mainly to the share of associated companies' profits.

Group total liabilities of $16.48 billion at 31 March 2017 were $0.42 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 increased by $0.11 billion to $7.08 billion at 31 March 2017.

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

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2017								
As at 1 January	**1,288,394**	**(15,523)**	**11,486**	**10,655,379**	**(280,787)**	**11,658,949**	**674,691**	**12,333,640**
Total comprehensive income for the quarter								
Profit for the quarter	–	–	–	**260,364**	–	**260,364**	**10,033**	**270,397**
Other comprehensive income *	–	–	**(22,344)**	–	**(86,517)**	**(108,861)**	**(13,463)**	**(122,324)**
Total comprehensive income for the quarter	–	–	**(22,344)**	**260,364**	**(86,517)**	**151,503**	**(3,430)**	**148,073**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	–	–	**708**	–	–	**708**	**98**	**806**
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	**(6,581)**	**(6,581)**
Purchase of treasury shares	–	**(19,428)**	–	–	–	**(19,428)**	–	**(19,428)**
Treasury shares reissued pursuant to share plans and share option scheme	–	**32,492**	**(32,458)**	–	–	**34**	–	**34**
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	**661**	**661**
Contributions to defined benefits plans	–	–	**77**	–	–	**77**	–	**77**
Total contributions by and distributions to owners	–	**13,064**	**(31,673)**	–	–	**(18,609)**	**(5,822)**	**(24,431)**
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	**(7,767)**	–	–	**(7,767)**	**(22,835)**	**(30,602)**
Disposal of interest in subsidiaries	–	–	–	–	–	–	**(5,877)**	**(5,877)**
Total change in ownership interests in subsidiaries	–	–	**(7,767)**	–	–	**(7,767)**	**(28,712)**	**(36,479)**
Total transactions with owners	–	**13,064**	**(39,440)**	–	–	**(26,376)**	**(34,534)**	**(60,910)**
As at 31 March	**1,288,394**	**(2,459)**	**(50,298)**	**10,915,743**	**(367,304)**	**11,784,076**	**636,727**	**12,420,803**

* 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)

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
	Attributable to owners of the Company							
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 the quarter								
Profit for the quarter	–	–	–	210,558	–	210,558	15,160	225,718
Other comprehensive income *	–	–	158,821	–	(182,484)	(23,663)	(28,129)	(51,792)
Total comprehensive income for the quarter	–	–	158,821	210,558	(182,484)	186,895	(12,969)	173,926
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	–	–	4,560	–	–	4,560	124	4,684
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(10,246)	(10,246)
Purchase of treasury shares	–	(3,069)	–	–	–	(3,069)	–	(3,069)
Treasury shares reissued pursuant to share plans	–	33,451	(33,451)	–	–	–	–	–
Transfer of statutory, capital and other reserves from revenue reserves	–	–	30	(30)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	4,356	4,356
Contributions to defined benefits plans	–	–	168	–	–	168	–	168
Total contributions by and distributions to owners	–	30,382	(28,693)	(30)	–	1,659	(5,766)	(4,107)
Changes in ownership interests in subsidiaries								
Disposal of interest in subsidiaries	–	–	–	–	–	–	1,316	1,316
Total change in ownership interests in subsidiaries	–	–	–	–	–	–	1,316	1,316
Total transactions with owners	–	30,382	(28,693)	(30)	–	1,659	(4,450)	(2,791)
As at 31 March	1,288,394	(18,629)	(253,412)	10,589,848	(321,986)	11,284,215	812,779	12,096,994

* 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
2017					
As at 1 January	**1,288,394**	**(15,523)**	**213,116**	**5,133,722**	**6,619,709**
Profit / Total comprehensive income for the quarter	**–**	**–**	**–**	**1,590**	**1,590**
Transactions with owners, recognised directly in equity					
Share-based payment	**–**	**–**	**313**	**–**	**313**
Purchase of treasury shares	**–**	**(19,428)**	**–**	**–**	**(19,428)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**32,492**	**(32,458)**	**–**	**34**
Total transactions with owners	**–**	**13,064**	**(32,145)**	**–**	**(19,081)**
As at 31 March	**1,288,394**	**(2,459)**	**180,971**	**5,135,312**	**6,602,218**
2016					
As at 1 January	1,288,394	(49,011)	199,713	5,408,710	6,847,806
Profit / Total comprehensive income for the quarter	–	–	–	25,595	25,595
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	4,061	–	4,061
Shares issued	–	(3,069)	–	–	(3,069)
Treasury shares reissued pursuant to share plans	–	33,451	(33,451)	–	–
Total transactions with owners	–	30,382	(29,390)	–	992
As at 31 March	1,288,394	(18,629)	170,323	5,434,305	6,874,393

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2017	1,817,910,180	2,232,510
Treasury shares transferred pursuant to share option scheme	–	(11,000)
Treasury shares transferred pursuant to restricted share plan	–	(4,713,916)
Treasury shares purchased	–	2,850,000
As at 31 March 2017	**1,817,910,180**	**357,594**

Treasury shares

During the quarter, the Company transferred 4,724,916 (31 March 2016: 4,673,763) 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 (31 March 2016: 590,000) during the quarter. As at 31 March 2017, the number of treasury shares held by the Company represented 0.02% (31 March 2016: 0.15%) 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 quarter ended 31 March 2017.

Share options

As at 31 March 2017, there were unexercised options for 12,842,274 of unissued ordinary shares (31 March 2016: 16,632,374 ordinary shares) under the KCL Share Options Scheme. 11,000 options (31 March 2016: Nil) were exercised during the period. Unexercised options for 1,172,700 of unissued ordinary shares were cancelled during the three months ended 31 March 2017 (31 March 2016: 1,189,100).

KCL Performance Share Plan (“KCL PSP”)

As at 31 March 2017, the number of contingent shares granted but not released were 1,997,130 (31 March 2016: 1,497,400) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 2,995,695 under KCL PSP.

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

As at 31 March 2017, the number of contingent shares granted but not released were 5,525,000 (31 March 2016: Nil) 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 8,287,500 under KCL PSP-TIP.

KCL Restricted Share Plan (“KCL RSP”)

As at 31 March 2017, the number of contingent shares granted but not released was nil (31 March 2016: Nil).

As at 31 March 2017, the number of awards released but not vested was 5,785,139 (31 March 2016: 5,027,947) for KCL RSP.

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

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.17	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.3.17
KCL PSP						
31.3.2014	565,082	–	(565,082)	–	–	–
31.3.2015	662,705	–	–	–	–	662,705
30.7.2015	220,000	–	–	–	–	220,000
29.4.2016	1,114,425	–	–	–	–	1,114,425
	2,562,212	–	(565,082)	–	–	1,997,130
KCL PSP-TIP						
29.4.2016	5,625,000	–	–	–	(100,000)	5,525,000
	5,625,000	–	–	–	(100,000)	5,525,000
KCL RSP						
29.4.2016	5,726,426	–	–	(5,676,157)	(50,269)	–
	5,726,426	–	–	(5,676,157)	(50,269)	–

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.17	Released	Vested	Cancelled	Other adjustments	At 31.3.17
KCL RSP						
31.3.2014	1,375,006	–	(1,245,047)	(8,400)	–	121,559
31.3.2015	2,989,935	–	(1,406,800)	(21,200)	–	1,561,935
30.7.2015	489,957	–	(243,900)	(2,400)	–	243,657
29.4.2016	–	5,676,157	(1,818,169)	–	–	3,857,988
	4,854,898	5,676,157	(4,713,916)	(32,000)	–	5,785,139

4d. Capital reserves

	Group		Company	
	31.3.2017 $'000	31.3.2016 $'000	**31.3.2017 $'000**	31.3.2016 $'000
Share option and share plans reserve	**172,676**	176,383	**149,735**	154,878
Fair value reserve	**111,910**	52,645	**14,340**	–
Hedging reserve	**(419,037)**	(611,531)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**44,153**	89,091	**16,896**	15,445
	(50,298)	(253,412)	**180,971**	170,323

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

	Note	1Q 2017 $'000	1Q 2016 $'000
OPERATING ACTIVITIES			
Operating profit		**187,259**	277,950
Adjustments:			
Depreciation and amortisation		**55,844**	56,589
Share-based payment expenses		**341**	5,352
Profit on sale of investments		**(4,219)**	–
Profit on sale of fixed assets		**(372)**	(913)
Write-back of impairment of investments		**(46,298)**	(284)
(Gain)/loss on disposal of subsidiaries		**(31,963)**	4,439
Gain on disposal of associated companies		**(43,534)**	–
Loss/(gain) associated with restructuring of operations and others		**1,314**	(1,633)
Operational cash flow before changes in working capital		**118,372**	341,500
Working capital changes:			
Stocks & work-in-progress		**(46,868)**	(9,371)
Debtors		**254,244**	(86,549)
Creditors		**(185,977)**	(512,482)
Investments		**(74,638)**	(16,489)
Amount due to/from associated companies		**(8,724)**	(9,972)
		56,409	(293,363)
Interest received		**35,808**	28,760
Interest paid		**(49,346)**	(46,594)
Income taxes paid, net of refunds received		**(52,310)**	(24,067)
Net cash used in operating activities		**(9,439)**	(335,264)
INVESTING ACTIVITIES			
Acquisition and further investment in associated companies		**(101,706)**	(75,486)
Acquisition of fixed assets and investment properties		**(128,649)**	(50,336)
Disposal of subsidiaries	5a	**186,738**	4,908
Proceeds from disposal of fixed assets		**2,369**	2,034
Proceeds from disposal of associated companies and return of capital		**26,849**	67
Advances to/from associated companies		**(83,690)**	(19,022)
Dividends received from investments and associated companies		**43,670**	84,587
Net cash used in investing activities		**(54,419)**	(53,248)
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		**(30,602)**	–
Proceeds from share options exercised with issue of treasury shares		**34**	–
Proceeds from non-controlling shareholders of subsidiaries		**661**	4,356
Proceeds from term loans		**209,260**	248,153
Repayment of term loans		**(256,032)**	(75,846)
Purchase of treasury shares		**(19,428)**	(3,069)
Dividend paid to non-controlling shareholders of subsidiaries		**(6,581)**	(10,246)
Net cash (used in)/from financing activities		**(102,688)**	163,348
Net decrease in cash and cash equivalents		**(166,546)**	(225,164)
Cash and cash equivalents as at 1 January		**2,018,772**	1,859,118
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(12,422)**	(25,122)
Cash and cash equivalents as at 31 March	5b	**1,839,804**	1,608,832

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Disposal of subsidiaries

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

	1Q 2017 **$'000**	1Q 2016 $'000
Fixed assets and investment properties	**(225,019)**	(122)
Stocks and work-in-progress	**(29,798)**	(14,233)
Debtors and other assets	**(11,779)**	(481)
Bank balances and cash	**(11,164)**	(266)
Amount due from associated companies	**(11)**	–
Creditors and other liabilities	**9,228**	6,486
Current and deferred taxation	**8,880**	2
Borrowings	**80,000**	–
Non-controlling interest deconsolidated	**5,877**	(1,316)
Net assets disposed of	**(173,786)**	(9,930)
Net (gain)/loss on disposal	**(31,963)**	4,439
Amount accounted for as associated company	**4,962**	–
Realisation of foreign currency translation reserve	**2,885**	317
Sale proceeds	**(197,902)**	(5,174)
Less: Bank balances and cash disposed	**11,164**	266
Cash flow on disposal	**(186,738)**	(4,908)

During the quarter, significant disposal of subsidiaries mainly relates to the sale of 80% interest in PT Sentral Tunjungan Perkasa and the sale of 90% interest in Keppel DC Singapore 3.

Significant disposal during the prior period relates to the sale of 60% interest in Keppel CT Developments Pte Ltd.

5b. Cash and cash equivalents

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

	1Q 2017	1Q 2016
	$'000	$'000
Bank balances, deposits and cash	**1,853,531**	1,636,255
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(13,727)**	(27,423)
	1,839,804	1,608,832

5c. Cash flow analysis

Net cash used in operating activities was $9 million compared to $335 million in the prior period. This was due mainly to lower cash outflow for working capital requirements.

Net cash used in investment activities was $54 million. This comprised principally the acquisition of fixed assets, further investment in associated companies, partly offset by the proceeds from the disposal of subsidiaries. Dividend income amounted to $44 million.

Net cash used in financing activities was $103 million compared to net cash from financing activities of $163 million in the previous period. This was mainly attributable to net repayment of term loans and the acquisition of additional stake in Saigon Centre.

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

Group net profit for the quarter was $260 million as compared to $211 million for the same quarter in 2016. Earnings per share were 14.3 cents. Economic Value Added increased by $21 million to $23 million. Annualised return on equity was 7.6%.

Group revenue of $1,248 million was $495 million or 28% below that of the first quarter of 2016. Revenue from the Offshore & Marine Division decreased by $335 million to $483 million due to lower volume of work. The Property Division saw its revenue decrease by 48% to $262 million due mainly to lower revenue from China and Singapore. Revenue from the Infrastructure Division grew by $77 million to $467 million as a result of increased sales in the power and gas business.

At the pre-tax level, Group profit was up by $68 million or 24% to $346 million for the quarter ended 31 March 2017. Pre-tax earnings of the Offshore & Marine Division declined by 99% to $1 million due mainly to lower operating results arising from lower revenue and higher net interest expense. For the first quarter of 2017, pre-tax profit of the Property Division decreased by $15 million to $127 million due mainly to lower contribution from Singapore property trading partly offset by higher contribution from China property trading. Pre-tax profit for the Infrastructure Division increased by $19 million to $37 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. Pre-tax profit of the Investments Division was $181 million for the current quarter as compared to pre-tax loss of $4 million for the same quarter in 2016 due mainly to the share of profit from Sino-Singapore Tianjin Eco-City, write back of provision for impairment of investments, recognition of fair value gain on KrisEnergy warrants and profit on sale of investments, partly offset by share of loss in KrisEnergy.

Taxation expenses increased by $24 million or 46% due mainly to higher taxable profits. Non-controlling interests were $5 million lower than the same quarter in 2016. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $260 million, up $49 million from $211 million last year. The Investments Division was the largest contributor to Group net profit with a 48% share, followed by the Property Division's 40% and Infrastructure Division's 12%.

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 $3.5 billion. Faced with the global sector downturn, the Division is 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 the growing gas market and exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 980 homes in the first quarter of 2017, comprising about 730 in China, 110 in Vietnam and 130 in Singapore. This is about 4% higher than the 940 homes sold in the same quarter in 2016. Sales have improved in Vietnam and Singapore. Keppel REIT's office buildings in Singapore and Australia continue to maintain high portfolio committed occupancy of 99.4% as at end-March 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 the energy and environment-related infrastructure 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 has been declared for the quarter ended 31 March 2017.

For the year ended 31 December 2016, the Directors had recommended a tax exempt one-tier final cash dividend of 12 cents per share for approval by shareholders at the Annual General Meeting to be held on 21 April 2017. If approved, the final dividend will be paid on 11 May 2017.

14. SEGMENT ANALYSIS

First Quarter ended 31 March 2017

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	**483,208**	**262,047**	**467,086**	**35,681**	**–**	**1,248,022**
Inter-segment sales	**181**	**1,678**	**4,883**	**12,171**	**(18,913)**	**–**
Total	**483,389**	**263,725**	**471,969**	**47,852**	**(18,913)**	**1,248,022**
Segment Results						
Operating profit	**3,737**	**71,570**	**25,977**	**86,154**	**(179)**	**187,259**
Investment income	**288**	**1,543**	**–**	**937**	**–**	**2,768**
Interest income	**13,439**	**11,294**	**11,462**	**68,826**	**(69,213)**	**35,808**
Interest expenses	**(38,376)**	**(18,091)**	**(4,090)**	**(58,181)**	**69,392**	**(49,346)**
Share of results of associated companies	**21,768**	**60,592**	**3,618**	**84,333**	**–**	**170,311**
Profit before tax	**856**	**126,908**	**36,967**	**182,069**	**–**	**346,800**
Taxation	**(4,250)**	**(26,211)**	**(3,699)**	**(42,243)**	**–**	**(76,403)**
Profit for the period	**(3,394)**	**100,697**	**33,268**	**139,826**	**–**	**270,397**
Attributable to:						
Shareholders of Company	**95**	**102,781**	**32,151**	**125,337**	**–**	**260,364**
Non-controlling interests	**(3,489)**	**(2,084)**	**1,117**	**14,489**	**–**	**10,033**
	(3,394)	**100,697**	**33,268**	**139,826**	**–**	**270,397**
Other information						
Segment assets	**10,233,436**	**15,602,758**	**3,228,088**	**7,076,019**	**(7,241,278)**	**28,899,023**
Segment liabilities	**8,277,139**	**6,492,070**	**1,760,419**	**7,189,870**	**(7,241,278)**	**16,478,220**
Net assets	**1,956,297**	**9,110,688**	**1,467,669**	**(113,851)**	**–**	**12,420,803**
Investment in associated companies	**603,201**	**2,692,395**	**991,138**	**1,219,984**	**–**	**5,506,718**
Additions to non-current assets	**25,995**	**87,804**	**54,721**	**61,835**	**–**	**230,355**
Depreciation and amortisation	**36,128**	**8,599**	**10,692**	**425**	**–**	**55,844**
Impairment loss/(write-back of impairment loss)	**397**	**–**	**(295)**	**(46,000)**	**–**	**(45,898)**

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**855,193**	**156,006**	**107,755**	**73,433**	**55,635**	**–**	**1,248,022**
Non-current assets	**5,937,915**	**3,204,319**	**332,051**	**1,410,138**	**772,147**	**–**	**11,656,570**

First Quarter ended 31 March 2016

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	817,888	503,026	390,005	32,038	–	1,742,957
Inter-segment sales	99	2,983	7,028	15,150	(25,260)	–
Total	817,987	506,009	397,033	47,188	(25,260)	1,742,957
Segment Results						
Operating profit	110,827	108,527	14,823	40,568	3,205	277,950
Investment income	287	3,625	–	455	–	4,367
Interest income	13,285	6,263	11,367	55,939	(58,094)	28,760
Interest expenses	(25,740)	(16,096)	(5,404)	(54,243)	54,889	(46,594)
Share of results of associated companies	23,447	39,282	(2,560)	(46,446)	–	13,723
Profit before tax	122,106	141,601	18,226	(3,727)	–	278,206
Taxation	(14,125)	(36,899)	(1,952)	488	–	(52,488)
Profit for the period	107,981	104,702	16,274	(3,239)	–	225,718
Attributable to:						
Shareholders of Company	94,988	105,981	13,935	(4,346)	–	210,558
Non-controlling interests	12,993	(1,279)	2,339	1,107	–	15,160
	107,981	104,702	16,274	(3,239)	–	225,718
Other information						
Segment assets	10,074,284	15,677,218	2,927,548	7,075,757	(7,376,638)	28,378,169
Segment liabilities	8,452,412	6,968,078	1,801,664	6,435,659	(7,376,638)	16,281,175
Net assets	1,621,872	8,709,140	1,125,884	640,098	–	12,096,994
Investment in associated companies	578,203	2,910,515	902,632	1,073,384	–	5,464,734
Additions to non-current assets	13,971	99,160	12,654	37	–	125,822
Depreciation and amortisation	39,460	6,494	9,944	691	–	56,589
Write-back of impairment loss	–	(7,779)	(281)	–	–	(8,060)

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	1,131,728	300,975	50,717	175,891	83,646	–	1,742,957
Non-current assets	6,017,023	3,202,560	290,827	1,170,620	894,493	–	11,575,523

Note:

(a) 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.

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

(c) In 1Q 2017 and 1Q 2016, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) No single external customer accounted for 10% or more of the Group's revenue for 1Q 2017 and 1Q 2016.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $1,248 million was $495 million or 28% below that of the first quarter of 2016. Revenue from the Offshore & Marine Division decreased by $335 million to $483 million due to lower volume of work. The Property Division saw its revenue decrease by 48% to $262 million due mainly to lower revenue from China and Singapore. Revenue from the Infrastructure Division grew by $77 million to $467 million as a result of increased sales in the power and gas business.

15b. Net profit by Segments

Group net profit of $260 million was $49 million or 23% higher than that of corresponding period in 2016. Profit from the Offshore & Marine Division of $0.1 million was $95 million lower than that of corresponding period in the prior year due mainly to lower operating results arising from lower revenue and higher net interest expense. Profit from the Property Division of $103 million decreased by $3 million due largely to lower contribution from Singapore property trading, partly offset by higher contribution from China property trading. Profit from the Infrastructure Division of $32 million increased by $18 million due largely to the 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 was $125 million as compared to loss of $4 million for the corresponding period in the prior year due mainly to share of profit from Sino-Singapore Tianjin Eco-City, write back of provision for impairment of investments, recognition of fair value gain on KrisEnergy warrants and profit on sale of investments, partly offset by share of loss in KrisEnergy. The Investments Division was the largest contributor to Group net profit with 48% share, followed by the Property Division at 40% and Infrastructure Division at 12%.

15c. Revenue by Geographical Segments

Revenue from Singapore of $855 million was $277 million lower than the first quarter of 2016, due largely to lower revenue 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)	
	3 months 31.3.2017 $'000	3 months 31.3.2016 $'000	**3 months 31.3.2017 $'000**	3 months 31.3.2016 $'000
Transaction for the Sale of Goods and Services				
Sembcorp Marine Group	**–**	–	**1,233**	401
Singapore Technologies Engineering Group	**–**	–	**74**	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**–**	101
Mapletree Investments Group	**–**	–	**1,020**	–
Pavilion Gas Pte Ltd	**–**	–	**51,000**	50,000
Singapore Technologies Engineering Group	**–**	–	**2,230**	–
Singapore Telecommunications Group	**–**	–	**–**	560
Temasek Holdings Group (other than the above)	**–**	–	**102**	–
Total Interested Person Transactions	**–**	–	**55,659**	51,062

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 April 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 first 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, 20 April 2017