

KEPPEL CORPORATION LIMITED

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

THIRD QUARTER AND NINE MONTHS 2015 FINANCIAL STATEMENTS**TABLE OF CONTENTS**

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KEPPEL CORPORATION LIMITED

ADDRESS BY MR LOH CHIN HUA, CHIEF EXECUTIVE OFFICER, KEPPEL CORPORATION

THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

Welcome

1. Good evening to all of you. On behalf of my colleagues, a warm welcome to the webcast on Keppel Corporation's results and performance for the third quarter and first nine months of 2015.

Macro Environment

2. The global economic environment remains challenging, with volatility in international financial markets and concerns over the economic slowdown in China and other emerging economies. China's GDP grew 6.9% in the third quarter, the slowest quarterly economic growth since the first quarter of 2009. Uncertainty over the timing of the US expected interest rate hike is also affecting business sentiments.
3. Against these headwinds, economic growth in Singapore is also slowing. According to preliminary estimates released by the Ministry of Trade and Industry last week, Singapore narrowly avoided a technical recession in the third quarter, with the economy growing only 0.1% quarter on quarter. The Monetary Authority of Singapore expects the economy to grow at a "modest pace" in 2015 and 2016, with GDP growth of 2.0% to 2.5% in 2015.
4. Meanwhile, oil price remains depressed, hovering at around US\$50 per barrel. Slower demand growth coupled with global oversupply continue to weigh on oil prices, posing significant challenges to the global oil and gas industry.

Performance Highlights

5. Amidst the challenging operating environment, in the first nine months of 2015, our business divisions contributed to a net profit of \$1,120 million. This was down 3% year-on-year mainly due to lower profit contribution from Offshore & Marine.
6. For 3Q 2015, we achieved a net profit of \$363 million. Annualised ROE was 13.6% and EVA was \$456 million for the current period.
7. Given the current headwinds, these results are creditable. They demonstrate our resilience as a multi-business conglomerate, not just a single business company.
8. During a downturn, if one of our businesses slows down, our other businesses would be able to contribute. As it stands today, this fact that our multi-business approach provides us some resilience in our earnings, as borne out by our results this year, may not be fully appreciated by the market.

Business Updates

9. Let me now take you through the businesses in our Group. First, Offshore & Marine.
10. Even during this slowdown in orders for drilling rigs, we are responding with agility to capture opportunistic, high value work for modifications and upgrading of offshore solutions as well as repair. On this slide is a recent photograph of our yard in Keppel FELS, Singapore, in which you can see a good mix of such projects in addition to newbuilds in various stages of progress.

Offshore & Marine

11. We remain confident of the sound long-term fundamentals in the offshore and marine business.

12. While E&P investments have declined, they will have to increase eventually to keep up with global oil demand, which is set to rise by 1.4 million barrels per day in 2016. With rebalancing forces intensifying on both oil demand and supply sides, we believe oil prices will eventually recover and stabilise at a new equilibrium.
13. The Offshore & Marine Division has secured about \$1.7 billion worth of contracts year-to-date. For the first nine months of 2015, we achieved a net profit \$542 million, albeit down 28% year-on-year. While there was a fall in demand for drilling rigs, our projects such as conversions and specialised shipbuilding are bolstering Keppel Offshore & Marine's performance.
14. We are also winning customers for more diversified and specialised solutions such as FLNG conversions, liftboats as well as ice-class vessels which will position us to capture more value.
15. Work is advancing well for the Hilli with Golar, which is the world's first-of-its-type conversion of an existing Moss LNG carrier into a Floating Liquefaction Vessel. We will commence work on GIMI, the second conversion project from Golar once we receive the expected notice to proceed by the end of the year. The third conversion project, Gandria, remains on track with feed study being carried out for potential deployment in Equatorial Guinea with Ophir. Golar has also initiated talks with Keppel Shipyard for the fourth conversion project with a delivery in early 2019.
16. Keppel Offshore & Marine has a net orderbook year-to-date which stands at \$10 billion, giving us visibility to 2020. We will be delivering six jackups in 4Q2015 for Grupo R, Falcon Energy, Energy Arabian Drilling Co and Perforadora Central.
17. In the current challenging environment, we have acceded prudently to requests for slightly later delivery of three jackups, two for Grupo R and the other for Parden Holdings, from 2015 to early next year.
18. To be prepared for a possibly longer winter, we are also hunkering down in our O&M business, rightsizing our operations and resources. We have considerable flexibility in our workforce deployment with our contract workers as well as overseas production yards. Our yards are still busy these next two years, but we are already trimming our overheads and making ourselves more efficient. We will continue to invest prudently in training, R&D and productivity improvements through the down cycle and get ourselves ready to seize opportunities when the upturn comes.
19. During the quarter, we entered into an agreement with Cameron International Corporation, to acquire Cameron's offshore rigs business, which comprises the LETOURNEAU™ jackup rig designs, rig kit business, and aftermarket services. We expect to conclude this by end of the year.
20. This opportune and strategic acquisition will not only broaden our suite of jackup rig design offerings but also provide us with enhanced capabilities to service customers through the provision of expanded aftermarket sales and services.
21. With about 100 LETOURNEAU™ rigs currently operating around the world, many operators require servicing and repair of their rigs. Keppel will leverage its global network of yards to better meet these customers' needs.

Property

22. I will now move on to our Property business.
23. Across emerging Asia, the fundamentals for sustainable urbanisation remain sound despite the soft property market in certain cities.
24. Following the privatisation of Keppel Land, we have seen the contribution from the Property Division improve notably, bolstering the Group's performance. In the first nine months of 2015, our Property Division achieved a net profit of \$333 million, up 51% year-on-year. The additional interest acquired of Keppel Land has added \$127 million in Net Profit contribution to

the Group's bottom line so far this year. Interest cost related to the privatisation should be less than \$15 million for the full year. This is highly accretive to the Group.

25. Keppel Land sold 3,130 homes for the first nine months of this year. This is 66% higher compared to the same period last year and is more than the over 2,400 homes we sold for the whole of 2014.
26. In Singapore, the property market remains subdued due to the government's continuing property market cooling measures. Meanwhile, reflecting stronger buying sentiments in China, more than 70% of our homes sold were in China, in the cities of Shanghai, Chengdu and Tianjin. Residential sales in the country have been improving steadily since first quarter 2015 with the government relaxing various property tightening measures.
27. We are also seeing improved property sentiments in Vietnam, where we sold about 600 homes year-to-date, more than triple the 134 units we sold over the same period in 2014. This last weekend, we launched the final phase of Estella Heights in Ho Chi Minh City and sold 110 out of a total of 376 units in a special preview. The Saigon Centre Phase 2 retail podium, also in Ho Chi Minh City, is already about 85% pre-committed and we look forward to its opening in the second half of 2016.
28. Over in Jakarta, Indonesia, we topped off another commercial development, International Financial Centre Jakarta Tower Two (IFC 2) in August. Ahead of its completion in the first quarter of 2016, IFC 2 has secured tenants such as Servcorp, Tokio Marine, Grant Thornton and Rintis.
29. The 48-storey state-of-the-art Tower Two, offering 50,200 sm of prime Grade A office space, will meet the growing needs of multinational and local corporations in Jakarta's central business district. IFC 2 is the first project in Indonesia to be conferred the highest Green Mark Platinum Award by the Building and Construction Authority of Singapore (BCA).
30. Participating in the continuing growth of Myanmar, we have launched the new wing of Sedona Hotel Yangon, adding 431 rooms to its current total of 366 rooms.
31. Keppel Land will be nimble to capture opportunities which present themselves in a softening market. From proceeds obtained from the sale of its one-third shareholding interest in Marina Bay Financial Centre Tower 3, some \$616 million has been reinvested in new residential and commercial projects. Our expanding portfolio comprises more than 16,000 launch-ready homes and total commercial GFA of some 843,737 square metres under development.
32. We are also steadily growing our property fund management business through Keppel REIT and Alpha, which have a combined AUM of \$18.7 billion. Keppel REIT strengthened its portfolio in Australia, topping off the 100% pre-committed Old Treasury Building Office Tower in Perth and acquiring three prime retail units at 8 Exhibition Street in Melbourne.
33. Alpha Asia Macro Trends Fund II has acquired a portfolio of retail properties in Singapore located in established suburban locations comprising a total net lettable area of 246,000 sq ft. In this quarter, Alpha divested two commercial buildings in Singapore and Tokyo, and one logistics centre in Korea.
34. Separately, BVK, Germany's largest pension fund, has just awarded a Euro 500m separate account mandate to Alpha Investment Partners to be their manager for their Core strategy in Asia.

Infrastructure

35. We remain committed to grow our Infrastructure Division into a stable contributor to the Group's bottom line.
36. The Division's net profit of \$160 million for the first nine months was higher, compared to \$105 million a year ago, mainly due to gains from the injection of our 51% stake in Keppel Merlimau Cogen into Keppel Infrastructure Trust.

37. We have successfully handed over both phases of the Greater Manchester EfW Plant. The Doha North project will achieve significant completion this year. Following this, we look forward to commencing the operating and maintenance of the Doha North facility for a period of 10 years, which will add stability to income contributions from Keppel Infrastructure while it looks for new opportunities to design, build, own and operate its own assets.
38. Meanwhile, Keppel Telecommunications & Transportation (Keppel T&T) inaugurated its distribution centre in Vietnam, as well as announced plans to develop its fourth data centre in Singapore. The company's purpose-built data centre facility in the Netherlands, Almere 2, has also commenced operations on schedule in September.
39. As these new data centres ramp up, they will augment our portfolio of high quality assets adding stability to income from the Infrastructure Division. Looking ahead, Keppel T&T will continue seeking opportunities to develop such assets as well as explore the possibility of collaborating with like-minded investors.
40. The development of our infrastructure fund management arms is also picking up steadily. Keppel DC REIT made its first acquisition in less than six months from its successful IPO in December 2014, adding Intellicentre 2 in Sydney to its portfolio of quality data centres.
41. Keppel Infrastructure Trust (KIT) has also just completed a full quarter of operations following the combination with CitySpring and acquisition of a 51% interest in Keppel Merlimau Cogen.
42. Together, the value of assets managed by Keppel DC REIT and KIT has more than tripled, reaching \$5.4 billion at end-September 2015, from \$1.6 billion at the end of 2014.

Investments

43. Next, I will provide some updates on our investments.
44. Following the subscription to the Rights Issue of KrisEnergy, our shareholding in the company has increased to 40.2%.
45. Over the last quarter, k1 Ventures sold the US childcare operating business owned by Knowledge Universe Education for good returns to shareholders. k1 Ventures will continue to actively manage its existing investments with the goal to monetise them when appropriate and distribute surplus cash to drive shareholder value.

Harnessing core strengths

46. A downturn can either be the worst of times or the best time to strengthen one's capabilities. For Keppel, it presents the opportunity to build a long-term sustainable, competitive position for the Group as we posture ourselves for future growth.
47. As a Group, we are melding together our fortes to create better opportunities and a more conducive environment for collaboration across business units.
48. We are a leader in technology and innovation with the ability to create quality products and assets tailored to our customers' needs. We are able to execute on our business plans and developments with precision, through strong engineering and project management capabilities. We have also honed solid expertise in the operating and maintenance of the products and assets that we create. Keppel has a long history of successful capital management of its portfolio of businesses as well as growing successful fund management businesses.
49. Conglomerates tend to perform well through crises due to their access to capital and the ability to invest when times are tough. With the privatisation of Keppel Land, our corporate structure has been simplified. We now have greater flexibility to deploy resources across our key business verticals, manage our capital and invest sensibly in the best interests of the Group's long-term growth.

50. I am confident that we are well placed not only to seize opportunities for the best possible returns but also apply our unique blend of strengths to draw synergy and capture value from all parts of Keppel.

Capturing value

51. The world is undergoing the largest wave of urban growth in history. More than half of the world's population now lives in towns and cities, and by 2030 this number will swell to about 5 billion.
52. Our Offshore & Marine, Property, Infrastructure and Investments divisions are already meeting people's needs for energy, a clean urban environment, urban living and connectivity. Anchored on our multi-business strategy, and Keppel's distinct combination of strengths, we are configured to provide competitive solutions and services for sustainable urbanisation.
53. In addition to providing turnkey solutions, we are also capable of creating quality assets across our business lines that can generate stable cash flows for the Group over a longer period. These range from office buildings to data centres and power and waste-to-energy plants, as well as midstream assets such as FLNG vessels which may be chartered for 10 to 20 years at time.
54. Such assets can be created either from green or brown fields. We can then own, manage and operate the assets, stabilise and de-risk them, before monetising them. Our goal is to capture value at every step of the way, from the time we create an asset till even after we inject it into a trust or fund that we own.
55. As demonstrated, we have created an efficient eco-system for capital recycling with established vehicles in place to support asset creation by our key verticals. There will also be fees that we can continue to earn along the way, such as for asset management, operations and maintenance, and facilities and property management. All of these add to our bottom line in a sustainable way.

Recurring income

56. For the first nine months of 2015, recurring income contributed \$293 million or about 26% of the Group's total net profit. Recurring income contributed a similar percentage of the Group's profit for the first nine months of 2014. Through the business model that I have just discussed, we aim to continue growing contributions from recurring income to improve the overall quality and stability of our earnings.
57. I shall now let our CFO, Hon Chew, take you through a review of the Group's financial performance. Thank you.

KEPPEL CORPORATION LIMITED

Third Quarter and Nine Months 2015 Financial Statements

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2015.

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

	Note	Third Quarter			Nine Months		
		30.9.2015 \$'000	30.9.2014 \$'000	+/ %	30.9.2015 \$'000	30.9.2014 \$'000	+/ %
Revenue		2,439,769	3,184,784	-23.4	7,816,828	9,357,729	-16.5
Materials & subcontract costs	(i)	(1,535,320)	(2,238,697)	-31.4	(5,258,175)	(6,441,553)	-18.4
Staff costs	(ii)	(390,605)	(413,475)	-5.5	(1,245,858)	(1,246,349)	-
Depreciation & amortisation		(55,153)	(67,550)	-18.4	(185,396)	(195,869)	-5.3
Other operating (expenses)/income	(iii)	(88,263)	100,157	NM	55,497	(26,617)	NM
Operating profit		370,428	565,219	-34.5	1,182,896	1,447,341	-18.3
Investment income		7,010	6,516	+7.6	12,983	8,170	+58.9
Interest income		37,420	36,281	+3.1	88,221	104,428	-15.5
Interest expenses	(iv)	(47,032)	(27,126)	+73.4	(114,317)	(81,601)	+40.1
Share of results of associated companies	(v)	101,483	61,632	+64.7	252,868	249,107	+1.5
Profit before tax		469,309	642,522	-27.0	1,422,651	1,727,445	-17.6
Taxation	1b	(96,963)	(105,124)	-7.8	(266,300)	(326,037)	-18.3
Profit for the period		372,346	537,398	-30.7	1,156,351	1,401,408	-17.5
Attributable to:							
Shareholders of the Company		362,897	414,188	-12.4	1,119,841	1,158,900	-3.4
Non-controlling interests		9,449	123,210	-92.3	36,510	242,508	-84.9
		372,346	537,398	-30.7	1,156,351	1,401,408	-17.5
Earnings per ordinary share							
- basic		20.0 cts	22.9 cts	-12.7	61.7 cts	63.9 cts	-3.4
- diluted		20.0 cts	22.6 cts	-11.5	61.4 cts	63.2 cts	-2.8

NM – Not Meaningful

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Third Quarter			Nine Months		
		30.9.2015 \$'000	30.9.2014 \$'000	+/- %	30.9.2015 \$'000	30.9.2014 \$'000	+/- %
Share-based payment expenses		17,907	7,775	+130.3	38,403	40,472	-5.1
Profit on sale of fixed assets and investment property	(vi)	(1,084)	(93,715)	-98.8	(2,511)	(94,865)	-97.4
Profit on sale of investments (Write-back)/Provision	(vii)	-	(1,469)	NM	(49,605)	(13,809)	+259.2
- Stocks & work-in-progress		(23)	(176)	-86.9	614	(1,450)	NM
- Doubtful debts		4,460	2,448	+82.2	5,389	1,971	+173.4
Fair value loss/(gain)							
- Investments	(viii)	18,327	(3,764)	NM	18,396	(6,761)	NM
- Forward contracts	(ix)	13,738	3,090	NM	28,372	11,985	+136.7
- Financial derivatives		(887)	4,413	NM	(4,257)	3,423	NM
Foreign exchange loss/(gain)	(x)	13,888	(2,032)	NM	24,094	(4,622)	NM
Gain associated with restructuring of operations and others	(xi)	(3,329)	-	NM	(58,427)	-	NM
Write-back of impairment of investments	(xii)	(23,860)	(23,716)	+0.6	(25,413)	(45,390)	-44.0
Gain on disposal of subsidiaries	(xiii)	-	-	NM	(218,770)	(6,924)	NM

NM – Not Meaningful

Note:

- (i) Materials & subcontract costs decreased mainly as a result of lower revenue from the Offshore & Marine Division and Infrastructure Division, partly offset by higher revenue from the Property Division.
- (ii) For 9M 2015, lower staff costs at Infrastructure Division were offset by higher staff costs at Property Division. For 3Q 2015, staff costs decreased due mainly to lower staff costs in the Offshore & Marine Division and Infrastructure Division, partly offset by higher staff costs in the Property Division.
- (iii) Other operating income for the nine months ended 30 September 2015 as compared to operating expenses for the same period last year was due mainly to higher profit on sale of investments (Note (vii)), gain associated with restructuring of operations and others (Note (xi)) and higher gain on disposal of subsidiaries (Note (xiii)), partially offset by lower profit on sale of fixed assets and investment property (Note (vi)), fair value loss on investments (Note (viii)), foreign exchange loss in the current period as compared to foreign exchange gain in the prior period (Note (x)) and lower write-back of impairment of investments (Note (xii)).
- (iv) Higher interest expense was mainly attributable to higher borrowings in the Offshore & Marine Division and project development companies in the Property Division.
- (v) Share of profits of associated companies was higher due mainly to higher contribution from associated companies in the Offshore & Marine Division and Investments Division, partially offset by lower contribution from the Property Division.

Keppel REIT carried out a valuation for the Old Treasury Building subsequent to its receipt of the Certificate of Practical Completion on 31 August 2015. The Group did not account for its share of the fair value gain in 3Q 2015 in accordance with its policy to revalue its investment properties on an annual basis. An update to the fair values of the Group's investment properties will be done at the end of the financial year.

- (vi) Profit on sale of fixed assets and investment property in the prior period was largely attributable to divestment of Equity Plaza in the Property Division.
- (vii) Profit on sale of investments was due to disposals of listed equities.

- (viii) Fair value loss (mark-to-market) on investment portfolio held for trading was due to drop in stock prices.
- (ix) Hedging differential on forward exchange contracts was due to elapse of time and fluctuations in interest rate.
- (x) Foreign exchange loss was mainly attributable to the revaluation of assets denominated in Azerbaijani Manat as a result of devaluation, partially offset by gain from revaluation of assets denominated in United States dollar, which appreciated against Singapore dollar.
- (xi) Gain associated with restructuring of operations and others arose mainly from the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust and the gain on change in interest in an associated company, partly offset by business combination loss on acquisition of additional interest in OWEC Tower.
- (xii) The write-back in the current period was in relation to write-back of impairment of investment in the Infrastructure Division. The write-back in the prior period was mainly in relation to the write-back of impairment of investments in the Investments Division.
- (xiii) Gain on disposal of subsidiaries in the current period arose mainly from the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd.
- 1b. Taxation expenses for the nine months ended 30 September 2015 were lower because of gains on sale of investments and restructuring which are not taxable and lower profits from companies in countries with higher tax rates.

1c. Earnings per ordinary share

	Third Quarter			Nine Months		
	30.9.2015	30.9.2014	+/-%	30.9.2015	30.9.2014	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	20.0 cts	22.9 cts	-12.7	61.7 cts	63.9 cts	-3.4
- Weighted average number of shares (excluding treasury shares) ('000)	1,814,542	1,814,985	-	1,814,542	1,814,985	-
(ii) On a fully diluted basis	20.0 cts	22.6 cts	-11.5	61.4 cts	63.2 cts	-2.8
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,825,297	1,832,924	-0.4	1,825,297	1,832,924	-0.4

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

	Note	Third Quarter			Nine Months		
		30.9.2015 \$'000	30.9.2014 \$'000	+/ %	30.9.2015 \$'000	30.9.2014 \$'000	+/ %
Profit for the period		372,346	537,398	-30.7	1,156,351	1,401,408	-17.5
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the period	(i)	(33,426)	(30,702)	+8.9	(25,018)	(33,009)	-24.2
- Realised and transferred to profit & loss account	(ii)	(3,359)	(1,384)	+142.7	(41,981)	(10,525)	+298.9
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(iii)	(313,862)	(116,460)	+169.5	(400,716)	(56,421)	NM
- Realised and transferred to profit & loss account	(iv)	31,515	(10,259)	NM	135,719	(22,546)	NM
Foreign exchange translation							
- Exchange differences arising during the period	(v)	65,053	77,659	-16.2	114,354	(10,808)	NM
- Realised and transferred to profit & loss account		(126)	(3,406)	-96.3	11,513	(4,537)	NM
Share of other comprehensive income of associated companies							
- Available-for-sale assets		4,118	(645)	NM	5,606	(1,486)	NM
- Cash flow hedges		8,376	11,762	-28.8	26,495	16,849	+57.2
- Foreign exchange translation		5,349	1,907	+180.5	(17,652)	17,065	NM
Other comprehensive income for the period, net of tax		(236,362)	(71,528)	+230.4	(191,680)	(105,418)	+81.8
Total comprehensive income for the period		135,984	465,870	-70.8	964,671	1,295,990	-25.6
Attributable to:							
Shareholders of the Company		109,937	300,131	-63.4	889,841	1,053,923	-15.6
Non-controlling interests		26,047	165,739	-84.3	74,830	242,067	-69.1
		135,984	465,870	-70.8	964,671	1,295,990	-25.6

NM – Not Meaningful

Note:

- (i) Fair value changes were attributable to movements in quoted prices of available-for-sale assets.
- (ii) These represented fair value changes on available-for-sale assets, which were transferred to profit & loss account upon realisation.
- (iii) Fair value differences were due mainly to the hedging differential on forward exchange contracts, which were largely entered to hedge exposures against United States dollar. The fair value loss was as a result of the hedge rate being lower than the spot rate.
- (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 gains for 3Q 2015 and nine months in 2015 arose largely from the strengthening of United States dollar and Renminbi against the Singapore dollar.

The translation gains for 3Q 2014 arose largely from the strengthening of United States dollar and Renminbi against the Singapore dollar, while the translation losses for nine months in 2014 is largely from the weakening of Euro against the Singapore dollar, partly offset by the translation gains from the strengthening of United States dollar against the Singapore dollar.

3. BALANCE SHEETS as at 30 September

	Group		Company	
	30.9.2015 \$'000	31.12.2014 \$'000	30.9.2015 \$'000	31.12.2014 \$'000
Share capital	1,288,394	1,287,595	1,288,394	1,287,595
Treasury shares	(49,173)	(48,665)	(49,173)	(48,665)
Reserves	9,462,775	9,141,832	4,674,013	4,591,571
Share capital & reserves	10,701,996	10,380,762	5,913,234	5,830,501
Non-controlling interests	984,565	4,346,879	–	–
Capital employed	11,686,561	14,727,641	5,913,234	5,830,501
Represented by:				
Fixed assets	2,792,741	2,673,015	1,542	694
Investment properties	2,330,518	1,987,515	–	–
Subsidiaries	–	–	8,098,505	5,067,567
Associated companies	5,667,298	4,988,444	–	–
Investments	326,386	358,366	–	–
Long term assets	241,067	258,397	407	321
Intangibles	102,260	101,732	–	–
	11,460,270	10,367,469	8,100,454	5,068,582
Current assets				
Stocks & work-in-progress in excess of related billings	11,032,942	10,681,123	–	–
Amounts due from:				
- subsidiaries	–	–	2,062,188	4,100,374
- associated companies	611,810	630,552	1,333	471
Debtors	3,488,954	2,509,589	120,834	26,288
Short term investments	238,727	371,451	–	–
Bank balances, deposits & cash	1,777,093	5,736,001	2,515	2,308
	17,149,526	19,928,716	2,186,870	4,129,441
Assets classified as held for sale	–	1,258,640	–	–
	17,149,526	21,187,356	2,186,870	4,129,441
Current liabilities				
Creditors	5,647,000	5,432,754	888,102	492,168
Billings on work-in-progress in excess of related costs	2,159,799	2,397,376	–	–
Provisions	106,764	149,526	–	–
Amounts due to:				
- subsidiaries	–	–	1,107,600	1,004,570
- associated companies	449,410	137,188	38,362	–
Term loans	1,514,177	1,795,635	758,636	290,511
Taxation	366,796	462,699	21,220	14,000
	10,243,946	10,375,178	2,813,920	1,801,249
Liabilities directly associated with assets classified as held for sale	–	450,017	–	–
	10,243,946	10,825,195	2,813,920	1,801,249
Net current assets/(liabilities)	6,905,580	10,362,161	(627,050)	2,328,192
Non-current liabilities				
Term loans	6,291,788	5,586,908	1,500,000	1,500,000
Deferred taxation	277,561	266,412	–	–
Other non-current liabilities	109,940	148,669	60,170	66,273
	6,679,289	6,001,989	1,560,170	1,566,273
Net assets	11,686,561	14,727,641	5,913,234	5,830,501
<i>Group net debt</i>	6,028,872	1,646,542	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	0.52x	0.11x	<i>n.a.</i>	<i>n.a.</i>

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 30.9.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
86,894	1,427,283	123,234	1,672,401

(ii) Amount repayable after one year

As at 30.9.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,164,054	5,127,734	915,945	4,670,963

(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 \$2,577,784,000 (31 December 2014: \$2,704,286,000) to banks for loan facilities.

3b. Net asset value

	Group			Company		
	30.9.2015	31.12.2014	+/-%	30.9.2015	30.9.2014	+/-%
Net asset value per ordinary share *	\$5.91	\$5.73	+3.1	\$3.26	\$3.22	+1.2
Net tangible asset per ordinary share *	\$5.85	\$5.67	+3.2	\$3.26	\$3.22	+1.2

* Based on share capital of 1,811,124,895 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2014: 1,811,836,227 ordinary shares (excluding treasury shares)).

3c. Assets and liabilities classified as held for sale

On 18 November 2014, Keppel Energy Pte Ltd (KE), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of Keppel Infrastructure Trust ("KIT"), to divest 102 ordinary shares which represented 51% of the issued and paid-up share capital of Keppel Merlimau Cogen Pte Ltd (KMC) to KIT.

In accordance with FRS 105 – Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of KMC was presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" as at 31 December 2014.

The sale of 51% interest in KMC was successfully completed on 30 June 2015.

3d. Balance sheet analysis

Group shareholders' funds were \$10.70 billion at 30 September 2015, \$0.32 billion higher than the previous year end. The increase was mainly attributable to retained profits for the period ended 30 September 2015. In addition, the difference between non-controlling interests adjusted and the fair value of the consideration paid, arising from the privatisation of Keppel Land Limited was recognised in equity attributable to shareholders of the Company. This was partially offset by payment of final dividend of 36.0 cents per share in respect of financial year 2014 and interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2015, fair value loss on cash flow hedges and available-for-sale assets as well as fair value realised on disposal of available-for-sale assets. Non-controlling interest of \$0.98 billion were \$3.36 billion lower because of the privatization of Keppel Land Limited.

Group total assets of \$28.61 billion at 30 September 2015 were \$2.95 billion lower than the previous year end. Decrease in current assets was partially offset by increase in non-current assets. The decrease in current assets was due mainly to disposal of KMC and lower bank balances, deposits & cash, largely due to the privatisation of Keppel Land Limited and capital expenditure. This was partly offset by the increase in stocks & work-in-progress largely attributable to higher work-in-progress for the Offshore & Marine Division as well as higher level of debtors due mainly to higher billings from the Offshore & Marine Division and the Property Division. Non-current assets were higher due mainly to increase in investment properties from the acquisition of a freehold office building in London. In addition, the increase in associated companies was largely due to the recognition of KMC as an associated company following the sale of 51% interest under the Infrastructure Division as well as the additional investments and acquisitions in the Property Division.

Group total liabilities of \$16.92 billion at 30 September 2015 were \$0.10 billion higher than the previous year end. This was mainly due to increased bank borrowings for working capital requirements, operational capital expenditure and privatisation of Keppel Land Limited, offset by the derecognition of liabilities directly associated with KMC.

Group net debt increased by \$4.38 billion to \$6.03 billion at 30 September 2015.

4. STATEMENTS OF CHANGES IN EQUITY for the third quarter and nine months ended 30 September

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Transla- tion Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2015								
As at 1 January	1,287,595	(48,665)	(89,335)	9,422,754	(191,587)	10,380,762	4,346,879	14,727,641
Total comprehensive income for first half								
Profit for first half	–	–	–	756,944	–	756,944	27,061	784,005
Other comprehensive income *	–	–	6,101	–	16,859	22,960	21,722	44,682
Total comprehensive income for first half	–	–	6,101	756,944	16,859	779,904	48,783	828,687
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividends paid	–	–	–	(654,398)	–	(654,398)	–	(654,398)
Share-based payment	–	–	19,947	–	–	19,947	253	20,200
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(43,639)	(43,639)
Shares issued	799	–	(20)	–	–	779	–	779
Purchase of treasury shares	–	(4,956)	–	–	–	(4,956)	–	(4,956)
Treasury shares reissued pursuant to share plans and share option scheme	–	48,597	(40,664)	–	–	7,933	–	7,933
Cash subscribed by non-controlling shareholders	–	–	1,388	–	–	1,388	3,738	5,126
Contributions to defined benefits plans	–	–	1,577	–	–	1,577	451	2,028
Total contributions by and distributions to owners	799	43,641	(17,772)	(654,398)	–	(627,730)	(39,197)	(666,927)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of subsidiaries	–	–	–	–	–	–	1,224	1,224
Acquisition of additional interest in a subsidiary	–	–	(4,976)	296,567	–	291,591	(3,282,199)	(2,990,608)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(7,414)	(7,414)
Total change in ownership interests in subsidiaries	–	–	(4,976)	296,567	–	291,591	(3,288,389)	(2,996,798)
Total transactions with owners	799	43,641	(22,748)	(357,831)	–	(336,139)	(3,327,586)	(3,663,725)
As at 30 June	1,288,394	(5,024)	(105,982)	9,821,867	(174,728)	10,824,527	1,068,076	11,892,603

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

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Transla- tion Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2015								
Total comprehensive income for third quarter								
Profit for third quarter	-	-	-	362,897	-	362,897	9,449	372,346
Other comprehensive income *	-	-	(306,802)	-	53,842	(252,960)	16,598	(236,362)
Total comprehensive income for third quarter	-	-	(306,802)	362,897	53,842	109,937	26,047	135,984
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividends paid	-	-	-	(218,081)	-	(218,081)	-	(218,081)
Share-based payment	-	-	17,676	-	-	17,676	53	17,729
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(13,541)	(13,541)
Purchase of treasury shares	-	(44,411)	-	-	-	(44,411)	-	(44,411)
Treasury shares reissued pursuant to share plans and share option scheme	-	262	(80)	-	-	182	-	182
Cash subscribed by non-controlling shareholders	-	-	19	-	-	19	1,737	1,756
Contributions to defined benefits plans	-	-	16	-	-	16	15	31
Total contributions by and distributions to owners	-	(44,149)	17,631	(218,081)	-	(244,599)	(11,736)	(256,335)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in a subsidiary	-	-	(68)	12,199	-	12,131	(97,822)	(85,691)
Total change in ownership interests in subsidiaries	-	-	(68)	12,199	-	12,131	(97,822)	(85,691)
Total transactions with owners	-	(44,149)	17,563	(205,882)	-	(232,468)	(109,558)	(342,026)
As at 30 September	1,288,394	(49,173)	(395,221)	9,978,882	(120,886)	10,701,996	984,565	11,686,561

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

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

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2014							
As at 1 January	1,205,877	500,753	8,301,117	(306,566)	9,701,181	3,987,682	13,688,863
Total comprehensive income for first half							
Profit for first half	–	–	744,712	–	744,712	119,298	864,010
Other comprehensive income *	–	40,913	–	(31,833)	9,080	(42,970)	(33,890)
Total comprehensive income for first half	–	40,913	744,712	(31,833)	753,792	76,328	830,120
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividends paid	–	–	(544,887)	–	(544,887)	–	(544,887)
Share-based payment	–	31,836	–	–	31,836	904	32,740
Dividend paid to non-controlling shareholders	–	–	–	–	–	(120,082)	(120,082)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	5,132	5,132
Shares issued	72,887	(46,499)	–	–	26,388	–	26,388
Other adjustments	–	–	10	–	10	–	10
Total contributions by and distributions to owners	72,887	(14,663)	(544,877)	–	(486,653)	(114,046)	(600,699)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of subsidiaries	–	–	–	–	–	3,737	3,737
Acquisition of additional interest in a subsidiary	–	(2,053)	–	–	(2,053)	(1,707)	(3,760)
Disposal of interest in subsidiaries	–	–	–	–	–	(5,806)	(5,806)
Total change in ownership interests in subsidiaries	–	(2,053)	–	–	(2,053)	(3,776)	(5,829)
Total transactions with owners	72,887	(16,716)	(544,877)	–	(488,706)	(117,822)	(606,528)
As at 30 June	1,278,764	524,950	8,500,952	(338,399)	9,966,267	3,946,188	13,912,455

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

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
2014							
Total comprehensive income for third quarter							
Profit for third quarter	–	–	414,188	–	414,188	123,210	537,398
Other comprehensive income *	–	(154,137)	–	40,080	(114,057)	42,529	(71,528)
Total comprehensive income for third quarter	–	(154,137)	414,188	40,080	300,131	165,739	465,870
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Dividends paid	–	–	(218,019)	–	(218,019)	–	(218,019)
Share-based payment	–	6,922	–	–	6,922	779	7,701
Dividend paid to non-controlling shareholders	–	–	–	–	–	(71,228)	(71,228)
Cash subscribed by non-controlling shareholders	–	–	–	–	–	7,064	7,064
Shares issued	4,616	(158)	–	–	4,458	–	4,458
Total contributions by and distributions to owners	4,616	6,764	(218,019)	–	(206,639)	(63,385)	(270,024)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of additional interest in a subsidiary	–	(2,468)	–	–	(2,468)	(1,252)	(3,720)
Total change in ownership interests in subsidiaries	–	(2,468)	–	–	(2,468)	(1,252)	(3,720)
Total transactions with owners	4,616	4,296	(218,019)	–	(209,107)	(64,637)	(273,744)
As at 30 September	1,283,380	375,109	8,697,121	(298,319)	10,057,291	4,047,290	14,104,581

* 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
2015					
As at 1 January	1,287,595	(48,665)	191,294	4,400,277	5,830,501
Profit / Total comprehensive income for first half	–	–	–	874,740	874,740
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(654,398)	(654,398)
Share-based payment	–	–	17,687	–	17,687
Shares issued	799	–	(20)	–	779
Purchase of treasury shares	–	(4,956)	–	–	(4,956)
Treasury shares reissued pursuant to share plans and share option scheme	–	48,597	(40,664)	–	7,933
Total transactions with owners	799	43,641	(22,997)	(654,398)	(632,955)
As at 30 June	1,288,394	(5,024)	168,297	4,620,619	6,072,286
Profit / Total comprehensive income for third quarter	–	–	–	86,494	86,494
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(218,081)	(218,081)
Share-based payment	–	–	16,764	–	16,764
Purchase of treasury shares	–	(44,411)	–	–	(44,411)
Treasury shares reissued pursuant to share plans and share option scheme	–	262	(80)	–	182
Total transactions with owners	–	(44,149)	16,684	(218,081)	(245,546)
As at 30 September	1,288,394	(49,173)	184,981	4,489,032	5,913,234
2014					
As at 1 January	1,205,877	–	188,432	4,300,590	5,694,899
Profit / Total comprehensive income for first half	–	–	–	805,451	805,451
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(544,887)	(544,887)
Share-based payment	–	–	30,280	–	30,280
Shares issued	72,887	–	(46,499)	–	26,388
Other adjustments	–	–	–	10	10
Total transactions with owners	72,887	–	(16,219)	(544,877)	(488,209)
As at 30 June	1,278,764	–	172,213	4,561,164	6,012,141
Profit / Total comprehensive income for third quarter	–	–	–	136,615	136,615
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(218,019)	(218,019)
Share-based payment	–	–	5,724	–	5,724
Shares issued	4,616	–	(158)	–	4,458
Total transactions with owners	4,616	–	5,566	(218,019)	(207,837)
As at 30 September	1,283,380	–	177,779	4,479,760	5,940,919

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	<u>Issued Share Capital</u>	<u>Treasury Shares</u>
As at 1 January 2015	1,817,768,227	5,932,000
Issue of shares under share option scheme	139,900	–
Issue of shares under restricted share plan and performance share plan	2,053	–
Treasury shares transferred pursuant to share option scheme	–	(1,357,730)
Treasury shares transferred pursuant to restricted share plan and performance share plan	–	(4,565,785)
Purchase of treasury shares	–	584,000
As at 30 June 2015	<u>1,817,910,180</u>	<u>592,485</u>
Treasury shares transferred pursuant to share option scheme	–	(30,500)
Treasury shares transferred pursuant to restricted share plan	–	(700)
Purchase of treasury shares	–	6,224,000
As at 30 September 2015	<u>1,817,910,180</u>	<u>6,785,285</u>

Issued share capital and treasury shares

Treasury shares

During the nine months ended 30 September 2015, the Company transferred 5,954,715 (30 September 2014: Nil) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 6,808,000 treasury shares (30 September 2014: Nil) during the period. As at 30 September 2015, the number of treasury shares held by the Company represented 0.37% (30 September 2014: Nil) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the nine months ended 30 September 2015.

Share options

As at 30 September 2015, there were unexercised options for 17,839,074 of unissued ordinary shares (30 September 2014: 20,126,904 ordinary shares) under the KCL Share Options Scheme. 1,528,130 options (30 September 2014: 4,412,811) were exercised during the period and 203,300 unexercised options (30 September 2014: 292,600) were cancelled in the nine months ended 30 September 2015.

KCL Performance Share Plan (“KCL PSP”)

As at 30 September 2015, the number of contingent shares granted but not released were 2,052,119 (30 September 2014: 1,748,725) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 3,078,179 under KCL PSP.

KCL Restricted Share Plan (“KCL RSP”)

As at 30 September 2015, the number of contingent shares granted but not released was 5,602,502 (30 September 2014: 4,712,345). Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 5,602,502 under KCL RSP.

As at 30 September 2015, the number of awards released but not vested was 4,280,204 (30 September 2014: 4,123,789) for KCL RSP.

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

Contingent awards:

Date of Grant	Number of shares					
	At 1.1.15	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.9.15
KCL PSP						
29.6.2012	616,606	–	(240,406)	(376,200)	–	–
28.3.2013	554,719	–	–	–	–	554,719
31.3.2014	577,400	–	–	–	–	577,400
31.3.2015	–	700,000	–	–	–	700,000
30.7.2015	–	220,000	–	–	–	220,000
	1,748,725	920,000	(240,406)	(376,200)	–	2,052,119
KCL RSP						
31.3.2014	4,639,784	–	–	(4,585,541)	(54,243)	–
31.3.2015	–	4,863,286	–	–	(50,387)	4,812,899
30.7.2015	–	789,603	–	–	–	789,603
	4,639,784	5,652,889	–	(4,585,541)	(104,630)	5,602,502

Awards released but not vested:

Date of Grant	Number of shares					
	At 1.1.15	Released	Vested	Cancelled	Other adjustments	At 30.9.15
KCL PSP						
29.6.2012	–	376,200	(323,400)	–	(52,800)	–
	–	376,200	(323,400)	–	(52,800)	–
KCL RSP						
29.6.2012	1,275,274	–	(1,272,168)	(3,106)	–	–
28.3.2013	2,718,166	–	(1,364,385)	(20,019)	–	1,333,762
31.3.2014	–	4,585,541	(1,608,585)	(30,514)	–	2,946,442
	3,993,440	4,585,541	(4,245,138)	(53,639)	–	4,280,204

4d. Capital reserves

	Group		Company	
	30.9.2015 \$'000	30.9.2014 \$'000	30.9.2015 \$'000	30.9.2014 \$'000
Share option and share plan reserve	204,954	198,587	180,312	177,779
Fair value reserve	41,294	144,479	–	–
Hedging reserve	(755,227)	(64,382)	–	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Others	73,758	56,425	4,669	–
	(395,221)	375,109	184,981	177,779

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

	Note	Third Quarter		Nine Months	
		30.9.2015 \$'000	30.9.2014 \$'000	30.9.2015 \$'000	30.9.2014 \$'000
OPERATING ACTIVITIES					
Operating profit		370,428	565,219	1,182,896	1,447,341
Adjustments:					
Depreciation and amortisation		55,153	67,550	185,396	195,869
Share-based payment expenses		17,907	7,775	38,403	40,472
Profit on sale of investments		–	(1,469)	(49,605)	(13,809)
Profit on sale of fixed assets and investment property		(1,084)	(93,715)	(2,511)	(94,865)
Write-back of impairment of investments		(23,860)	(23,716)	(25,413)	(45,390)
Gain on disposal of subsidiaries		–	–	(218,770)	(6,924)
Write-back of provision for restructuring of operations and others		(3,329)	–	(58,427)	–
Operational cash flow before changes in working capital		415,215	521,644	1,051,969	1,522,694
Working capital changes:					
Stocks & work-in-progress		(573,713)	(1,069,012)	(703,552)	(1,614,488)
Debtors		(13,481)	365,250	(937,168)	(579,795)
Creditors		(495,934)	403,614	(273,471)	207,179
Investments		55,537	3,785	137,468	(47,580)
Advances to associated companies		274,520	(8,914)	329,755	369,694
Interest received		37,420	216,367	(394,999)	(142,296)
Interest paid		(47,032)	36,281	88,221	104,428
Income taxes paid, net of refunds received		(119,426)	(27,126)	(114,317)	(81,601)
Net cash (used in)/from operating activities		(466,894)	85,026	(738,427)	(476,918)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	–	–	(2,559)	(224,029)
Acquisition and further investment in associated companies		(153,263)	(61,537)	(549,867)	(87,540)
Acquisition of fixed assets and investment properties		(117,375)	(156,840)	(639,738)	(430,422)
Disposal of subsidiaries	5b	–	–	1,248,946	37,793
Proceeds from disposal of fixed assets and investment property		2,106	555,029	3,676	561,015
Proceeds from disposal of associated companies and return of capital		368	6,941	368	8,941
Dividends received from investments and associated companies		78,440	150,167	240,805	319,003
Net cash (used in)/from investing activities		(189,724)	493,760	301,631	184,761
FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiaries		(84,863)	(3,720)	(3,046,645)	(7,480)
Proceeds from share issues		–	4,458	779	30,846
Proceeds from share options exercised with issue of treasury shares		182	–	8,115	–
Purchase of treasury shares		(44,411)	–	(49,367)	–
Proceeds from non-controlling shareholders of subsidiaries		1,756	7,064	6,882	12,196
Proceeds from term loans		433,479	383,798	1,649,120	811,100
Repayment of term loans		(46,327)	(328,990)	(1,213,657)	(676,816)
Dividend paid to shareholders of the Company		(218,081)	(218,019)	(872,479)	(762,906)
Dividend paid to non-controlling shareholders of subsidiaries		(13,541)	(71,228)	(57,180)	(191,310)
Net cash from/(used in) financing activities		28,194	(226,637)	(3,574,432)	(784,370)
Net (decrease)/increase in cash and cash equivalents		(628,424)	352,149	(4,011,228)	(1,076,527)
Cash and cash equivalents as at beginning of period		2,335,310	4,121,736	5,712,351	5,557,601
Effects of exchange rate changes on the balance of cash held in foreign currencies		29,434	11,231	35,197	4,042
Cash and cash equivalents as at end of period	5c	1,736,320	4,485,116	1,736,320	4,485,116

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

During the financial period, the fair values of net assets of subsidiaries acquired were as follows:

	Third Quarter		Nine Months	
	30.9.2015 \$'000	30.9.2014 \$'000	30.9.2015 \$'000	30.9.2014 \$'000
Fixed assets	-	-	85	5,929
Intangible assets	-	-	3,245	-
Investment in associated company	-	-	-	14
Debtors and other assets	-	-	2,970	11,905
Bank balances and cash	-	-	2,433	792
Creditors	-	-	(3,381)	(4,338)
Bank borrowings	-	-	(222)	(2,414)
Current and deferred taxation	-	-	(763)	(96)
Total identifiable net assets at fair value	-	-	4,367	11,792
Non-controlling interest measured at non-controlling interests' proportionate share of the net assets	-	-	(1,224)	(3,737)
Amount previously accounted for as associated companies	-	-	(490)	(3,887)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	-	(219)
Goodwill arising from acquisition	-	-	2,339	1,472
Payment of deferred consideration for prior year's acquisition of a subsidiary	-	-	-	219,400
Total purchase consideration	-	-	4,992	224,821
Less: Bank balances and cash acquired	-	-	(2,433)	(792)
Cash flow on acquisition	-	-	2,559	224,029

Significant acquisition of subsidiaries during the nine months of the year mainly relates to acquisition of 75% interest in Array Real Estate Pte. Ltd. and acquisition of additional 50.1% interest in OWEC Tower (AS) increasing our interest to 100%.

For the nine months in the prior year, the Group acquired additional interest of 11% in Indo-Trans Keppel Logistics Vietnam Co., Ltd, increasing our interest to 51%. Payment of deferred consideration relates to Shanghai Jinju Real Estate Development Co. Ltd.

5b. Disposal of subsidiaries

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

	Third Quarter		Nine Months	
	30.9.2015 \$'000	30.9.2014 \$'000	30.9.2015 \$'000	30.9.2014 \$'000
Fixed assets	-	-	(1,141,882)	(731)
Investment properties	-	-	(21,592)	-
Investment in associated company	-	-	-	(26,980)
Stocks and work-in-progress	-	-	(27,843)	-
Debtors and other assets	-	-	(206,906)	(17,621)
Bank balances and cash	-	-	(240,637)	(40)
Creditors and other liabilities	-	-	210,928	928
Current and deferred taxation	-	-	187,940	9,652
Non-controlling interests deconsolidated	-	-	7,414	5,806
	-	-	(1,232,578)	(28,986)
Amount accounted for as associated company	-	-	(40,498)	50,722
Amount accounted for as amount owing from associated company	-	-	-	(52,645)
Net assets disposed of	-	-	(1,273,076)	(30,909)
Net profit on disposal	-	-	(218,770)	(6,924)
Realisation of foreign currency translation reserve and capital reserve	-	-	(10,053)	-
Sale proceeds	-	-	(1,501,899)	(37,833)
Less: Deferred proceeds received	-	-	12,316	-
Less: Bank balances and cash disposed	-	-	240,637	40
Cash flow on disposal	-	-	(1,248,946)	(37,793)

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

Significant disposals during the nine months in the prior year include the sale of entire interest in Berich Enterprises Limited.

5c. Cash and cash equivalents

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

	Third Quarter		Nine Months	
	30.9.2015 \$'000	30.9.2014 \$'000	30.9.2015 \$'000	30.9.2014 \$'000
Bank balances, deposits and cash	1,777,093	4,497,882	1,777,093	4,497,882
Bank overdrafts	-	-	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(40,773)	(12,766)	(40,773)	(12,766)
	1,736,320	4,485,116	1,736,320	4,485,116

5e. Cash flow analysis

(i) Third Quarter

Net cash used in operating activities for the quarter was \$467 million compared to the net cash from operating activities of \$85 million for the corresponding quarter last year. This was due mainly to lower operational cash inflow and higher working capital requirements.

Net cash used in investing activities for the quarter was \$190 million. This comprised principally the acquisitions and further investment in associated companies as well as other operational capex during the quarter.

Net cash from financing activities was \$28 million. This was due mainly to net proceeds of term loans, offset by the dividend of \$232 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the quarter.

(ii) Nine Months

Net cash used in operating activities for the nine months was \$738 million, \$261 million higher than that in the previous period. This was due mainly to lower operating profit and higher working capital requirements.

Net cash from investing activities was \$302 million. This was mainly attributable to the proceeds from the sale of KMC, partly offset by further investment in associated companies, acquisition of a freehold office building in London, capital expenditure on logistics warehouses and data centres in the Infrastructure Division and other operational capex. Dividend income amounted to \$241 million.

Net cash used in financing activities was \$3,574 million compared to \$784 million in the previous period, mainly attributable to the acquisition of additional shareholding in Keppel Land Limited. Dividend payment amounted to \$930 million.

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 2014.

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 2015. 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:

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014)
Improvements to FRSs (February 2014)

The adoption of the above amended FRS did not have any significant impact on the financial statements of the Group.

10. REVIEW OF GROUP PERFORMANCE

(i) Third Quarter

Group revenue for 3Q2015 of \$2,440 million was \$745 million or 23% below that of 3Q2014. Revenue from the Offshore & Marine Division declined \$788 million to \$1,411 million because of a lower volume of work and deferment of some projects. Revenue from the Property Division improved by \$268 million to \$487 million mainly from higher revenue from China and Vietnam partly offset by lower revenue from Singapore. The Infrastructure Division's revenue was lower by \$226 million to \$536 million resulting from a drop in revenue from the power and gas business, lower revenue from the Engineering, Procurement and Construction ("EPC") projects, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

Group pre-tax profit for 3Q2015 decreased by \$172 million or 27% from \$642 million to \$470 million. Pre-tax profit of the Offshore & Marine Division dropped by \$153 million to \$206 million. Lower operating results and net interest income were partially offset by an increase in share of associated companies' profits. Pre-tax profit of Property Division of \$200 million for 3Q2015 is comparable to that of 3Q2014. Pre-tax profit of the Infrastructure Division was \$43 million for the current quarter as compared to \$54 million for the same quarter in 2014 due mainly to the lower contribution from the gas to power business. Pre-tax profit of the Investments Division is lower at \$21 million compared to \$31 million for the same quarter in 2014.

Tax expenses decreased by \$8 million because of lower taxable profits as well as lesser profits from companies in countries with higher tax rates in the current quarter. Non-controlling interests fell by \$113 million mainly from lower non-controlling interests in Keppel Land Limited. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 3Q2015 was \$363 million, 12% below the same quarter in the previous year. Earnings per share was 20.0 cents.

(ii) Nine Months

Group net profit for the nine months ended 30 September 2015 was \$1,120 million as compared to \$1,159 million for the same period in 2014. Earnings per share decreased by 3% to 61.7 cents. Annualised return on equity was 13.6% and Economic Value Added decreased by \$576 million to \$456 million.

Group revenue of \$7,817 million for the nine months to-date was \$1,541 million or 16% below that of the corresponding period in 2014. Revenue from the Offshore & Marine Division declined by \$1,262 million to \$4,918 million due to lower volume of work and deferment of some projects. Major jobs completed and delivered in the nine months include six jack-up rigs, an accommodation semi, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. Revenue from the Property Division increased by \$349 million to \$1,245 million mainly from higher revenue from China and Vietnam partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division contracted by \$665 million to \$1,594 million as a result of a drop in revenue recorded by the gas to power business from lower prices and volume, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

At the pre-tax level, Group profit was down by \$304 million or 18% to \$1,423 million from that of the corresponding period in 2014. Offshore & Marine Division reported a \$330 million drop in pre-tax profit to \$678 million. Lower operating results and higher interest expenses were partially offset by higher share of associated companies' profits. Pre-tax profit from the Property Division of \$454 million was \$35 million or 7% below that for the corresponding period in 2014. This is due mainly to lower contribution from Singapore property trading, reduction in share of associated companies profits and higher net interest expense. There were also divestment gains from disposals of Equity Plaza and Prudential Tower in 3Q2014. Pre-tax profit of the Infrastructure Division was \$193 million for the current period as compared to \$149 million for the same period in 2014. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the reduced contribution from the power and gas business. Pre-tax profit of the Investments Division was up by \$17 million to \$98 million from higher gain from sale of investments and higher share of associated companies' profits.

Taxation expenses declined by \$60 million or 18% due mainly to lower taxable profits as well as lesser profits from companies in countries with higher tax rates. Non-controlling interests decreased by \$205 million due mainly to the lower minority shareholdings in Keppel Land Limited as a result of the privatisation. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,120 million, down \$39 million or 3% from \$1,159 million last year. Offshore & Marine Division was the largest contributor to Group net profit with 48% share, followed by the Property Division's 30%, Infrastructure Division's 14% and the Investments Division's at 8%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured \$1.7 billion of new orders to date. Its net order book stands at \$10.0 billion, with deliveries extending into 2020. The environment remains challenging with lower oil prices, reduction in global E&P expenditure and oversupply of oil rigs. However, the healthy net order book will keep the yards busy up to 2016. The Division will focus on niche markets in which there is still good demand.

The Property Division sold about 3,130 homes in the first nine months of 2015, comprising about 2,230 in China, 600 in Vietnam, 155 in Singapore and 120 in Indonesia. This is higher than the 1,890 homes sold in the same period last year. The improvement is mainly attributable to China and Vietnam. Total assets under management by Keppel REIT and Alpha stood at \$18.7 billion as at end-September 2015. Keppel REIT's office buildings both in Singapore and Australia continue to maintain high occupancy level of 98.5% as at end-September 2015. The Division will remain focused on strengthening its presence in its core and growth markets, seeking opportunities to unlock value and recycle capital as well as growing its fund management business for a sustainable recurring income stream.

In the Infrastructure Division, Keppel Infrastructure ("KI") will remain focused on its power and gas, as well as its other energy-related infrastructure businesses. The disposal of 51% interest in the Keppel Merlimau Cogen Pte Ltd to Keppel Infrastructure Trust allows KI to recycle capital to pursue new growth opportunities. The electricity market is still expected to remain competitive but KI's integrated gas-to-power business platform will enable it to weather the challenges ahead through driving synergies and value creation across its diversified portfolio as well as pursuing strategic infrastructure projects. Keppel Telecommunications & Transportation will continue to develop both logistics and data centre businesses locally and overseas. It will also focus on growing a portfolio of quality data centre assets for injection into Keppel DC REIT. Total assets under management by Keppel DC REIT are about \$1.1 billion as at end-September 2015.

The Group will continue to execute its multi-business strategy, relying on its core strengths and build on what it has been doing successfully while being agile to seize new opportunities.

13. DIVIDEND

13a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No

13b. Corresponding Period of the Immediately Preceding Financial Year

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

No

13c. Date Payable

Not applicable

13d. Books Closure Date

Not applicable

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

No dividend is declared for the quarter ended 30 September 2015.

Total cash distribution paid to shareholders in 2015 amounted to 48.0 cents per share. A tax exempt one-tier final dividend of 36.0 cents per share in respect of the year ended 31 December 2014 was paid on 6 May 2015 and a tax exempt one-tier interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2015 was paid on 13 August 2015.

14. SEGMENT ANALYSIS

Nine months ended 30 September 2015

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	4,918,011	1,245,131	1,594,140	59,546	–	7,816,828
Inter-segment sales	375	8,445	25,859	60,516	(95,195)	–
Total	4,918,386	1,253,576	1,619,999	120,062	(95,195)	7,816,828
Segment Results						
Operating profit	599,103	378,322	177,986	10,391	17,094	1,182,896
Investment income	1,726	10,685	–	572	–	12,983
Interest income	54,428	22,221	13,168	105,629	(107,225)	88,221
Interest expenses	(24,383)	(61,117)	(19,690)	(99,258)	90,131	(114,317)
Share of results of associated companies	47,388	103,530	21,381	80,569	–	252,868
Profit before tax	678,262	453,641	192,845	97,903	–	1,422,651
Taxation	(126,216)	(107,764)	(23,844)	(8,476)	–	(266,300)
Profit for the period	552,046	345,877	169,001	89,427	–	1,156,351
Attributable to:						
Shareholders of Company	541,818	332,754	159,714	85,555	–	1,119,841
Non-controlling interests	10,228	13,123	9,287	3,872	–	36,510
	552,046	345,877	169,001	89,427	–	1,156,351
Other Information						
Segment assets	10,135,447	16,524,229	3,046,507	6,061,495	(7,157,882)	28,609,796
Segment liabilities	8,305,825	7,314,580	1,922,577	6,538,135	(7,157,882)	16,923,235
Net assets	1,829,622	9,209,649	1,123,930	(476,640)	–	11,686,561
Investment in associated companies	542,503	3,416,251	937,926	770,618	–	5,667,298
Additions to non-current assets	151,882	497,212	430,496	110,015	–	1,189,605
Depreciation and amortisation	107,527	20,384	56,905	580	–	185,396
Geographical Information						
	<u>Singapore</u> \$'000	<u>Brazil</u> \$'000	Far East & Other ASEAN <u>Countries</u> \$'000	<u>Other</u> <u>Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales	5,412,566	822,981	1,112,396	468,885	–	7,816,828
Non-current assets	6,178,718	256,078	3,576,568	881,453	–	10,892,817

Nine months ended 30 September 2014

	<u>Offshore & Marine</u> \$'000	<u>Property</u> \$'000	<u>Infra- structure</u> \$'000	<u>Invest- ments</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
Revenue						
External sales	6,179,854	895,541	2,259,466	22,868	–	9,357,729
Inter-segment sales	28	11,883	39,308	57,576	(108,795)	–
Total	6,179,882	907,424	2,298,774	80,444	(108,795)	9,357,729
Segment Results						
Operating profit	911,183	324,200	161,005	39,449	11,504	1,447,341
Investment income	3,944	3,392	–	834	–	8,170
Interest income	70,133	20,624	923	109,244	(96,496)	104,428
Interest expenses	(8,696)	(27,401)	(35,709)	(94,787)	84,992	(81,601)
Share of results of associated companies	31,266	168,857	22,579	26,405	–	249,107
Profit before tax	1,007,830	489,672	148,798	81,145	–	1,727,445
Taxation	(211,484)	(87,170)	(31,736)	4,353	–	(326,037)
Profit for the period	796,346	402,502	117,062	85,498	–	1,401,408
Attributable to:						
Shareholders of Company	752,863	220,556	105,095	80,386	–	1,158,900
Non-controlling interests	43,483	181,946	11,967	5,112	–	242,508
	796,346	402,502	117,062	85,498	–	1,401,408
Other Information						
Segment assets	8,765,681	15,681,925	4,009,041	7,979,819	(6,117,027)	30,319,439
Segment liabilities	6,452,937	7,435,906	3,070,468	5,372,574	(6,117,027)	16,214,858
Net assets	2,312,744	8,246,019	938,573	2,607,245	–	14,104,581
Investment in associated companies	505,106	3,434,679	547,980	596,302	–	5,084,067
Additions to non-current assets	204,774	138,007	174,993	188	–	517,962
Depreciation and amortisation	105,267	12,573	77,679	350	–	195,869
Geographical Information						
	<u>Singapore</u> \$'000	<u>Brazil</u> \$'000	<u>Far East & Other ASEAN Countries</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales	6,805,507	1,249,401	781,157	521,664	–	9,357,729
Non-current assets	7,153,367	226,148	3,014,910	538,340	–	10,932,765

Note:

- The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Infrastructure, Property and Investments. Investments consist mainly of the Group's investments in KrisEnergy Limited, M1 Limited, k1 Ventures Limited and equities.
- Pricing of inter-segment goods and services is at fair market value.
- Other than Singapore and Brazil, no single country accounted for 10% or more of the Group's revenue for the nine months ended 30 September 2015 and 2014.
- No single external customer accounted for 10% or more of the Group's revenue for the nine months ended 30 September 2015 and 2014.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of \$7,817 million was \$1,541 million or 16% below that of corresponding period in 2014. Revenue from the Offshore & Marine Division of \$4,918 million was \$1,262 million lower due to lower volume of work and deferment of some projects. Revenue from the Property Division rose by \$349 million to \$1,245 million. This was due mainly to higher revenue from China partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division of \$1,594 million was \$665 million lower due mainly to lower revenue recorded by the power and gas business from lower prices and volume as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in 4Q2014.

15b. Net profit by Segments

Group net profit of \$1,120 million was \$39 million or 3% lower than that of corresponding period in 2014. Profit from the Offshore & Marine Division of \$542 million was \$211 million lower than that of the corresponding period in the prior year due mainly to lower operating results and higher interest expenses. Net profit from the Property Division of \$333 million rose by \$112 million because of lower non-controlling interest following the privatisation of Keppel Land Limited partially offset by a lower contribution from associated companies and higher net interest expenses. Profit from the Infrastructure Division of \$160 million was \$55 million higher due largely to the gain from divestment of 51% interest in Keppel Merlimau Cogen Pte Ltd to Keppel Infrastructure Trust (KIT) and the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged KIT, partially offset by losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant and the reduced contribution from the power and gas business. Profit from the Investments Division increased by \$5 million due mainly to higher profit from sale of investments. The Offshore & Marine Division was the largest contributor to Group net profit with a 48% share followed by the Property Division with 30% share, the Infrastructure Division with 14% share and the Investments Division with 8% share.

15c. Revenue by Geographical Segments

Revenue from Singapore of \$5,413 million was \$1,393 million lower due largely to lower revenue from the Offshore & Marine Division and Infrastructure Division partly offset by higher revenue from the Property Division. Higher revenue from Far East & Other ASEAN Countries mainly came from residential property trading in China.

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 17 April 2015. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual. (excluding transactions less than \$100,000)	
	Nine months 30.9.2015 \$'000	Nine months 30.9.2014 \$'000	Nine months 30.9.2015 \$'000	Nine months 30.9.2014 \$'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	–	–	–	182,980
CapitaMalls Asia Group	–	–	200,000	–
Mapletree Investments Group	–	–	104	113,760
Neptune Orient Lines Group	–	–	583	–
PSA International Group	–	–	110	999
SATS Group	–	–	37,654	–
SembCorp Marine Group	–	–	224	1,940
Singapore Airlines Group	–	–	5,600	–
Singapore Power Group	–	–	12,300	–
Singapore Technologies Engineering Group	–	–	270	1,161
Singapore Telecommunications Group	–	–	182	–
Temasek Holdings Group	–	–	–	3,758
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	–	–	161	–
Certis CISCO Security Group	–	–	738	3,362
Gas Supply Pte Ltd	–	–	80,000	85,000
Mapletree Investments Group	–	–	24,222	544
PSA International Group	–	–	127	600
SembCorp Marine Group	–	–	74	166
Singapore Power Group	–	–	–	400
Singapore Technologies Engineering Group	–	–	24,866	–
Singapore Telecommunications Group	–	–	1,583	5,200
Temasek Holdings Group	–	–	–	511
Total Interested Person Transactions	–	–	388,798	400,381

BY ORDER OF THE BOARD

CAROLINE CHANG/KELVIN CHUA
Company Secretaries

22 October 2015

CONFIRMATION BY THE BOARD

We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter 2015 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, 22 October 2015