Keppel Corporation

KEPPEL CORPORATION LIMITED

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

FIRST QUARTER 2016 FINANCIAL STATEMENTS

TABLE OF CONTENTS

KEPPEL CORPORATION LIMITED

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

FIRST QUARTER ENDED 31 MARCH 2016

Welcome

1. Good evening. On behalf of my colleagues on the panel, we welcome you and those online to the conference and webcast on Keppel Corporation's results and performance in the first quarter of 2016. Joining us on the panel for the first time is Christina Tan, CEO-designate of Keppel Capital, under which we are consolidating our interests in the Group's fund management arm and the managers of our business trust and REITs.

Macro Environment

2. The macro environment remains challenging, with slowing growth in emerging economies. China continues its shift towards slower but more sustainable growth. OECD has also recently warned of growth easing off in several of the major advanced economies.

3. While oil prices have recovered from below US$30 per barrel in January, it continues to hover at around US$40 per barrel. The sustained low oil price environment continues to take a toll on the global oil and gas industry, which is in the midst of one of the most severe downturns in recent years. In the global offshore industry, we are seeing layoffs, mergers as well as large reductions in capital expenditure as the industry prepares for a longer winter.

4. Brazil, which has traditionally been one of Keppel O&M's key markets, continues to be mired in economic and political challenges, as well as the Lava Jato corruption scandal. Shareholders of Sete Brasil have yet to reach a decision on the future of the company. As I announced at the start of the year, Keppel has stopped construction on Sete Brasil's rigs since end-2015 and we will not resume construction until payment recommences.

5. Despite the challenges in the oil and gas sector, there continues to be engines of growth, especially in Asia, arising from continuing urbanisation. According to the World Bank, despite the migration of almost 200 million people to its cities in the first decade of the 21st century, Asia's urbanisation may only be just beginning. This will create demand for high quality homes and offices, clean urban environments, good infrastructure such as WTE plants and data centres, and connectivity. These are areas where Keppel has strong core competencies and where we can seize opportunities for growth.

Financial Performance

6. Against the volatile environment, our multi-business strategy continues to keep Keppel in good stead to perform creditably.

7. We achieved a net profit of S$211 million in this quarter, down by 41% over the same period in 2015. The higher contribution from Property at 47% helped to partially offset lower profits from Offshore & Marine.

8. Economic Value Added for the period was S$2 million. On an annualised basis, our Return on Equity was 7.1%.

9. Amidst the headwinds, we are keeping a watchful eye on our gearing and cash flows, exercising financial discipline to maintain an institutional quality balance sheet.

10. Creating high quality assets and then stabilising and monetising them to generate strong cash flow and recurring income are integral to Keppel's multi-business model. In particular, we want to work the assets in our asset-heavy businesses much harder, and recycle them at the right time to earn the best risk-adjusted returns.

11. To better reflect the contributions of our asset managers under Keppel Capital, we will henceforth report their performance as part of our Investments division.

12. Meanwhile, our share of associate earnings from the REITs and business trust run by the asset managers under Keppel Capital, will continue to be reported under their respective business divisions in Property and Infrastructure. For added clarity, we will distinguish the contributions of these associates to the two divisions in our results presentation. Similarly, for the Offshore & Marine Division, we will provide more detail by highlighting the collective contributions of associate companies such as Floatel International, Seafox and Dyna-Mac, among others.

Growing the Asset Management Business

13. Our asset management business has been a part of the Group for more than a decade. We have grown our assets under management from about S$2 billion in 2006 to some S$26 billion by end of 2015. This translates into a 30% growth compounded annually.

14. The consolidation of our interests in Alpha Investment Partners (Alpha), the Trustee Manager of Keppel Infrastructure Trust and the managers of Keppel REIT and Keppel DC REIT is part of the strategy to sharpen our focus in asset management and grow this business.

15. By bringing together the strengths of our four asset managers, we can create synergies by centralising certain non-regulated support functions, as well as enhance talent recruitment and retention, and the sharing of best practices.

16. More importantly, the creation of Keppel Capital will strengthen the Group's capital recycling platform, as well as allow us to expand our capital base through the creation of private funds in the real estate, infrastructure and energy spaces. As it creates opportunities for other investors in these areas, Keppel Capital can also serve as a catalyst, pulling through projects for our business verticals.

17. By enlarging the pie with like-minded co-investors, we can give the Group even greater financial capacity to grow, without putting a strain on our balance sheet.

18. Let me now run through the developments in the Group in the first quarter of 2016.

Offshore & Marine

19. Keppel Offshore & Marine continues to focus on executing our projects with our customers well, and delivering them safely, on time and on budget.

Key developments

20. Just a few weeks ago, we shared the welcome news that Keppel FELS Brasil was awarded a Floating Production Storage and Offloading (FPSO) module fabrication and integration project by its repeat customer MODEC Offshore Production Systems (Singapore) for a contract value of over S$190 million. The vessel is expected to arrive at the shipyard by the first quarter of 2017 for the integration phase. In the past five years, BrasFELS has delivered five FPSO projects safely and ahead of schedule, of which three were for MODEC.

21. Pursuing opportunities in the non-drilling market, Keppel is further honing its capabilities in the LNG business across the value chain. We have jointly secured with the BG Group, now a part of Shell, the licence to supply LNG bunker to vessels in the Port of Singapore. This will enable us to capture pull through work for LNG-fuelled newbuilds, repairs and conversions.

Improving solutions and operations

22. Apart from sharpening capabilities, we are also taking advantage of the downturn to seek new opportunities and expand our services to customers. I am pleased to share that we have obtained the Antitrust approval for our acquisition of the LETOURNEAU™ jackup rig designs, rig kit business, and aftermarket services from Cameron. Expected to be completed in 2Q 2016, the acquisition of LETOURNEAU™ will broaden our offerings to customers, allowing us to better support them with end-to-end jackup rig solutions.

23. Meanwhile, to ride out the current turbulence, we will continue to stay close to our customers, and focus on execution whilst rightsizing the organisation so that we can remain profitable even with a lower top line.

24. Since the start of 2016, our global workforce has been further reduced by 9.4% or about 2,800 headcount, of which 2,300 are from overseas yards, while 500 are from those in Singapore.

25. Apart from optimising our resources across our yards, we are also committed to managing our overheads effectively. Keppel Offshore and Marine had cut its overheads by 10% last year compared to 2014. In this first quarter, we have further reduced overheads by another 28% compared to the first quarter of 2015, enabling us to achieve a healthy operating margin of 13.6% despite lower revenue.

Key deliveries

26. Last month, Keppel FELS delivered two jackup rigs to our customer Grupo R, both of which have secured charters from PEMEX, Mexico's national oil company. Built to our proprietary KFELS B Class design, CANTARELL I and CANTARELL II, are part of a series of five jackup rigs that Keppel FELS is building for Grupo R.

27. In total, we have delivered three drilling jackups in 1Q 2016, including one unit to Gulf Drilling International at the start of the year. During the quarter, we have also delivered a liftboat and a Transformer platform.

28. Last month, a naming ceremony was held by Keppel FELS for the accommodation semi “Floatel Triumph” which will be chartered by INPEX Operations Australia for work in the Ichthys Field, off Western Australia. Last week, a naming ceremony was held by Keppel Singmarine for a high-specification deepwater derrick lay vessel built for Hydro Marine Services, a subsidiary of McDermott International. These are among the key projects we expect to complete in 2016, which include a number of jackups, a semisubmersible, a land rig and several conversion projects for floating production and storage solutions.

29. During these challenging times, we are working closely with our customers for win-win outcomes wherever possible. Earlier this year, Transocean and Ensco have announced the deferment of their projects. Deliveries of two other jackups, for Clearwater and BOT Lease Co, have also been deferred to next year, while deliveries of two semis are deferred from 2017 to 2019/2020. The contracts are still valid, and we are working towards delivering them based on the new schedules agreed upon with our customers.

30. We do not need to make provisions for any of these contracts currently. However, we are monitoring the situation carefully and are focused on executing our projects well.

<u>Property</u>

31. At the Extraordinary General Meeting of Keppel Land held last week, the participating shareholders have given their approval for the proposed Selective Capital Reduction, which will result in the cancellation of 0.73% of the total issued share capital in the company.

32. Keppel Land has proceeded to seek the approval and confirmation by the Court of the Selective Capital Reduction. At the completion of this exercise, Keppel Corporation will own 100% of Keppel Land.

Home sales

33. In the first three months of 2016, our Property Division sold about 940 homes, mostly in China. This is higher than the 720 homes sold in the same quarter last year.

34. Despite tightening measures in the first-tier cities in China, we continue to experience positive demand for our premier developments in Shanghai, Chengdu, Tianjin and Wuxi.

Key developments

35. Keppel Land continues its focus on strengthening its presence in its core markets and growth cities, as well as recycling assets for higher returns.

36. As one of the largest and pioneer foreign real estate investors in Vietnam, Keppel Land has been privileged to play a part in Vietnam's urbanisation over the years. The recent relaxation of the Housing Law and Real Estate Business Law, improvements in public infrastructure, growing middle class as well as high urbanisation rate continue to drive the demand for quality homes and investment-grade offices in Vietnam.

37. Seizing more opportunities in Vietnam, Keppel Land took a 40% interest in a joint venture to develop a prime 14.6-hectare waterfront site in the Thu Thiem New Urban Area, which is poised to become Ho Chi Minh City's future central business district. The planned development will comprise premium residential apartments, office and retail properties as well as an 86-storey integrated mixed-use tower complex. We are excited that through this project, we will bring the best in waterfront and urban lifestyles to Ho Chi Minh City as well as augment Keppel Land's quality portfolio of prime residential and commercial properties in the city.

38. Separately, Keppel Land has also entered into a subscription agreement with Nam Long Investment Corporation, a leading affordable housing developer in Ho Chi Minh City, for the subscription of VND 500 billion (approximately S$30.4 million) convertible bonds due in 2020. This is in addition to the approximately 5% stake Keppel Land has in the company. The investment underscores our confidence in the long-term investment potential of Vietnam, which is one of Keppel Land's key growth markets.

39. In Singapore, Keppel Land has expanded its commercial portfolio with 112 Katong in which it has recently acquired a 22.4% interest. Here is a good example of the collaboration and synergy in the Group where the different businesses in our property vertical work together to extract value from various aspects of asset ownership, management and operations. The remainder interest in 112 Katong is held by the Alpha Asia Macro Trends Fund, a fund managed by Alpha Investment Partners while Keppel Land Retail Management has been appointed the retail manager.

40. Reflecting the group's capital recycling strategy, over the first quarter, Keppel Land has also announced divestments of two properties in Hanoi, its stakes in a Thai-listed company as well as a property developing company in Sri Lanka.

41. Keppel REIT has also successfully completed the divestment of its 100% interest in office development 77 King Street in Sydney, Australia, for A$160 million. The sale of the property is approximately 40% above its original purchase price and an approximate 27% premium over its latest valuation.

Property Portfolio

42. Tapping on demand in recovering property markets across Asia, Keppel Land has about 20,000 homes in its portfolio ready for launch over the next two years, mostly in China.

43. In parallel, Keppel Land is actively strengthening its portfolio of commercial properties which has increased to over one million square metres of gross floor area.

Infrastructure

Energy Infrastructure & Services

44. On to our Infrastructure Division.

45. Our team is pursuing growth opportunities in key areas such as gas-to-power and waste-to-energy both in Singapore and overseas. They are focused on building Keppel Infrastructure into a stable contributor to the Group's bottom line.

46. In Qatar, Keppel Seghers has begun the 10-year operations and maintenance phase of the contract for the liquids stream, solids thickening and dewatering facilities in the Doha North Sewage Treatment Works.

47. Meanwhile, we continue to work at generating predictable and sustainable cash flows for Keppel Infrastructure Trust. Just last week, together with joint venture partner, Shimizu Corporation, Keppel Infrastructure Trust handed over the newly completed 1-Net North Data Centre to their client. The lease agreement is effective for a period of 20 years.

Data Centres

48. Under our data centre business, Keppel Data Centres Holding, a joint venture between Keppel T&T and Keppel Land, continues to display strong capabilities by securing $84.5 million in contracts to provide colocation and data centre services at Keppel Datahub 2.

49. The contracts were signed with a blue-chip client in the internet enterprise industry and a government-related entity, bringing commitment at Keppel Datahub 2 to 100% within two years since the facility was completed in 2014. Built to energy-efficient specifications, the facility was the first newbuild data centre in Singapore to be awarded the BCA-IDA Green Mark Platinum Award for New Data Centres.

50. Keppel Data Centres also recently expanded its data centre footprint with the ground breaking of Keppel Datahub 3, its fourth data centre in Singapore. Once completed, it will feature approximately 183,000 sq ft of gross floor area, making it Keppel's second largest data centre in Singapore after Keppel Digihub.

51. Just this morning, Keppel Data Centres announced that it has entered into a long-term collaboration agreement with Hong Kong's PCCW Global to co-develop and market an international carrier exchange, which offers connectivity-related managed services to facilitate interconnects. The collaboration leverages PCCW Global's extensive global network connectivity and marks the expansion of Keppel T&T's data centre footprint into Hong Kong.

52. Expanding its value-added services to customers, Keppel Data Centres had also signed a Memorandum of Understanding with the National Supercomputing Centre to explore potential collaboration in areas of supercomputing and high performance computing, InfiniBand connectivity, networking and scientific software applications, green technology for data centres and related areas.

Logistics

53. In the first three months of 2016, Keppel T&T secured additional clients for its logistics facilities in Singapore and Vietnam. In China, the new distribution centre in Tianjin and the Lu'an logistics park are expected to commence operations later this year.

Investments

54. Our Investments Division is Keppel's fourth business vertical. It used to comprise mainly the Group's holdings in associate companies k1 Ventures, M1 and KrisEnergy. As of this quarter, we have also included contributions from the four asset managers under Keppel Capital.

55. Profit from the Investments Division was impacted in 1Q 2016 due mainly to the absence of gains from the sale of investments, which amounted to S$50 million in the first quarter of 2015, as well as taking in our share of losses from KrisEnergy. However, the recurring earnings from our asset management business has been steady, contributing S$15 million in 1Q 2016, vis-à-vis S$13 million in the same period last year.

56. During the year, the Alpha Asia Macro Trends Fund II managed by Alpha Investment Partners has acquired the remaining 50% stake in the 78 Shenton Way office building as well as a Grade A office building, Jongro Place in Seoul's CBD. We also expect to launch the Alpha Asia Macro Trends Fund III this year.

57. I have shared our plans to grow Keppel's asset management business, and develop our Investments Division into a steady pillar of recurring income for the Group. Presenting our asset managers' performance in this manner will enable us to better demonstrate and account for the future growth of this business.

58. Finally, I am pleased to update that we have made good progress on the formation of Keppel Capital. Since the announcement in January this year, we have installed an experienced and capable team of professionals at Keppel Capital, and are on track with the restructuring of our asset management business, which will be completed by 2H 2016.

59. I shall now let our CFO, Hon Chew, take you through a review of the Group's financial performance.

60. Thank you.

KEPPEL CORPORATION LIMITED

First Quarter 2016 Financial Statements

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2016.

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

	Note	**1Q 2016**	1Q 2015	+/-
		$'000	$'000	%
Revenue		**1,742,957**	2,814,139	-38.1
Materials & subcontract costs	(i)	**(1,076,138)**	(1,802,770)	-40.3
Staff costs	(ii)	**(284,179)**	(486,449)	-41.6
Depreciation & amortisation		**(56,589)**	(65,680)	-13.8
Other operating expenses	(iii)	**(48,101)**	(60,999)	-21.1
Operating profit		**277,950**	398,241	-30.2
Investment income		**4,367**	1,224	+256.8
Interest income		**28,760**	31,422	-8.5
Interest expenses	(iv)	**(46,594)**	(36,607)	+27.3
Share of results of associated companies	(v)	**13,723**	61,174	-77.6
Profit before tax		**278,206**	455,454	-38.9
Taxation	1b	**(52,488)**	(81,302)	-35.4
Profit for the period		**225,718**	374,152	-39.7
Attributable to:				
Shareholders of the Company		**210,558**	360,226	-41.5
Non-controlling interests		**15,160**	13,926	+8.9
		225,718	374,152	-39.7
Earnings per ordinary share				
- basic		**11.6 cts**	19.8 cts	-41.4
- diluted		**11.6 cts**	19.7 cts	-41.1

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	**1Q 2016 $'000**	1Q 2015 $'000	+/- %
Share-based payment expenses		**5,352**	7,965	-32.8
Profit on sale of investments	(vi)	**–**	(49,605)	NM
Profit on sale of fixed assets	(vii)	**(913)**	(1,271)	-28.2
(Write-back)/provision				
- Stocks & work-in-progress	(viii)	**(7,776)**	(52)	NM
- Doubtful debts		**240**	1,075	-77.7
Bad debts written off		**20**	105	-81.0
Fair value (gain)/loss				
- Investments	(ix)	**(2,679)**	(822)	+225.9
- Forward contracts	(x)	**(17,039)**	24,153	NM
- Financial derivatives		**1,962**	(2,357)	NM
Foreign exchange loss/(gain)	(xi)	**17,271**	(12,518)	NM
Write-back of impairment of investments	(xii)	**(284)**	(777)	-63.4
Loss on disposal of a subsidiary	(xiii)	**4,439**	–	NM
Gain associated with restructuring of operations and others	(xiv)	**(1,633)**	–	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 in the Property Division.

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

(iii) Lower other operating expenses was due mainly to the write-back of provision for stocks and work-in-progress (Note (viii)) and fair value gain on forward contracts as compared to fair value loss in the prior period (Note (x)), partly offset by absence of profit on sale of investments in the current period (Note (vi)), foreign exchange loss in the current period (Note (xi)) and loss on disposal of a subsidiary (Note (xiii)).

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

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

(vi) The profit from sale of investments in the prior period was due mainly to the disposal of listed equities.

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

(viii) The write-back in the current period was in relation to write-back of impairment in the Property Division.

(ix) Fair value gain (mark-to-market) on investment portfolio held for trading was due to increase in stock prices.

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

(xi) Foreign exchange loss mainly arose from the revaluation of assets denominated in United States dollar, which depreciated against Singapore Dollar.

(xii) The write-back in the current period was in relation to write-back of impairment of investment in the Infrastructure Division.

(xiii) Loss on disposal of a subsidiary in the current period arose from the sale of Keppel CT Developments Pte Ltd in the Property Division.

(xiv) Gain associated with restructuring of operations and others arose mainly from the gain on change in interest in an associated company.

1b. Taxation expenses were lower because of lower taxable profits in the Offshore & Marine Division as well as write-back of prior years' provision.

1c. Earnings per ordinary share

	1Q 2016	1Q 2015	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**11.6 cts**	19.8 cts	-41.4
- Weighted average number of shares (excluding treasury shares) ('000)	**1,814,576**	1,815,924	-0.1
(ii) On a fully diluted basis	**11.6 cts**	19.7 cts	-41.1
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,821,380**	1,827,006	-0.3

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

	Note	**1Q 2016** **$'000**	1Q 2015 $'000	+/- %
Profit for the period		**225,718**	374,152	-39.7
Items that may be reclassified subsequently to profit & loss account:				
Available-for-sale assets				
- Fair value changes arising during the period	(i)	**(21,425)**	(20,856)	+2.7
- Realised and transferred to profit & loss account	(ii)	**–**	(39,241)	NM
Cash flow hedges				
- Fair value changes arising during the period, net of tax	(iii)	**134,750**	(380,506)	NM
- Realised and transferred to profit & loss account	(iv)	**59,239**	73,236	-19.1
Foreign exchange translation				
- Exchange differences arising during the period	(v)	**(167,918)**	220,222	NM
- Realised and transferred to profit & loss account		**(382)**	–	NM
Share of other comprehensive income of associated companies				
- Available-for-sale assets		**22**	2,182	-99.0
- Cash flow hedges		**(15,159)**	10,083	NM
- Foreign exchange translation		**(40,919)**	11,954	NM
Other comprehensive income for the period, net of tax		**(51,792)**	(122,926)	-57.9
Total comprehensive income for the period		**173,926**	251,226	-30.8
Attributable to:				
Shareholders of the Company		**186,895**	188,881	-1.1
Non-controlling interests		**(12,969)**	62,345	NM
		173,926	251,226	-30.8

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 gain was as a result of the weaker United States dollar exchange 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 losses for the current period arose largely from weakening of foreign currencies, such as United States dollar and Renminbi against Singapore dollar, while the translation gains for 1Q 2015 arose from strengthening of foreign currencies, such as United States dollar and Renminbi against Singapore dollar.

3. BALANCE SHEETS as at 31 March

	Group		Company	
	31.3.2016	31.12.2015	**31.3.2016**	31.12.2015
	$'000	$'000	**$'000**	$'000
Share capital	**1,288,394**	1,288,394	**1,288,394**	1,288,394
Treasury shares	**(18,629)**	(49,011)	**(18,629)**	(49,011)
Reserves	**10,014,450**	9,856,278	**5,604,628**	5,608,423
Share capital & reserves	**11,284,215**	11,095,661	**6,874,393**	6,847,806
Non-controlling interests	**812,779**	830,198	**–**	–
Capital employed	**12,096,994**	11,925,859	**6,874,393**	6,847,806
Represented by:				
Fixed assets	**2,808,691**	2,845,547	**1,136**	1,281
Investment properties	**3,203,247**	3,272,112	**–**	–
Subsidiaries	**–**	–	**8,249,802**	8,139,235
Associated companies	**5,464,734**	5,521,756	**–**	–
Investments	**359,863**	350,103	**–**	–
Long term assets	**284,721**	283,464	**467**	380
Intangibles	**98,851**	99,825	**–**	–
	12,220,107	12,372,807	**8,251,405**	8,140,896
Current assets				
Stocks & work-in-progress in excess of related billings	**10,510,054**	10,650,500	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**3,390,433**	3,445,760
- associated companies	**504,731**	509,041	**497**	511
Debtors	**3,173,683**	3,144,822	**926**	1,257
Derivative assets	**122,917**	125,472	**109,567**	120,507
Short term investments	**210,422**	225,118	**–**	–
Bank balances, deposits & cash	**1,636,255**	1,892,841	**554**	91
	16,158,062	16,547,794	**3,501,977**	3,568,126
Current liabilities				
Creditors	**4,518,008**	4,971,549	**115,191**	144,866
Derivative liabilities	**577,634**	780,275	**375,736**	515,746
Billings on work-in-progress in excess of related costs	**1,687,951**	1,888,468	**–**	–
Provisions	**87,600**	90,216	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**987,857**	993,056
- associated companies	**104,709**	137,376	**–**	–
Term loans	**1,134,576**	856,735	**836,523**	631,879
Taxation	**350,573**	352,595	**9,567**	15,867
	8,461,051	9,077,214	**2,324,874**	2,301,414
Net current assets	**7,697,011**	7,470,580	**1,177,103**	1,266,712
Non-current liabilities				
Term loans	**7,308,785**	7,401,934	**2,500,000**	2,500,000
Deferred taxation	**372,963**	373,173	**–**	–
Other non-current liabilities	**138,376**	142,421	**54,115**	59,802
	7,820,124	7,917,528	**2,554,115**	2,559,802
Net assets	**12,096,994**	11,925,859	**6,874,393**	6,847,806
Group net debt	***6,807,106***	*6,365,828*	***n.a.***	*n.a.*
Group net gearing ratio	***0.56x***	*0.53x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 31.3.2016		As at 31.12.2015	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
17,772	**1,116,804**	11,764	844,971

(ii) Amount repayable after one year

As at 31.3.2016		As at 31.12.2015	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,236,187	**6,072,598**	1,216,914	6,185,020

(iii) Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,482,700,000 (31 December 2015: $2,455,633,000) to banks for loan facilities.

3b. Net asset value

	Group			Company		
	31.3.2016	31.12.2015	+/-%	**31.3.2016**	31.12.2015	+/-%
Net asset value per ordinary share *	**$6.22**	$6.13	+1.5	**$3.79**	$3.78	+0.3
Net tangible asset per ordinary share *	**$6.16**	$6.07	+1.5	**$3.79**	$3.78	+0.3

* Based on share capital of 1,815,230,963 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2015: 1,811,147,200 ordinary shares (excluding treasury shares)).

3c. Balance sheet analysis

Group shareholder's funds increased by $0.19 billion to $11.28 billion at 31 March 2016. The increase was mainly attributable to retained profits for the quarter ended 31 March 2016 and increase in fair value on cash flow hedges. This is partly offset by losses arising from foreign exchange translation and fair value losses on available-for-sale assets.

Group total assets were $28.38 billion at 31 March 2016, $0.54 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 operating activities during the quarter. Non-current assets decreased due mainly to foreign currency translation of fixed assets and investment properties in China as a result of weaker Renminbi exchange rate. Associated companies decreased due mainly to the share of losses of KrisEnergy and dividends received during the quarter.

Group total liabilities of $16.28 billion at 31 March 2016 were $0.71 billion lower than the previous year end. This was largely attributable to reduction in creditors in the Offshore & Marine Division and Property Division.

Group net debt increased by $0.44 billion to $6.81 billion at 31 March 2016.

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

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
2016								
As at 1 January	**1,288,394**	**(49,011)**	**(383,540)**	**10,379,320**	**(139,502)**	**11,095,661**	**830,198**	**11,925,859**
Total comprehensive income for the quarter								
Profit for the quarter	**–**	**–**	**–**	**210,558**	**–**	**210,558**	**15,160**	**225,718**
Other comprehensive income *	**–**	**–**	**158,821**	**–**	**(182,484)**	**(23,663)**	**(28,129)**	**(51,792)**
Total comprehensive income for the quarter	**–**	**–**	**158,821**	**210,558**	**(182,484)**	**186,895**	**(12,969)**	**173,926**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	**–**	**–**	**4,560**	**–**	**–**	**4,560**	**124**	**4,684**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(10,246)**	**(10,246)**
Purchase of treasury shares	**–**	**(3,069)**	**–**	**–**	**–**	**(3,069)**	**–**	**(3,069)**
Treasury shares reissued pursuant to share plans	**–**	**33,451**	**(33,451)**	**–**	**–**	**–**	**–**	**–**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**30**	**(30)**	**–**	**–**	**–**	**–**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**4,356**	**4,356**
Contributions to defined benefits plans	**–**	**–**	**168**	**–**	**–**	**168**	**–**	**168**
Total contributions by and distributions to owners	**–**	**30,382**	**(28,693)**	**(30)**	**–**	**1,659**	**(5,766)**	**(4,107)**
Changes in ownership interests in subsidiaries								
Disposal of interest in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**1,316**	**1,316**
Total change in ownership interests in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**1,316**	**1,316**
Total transactions with owners	**–**	**30,382**	**(28,693)**	**(30)**	**–**	**1,659**	**(4,450)**	**(2,791)**
As at 31 March	**1,288,394**	**(18,629)**	**(253,412)**	**10,589,848**	**(321,986)**	**11,284,215**	**812,779**	**12,096,994**

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

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 Translation 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 the quarter								
Profit for the quarter	–	–	–	360,226	–	360,226	13,926	374,152
Other comprehensive income *	–	–	(355,920)	–	184,575	(171,345)	48,419	(122,926)
Total comprehensive income for the quarter	–	–	(355,920)	360,226	184,575	188,881	62,345	251,226
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	–	–	7,741	–	–	7,741	164	7,905
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(1,344)	(1,344)
Shares issued	799	–	(20)	–	–	779	–	779
Treasury shares reissued pursuant to share plans and share option scheme	–	39,198	(37,538)	–	–	1,660	–	1,660
Cash subscribed by non-controlling shareholders	–	–	1,348	–	–	1,348	3,500	4,848
Contributions to defined benefits plans	–	–	1,661	–	–	1,661	474	2,135
Total contributions by and distributions to owners	799	39,198	(26,808)	–	–	13,189	2,794	15,983
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries	–	–	–	–	–	–	1,224	1,224
Acquisition of additional interest in subsidiaries	–	–	(4,833)	273,636	–	268,803	(3,066,524)	(2,797,721)
Total change in ownership interests in subsidiaries	–	–	(4,833)	273,636	–	268,803	(3,065,300)	(2,796,497)
Total transactions with owners	799	39,198	(31,641)	273,636	–	281,992	(3,062,506)	(2,780,514)
As at 31 March	1,288,394	(9,467)	(476,896)	10,056,616	(7,012)	10,851,635	1,346,718	12,198,353

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

4b. Statement of changes in equity of the Company

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2016					
As at 1 January	**1,288,394**	**(49,011)**	**199,713**	**5,408,710**	**6,847,806**
Profit / Total comprehensive income for the 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**
2015					
As at 1 January	1,287,595	(48,665)	191,294	4,400,277	5,830,501
Profit / Total comprehensive income for the quarter	–	–	–	(23,323)	(23,323)
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	6,508	–	6,508
Shares issued	799	–	(20)	–	779
Treasury shares reissued pursuant to share plans and share option scheme	–	39,198	(37,538)	–	1,660
Total transactions with owners	799	39,198	(31,050)	–	8,947
As at 31 March	1,288,394	(9,467)	160,244	4,376,954	5,816,125

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2016	1,817,910,180	6,762,980
Treasury shares transferred pursuant to restricted share plan and performance share plan	–	(4,673,763)
Treasury shares purchased	–	590,000
As at 31 March 2016	**1,817,910,180**	**2,679,217**

Treasury shares

During the quarter, the Company transferred 4,673,763 (31 March 2015: 4,777,980) treasury shares to employees upon vesting of shares released under the KCL Share Plans. The Company also purchased 590,000 treasury shares (31 March 2015: Nil) during the quarter. As at 31 March 2016, the number of treasury shares held by the Company represented 0.15% (31 March 2015: 0.06%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the quarter ended 31 March 2016.

Share options
As at 31 March 2016, there were unexercised options for 16,632,374 of unissued ordinary shares (31 March 2015: 19,182,304 ordinary shares) under the KCL Share Options Scheme. Unexercised options for 1,189,100 of unissued ordinary shares were cancelled during the three months ended 31 March 2016 (31 March 2015: 9,100).

KCL Performance Share Plan ("KCL PSP")
As at 31 March 2016, the number of contingent shares granted but not released were 1,497,400 (31 March 2015: 1,832,119) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 2,246,100 under KCL PSP.

KCL Restricted Share Plan ("KCL RSP")
As at 31 March 2016, the number of contingent shares granted but not released was nil (31 March 2015: 4,863,286).

As at 31 March 2016, the number of awards released but not vested was 5,027,947 (31 March 2015: 4,350,160) for KCL RSP.

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

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.16	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.3.16
KCL PSP						
28.3.2013	554,719	–	(421,619)	(133,100)	–	–
31.3.2014	577,400	–	–	–	–	577,400
31.3.2015	700,000	–	–	–	–	700,000
30.7.2015	220,000	–	–	–	–	220,000
	2,052,119	–	(421,619)	(133,100)	–	1,497,400
KCL RSP						
31.3.2015	4,731,880	–	–	(4,683,980)	(47,900)	–
30.7.2015	789,603	–	–	(764,298)	(25,305)	–
	5,521,483	–	–	(5,448,278)	(73,205)	–

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.16	Released	Vested	Cancelled	Other adjustments	At 31.3.16
KCL PSP						
28.3.2013	–	133,100	(122,600)	–	(10,500)	–
	–	133,100	(122,600)	–	(10,500)	–
KCL RSP						
28.3.2013	1,309,027	–	(1,293,231)	(7,512)	(5,177)	3,107
31.3.2014	2,884,098	–	(1,432,200)	(18,016)	(10,000)	1,423,882
31.3.2015	–	4,683,980	(1,580,991)	(958)	(14,630)	3,087,401
30.7.2015	–	764,298	(244,741)	(5,000)	(1,000)	513,557
	4,193,125	5,448,278	(4,551,163)	(31,486)	(30,807)	5,027,947

4d. Capital reserves

	Group		Company	
	31.3.2016	31.3.2015	**31.3.2016**	31.3.2015
	$'000	$'000	**$'000**	$'000
Share option and share plans reserve	**176,383**	175,365	**154,878**	152,662
Fair value reserve	**52,645**	44,891	**–**	–
Hedging reserve	**(611,531)**	(814,043)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**89,091**	76,891	**15,445**	7,582
	(253,412)	(476,896)	**170,323**	160,244

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

	Note	**1Q 2016 $'000**	1Q 2015 $'000
OPERATING ACTIVITIES			
Operating profit		**277,950**	398,241
Adjustments:			
Depreciation and amortisation		**56,589**	65,680
Share-based payment expenses		**5,352**	7,965
Profit on sale of investments		**–**	(49,605)
Profit on sale of fixed assets		**(913)**	(1,271)
Write-back of impairment of investments		**(284)**	(777)
Loss on disposal of a subsidiary		**4,439**	–
Gain associated with restructuring of operations and others		**(1,633)**	–
Operational cash flow before changes in working capital		**341,500**	420,233
Working capital changes:			
Stocks & work-in-progress		**(9,371)**	(586,466)
Debtors		**(86,549)**	(336,036)
Creditors		**(512,482)**	767,263
Investments		**(16,489)**	71,569
Advances to associated companies		**(28,994)**	(27,076)
		(312,385)	309,487
Interest received		**28,760**	31,422
Interest paid		**(46,594)**	(36,607)
Income taxes paid, net of refunds received		**(24,067)**	(19,970)
Net cash (used in)/from operating activities		**(354,286)**	284,332
INVESTING ACTIVITIES			
Acquisition of a subsidiary	5a	**–**	(2,290)
Acquisition and further investment in associated companies		**(75,486)**	(61,502)
Acquisition of fixed assets and investment properties		**(50,336)**	(364,419)
Disposal of a subsidiary	5b	**4,908**	–
Proceeds from disposal of fixed assets		**2,034**	1,377
Proceeds from disposal of associated companies and return of capital		**67**	–
Dividends received from investments and associated companies		**84,587**	38,767
Net cash used in investing activities		**(34,226)**	(388,067)
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		**–**	(2,770,662)
Proceeds from share issues		**–**	779
Proceeds from share options exercised with issue of treasury shares		**–**	1,660
Proceeds from non-controlling shareholders of subsidiaries		**4,356**	4,848
Proceeds from term loans		**248,153**	1,042,341
Repayment of term loans		**(75,846)**	(288,544)
Purchase of treasury shares		**(3,069)**	–
Dividend paid to non-controlling shareholders of subsidiaries		**(10,246)**	(1,344)
Net cash from/(used in) financing activities		**163,348**	(2,010,922)
Net decrease in cash and cash equivalents		**(225,164)**	(2,114,657)
Cash and cash equivalents as at 1 January		**1,859,118**	5,712,351
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(25,122)**	55,568
Cash and cash equivalents as at 31 March	5c	**1,608,832**	3,653,262

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of a subsidiary

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

	1Q 2016 $'000	1Q 2015 $'000
Fixed assets	**–**	59
Intangible assets	**–**	3,245
Debtors and other assets	**–**	2,795
Bank balances and cash	**–**	2,210
Creditors	**–**	(2,649)
Current and deferred taxation	**–**	(763)
Total identifiable net assets at fair value	**–**	4,897
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	**–**	(1,224)
Goodwill arising from acquisition	**–**	827
Total purchase consideration	**–**	4,500
Less: Bank balances and cash acquired	**–**	(2,210)
Cash flow on acquisition	**–**	2,290

In the prior period, the significant acquisition of subsidiary relates to acquisition of 75% interest in Array Real Estate Pte Ltd.

5b. Disposal of a subsidiary

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

	1Q 2016 $'000	1Q 2015 $'000
Fixed assets	**(122)**	–
Stocks and work-in-progress	**(14,233)**	–
Debtors and other assets	**(481)**	–
Bank balances and cash	**(266)**	–
Creditors and other liabilities	**6,486**	–
Current and deferred taxation	**2**	–
Non-controlling interest deconsolidated	**(1,316)**	–
Net assets disposed of	**(9,930)**	–
Net loss on disposal	**4,439**	–
Realisation of foreign currency translation reserve	**317**	
Sale proceeds	**(5,174)**	–
Less: Bank balances and cash disposed	**266**	–
Cash flow on disposal	**(4,908)**	–

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

5c. Cash and cash equivalents

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

	1Q 2016 **$'000**	1Q 2015 $'000
Bank balances, deposits and cash	**1,636,255**	3,667,308
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(27,423)**	(14,046)
	1,608,832	3,653,262

5d. Cash flow analysis

Net cash used in operating activities was $354 million compared to net cash from operating activities of $284 million in the prior period. This was due mainly to higher cash outflow for working capital requirements.

Net cash used in investment activities was $34 million. This comprised principally the acquisition of fixed assets, the acquisition of 22.4% stake in an associated company, 112 Katong, and further investment in associated companies. Dividend income amounted to $85 million.

Net cash from financing activities was $163 million compared to net cash used in financing activities of $2.01 billion in the previous period. The net cash used in financing activities in the prior year was mainly attributable to the acquisition of additional shareholding in Keppel Land Limited. The net proceeds from term loans of $172 million was $581 million lower than prior 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 2015.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2016. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

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

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

10. REVIEW OF GROUP PERFORMANCE

Group net profit for the quarter was $211 million as compared to $360 million for the same quarter in 2015. Earnings per share were 11.6 cents. Economic Value Added decreased by $120 million to $2 million. Annualised return on equity was 7.1%.

Group revenue of $1,743 million was $1,071 million or 38% below that of the first quarter of 2015. Revenue from the Offshore & Marine Division decreased by $1,109 million to $818 million due to lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Major jobs completed and delivered during the current quarter included three jack-up rigs. The Property Division saw its revenue increase by 66% to $503 million due mainly to higher revenue from China and Singapore. Revenue from the Infrastructure Division contracted by $116 million to $390 million as a result of a drop in revenue recorded by the power and gas business due to lower prices and volume.

At the pre-tax level, Group profit was down by $177 million or 39% to $278 million for the quarter ended 31 March 2016. Pre-tax earnings of the Offshore & Marine Division declined by 51% to $122 million due mainly to lower operating results arising from lower revenue and net interest expense, partly offset by higher share of associated companies profits. For the first quarter of 2016, pre-tax profit of the Property Division increased by $49 million to $136 million due mainly to higher contribution from China property trading and lower net interest expense. Pre-tax profit for the Infrastructure Division dropped by $15 million to $18 million due mainly to reduced contribution from the power and gas business. Pre-tax profit of the Investments Division was $2 million for the current quarter as compared to $84 million for the same quarter in 2015 due mainly to share of associated companies' losses and the absence of gain from sale of investments in the same period last year.

Taxation expenses declined by $29 million or 36% due mainly to lower taxable profits. Non-controlling interests is comparable to that of same quarter in 2015. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $211 million, down $149 million from $360 million last year. The Property Division was the largest contributor to Group net profit with 47% share, followed by the Offshore & Marine Division's 45%, Infrastructure Division's 7% and the Investments Division at 1%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured $0.2 billion of new orders to-date. Its net order book stands at $8.6 billion, with deliveries extending into 2020. Faced with the global sector downturn, the Division is rightsizing its operations for what could be an extended slowdown, while pursuing opportunities in niche markets and in non-drilling areas. It will continue to build new capabilities and position itself to seize opportunities when the upturn comes.

The Property Division sold about 940 homes in the first quarter of 2016, comprising about 830 in China, 50 in Vietnam and 60 in Singapore. This is higher than the 720 homes sold in the same quarter in 2015. The improvement is mainly attributable to sales in China. Total assets under management by Keppel REIT and Alpha stood at $20.1 billion as at end-March 2016. Keppel REIT's office buildings in Singapore and Australia continue to maintain high occupancy of 99.4% as at end-March 2016. 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 and will continue to pursue promising growth areas. The electricity market is still expected to remain competitive but KI's integrated power and gas business platform will enable it to weather the challenges ahead through driving synergies and value creation across its diversified portfolio. Keppel Telecommunications & Transportation will continue to develop both logistics and data centre businesses locally and overseas. It will also focus on growing a portfolio of quality data centre assets for injection into Keppel DC REIT. Total assets under management by Keppel DC REIT are about $1.2 billion as at end-March 2016.

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

13. DIVIDEND

13a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?
No

13b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No

13c. Date Payable

Not applicable

13d. Books Closure Date

Not applicable

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

No dividend has been declared for the quarter ended 31 March 2016.

For the year ended 31 December 2015, the Directors had recommended a tax exempt one-tier final cash dividend of 22 cents per share for approval by shareholders at the Annual General Meeting to be held on 19 April 2016. If approved, the final dividend will be paid on 6 May 2016.

14. SEGMENT ANALYSIS

First Quarter ended 31 March 2016

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	**817,888**	**503,026**	**390,005**	**32,038**	**–**	**1,742,957**
Inter-segment sales	**99**	**2,983**	**7,028**	**15,150**	**(25,260)**	**–**
Total	**817,987**	**506,009**	**397,033**	**47,188**	**(25,260)**	**1,742,957**
Segment Results						
Operating profit	**110,827**	**108,527**	**14,823**	**40,568**	**3,205**	**277,950**
Investment income	**287**	**3,625**	**–**	**455**	**–**	**4,367**
Interest income	**13,285**	**6,263**	**11,367**	**55,939**	**(58,094)**	**28,760**
Interest expenses	**(25,740)**	**(16,096)**	**(5,404)**	**(54,243)**	**54,889**	**(46,594)**
Share of results of associated companies	**23,447**	**32,759**	**(2,560)**	**(39,923)**	**–**	**13,723**
Profit before tax	**122,106**	**135,078**	**18,226**	**2,796**	**–**	**278,206**
Taxation	**(14,125)**	**(38,392)**	**(1,952)**	**1,981**	**–**	**(52,488)**
Profit for the period	**107,981**	**96,686**	**16,274**	**4,777**	**–**	**225,718**
Attributable to:						
Shareholders of Company	**94,988**	**98,768**	**13,935**	**2,867**	**–**	**210,558**
Non-controlling interests	**12,993**	**(2,082)**	**2,339**	**1,910**	**–**	**15,160**
	107,981	**96,686**	**16,274**	**4,777**	**–**	**225,718**
Other information						
Segment assets	**10,074,284**	**16,055,461**	**2,927,548**	**6,697,514**	**(7,376,638)**	**28,378,169**
Segment liabilities	**8,452,412**	**6,995,191**	**1,801,664**	**6,408,546**	**(7,376,638)**	**16,281,175**
Net assets	**1,621,872**	**9,060,270**	**1,125,884**	**288,968**	**–**	**12,096,994**
Investment in associated companies	**578,203**	**3,287,994**	**902,632**	**695,905**	**–**	**5,464,734**
Additions to non-current assets	**13,971**	**99,160**	**12,654**	**37**	**–**	**125,822**
Depreciation and amortisation	**39,460**	**6,494**	**9,944**	**691**	**–**	**56,589**

GEOGRAPHICAL SEGMENT

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

First Quarter ended 31 March 2015

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	1,926,834	302,972	505,967	78,366	–	2,814,139
Inter-segment sales	68	2,464	8,096	18,498	(29,126)	–
Total	1,926,902	305,436	514,063	96,864	(29,126)	2,814,139
Segment Results						
Operating profit	231,835	69,161	29,992	62,556	4,697	398,241
Investment income	284	558	–	382	–	1,224
Interest income	20,434	5,765	1,506	40,230	(36,513)	31,422
Interest expenses	(5,352)	(18,825)	(9,600)	(34,646)	31,816	(36,607)
Share of results of associated companies	3,507	30,556	10,870	16,241	–	61,174
Profit before tax	250,708	87,215	32,768	84,763	–	455,454
Taxation	(46,257)	(20,159)	(7,797)	(7,089)	–	(81,302)
Profit for the period	204,451	67,056	24,971	77,674	–	374,152
Attributable to:						
Shareholders of Company	202,929	60,480	21,820	74,997	–	360,226
Non-controlling interests	1,522	6,576	3,151	2,677	–	13,926
	204,451	67,056	24,971	77,674	–	374,152
Other information						
Segment assets	9,568,401	16,664,825	4,073,114	7,294,490	(6,779,999)	30,820,831
Segment liabilities	7,428,865	7,522,044	3,075,863	7,375,705	(6,779,999)	18,622,478
Net assets	2,139,536	9,142,781	997,251	(81,215)	–	12,198,353
Investment in associated companies	564,694	3,328,999	643,687	622,985	–	5,160,365
Additions to non-current assets	44,330	286,203	95,271	117	–	425,921
Depreciation and amortisation	36,876	6,065	22,650	89	–	65,680

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	1,930,661	240,196	405,149	132,121	106,012	–	2,814,139
Non-current assets	5,763,603	2,428,792	289,441	1,013,804	798,522	–	10,294,162

Note:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. Investments consist mainly of the Group's investments in fund management, M1 Limited, KrisEnergy Limited, k1 Ventures Limited and equities.

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

(c) In 1Q 2016, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue. In 1Q 2015, other than Singapore and Brazil, no single country accounted for 10% or more of the Group's revenue.

(d) No single external customer accounted for 10% or more of the Group's revenue for 1Q 2016. In 1Q 2015, revenue of $287,647,000 is derived from a single external customer and is attributable to the Offshore & Marine Division.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Prior to 2016, the Group had presented the contribution of its fund management businesses within the Infrastructure Division and the Property Division accordingly. Following a restructuring plan to grow the contribution from the Investments Division, the contributions from these businesses are presented in the Investments Division from 2016. The 2015 segment information has been restated to align to the current reportable segment presentation.

15b. Revenue by Segments

Group revenue of $1,743 million was $1,071 million or 38% lower than that of corresponding period in 2015. Revenue from the Offshore & Marine Division of $818 million was $1,109 million lower due mainly to lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Revenue from the Property Division of $503 million was $200 million higher due mainly to higher revenue from China and Singapore. Revenue from the Infrastructure Division of $390 million was $116 million lower, mainly attributable to lower revenue recorded by the power and gas business due to lower prices and volume.

15c. Net profit by Segments

Group net profit of $211 million was $149 million or 41% lower than that of corresponding period in 2015. Profit from the Offshore & Marine Division of $95 million was $108 million lower than that of corresponding period in the prior year due mainly to lower operating results arising from lower revenue and higher net interest expense, partly offset by higher share of associated companies' profits. Profit from the Property Division of $100 million increased by $40 million due largely to higher contribution from China property trading and lower net interest expense. Profit from the Infrastructure Division of $14 million was $8 million lower due largely to the reduced contribution from the power and gas business. Profit from Investments decreased by $73 million due mainly to share of associated companies' losses and the absence of gain from sale of investments in the same period last year. The Property Division was the largest contributor to Group net profit with 47% share, followed by the Offshore & Marine Division's 45%, Infrastructure Division's 7% and the Investments Division at 1%.

15d. Revenue by Geographical Segments

Revenue from Singapore of $1,132 million was $799 million lower, due largely to lower revenue from the Offshore & Marine Division. Higher revenue from China were mainly from the Property Division.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 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)	
	3 months 31.3.2016 $'000	3 months 31.3.2015 $'000	**3 months 31.3.2016 $'000**	3 months 31.3.2015 $'000
Transaction for the Sale of Goods and Services				
SATS Group	**–**	–	**–**	37,654
Sembcorp Marine Group	**–**	–	**401**	–
Singapore Airlines Group	**–**	–	**–**	5,600
Singapore Power Group	**–**	–	**–**	4,300
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**101**	158
Gas Supply Pte Ltd	**–**	–	**–**	80,000
Mapletree Investments Group	**–**	–	**–**	143
Pavilion Gas Pte Ltd	**–**	–	**50,000**	–
Singapore Technologies Engineering Group	**–**	–	**–**	3,565
Singapore Telecommunications Group	**–**	–	**560**	840
Total Interested Person Transactions	**–**	–	**51,062**	132,260

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/KELVIN CHUA
Company Secretaries

18 April 2016

CONFIRMATION BY THE BOARD

We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter 2016 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

LEE BOON YANG **Chairman**	**LOH CHIN HUA** **Chief Executive Officer**

Singapore, 18 April 2016