

Media Release

Keppel nets higher profit of S\$421m for 1H 2017, bolstered by multi-business strategy

Tax exempt one-tier interim dividend of 8.0 cents per share declared.

Singapore, 20 July 2017 – For the half year ended 30 June 2017, Keppel Corporation Limited (Keppel) reported a net profit of S\$421 million, slightly higher than the S\$416 million for 1H 2016. Group revenue of S\$2,802 million for 1H 2017 was S\$566 million, or 17% below that of the same period in 2016.

Performing stably year-on-year, the Property Division was the largest contributor to the Group's 1H 2017 net profit with a 47% share. The Investments and Infrastructure divisions, which contributed 39% 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 undertaken since the start of 2015.

The Group achieved an annualised return on equity of 6.6% for 1H 2017. Net gearing remained stable at 0.58x as at end-June 2017. Free cash inflow of S\$237 million in 1H 2017 was an improvement over the outflow of S\$262 million in 1H 2016.

For 2Q 2017, Group net profit was S\$161 million, 21% lower than the S\$205 million for 2Q 2016, while Group revenue of S\$1,554 million was 4% lower than the \$1,625 million a year ago. Higher profit contributions from the Property and Investments divisions during the quarter were offset by lower contributions from the Offshore & Marine and Infrastructure divisions.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Our Group has achieved creditable results in 1H 2017, despite much lower contributions from the Offshore & Marine Division. This demonstrates our resilience as a multi-business company delivering solutions for sustainable urbanisation.

"We remain focused on improving the overall quality of our earnings. Recurring income contributed S\$150 million or 36% of the Group's net profit for 1H 2017. We are also driving collaboration across our different verticals to capture higher value from all parts of Keppel."

The Directors of Keppel Corporation have declared a tax exempt one-tier interim dividend of 8.0 cents per share to be paid to shareholders on 8 August 2017.

Financial Highlights

	1H 2017 (S\$ m)	1H 2016 (S\$ m)	Change (%)	2Q 2017 (S\$ m)	2Q 2016 (S\$ m)	Change (%)
Revenue	2,802	3,368	(17)	1,554	1,625	(4)
Operating Profit	326	512	(36)	139	234	(41)
Net Profit	421	416	1	161	205	(21)
Earnings per Share	23.2 cents	22.9 cents	1	8.9 cents	11.3 cents	(21)

- Annualised ROE was 6.6%
- Net Gearing was 0.58x at end-June 2017
- Free cash inflow of S\$237m in 1H 2017 improved from an outflow of S\$262m in 1H 2016
- Interim cash dividend of 8.0 cents per share declared

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KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N

(Incorporated in the Republic of Singapore)

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KEPPEL CORPORATION LIMITED

Second Quarter 2017 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2017.

1. GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June

	Note	Second Quarter			Half Year		
		30.6.2017 \$'000	30.6.2016 \$'000	+/- %	30.6.2017 \$'000	30.6.2016 \$'000	+/- %
Revenue		1,554,252	1,625,483	-4.4	2,802,274	3,368,440	-16.8
Materials & subcontract costs	(i)	(1,041,766)	(996,976)	+4.5	(1,865,280)	(2,073,114)	-10.0
Staff costs	(ii)	(256,581)	(301,252)	-14.8	(515,120)	(585,431)	-12.0
Depreciation & amortisation		(57,119)	(57,686)	-1.0	(112,963)	(114,275)	-1.1
Other operating (expenses)/income	(iii)	(60,158)	(35,979)	+67.2	16,976	(84,080)	NM
Operating profit		138,628	233,590	-40.7	325,887	511,540	-36.3
Investment income		1,722	3,600	-52.2	4,490	7,967	-43.6
Interest income		30,324	31,854	-4.8	66,132	60,614	+9.1
Interest expenses	(iv)	(49,919)	(50,077)	-0.3	(99,265)	(96,671)	+2.7
Share of results of associated companies	(v)	96,633	65,397	+47.8	266,944	79,120	+237.4
Profit before tax		217,388	284,364	-23.6	564,188	562,570	+0.3
Taxation	(1b)	(62,700)	(65,118)	-3.7	(139,103)	(117,606)	+18.3
Profit for the period		154,688	219,246	-29.4	425,085	444,964	-4.5
Attributable to:							
Shareholders of the Company		160,280	205,780	-22.1	420,644	416,338	+1.0
Non-controlling interests		(5,592)	13,466	NM	4,441	28,626	-84.5
		154,688	219,246	-29.4	425,085	444,964	-4.5
Earnings per ordinary share							
- basic		8.9 cts	11.3 cts	-21.2	23.2 cts	22.9 cts	+1.3
- diluted		8.8 cts	11.2 cts	-21.4	23.0 cts	22.8 cts	+0.9

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	Second Quarter			Half Year		
		30.6.2017 \$'000	30.6.2016 \$'000	+/- %	30.6.2017 \$'000	30.6.2016 \$'000	+/- %
Share-based payment expenses		11,271	9,616	+17.2	11,612	14,968	-22.4
(Profit)/loss on sale of investments	(vi)	(14,847)	49	NM	(19,066)	49	NM
Profit on sale of fixed assets (Write-back)/provision	(vii)	(17,132)	(524)	NM	(17,504)	(1,437)	NM
- Stocks & work-in-progress	(viii)	(242)	(474)	-48.9	158	(8,250)	NM
- Doubtful debts	(ix)	2,376	(837)	NM	6,490	(597)	NM
Fair value loss/(gain)							
- Investments	(x)	35,274	3,991	NM	8,962	1,312	NM
- Forward contracts	(xi)	13,102	(31)	NM	21,243	(17,070)	NM
- Financial derivatives		97	(175)	NM	467	1,787	-73.9
Foreign exchange (gain)/loss	(xii)	(28,179)	(3,783)	NM	(45,216)	13,488	NM
Write-back of impairment of investments	(xiii)	(298)	(284)	+4.9	(46,596)	(568)	NM
Gain on disposal of subsidiaries	(xiv)	(3,000)	(12,811)	-76.6	(34,902)	(8,372)	NM
Gain on disposal of associated companies	(xv)	—	—	—	(43,534)	—	NM

NM – Not Meaningful

Note:

- (i) Materials & subcontract costs decreased for the half year ended 30 June 2017 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 for the half year ended 30 June 2017 due mainly to lower manpower cost in the Offshore & Marine Division and Property Division.
- (iii) Other operating income for the half year ended 30 June 2017 was due mainly to the write-back of impairment of investments (Note xiii), foreign exchange gain (Note xii), gain on disposal of associated companies (Note xv), gain on disposal of subsidiaries (Note xiv) 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) Higher interest expense for the half year ended 30 June 2017 was mainly attributable to higher average borrowings.
- (v) Share of profits of associated companies for the half year ended 30 June 2017 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 funds.
- (vii) Profit on sale of fixed assets in the current period was largely attributable to disposal of assets in the Offshore & Marine Division and Property 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 was due to decrease 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 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 and sale of 95% interest in Jiangyin Yangtze International Country Club, partly offset by the loss on the sale of 60% interest in Keppel CT Developments Pte Ltd.
 - (xv) 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 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

	Second Quarter			Half Year		
	30.6.2017	30.6.2016	+/-%	30.6.2017	30.6.2016	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	8.9 cts	11.3 cts	-21.2	23.2 cts	22.9 cts	+1.3
- Weighted average number of shares (excluding treasury shares) ('000)	1,816,921	1,814,758	+0.1	1,816,921	1,814,758	+0.1
(ii) On a fully diluted basis	8.8 cts	11.2 cts	-21.4	23.0 cts	22.8 cts	+0.9
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,829,015	1,825,920	+0.2	1,829,015	1,825,920	+0.2

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the second quarter and half year ended 30 June

	Second Quarter			Half Year		
	30.6.2017 \$'000	30.6.2016 \$'000	+/- %	30.6.2017 \$'000	30.6.2016 \$'000	+/- %
Profit for the period	154,688	219,246	-29.4	425,085	444,964	-4.5
Items that may be reclassified subsequently to profit & loss account:						
Available-for-sale assets						
- Fair value changes arising during the period	(i) (14,370)	10,538	NM	(25,080)	(10,887)	+130.4
- Realised and transferred to profit & loss account	(ii) (12,573)	2,716	NM	(16,023)	2,716	NM
Cash flow hedges						
- Fair value changes arising during the period, net of tax	(iii) 111,935	129,639	-13.7	94,863	264,389	-64.1
- Realised and transferred to profit & loss account	(iv) (34,630)	44,317	NM	(23,470)	103,556	NM
Foreign exchange translation						
- Exchange differences arising during the period	(v) (91,151)	(130,067)	-29.9	(166,005)	(297,985)	-44.3
- Realised and transferred to profit & loss account	661	(3,394)	NM	(3,554)	(3,776)	-5.9
Share of other comprehensive income of associated companies						
- Available-for-sale assets	401	551	-27.2	457	573	-20.2
- Cash flow hedges	(17,871)	(12,533)	+42.6	(20,116)	(27,692)	-27.4
- Foreign exchange translation	(42,163)	(62,630)	-32.7	(63,157)	(103,549)	-39.0
Other comprehensive income for the period, net of tax	(99,761)	(20,863)	NM	(222,085)	(72,655)	+205.7
Total comprehensive income for the period	54,927	198,383	-72.3	203,000	372,309	-45.5
Attributable to:						
Shareholders of the Company	63,708	200,227	-68.2	215,211	387,122	-44.4
Non-controlling interests	(8,781)	(1,844)	NM	(12,211)	(14,813)	-17.6
	54,927	198,383	-72.3	203,000	372,309	-45.5

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 30 June

	Group		Company	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
Share capital	1,288,394	1,288,394	1,288,394	1,288,394
Treasury shares	(1,676)	(15,523)	(1,676)	(15,523)
Reserves	10,354,797	10,386,078	6,536,123	5,346,838
Share capital & reserves	11,641,515	11,658,949	7,822,841	6,619,709
Non-controlling interests	613,276	674,691	—	—
Total equity	12,254,791	12,333,640	7,822,841	6,619,709
Represented by:				
Fixed assets	2,582,614	2,645,456	570	852
Investment properties	3,418,851	3,550,290	—	—
Subsidiaries	—	—	8,154,201	8,154,201
Associated companies	5,464,583	5,315,078	—	—
Investments	409,928	377,704	14,340	14,340
Long term assets	708,880	814,438	31,459	97,557
Intangibles	136,637	140,669	—	—
	12,721,493	12,843,635	8,200,570	8,266,950
Current assets				
Stocks & work-in-progress in excess of related billings	9,587,730	10,025,805	—	—
Amounts due from:				
- subsidiaries	—	—	4,383,569	3,982,362
- associated companies	612,473	530,883	603	688
Debtors	3,308,549	3,373,841	14,303	2,965
Derivative assets	83,179	98,984	66,126	42,923
Short term investments	192,816	273,928	—	—
Bank balances, deposits & cash	1,743,246	2,087,078	245	542
	15,527,993	16,390,519	4,464,846	4,029,480
Current liabilities				
Creditors	4,537,271	4,753,492	83,938	112,471
Derivative liabilities	126,632	379,910	67,235	345,313
Billings on work-in-progress in excess of related costs	1,641,604	1,669,466	—	—
Provisions	71,560	81,679	—	—
Amounts due to:				
- subsidiaries	—	—	346,304	1,062,722
- associated companies	137,969	111,543	—	—
Term loans	1,894,061	1,835,321	874,562	692,311
Taxation	216,490	339,108	17,481	17,263
	8,625,587	9,170,519	1,389,520	2,230,080
Net current assets	6,902,406	7,220,000	3,075,326	1,799,400
Non-current liabilities				
Term loans	6,903,480	7,217,721	3,351,000	3,325,600
Deferred taxation	321,665	331,175	—	—
Other non-current liabilities	143,963	181,099	102,055	121,041
	7,369,108	7,729,995	3,453,055	3,446,641
Net assets	12,254,791	12,333,640	7,822,841	6,619,709
<i>Group net debt</i>	7,054,295	6,965,964	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	0.58x	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 30.6.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
399,848	1,494,213	391,046	1,444,275

(ii) Amount repayable after one year

As at 30.6.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
504,090	6,399,390	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 \$2,042,646,000 (31 December 2016: \$2,810,528,000) to banks for loan facilities.

3b. Net asset value

	Group			Company		
	30.6.2017	31.12.2016	+/-%	30.6.2017	31.12.2016	+/-%
Net asset value per ordinary share *	\$6.40	\$6.42	-0.3	\$4.30	\$3.65	+17.8
Net tangible asset per ordinary share *	\$6.33	\$6.34	-0.2	\$4.30	\$3.65	+17.8

* Based on share capital of 1,817,666,434 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 decreased by \$0.02 billion to \$11.64 billion at 30 June 2017. The decrease was mainly attributable to the payment of final dividend of 12.0 cents per share in respect of financial year 2016 and the exchange differences during the period, partly offset by retained profits for the period and the increase in fair value on cash flow hedges.

Group total assets were \$28.25 billion at 30 June 2017, \$0.98 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 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 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 \$15.99 billion at 30 June 2017 were \$0.91 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 \$0.09 billion to \$7.05 billion at 30 June 2017.

4. STATEMENTS OF CHANGES IN EQUITY for the second quarter and half year ended 30 June

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Transla- tion Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	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 first quarter								
Profit for first 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 first quarter	–	–	(22,344)	260,364	(86,517)	151,503	(3,430)	148,073
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
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)
<u>Changes in ownership interests in subsidiaries</u>								
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

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
2017								
Total comprehensive income for second quarter								
Profit for second quarter	–	–	–	160,280	–	160,280	(5,592)	154,688
Other comprehensive income *	–	–	33,120	–	(129,692)	(96,572)	(3,189)	(99,761)
Total comprehensive income for second quarter	–	–	33,120	160,280	(129,692)	63,708	(8,781)	54,927
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividend paid	–	–	–	(218,117)	–	(218,117)	–	(218,117)
Share-based payment	–	–	10,937	–	–	10,937	86	11,023
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(11,217)	(11,217)
Treasury shares reissued pursuant to share plans and share option scheme	–	783	(770)	–	–	13	–	13
Transfer of statutory, capital and other reserves from revenue reserves	–	–	119	(119)	–	–	–	–
Return of capital to non-controlling shareholders	–	–	–	–	–	–	(584)	(584)
Total contributions by and distributions to owners	–	783	10,286	(218,236)	–	(207,167)	(11,715)	(218,882)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in subsidiaries	–	–	898	–	–	898	(2,955)	(2,057)
Total change in ownership interests in subsidiaries	–	–	898	–	–	898	(2,955)	(2,057)
Total transactions with owners	–	783	11,184	(218,236)	–	(206,269)	(14,670)	(220,939)
As at 30 June	1,288,394	(1,676)	(5,994)	10,857,787	(496,996)	11,641,515	613,276	12,254,791

* 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
2016								
As at 1 January	1,288,394	(49,011)	(383,540)	10,379,320	(139,502)	11,095,661	830,198	11,925,859
Total comprehensive income for first quarter								
Profit for first 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 first quarter	—	—	158,821	210,558	(182,484)	186,895	(12,969)	173,926
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
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)
<u>Changes in ownership interests in subsidiaries</u>								
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

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
2016								
Total comprehensive income for second quarter								
Profit for second quarter	—	—	—	205,780	—	205,780	13,466	219,246
Other comprehensive income *	—	—	175,253	—	(180,806)	(5,553)	(15,310)	(20,863)
Total comprehensive income for second quarter	—	—	175,253	205,780	(180,806)	200,227	(1,844)	198,383
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividend paid	—	—	—	(399,411)	—	(399,411)	—	(399,411)
Share-based payment	—	—	8,744	—	—	8,744	120	8,864
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	(9,625)	(9,625)
Treasury shares reissued pursuant to share plans and share option scheme	—	1,899	(1,123)	—	—	776	—	776
Transfer of statutory, capital and other reserves from revenue reserves	—	—	6,227	(6,227)	—	—	—	—
Cash subscribed by non-controlling shareholders	—	—	—	—	—	—	547	547
Contributions to defined benefits plans	—	—	(129)	—	—	(129)	—	(129)
Total contributions by and distributions to owners	—	1,899	13,719	(405,638)	—	(390,020)	(8,958)	(398,978)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in subsidiaries	—	—	—	11,925	—	11,925	(59,481)	(47,556)
Disposal of interest in subsidiaries	—	—	—	—	—	—	(17,737)	(17,737)
Total change in ownership interests in subsidiaries	—	—	—	11,925	—	11,925	(77,218)	(65,293)
Total transactions with owners	—	1,899	13,719	(393,713)	—	(378,095)	(86,176)	(464,271)
As at 30 June	1,288,394	(16,730)	(64,440)	10,401,915	(502,792)	11,106,347	724,759	11,831,106

* 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 first 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
Profit / Total comprehensive income for second quarter	–	–	–	1,428,141	1,428,141
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(218,117)	(218,117)
Share-based payment	–	–	10,586	–	10,586
Treasury shares reissued pursuant to share plans and share option scheme	–	783	(770)	–	13
Total transactions with owners	–	783	9,816	(218,117)	(207,518)
As at 30 June	1,288,394	(1,676)	190,787	6,345,336	7,822,841
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
2016					
As at 1 January	1,288,394	(49,011)	199,713	5,408,710	6,847,806
Profit / Total comprehensive income for first quarter	–	–	–	25,595	25,595
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	4,061	–	4,061
Purchase of treasury shares	–	(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
Profit / Total comprehensive income for second quarter	–	–	–	(324,248)	(324,248)
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(399,411)	(399,411)
Share-based payment	–	–	8,256	–	8,256
Treasury shares reissued pursuant to share plans and share option scheme	–	1,899	(1,123)	–	776
Total transactions with owners	–	1,899	7,133	(399,411)	(390,379)
As at 30 June	1,288,394	(16,730)	177,456	4,710,646	6,159,766

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 transferred pursuant to share option scheme	–	(4,400)
Treasury shares transferred pursuant to restricted share plan	–	(109,448)
As at 30 June 2017	1,817,910,180	243,746

Treasury shares

During the six months ended 30 June 2017, the Company transferred 4,838,764 (30 June 2016: 4,946,853) 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 June 2016: 590,000) during the period. As at 30 June 2017, the number of treasury shares held by the Company represented 0.01% (30 June 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 six months ended 30 June 2017.

Share options

As at 30 June 2017, there were unexercised options for 12,079,474 of unissued ordinary shares (30 June 2016: 14,741,474 ordinary shares) under the KCL Share Options Scheme. 15,400 options (30 June 2016: 253,000) were exercised during the period. Unexercised options for 1,931,100 of unissued ordinary shares were cancelled during the six months ended 30 June 2017 (30 June 2016: 2,827,000).

KCL Performance Share Plan ("KCL PSP")

As at 30 June 2017, the number of contingent shares granted but not released were 2,707,130 (30 June 2016: 2,682,400) 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 4,060,695 under KCL PSP.

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

As at 30 June 2017, the number of contingent shares granted but not released were 7,065,000 (30 June 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 June 2017, the number of contingent shares granted but not released was nil (30 June 2016: 5,800,645).

As at 30 June 2017, the number of awards released but not vested was 5,270,257 (30 June 2016: 4,980,159) for KCL RSP.

The movements in the number of shares under KCL RSP and 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 30.6.17
KCL PSP						
31.3.2014	565,082	–	(565,082)	–	–	–
31.3.2015	662,705	–	–	–	(160,000)	502,705
30.7.2015	220,000	–	–	–	(50,000)	170,000
29.4.2016	1,114,425	–	–	–	(200,000)	914,425
28.4.2017	–	1,120,000	–	–	–	1,120,000
	2,562,212	1,120,000	(565,082)	–	(410,000)	2,707,130
KCL PSP-TIP						
29.4.2016	5,625,000	–	–	–	(600,000)	5,025,000
28.4.2017	–	2,040,000	–	–	–	2,040,000
	5,625,000	2,040,000	–	–	(600,000)	7,065,000
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:

Date of Grant	Number of shares					
	At 1.1.17	Released	Vested	Cancelled	Other adjustments	At 30.6.17
KCL RSP						
31.3.2014	1,375,006	–	(1,265,847)	(83,296)	–	25,863
31.3.2015	2,989,935	–	(1,447,200)	(139,215)	–	1,403,520
30.7.2015	489,957	–	(243,900)	(13,332)	–	232,725
29.4.2016	–	5,676,157	(1,866,417)	(201,591)	–	3,608,149
	4,854,898	5,676,157	(4,823,364)	(437,434)	–	5,270,257

4d. Capital reserves

	Group		Company	
	30.6.2017 \$'000	30.6.2016 \$'000	30.6.2017 \$'000	30.6.2016 \$'000
Share option and share plan reserve	182,822	184,959	159,530	162,966
Fair value reserve	85,494	66,361	–	–
Hedging reserve	(359,501)	(449,994)	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Others	45,191	94,234	31,257	14,490
	(5,994)	(64,440)	190,787	177,456

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half year ended 30 June

		Second Quarter		Half Year	
	Note	30.6.2017 \$'000	30.6.2016 \$'000	30.6.2017 \$'000	30.6.2016 \$'000
OPERATING ACTIVITIES					
Operating profit		138,628	233,590	325,887	511,540
Adjustments:					
Depreciation and amortisation		57,119	57,686	112,963	114,275
Share-based payment expenses		11,271	9,616	11,612	14,968
(Profit)/loss on sale of investments		(14,847)	49	(19,066)	49
Profit on sale of fixed assets		(17,132)	(524)	(17,504)	(1,437)
Write-back of impairment of investments		(298)	(284)	(46,596)	(568)
Gain on disposal of subsidiaries		(3,000)	(12,811)	(34,902)	(8,372)
Gain on disposal of associated companies		—	—	(43,534)	—
Operational cash flow before changes in working capital		171,741	287,322	288,860	630,455
Working capital changes:					
Stocks & work-in-progress		502,339	39,579	455,471	30,208
Debtors		(91,114)	(121,471)	163,130	(208,020)
Creditors		(236,656)	(72,323)	(421,319)	(586,438)
Investments		57,893	9,375	(16,745)	(7,114)
Amount due to/from associated companies		(15,402)	4,240	(24,126)	(5,732)
		388,801	146,722	445,271	(146,641)
Interest received		30,324	31,854	66,132	60,614
Interest paid		(49,919)	(50,077)	(99,265)	(96,671)
Income taxes paid, net of refunds received		(147,040)	(118,629)	(199,350)	(142,696)
Net cash from/(used in) operating activities		222,166	9,870	212,788	(325,394)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	—	(135,500)	—	(135,500)
Acquisition and further investment in associated companies		(9,006)	(41,149)	(110,712)	(116,635)
Acquisition of fixed assets and investment properties		(101,899)	(62,663)	(230,548)	(112,999)
Disposal of subsidiaries	5b	36,425	41,840	223,102	46,748
Proceeds from disposal of fixed assets		21,839	291	24,208	2,325
Proceeds from disposal of associated companies and return of capital		12,763	8	39,612	75
Advances to/from associated companies		51,317	(17,072)	(32,373)	(36,094)
Dividends received from investments and associated companies		63,555	71,320	107,225	155,907
Net cash from/(used in) investing activities		74,994	(142,925)	20,514	(196,173)
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		(2,057)	(47,556)	(32,659)	(47,556)
Proceeds from share options exercised with issue of treasury shares		13	776	47	776
Purchase of treasury shares		—	—	(19,428)	(3,069)
(Return of capital to)/proceeds from non-controlling shareholders of subsidiaries		(584)	547	77	4,903
Proceeds from term loans		95,281	891,560	304,541	1,139,713
Repayment of term loans		(238,673)	(162,610)	(494,705)	(238,456)
Dividend paid to shareholders of the Company		(218,117)	(399,411)	(218,117)	(399,411)
Dividend paid to non-controlling shareholders of subsidiaries		(11,217)	(9,625)	(17,798)	(19,871)
Net cash (used in)/from financing activities		(375,354)	273,681	(478,042)	437,029
Net (decrease)/increase in cash and cash equivalents		(78,194)	140,626	(244,740)	(84,538)
Cash and cash equivalents as at beginning of period		1,839,804	1,608,832	2,018,772	1,859,118
Effects of exchange rate changes on the balance of cash held in foreign currencies		(25,312)	(14,299)	(37,734)	(39,421)
Cash and cash equivalents as at end of period	5c	1,736,298	1,735,159	1,736,298	1,735,159

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

There were no acquisition of subsidiaries during the current period. During the prior financial period, the fair values of the net assets of subsidiaries acquired were as follows:

	Second Quarter		Half Year	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	\$'000	\$'000	\$'000	\$'000
Fixed assets	–	14,849	–	14,849
Intangible assets	–	34,371	–	34,371
Stocks and work-in-progress	–	60,873	–	60,873
Debtors and other assets	–	21,904	–	21,904
Creditors and other liabilities	–	(11,349)	–	(11,349)
Total net identifiable assets at fair value	–	120,648	–	120,648
Goodwill arising from acquisition	–	14,852	–	14,852
Total purchase consideration	–	135,500	–	135,500
Cash flow on acquisition	–	135,500	–	135,500

During the six 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:

	Second Quarter		Half Year	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	\$'000	\$'000	\$'000	\$'000
Fixed assets and investment properties	(11,767)	(73,026)	(236,786)	(73,148)
Long term investments	–	(54)	–	(54)
Stocks and work-in-progress	–	(33,197)	(29,798)	(47,430)
Debtors and other assets	(34,356)	(30,044)	(46,146)	(30,525)
Bank balances and cash	–	(17,095)	(11,164)	(17,361)
Creditors and other liabilities	10,399	37,207	19,627	43,693
Borrowings	–	45,176	80,000	45,176
Current and deferred taxation	–	3,985	8,880	3,987
Non-controlling interest deconsolidated	–	17,737	5,877	16,421
	(35,724)	(49,311)	(209,510)	(59,241)
Amount accounted for as associated company	–	–	4,962	–
Net assets disposed of	(35,724)	(49,311)	(204,548)	(59,241)
Net profit on disposal	(3,000)	(12,811)	(34,902)	(8,372)
Realisation of foreign currency translation reserve and capital reserve	2,299	3,187	5,184	3,504
Sale proceeds	(36,425)	(58,935)	(234,266)	(64,109)
Less: Bank balances and cash disposed	–	17,095	11,164	17,361
Cash flow on disposal	(36,425)	(41,840)	(223,102)	(46,748)

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

Significant disposal 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 and sale of 95% interest in Jiangyin Yangtze International Country Club.

5c. Cash and cash equivalents

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

	Second Quarter		Half Year	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	\$'000	\$'000	\$'000	\$'000
Bank balances, deposits and cash	1,743,246	1,796,795	1,743,246	1,796,795
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(6,948)	(61,636)	(6,948)	(61,636)
	1,736,298	1,735,159	1,736,298	1,735,159

5d. Cash flow analysis

(i) Second Quarter

Net cash from operating activities for the quarter was \$222 million compared to \$10 million for the corresponding quarter last year. This was due mainly to cash inflow from working capital changes as compared to outflow in the prior period during the quarter.

Net cash from investing activities for the quarter was \$75 million. The Group spent \$111 million on acquisitions and capital expenditure. This comprised principally the capital expenditure on data centre. Divestments and dividend income amounted to \$135 million.

Net cash used in financing activities was \$375 million. This was mainly attributable to the net repayment of term loans and the dividend of \$229 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the quarter.

(ii) Half Year

Net cash from operating activities was \$213 million compared to net cash used in operating activities of \$325 million in the prior period. 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 \$21 million. This comprised principally the acquisition of investment properties, further investment in associated companies, partly offset by the proceeds from the disposal of subsidiaries. Dividend income amounted to \$107 million.

Net cash used in financing activities was \$478 million compared to net cash from financing activities of \$437 million in the previous period. This was mainly attributable to net repayment of term loans and the dividend of \$236 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) Second Quarter

Group revenue for 2Q2017 of \$1,554 million was \$71 million or 4% below that of 2Q2016. Revenue from the Offshore & Marine Division declined \$271 million to \$449 million because of lower volume of work. Revenue from the Property Division improved by \$73 million to \$542 million mainly from higher revenue from Singapore, partly offset by lower revenue from China. The Infrastructure Division's revenue grew by \$117 million to \$521 million as a result of increased sales in the power and gas businesses.

Group pre-tax profit for 2Q2017 decreased by \$67 million or 24% to \$218 million. Pre-tax profit of the Offshore & Marine Division dropped by \$80 million to \$8 million as a result of lower operating results arising from lower revenue, higher net interest expense and lower share of associated companies' profits. Pre-tax profit of the Property Division of \$123 million was comparable to that of 2Q2016. Higher contribution from Singapore property trading was offset by lower contribution from China property trading and lower share of associated companies' profits. Pre-tax profit of the Infrastructure Division dropped by \$3 million to \$34 million due mainly to lower share of associated companies' profits and the lower contribution from the data centre business, arising mainly from the absence of contribution from Keppel DC Singapore 3, which was injected into Keppel DC REIT in January 2017. These were partly offset by higher contribution from Energy Infrastructure. Pre-tax profit of the Investments Division increased by \$17 million to \$53 million due mainly to higher share of associated companies' profits and profit on sale of investments. These were partly offset by recognition of fair value loss on KrisEnergy warrants.

Tax expenses decreased by \$3 million because of lower taxable profits. Non-controlling interests were \$20 million lower than those of 2Q2016. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2Q2017 was \$161 million, 21% below the same quarter in the previous year.

(ii) Half Year

Group net profit for the half year ended 30 June 2017 of \$421 million was slightly higher than the \$416 million for the same period in 2016. Earnings per share were 23.2 cents. Annualised return on equity was 6.6% and Economic Value Added was negative \$25 million due to lower net operating profit after tax.

Group revenue of \$2,802 million for the six months to-date was \$566 million or 17% below that of the corresponding period in 2016. Revenue from the Offshore & Marine Division declined by \$606 million to \$932 million due to lower volume of work. Major jobs completed and delivered in the half year include a semi and an FPSO topsides installation/ integration project. Revenue from the Property Division decreased by \$168 million to \$804 million due mainly to lower revenue from China, partly offset by higher revenue from Singapore. Revenue from the Infrastructure Division grew by \$194 million to \$988 million as a result of increased sales in the power and gas businesses.

At the pre-tax level, Group profit of \$564 million is comparable to that of the corresponding period in 2016. The Offshore & Marine Division reported a drop in pre-tax profit of \$201 million to \$9 million due mainly to lower operating results arising from lower revenue, lower share of associated companies' profits and higher net interest expense. Pre-tax profit from the Property Division of \$250 million was \$16 million or 6% lower than the corresponding period in 2016. This is due mainly to lower contribution from China property trading, partly offset by higher share of associated companies' profits. Pre-tax profit of the Infrastructure Division increased by \$16 million to \$71 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 \$202 million to \$234 million due mainly to the share of profit from Sino-Singapore Tianjin Eco-City, write-back of provision for impairment of investments and profit on sale of investments. These were partly offset by share of loss in KrisEnergy and recognition of fair value loss on KrisEnergy warrants.

Taxation expenses increased by \$21 million or 18% due mainly to higher taxable profits and the absence of write-back of prior years' provisions. Non-controlling interests were \$25 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 \$421 million, up \$5 million from \$416 million last year. The Property Division was the largest contributor to the Group's net profit with 47% share, followed by the Investments Division's 39% 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 \$3.4 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 2,470 homes in the first half of 2017, comprising about 1,810 in China, 390 in Vietnam, 220 in Singapore and 50 in Indonesia. This is about 15% higher than the 2,140 homes sold in the same period last year. Home sales improved in Singapore, Vietnam and Indonesia, but were slightly lower in China. Keppel REIT's office buildings in Singapore and Australia continue to maintain high portfolio committed occupancy of 99.8% as at end-June 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? Yes

Name of Dividend	Interim
Dividend type	Cash
Dividend per share	8.0 cents
Tax rate	Tax exempt

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 8.0 cents per share (2016: interim cash dividend of 8.0 cents per share tax exempt one-tier). The dividend will be paid to shareholders on 8 August 2017.

13b. Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim
Dividend type	Cash
Dividend per share	8.0 cents
Tax rate	Tax exempt

13c. Date Payable

8 August 2017.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 28 July 2017 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on 28 July 2017 will be registered to determine shareholders' entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 28 July 2017 will be entitled to the interim dividend.

14. SEGMENT ANALYSIS

Half year ended 30 June 2017

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	931,582	804,234	987,972	78,486	–	2,802,274
Inter-segment sales	350	3,168	9,679	31,081	(44,278)	–
Total	931,932	807,402	997,651	109,567	(44,278)	2,802,274
Segment Results						
Operating profit	36,079	170,439	49,555	70,041	(227)	325,887
Investment income	294	2,361	–	1,835	–	4,490
Interest income	22,921	20,537	22,959	140,099	(140,384)	66,132
Interest expenses	(77,110)	(35,035)	(8,264)	(119,467)	140,611	(99,265)
Share of results of associated companies	26,913	91,346	6,768	141,917	–	266,944
Profit before tax	9,097	249,648	71,018	234,425	–	564,188
Taxation	(18,785)	(55,004)	(10,692)	(54,622)	–	(139,103)
Profit for the period	(9,688)	194,644	60,326	179,803	–	425,085
Attributable to:						
Shareholders of Company	1,388	199,381	56,739	163,136	–	420,644
Non-controlling interests	(11,076)	(4,737)	3,587	16,667	–	4,441
	(9,688)	194,644	60,326	179,803	–	425,085
Other Information						
Segment assets	9,906,090	14,865,952	3,126,825	11,520,288	(11,169,669)	28,249,486
Segment liabilities	7,910,701	6,849,000	1,683,569	10,721,094	(11,169,669)	15,994,695
Net assets	1,995,389	8,016,952	1,443,256	799,194	–	12,254,791
Investment in associated companies	600,324	3,103,098	979,375	781,786	–	5,464,583
Additions to non-current assets	52,573	108,624	117,384	62,679	–	341,260
Depreciation and amortisation	70,059	20,044	21,872	988	–	112,963
Impairment loss/(write- back of impairment loss)	152	–	(590)	(46,000)	–	(46,438)

Geographical Information

	Singapore \$'000	China \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	1,851,766	412,710	263,241	143,129	131,428	–	2,802,274
Non-current assets	5,974,725	3,175,147	312,692	1,386,783	753,338	–	11,602,685

Half year ended 30 June 2016

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	1,538,147	971,692	794,026	64,575	—	3,368,440
Inter-segment sales	359	6,072	13,603	35,972	(56,006)	—
Total	1,538,506	977,764	807,629	100,547	(56,006)	3,368,440
Segment Results						
Operating profit	202,701	210,008	38,803	53,675	6,353	511,540
Investment income	390	6,758	(6)	825	—	7,967
Interest income	29,219	12,753	22,747	118,726	(122,831)	60,614
Interest expenses	(59,528)	(36,237)	(9,670)	(107,714)	116,478	(96,671)
Share of results of associated companies	37,421	72,308	2,591	(33,200)	—	79,120
Profit before tax	210,203	265,590	54,465	32,312	—	562,570
Taxation	(32,276)	(70,212)	(6,484)	(8,634)	—	(117,606)
Profit for the period	177,927	195,378	47,981	23,678	—	444,964
Attributable to:						
Shareholders of Company	156,378	197,793	41,638	20,529	—	416,338
Non-controlling interests	21,549	(2,415)	6,343	3,149	—	28,626
	177,927	195,378	47,981	23,678	—	444,964
Other Information						
Segment assets	10,195,699	15,405,930	2,878,318	7,230,363	(7,233,984)	28,476,326
Segment liabilities	8,048,949	6,873,698	1,657,449	7,299,108	(7,233,984)	16,645,220
Net assets	2,146,750	8,532,232	1,220,869	(68,745)	—	11,831,106
Investment in associated companies	581,794	2,912,791	887,247	1,033,331	—	5,415,163
Additions to non-current assets	28,229	171,031	29,983	391	—	229,634
Depreciation and amortisation	79,459	14,318	19,875	623	—	114,275
Impairment loss/(write- back of impairment loss)	36	(8,292)	(562)	—	—	(8,818)

Geographical Information

	Singapore \$'000	China \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	2,172,089	577,695	139,668	302,762	176,226	—	3,368,440
Non-current assets	6,011,616	3,208,484	297,804	1,115,037	898,419	—	11,531,360

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 half year 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 half year 2017 and 2016.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of \$2,802 million was \$566 million or 17% below that of corresponding period in 2016. Revenue from the Offshore & Marine Division decreased by \$606 million to \$932 million due to lower volume of work. The Property Division saw its revenue decrease by 17% to \$804 million due mainly to lower revenue from China, partly offset by higher revenue from Singapore. Revenue from the Infrastructure Division grew by \$194 million to \$988 million as a result of increased sales in the power and gas businesses.

15b. Net profit by Segments

Group net profit of \$421 million was \$5 million or 1% higher than that of corresponding period in 2016. Profit from the Offshore & Marine Division of \$1 million was \$155 million lower due mainly to lower operating results arising from lower revenue, lower share of associated companies' profits and higher net interest expense. Profit from the Property Division of \$200 million increased by \$2 million due largely to higher share of associated companies' profits and lower taxation, partly offset by lower contribution from China property trading. Profit from the Infrastructure Division of \$57 million increased by \$16 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 \$163 million increased by \$142 million due mainly to the share of profit from Sino-Singapore Tianjin Eco-City, write-back of provision for impairment of investments and profit on sale of investments. These were partly offset by 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 47% share, followed by the Investments Division at 39% and Infrastructure Division at 14%.

15c. Revenue by Geographical Segments

Revenue from Singapore of \$1,852 million was \$320 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)	
	Half Year 30.6.2017 \$'000	Half Year 30.6.2016 \$'000	Half Year 30.6.2017 \$'000	Half Year 30.6.2016 \$'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	—	—	165,000	—
Neptune Orient Lines Group	—	—	—	388
PSA International Group	—	—	5,003	1,409
SATS Group	—	—	24,400	—
SembCorp Marine Group	—	—	1,783	1,223
Singapore Power Group	—	—	900	—
Singapore Technologies Engineering Group	—	—	90	48
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	—	—	254	—
Certis CISCO Security Group	—	—	289	265
Mapletree Investments Group	—	—	1,020	—
Pavilion Gas Pte Ltd	—	—	51,000	50,000
PSA International Group	—	—	69	82
Singapore Power Group	—	—	348	—
Singapore Technologies Engineering Group	—	—	4,048	3,594
Singapore Telecommunications Group	—	—	39	1,160
Temasek Holdings Group	—	—	406	—
Total Interested Person Transactions	—	—	254,649	58,169

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 July 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 second 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 July 2017