Keppel Corporation

KEPPEL CORPORATION LIMITED

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

SECOND QUARTER 2016 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

KEPPEL CORPORATION LIMITED

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

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

Welcome

1. A very good evening to all of you. On behalf of my colleagues on the panel, a warm welcome to the conference and webcast on our results and performance in the Second Quarter and First Half of 2016.

Macro Environment

2. The global economy continues to grow at an uneven pace, with slowing growth in Europe, Japan and China. Recent international developments, especially the vote on Brexit, have further heightened the volatility and risks in the already fragile international economy. Capital markets have recovered from the initial shock of Brexit. However, it could take some time before we can see the full impact on the global economy.

3. Although oil price has rebounded from below US$30/bbl in January to around US$47/bbl, the offshore and marine sector continues to face serious challenges. Given the oversupply in the rig market and falling day rates, we do not expect demand for drilling rigs to return soon. Our traditional customers, the offshore drillers, need time to repair their balance sheets. Meanwhile, oil majors continue to conserve cash for dividends and potential M&As, rather than spend on E&P.

4. The industry's capex cycle will take time to stabilise and recover, and we must be prepared for not only a long winter, but a harsh one. Eventually, E&P capex in the industry will return when oil majors have to arrest falling production and replenish their declining reserves to meet the world's continued demand for fossil fuels.

5. A silver lining for Keppel is the resilient trend of urbanisation in Asia, buoyed by a growing middle class and continuing rural-urban migration. Whether it is meeting the need for energy, green homes and office buildings, or high quality infrastructure such as power plants, waste-to-energy plants and data centres, the Keppel Group is well placed to seize growth opportunities by providing solutions for sustainable urbanisation.

Financial Performance

6. This has been a tough quarter. Nevertheless, our multi-business strategy continues to support Keppel's performance amidst the challenging environment.

7. We achieved a net profit of S$416 million in the first six months of 2016, lower by 45% compared to the same period in 2015, due mainly to weaker results from the Offshore & Marine business, and also the absence of one-time gains from the Infrastructure Division compared to the same period a year ago. The impact was cushioned by the good performance of our Property Division, which is now the biggest contributor to the Group's bottom line.

8. Our EVA for the period was S$9 million while our annualised ROE was 7.4%.

9. Our net gearing rose slightly from 56% to 62% quarter-on-quarter, mainly due to the payment of the S$400 million final dividend distribution for 2015. The pace of growth in working capital requirements by Keppel Offshore & Marine (Keppel O&M) has plateaued, in line with the reduced workload. Our net gearing level is comfortable and our balance sheet remains institutional quality.

10. Having considered the Group's performance and business requirements, the Board of Directors has approved an interim dividend of 8.0 cents per share for the first half of 2016, which will be paid out in August.

Offshore & Marine

11. Let me begin with the performance of our Offshore & Marine division.

Key developments

12. Keppel O&M has captured new contracts worth more than S$460 million, year to date, which include those for four FPSO projects, a pipelay vessel and three dredgers.

13. We completed the acquisition of Cameron's offshore product division and have commenced the operations of Keppel LeTourneau since May this year, with offices in the United States, United Arab Emirates and Singapore.

14. The LeTourneau acquisition complements Keppel O&M's existing competencies. With our combined capabilities, we will be able to provide even

better value-added solutions to drilling operators. It also enables us to expand our business in the provision of aftersales and aftermarket services, providing recurring income for the Group.

15. Despite a weak medium-term outlook for the oil and gas sector, we believe the LNG market has significant potential given the trend towards the adoption of cleaner fuel technology. Leveraging our experience and expertise in servicing vessels including gas carriers, Keppel O&M has established a 50/50 joint venture (JV) with Shell Eastern Petroleum to supply LNG bunkering operations in the Singapore port. The JV company is expected to start supplying LNG as a fuel for ships in 2017.

16. Along with bunkering services, we will also be able to expand our network and clientele base to bring pull-through work such as building LNG vessels or servicing and retrofitting ships at our yards. In addition, we can leverage the JV as a marketing platform to open doors to provide other gas solutions down the value chain.

17. In line with our efforts to explore new markets, Keppel O&M has formed a Singapore incorporated JV company, which will set up a centre in the Russian Federation for the design and engineering of mobile offshore drilling units for shallow waters to cater to needs of the region. Both the JV and the Design and Engineering Centre will, in the conduct of their activities, adhere to the prevailing international sanctions imposed on the Russian offshore oil and gas sector.

18. In China, our partner, Titan Petrochemicals Group, has completed its restructuring and resumed trading of its shares on the Hong Kong Stock Exchange on 15 July 2016. Keppel O&M will provide management services to Titan and work with them to develop the Titan Quanzhou Shipyard in phases. This yard in Fujian Province is an extension of our *Near market, Near customer* strategy, and the partnership will enable Keppel to further grow our presence in the Chinese market without needing to invest in new capacity.

Major deliveries in 1H 2016

19. Keppel O&M continues to focus on executing its projects well, delivering on safety, timeliness and budget, to the satisfaction of our customers.

20. For the first half of 2016, Keppel O&M delivered a number of major projects which include two KFELS B Class rigs to Grupo R and one drilling rig to Gulf Drilling International. Just last week, Keppel AmFELS delivered a fourth jackup

to Perforadora Central. Earlier, in June, Keppel AmFELS also handed over to another customer one of the world's largest Harsh Environment Enhanced Mobility land rigs. Apart from rigs, Keppel O&M also delivered a liftboat and a high-specification deepwater derrick lay vessel built to our own proprietary design, amongst other projects.

Deliveries in 2H 2016

21. Other key projects to be delivered by our yards this year include another jackup, two semis and five FPSO/FSU conversions.

22. We have received requests to defer the delivery of three jackups for Grupo R and one jackup for Parden Holdings to next year. The contracts remain valid. We will be compensated for the delays and are working towards delivering them based on the new schedules agreed upon with our customers.

Projects for Sete Brasil

23. We have stopped work on the semi-submersibles for Sete Brasil since the end of last year. Sete Brasil has been working with a financial advisor on its restructuring plan and has filed for judicial recovery.

24. While we wait for more clarity on Sete's plans, we believe that the provision of S$230 million made last year remains appropriate and adequate. We made the provision on the assumption that Sete may not continue its business as before. Now that Sete has filed for judicial recovery, we have excluded Sete's projects from our net orderbook. The contracts remain legally valid, and we will continue to work with Sete towards achieving a win-win outcome.

25. Our net orderbook currently stands at about S$4.3 billion, excluding the Sete Brasil projects which amounted to about S$4 billion.

Strengthening Resilience

26. Since 2015, we have been taking active steps to manage costs and rightsize our operations. Although we have a lower topline, we have been working hard to maintain our margins.

27. For the first half of 2016, Keppel O&M reduced its direct staff strength in Singapore and overseas by 4,900 headcount, or around 16% of its staff. Subcontract headcount in Singapore was also further reduced by another 670 persons.

28. Since we started rightsizing our operations a year and half ago, we have reduced our global direct workforce to date by a total of about 11,000 headcount, and about 8,600 headcount of our subcontract workforce in Singapore.

29. Apart from reducing variable costs, we have also worked at cutting our overheads which have come down by 20% compared to the first half of 2015. These efforts have allowed our gross operating margins to remain at 12.8% for 2Q 2016 and 13.2% for 1H 2016 respectively, despite the lower top line.

30. While we remain confident of the long-term fundamentals of the Offshore & Marine industry, we are mindful that a long downturn may be upon us and we have to position our business accordingly.

31. Our cost-cutting and rightsizing efforts will continue. Beyond natural attrition, we will look at ways to reorganise and streamline our yards and resources to become leaner and more efficient. For example, we can look into integrating our engineering resources across the different units in the Division. If necessary, we may also mothball yards with low work volumes.

Responding with agility

32. For Keppel, it is not just about cost cutting. We also want to be ready, to have the ability to ramp up, when the upturn comes. As I have updated before, we will through this down cycle continue to invest prudently in R&D, in training and building capability so that we may stay at the forefront of this industry when the market turns up again.

33. To stay ahead of the curve, we will be agile to seek opportunities in other market segments which have been less affected by the downturn, including floating production solutions such as tension leg platforms and production semis, LNG-related solutions and services, and also non-oil and gas projects. We are also exploring opportunities to build Jones Act vessels in the US.

34. The harsh winter will not last forever. Our aim is to keep Keppel O&M profitable during the downturn, while at the same time, explore new opportunities and develop new capabilities to strengthen the company. This will ensure that we entrench our leadership position in the global offshore and marine industry into the future.

Property

35. Our property division performed well and achieved stronger home sales in the first half compared to that of a year ago, driven by continuing urbanisation trends and strong demand for homes in China.

Key developments

36. Our strategy of geographical diversification has served Keppel Land well and we continue to strengthen our presence in our core and growth markets.

37. Riding on improved sentiments and growing demand for high quality homes in Vietnam, we invested S$182 million in Ho Chi Minh City for prime developments in the Thu Thiem New Urban Area and subscribed for convertible bonds in Nam Long Investment Corporation, a leading local affordable housing developer. In Singapore, Keppel Land strengthened its commercial portfolio with the acquisition of a 22.4% stake in 112 Katong lifestyle mall which is managed by Keppel Land Retail Management.

38. Keppel Land also made divestments in Hanoi, Bangkok, Colombo and Jiangyin. We will continue our strategy to recycle assets and redeploy capital, and focus on seeking higher returns.

39. Charting milestones in Yangon, Myanmar, we topped off our joint venture project, a 23-storey office tower in the Junction City mixed-use development, and also opened the new Inya Wing of the Sedona Hotel Yangon. Keppel Land has been in Myanmar for 20 years and has established a reputable brand name in the country.

Residential highlights

40. Home sales continued its strong momentum in the first half of 2016. Keppel Land sold 2,140 homes, an 18% increase year-on-year. We achieved a total sales value of S$960 million.

41. In Singapore, we sold 190 units compared to 100 sold in first half 2015. However, with the property cooling measures unlikely to be unwound soon, the market remains soft.

42. Keppel Land's home sales overseas have continued to be resilient and contributed strongly to the profits of our property division.

43. The Chinese property market remains healthy in the key cities where we operate, despite the tightening of cooling measures in some Tier 1 cities. About 86% of our homes sales in the first half of the year were in China, especially Chengdu, Wuxi and Tianjin.

44. We can expect contributions from 3,400 units of overseas homes sold to be recognised as the homes are completed from 2H2016 through 2018.

Progress in Sino-Singapore Tianjin Eco-City

45. Keppel leads the Singapore Consortium in the development of the Sino-Singapore Tianjin Eco-City, a bilateral project between Singapore and China to build a model for sustainable urbanisation. Now into its eighth year of development, the Eco-City has, with the support of the Singapore and Chinese Governments, been transformed from barren saline and alkaline land into a green city, with more than 50,000 residents and 3,500 registered companies.

46. With improved connectivity and a growing range of amenities, including schools, business parks and community centres, we are seeing a steady increase in demand for homes and land. In 1H2016, the Eco-City sold around 3,800 homes, a marked improvement over the 2,900 homes sold in 1H2015.

47. Reflecting the improved home sales, land prices have also risen. Last week, our 50-50 joint venture master developer in the Sino-Singapore Tianjin Eco-City held an auction, where two plots of residential land were sold at record prices of around RMB8,000 psm of GFA. This is more than three times the price of similar land sold earlier this year in the Eco-City.

48. The Eco-City is a long-term project, and there is still a lot of work ahead of us. However, the appreciating land price reflects the Eco-City's increasing maturity and the market's growing confidence in the project. Apart from residential projects, more companies are also investing in and setting up operations in the Eco-City, bringing more vibrancy and jobs to the township.

Property Portfolio

49. Keppel Land has close to 18,500 launch-ready homes in its pipeline from now through 2018, most of which are in China, followed by Vietnam. To put this number in perspective, Keppel Land sold 4,570 homes in 2015, and 2,450 in 2014.

50. Our positive home sales have been riding on continuing strong urbanisation trends and we have a 70,000-strong pipeline to meet the market's needs. Our aim is to increase the inventory turn and pro-actively launch more projects in those markets that have favorable conditions.

51. On the commercial front, Keppel Land continues to strengthen its quality portfolio which is now over one million square metres of gross floor area under development. These projects will be progressively completed, including the retail mall in Saigon Centre, which will open very shortly. The completed properties will contribute to our recurring income, and will be a source of revaluation and disposal gains when they are eventually monetised.

Infrastructure

52. We will now update on our Infrastructure Division.

Key developments

53. In the first half, we also broke ground for Keppel DC Singapore 4, the fourth data centre in Singapore under Keppel Data Centres, a joint venture between Keppel T&T and Keppel Land. This data centre features approximately 183,000 sq ft of gross floor area and Phase 1 is on track for completion this year. Yesterday, we announced that our data centres, Keppel DC Singapore 3 and 4, have secured contracts worth more than S$144 million.

54. Expanding its data centre footprint into Hong Kong, Keppel Data Centres entered into a long-term collaboration agreement with Hong Kong's PCCW Global to co-develop and market the International Carrier Exchange.

55. In our logistics business, the distribution centre in Tianjin is undergoing testing and commissioning and when operations start, it will offer cold chain facilities and a warehouse area of 131,000 sq ft.

Investments

56. Our Investments Division is Keppel's fourth business vertical, comprising the newly created Keppel Capital, and the Group's holdings in associate companies, k1 Ventures, M1 and KrisEnergy.

Key developments

57. Keppel REIT successfully completed the divestment of its 100% interest in 77 King Street, an office development in Sydney, Australia, for A$160 million which was about 40% above its original purchase price and an approximate 27% premium over its valuation.

58. Keppel Infrastructure Trust, together with its joint venture partner, Shimizu Corporation, has handed over the newly completed 1-Net North Data Centre which commenced a 20-year lease.

59. Funds under Alpha Investment Partners continue to perform well. The Funds realised proceeds of about S$226 million from divestments in Singapore and Tokyo. The Tokyo assets generated USD IRR ranging between 12% and 15%, while that in Singapore generated IRR of 185%. During the quarter, the Alpha Asia Macro Trends Fund II also completed the acquisition of various office buildings in Singapore, Tokyo and Seoul.

60. Just yesterday, we announced that two new closed-end private equity funds, the Alpha Data Centre Fund and the Alpha Asia Macro Trends Fund III managed by Alpha, have received initial capital commitments of US$410 million, out of a combined target size of US$1.5 billion.

Formation of Keppel Capital

61. A key development this month is the completion of the restructuring of the Group’s four asset management businesses, namely Keppel REIT Management, Alpha Investment Partners and Keppel Infrastructure Fund Management as well as a 50% interest in Keppel DC REIT Management, under Keppel Capital.

62. With total AUM of S$26 billion, Keppel Capital will strengthen our capital recycling platform and provide a steady pillar of recurring income for the Group. Keppel Capital will also work closely with the Group’s other business units to expand our capital base with co-investors, thus allowing us to seize opportunities for growth without putting a strain on our balance sheet. This may also create potential pull-through projects for the Group’s various business verticals.

Private Data Centre Fund

63. Established institutional investors have told us that they want to get closer to the coal face to own “real assets”, including those in the offshore and marine, real estate and infrastructure industries. These investors appreciate a like-minded partner like Keppel who is able to create quality assets and has the ability and capacity to align its interests with theirs. Keppel also has strong operating capabilities in some of the assets that we create such as property, data centres, waste-to-energy plants, power plants and other infrastructure assets.

64. To realise our full potential as a conglomerate and to open up new growth opportunities, our business units are collaborating even more closely with one another, capitalising on their wealth of expertise, industry knowledge and networks.

65. The new US$500 million Alpha Data Centre Fund is a prime example of how we can synergise our business verticals and leverage our strengths to create sustainable value.

66. The Fund will invest in brownfield and greenfield developments across Asia-Pacific and Europe, where there is strong growth in data creation, storage and data centre outsourcing.

67. Alpha will raise and manage the fund and work with Keppel T&T to create or acquire assets. Meanwhile, Keppel Data Centres Holding, a 70-30 joint venture between Keppel T&T and Keppel Land, will develop and project manage the data centres in the Fund, as well as serve as the facility manager.

68. There could also be opportunities to rope in other businesses in the Group, such as Keppel Infrastructure, to provide cooling and power solutions where it makes sense. When the assets are matured, they can be injected into Keppel DC REIT as part of the deal flow pipeline or sold to other interested buyers. There will also be fees that we can earn from this process, all of which will contribute recurring income to the Group.

69. Whether in data centres or other areas of Keppel’s expertise, there will be more of such opportunities for Keppel’s diverse units to link up as OneKeppel along critical value chains. By bringing in like-minded co-investors, we can give the Group even greater financial capacity to grow, through building and operating a larger number of data centres without straining our balance sheet.

Fortifying Earnings Streams

70. For 1H2016, recurring income contributed S$178 million to the Group's total net profit. This is comparable to our recurring income in 1H2015 in absolute dollar terms, and represents around 43% of our net profit for 1H2016. It demonstrates, in challenging times, that recurring income can be a stabilizer for our performance with its consistent contributions. We will continue our focus on growing stable, recurring income for the long term.

71. Through these challenging times, we are working hard to ensure that Keppel remains resilient, underpinned by our rightsizing and cost management efforts in the offshore & marine division, our continuous pursuit of new growth markets and building new capabilities. We are confident that our multi-business strategy continues to stand us in good stead, and through these challenges, Keppel will emerge stronger.

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

73. Thank you.

KEPPEL CORPORATION LIMITED

Second Quarter 2016 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2016.

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

	Note	**Second Quarter**			**Half Year**		
		30.6.2016 $'000	30.6.2015 $'000	+/- %	**30.6.2016 $'000**	30.6.2015 $'000	+/- %
Revenue		**1,625,483**	2,562,920	-36.6	**3,368,440**	5,377,059	-37.4
Materials & subcontract costs	(i)	**(996,976)**	(1,920,085)	-48.1	**(2,073,114)**	(3,722,855)	-44.3
Staff costs	(ii)	**(301,252)**	(368,804)	-18.3	**(585,431)**	(855,253)	-31.5
Depreciation & amortisation		**(57,686)**	(64,563)	-10.7	**(114,275)**	(130,243)	-12.3
Other operating (expenses)/income	(iii)	**(35,979)**	204,759	NM	**(84,080)**	143,760	NM
Operating profit		**233,590**	414,227	-43.6	**511,540**	812,468	-37.0
Investment income		**3,600**	4,749	-24.2	**7,967**	5,973	+33.4
Interest income		**31,854**	19,379	+64.4	**60,614**	50,801	+19.3
Interest expenses	(iv)	**(50,077)**	(30,678)	+63.2	**(96,671)**	(67,285)	+43.7
Share of results of associated companies	(v)	**65,397**	90,211	-27.5	**79,120**	151,385	-47.7
Profit before tax		**284,364**	497,888	-42.9	**562,570**	953,342	-41.0
Taxation	(1b)	**(65,118)**	(88,035)	-26.0	**(117,606)**	(169,337)	-30.5
Profit for the period		**219,246**	409,853	-46.5	**444,964**	784,005	-43.2
Attributable to:							
Shareholders of the Company		**205,780**	396,718	-48.1	**416,338**	756,944	-45.0
Non-controlling interests		**13,466**	13,135	+2.5	**28,626**	27,061	+5.8
		219,246	409,853	-46.5	**444,964**	784,005	-43.2
Earnings per ordinary share							
- basic		**11.3 cts**	21.9 cts	-48.4	**22.9 cts**	41.7 cts	-45.1
- diluted		**11.2 cts**	21.7 cts	-48.4	**22.8 cts**	41.4 cts	-44.9

NM – Not Meaningful

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Second Quarter			Half Year		
		30.6.2016 $'000	30.6.2015 $'000	+/- %	**30.6.2016 $'000**	30.6.2015 $'000	+/- %
Share-based payment expenses		**9,616**	12,531	-23.3	**14,968**	20,496	-27.0
Loss/(profit) on sale of investments	(vi)	**49**	–	NM	**49**	(49,605)	NM
Profit on sale of fixed assets		**(524)**	(156)	+235.9	**(1,437)**	(1,427)	+0.7
(Write-back)/provision							
- Stocks & work-in-progress		**(474)**	689	NM	**(8,250)**	637	NM
- Doubtful debts		**(837)**	(146)	NM	**(597)**	929	NM
Stocks written off		**92**	12	NM	**163**	19	NM
Bad debts written off/ (recovered)		**198**	(1)	NM	**218**	104	+109.6
Fair value loss/(gain)							
- Investments	(vii)	**3,991**	891	NM	**1,312**	69	NM
- Forward contracts	(viii)	**(31)**	(9,519)	-99.7	**(17,070)**	14,634	NM
- Financial derivatives		**(175)**	(1,013)	-82.7	**1,787**	(3,370)	NM
Foreign exchange (gain)/loss	(ix)	**(3,783)**	22,724	NM	**13,488**	10,206	+32.2
Write-back of impairment of investments	(x)	**(284)**	(776)	-63.4	**(568)**	(1,553)	-63.4
Gain on disposal of subsidiaries	(xi)	**(12,811)**	(218,770)	-94.1	**(8,372)**	(218,770)	-96.2
Gain associated with restructuring of operations and others	(xii)	**–**	(55,098)	NM	**(1,633)**	(55,098)	-97.0

NM – Not Meaningful

Note:

(i) Materials & subcontract costs decreased for the half year ended 30 June 2016 mainly as a result of lower revenue from Offshore & Marine Division and Infrastructure Division, partly offset by higher revenue from Property Division.

(ii) Staff costs decreased for the half year ended 30 June 2016 due mainly to lower manpower cost in the Offshore & Marine Division and Infrastructure Division.

(iii) Other operating expenses in the current period as compared to other operating income in the prior period was due mainly to lower gain on disposal of subsidiaries (Note (xi)), lower gain associated with restructuring of operations and others (Note (xii)) and the absence of profit on sale of investments in the prior period (Note (vi)), partially offset by hedging differential on forward exchange contracts (Note (viii)).

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

(v) Share of profits of associated companies for the half year ended 30 June 2016 was lower due mainly to losses from associated companies in the Investments Division and Infrastructure Division.

(vi) Profit on sale of equity investments in the prior period was due to disposals of listed equities in the Investments Division.

(vii) Fair value loss (mark-to-market) for the half year ended 30 June 2016 on investment portfolio held for trading was due to decrease in stock prices.

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

(ix) The foreign exchange loss for the half year ended 30 June 2016 was mainly attributable to the revaluation of assets denominated in United States dollar and Sterling Pound, which depreciated against Singapore dollar.

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

(xi) Gain on disposal of subsidiaries in the current period arose from the sale of Quang Ba Royal Park Joint Venture Co Ltd, Keppel Thai Properties Public Company Ltd and Jiangyin Yangtze International Country Club, partly offset by the loss on sale of Keppel CT Developments Pte Ltd. In the prior period, gain on disposal arose from the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd and disposal of 80% interest in BG Junction in Surabaya.

(xii) Gain associated with restructuring of operations and others in the current period arose mainly from the gain on change in interest in an associated company. In the prior period, the gain 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, partly offset by business combination loss on acquisition of additional interest in OWEC Tower.

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

	Second Quarter			Half Year		
	30.6.2016	30.6.2015	+/-%	**30.6.2016**	30.6.2015	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	**11.3 cts**	21.9 cts	-48.4	**22.9 cts**	41.7 cts	-45.1
- Weighted average number of shares (excluding treasury shares) ('000)	**1,814,758**	1,816,386	-0.1	**1,814,758**	1,816,386	-0.1
(ii) On a fully diluted basis	**11.2 cts**	21.7 cts	-48.4	**22.8 cts**	41.4 cts	-44.9
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,825,920**	1,827,334	-0.1	**1,825,920**	1,827,334	-0.1

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

		Second Quarter			Half Year		
		30.6.2016 $'000	30.6.2015 $'000	+/- %	**30.6.2016 $'000**	30.6.2015 $'000	+/- %
Profit for the period		**219,246**	409,853	-46.5	**444,964**	784,005	-43.2
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the period	(i)	**10,538**	29,264	-64.0	**(10,887)**	8,408	NM
- Realised and transferred to profit & loss account	(ii)	**2,716**	619	NM	**2,716**	(38,622)	NM
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(iii)	**129,639**	293,652	-55.9	**264,389**	(86,854)	NM
- Realised and transferred to profit & loss account	(iv)	**44,317**	30,968	+43.1	**103,556**	104,204	-0.6
Foreign exchange translation							
- Exchange differences arising during the period	(v)	**(130,067)**	(216,923)	-40.0	**(297,985)**	3,299	NM
- Realised and transferred to profit & loss account		**(3,394)**	11,639	NM	**(3,776)**	11,639	NM
Share of other comprehensive income of associated companies							
- Available-for-sale assets		**551**	(694)	NM	**573**	1,488	-61.5
- Cash flow hedges		**(12,533)**	8,036	NM	**(27,692)**	18,119	NM
- Foreign exchange translation		**(62,630)**	11,047	NM	**(103,549)**	23,001	NM
Other comprehensive income for the period, net of tax		**(20,863)**	167,608	NM	**(72,655)**	44,682	NM
Total comprehensive income for the period		**198,383**	577,461	-65.6	**372,309**	828,687	-55.1
Attributable to:							
Shareholders of the Company		**200,227**	591,023	-66.1	**387,122**	779,904	-50.4
Non-controlling interests		**(1,844)**	(13,562)	-86.4	**(14,813)**	48,783	NM
		198,383	577,461	-65.6	**372,309**	828,687	-55.1

NM – Not Meaningful

Note:

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

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

(iii) Fair value changes were due mainly to the hedging differential on forward exchange contracts, 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 half year 2016 and 2Q 2016 arose largely from weakening of foreign currencies, such as United States dollar and Renminbi against the Singapore dollar.

The translation losses for 2Q 2015 arose largely from weakening of foreign currencies, such as United States Dollar, Renminbi and Brazilian Real against the Singapore dollar. The translation gains for half year 2015 arose mainly from strengthening of the United States Dollar and Renminbi against the Singapore dollar.

3. BALANCE SHEETS as at 30 June

	Group		Company	
	30.6.2016	31.12.2015	**30.6.2016**	31.12.2015
	$'000	$'000	**$'000**	$'000
Share capital	**1,288,394**	1,288,394	**1,288,394**	1,288,394
Treasury shares	**(16,730)**	(49,011)	**(16,730)**	(49,011)
Reserves	**9,834,683**	9,856,278	**4,888,102**	5,608,423
Share capital & reserves	**11,106,347**	11,095,661	**6,159,766**	6,847,806
Non-controlling interests	**724,759**	830,198	**–**	–
Capital employed	**11,831,106**	11,925,859	**6,159,766**	6,847,806
Represented by:				
Fixed assets	**2,765,002**	2,845,547	**1,228**	1,281
Investment properties	**3,204,078**	3,272,112	**–**	–
Subsidiaries	**–**	–	**8,249,802**	8,139,235
Associated companies	**5,415,163**	5,521,756	**–**	–
Investments	**365,340**	350,103	**–**	–
Long term assets	**285,108**	283,464	**431**	380
Intangibles	**147,117**	99,825	**–**	–
	12,181,808	12,372,807	**8,251,461**	8,140,896
Current assets				
Stocks & work-in-progress in excess of related billings	**10,464,417**	10,650,500	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**3,395,307**	3,445,760
- associated companies	**526,090**	509,041	**316**	511
Debtors	**3,214,671**	3,144,822	**1,538**	1,257
Derivative assets	**83,824**	125,472	**69,026**	120,507
Short term investments	**208,721**	225,118	**–**	–
Bank balances, deposits & cash	**1,796,795**	1,892,841	**564**	91
	16,294,518	16,547,794	**3,466,751**	3,568,126
Current liabilities				
Creditors	**4,450,150**	4,971,549	**132,828**	144,866
Derivative liabilities	**389,347**	780,275	**272,072**	515,746
Billings on work-in-progress in excess of related costs	**1,705,619**	1,888,468	**–**	–
Provisions	**80,902**	90,216	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**944,579**	993,056
- associated companies	**113,739**	137,376	**–**	–
Term loans	**1,853,048**	856,735	**1,342,304**	631,879
Taxation	**280,494**	352,595	**10,194**	15,867
	8,873,299	9,077,214	**2,701,977**	2,301,414
Net current assets	**7,421,219**	7,470,580	**764,774**	1,266,712
Non-current liabilities				
Term loans	**7,278,028**	7,401,934	**2,800,000**	2,500,000
Deferred taxation	**370,162**	373,173	**–**	–
Other non-current liabilities	**123,731**	142,421	**56,469**	59,802
	7,771,921	7,917,528	**2,856,469**	2,559,802
Net assets	**11,831,106**	11,925,859	**6,159,766**	6,847,806
Group net debt	***7,334,281***	*6,365,828*	***n.a.***	*n.a.*
Group net gearing ratio	***0.62x***	*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 30.6.2016		As at 31.12.2015	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
16,701	**1,836,347**	11,764	844,971

(ii) Amount repayable after one year

As at 30.6.2016		As at 31.12.2015	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,172,819	**6,105,209**	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 $2,553,339,000 (31 December 2015: $2,455,633,000) to banks for loan facilities.

3b. Net asset value

	Group			**Company**		
	30.6.2016	31.12.2015	+/-%	**30.6.2016**	31.12.2015	+/-%
Net asset value per ordinary share *	**$6.12**	$6.13	-0.2	**$3.39**	$3.78	-10.3
Net tangible asset per ordinary share *	**$6.04**	$6.07	-0.5	**$3.39**	$3.78	-10.3

* Based on share capital of 1,815,504,053 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 were $11.11 billion at 30 June 2016, $0.01 billion higher than the previous year end. The increase was mainly attributable to increase in fair value on cash flow hedges and retained profits for the period ended 30 June 2016. This was partly offset by payment of final dividend of 22.0 cents per share in respect of financial year 2015 and foreign exchange translation losses.

Group total assets were $28.48 billion at 30 June 2016, $0.44 billion lower than the previous year end. Decrease in current assets was due mainly to lower stocks & work-in-progress from the Property Division. Decrease in bank balances, deposits & cash was largely due to net cash outflow from operating activities during the period. 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 period.

Group total liabilities of $16.65 billion at 30 June 2016 were $0.35 billion lower than the previous year end. This was largely attributable to reduction in creditors in the Offshore & Marine Division and Property Division. Higher level of term loans was due to increased bank borrowings for working capital requirements and operational capital expenditure.

Group net debt increased by $0.97 billion to $7.33 billion at 30 June 2016.

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

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange 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 first quarter								
Profit for first quarter	**–**	**–**	**–**	**210,558**	**–**	**210,558**	**15,160**	**225,718**
Other comprehensive income *	**–**	**–**	**158,821**	**–**	**(182,484)**	**(23,663)**	**(28,129)**	**(51,792)**
Total comprehensive income for first quarter	**–**	**–**	**158,821**	**210,558**	**(182,484)**	**186,895**	**(12,969)**	**173,926**
Transactions with owners, recognised directly in equity								
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**

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

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

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 first quarter								
Profit for first 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 first 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

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								
Total comprehensive income for second quarter								
Profit for second quarter	–	–	–	396,718	–	396,718	13,135	409,853
Other comprehensive income *	–	–	362,021	–	(167,716)	194,305	(26,697)	167,608
Total comprehensive income for second quarter	–	–	362,021	396,718	(167,716)	591,023	(13,562)	577,461
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(654,398)	–	(654,398)	–	(654,398)
Share-based payment	–	–	12,206	–	–	12,206	89	12,295
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(42,295)	(42,295)
Purchase of treasury shares	–	(4,956)	–	–	–	(4,956)	–	(4,956)
Treasury shares reissued pursuant to share option scheme	–	9,399	(3,126)	–	–	6,273	–	6,273
Cash subscribed by non-controlling shareholders	–	–	40	–	–	40	238	278
Contributions to defined benefits plans	–	–	(84)	–	–	(84)	(23)	(107)
Total contributions by and distributions to owners	–	4,443	9,036	(654,398)	–	(640,919)	(41,991)	(682,910)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(143)	22,931	–	22,788	(215,675)	(192,887)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(7,414)	(7,414)
Total change in ownership interests in subsidiaries	–	–	(143)	22,931	–	22,788	(223,089)	(200,301)
Total transactions with owners	–	4,443	8,893	(631,467)	–	(618,131)	(265,080)	(883,211)
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

* 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 first quarter	**–**	**–**	**–**	**25,595**	**25,595**
Transactions with owners, recognised directly in equity					
Share-based payment	**–**	**–**	**4,061**	**–**	**4,061**
Purchase of treasury shares	**–**	**(3,069)**	**–**	**–**	**(3,069)**
Treasury shares reissued pursuant to share plans	**–**	**33,451**	**(33,451)**	**–**	**–**
Total transactions with owners	**–**	**30,382**	**(29,390)**	**–**	**992**
As at 31 March	**1,288,394**	**(18,629)**	**170,323**	**5,434,305**	**6,874,393**
Profit / Total comprehensive income for second quarter	**–**	**–**	**–**	**(324,248)**	**(324,248)**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(399,411)**	**(399,411)**
Share-based payment	**–**	**–**	**8,256**	**–**	**8,256**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**1,899**	**(1,123)**	**–**	**776**
Total transactions with owners	**–**	**1,899**	**7,133**	**(399,411)**	**(390,379)**
As at 30 June	**1,288,394**	**(16,730)**	**177,456**	**4,710,646**	**6,159,766**

	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 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
Profit / Total comprehensive income for second quarter	–	–	–	898,063	898,063
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(654,398)	(654,398)
Share-based payment	–	–	11,179	–	11,179
Purchase of treasury shares	–	(4,956)	–	–	(4,956)
Treasury shares reissued pursuant to share option scheme	–	9,399	(3,126)	–	6,273
Total transactions with owners	–	4,443	8,053	(654,398)	(641,902)
As at 30 June	1,288,394	(5,024)	168,297	4,620,619	6,072,286

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 transferred pursuant to share option scheme	–	(253,000)
Treasury shares transferred pursuant to restricted share plan	–	(20,090)
As at 30 June 2016	**1,817,910,180**	**2,406,127**

Treasury shares
During the six months ended 30 June 2016, the Company transferred 4,946,853 (30 June 2015: 5,923,515) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 590,000 treasury shares (30 June 2015: 584,000) during the period. As at 30 June 2016, the number of treasury shares held by the Company represented 0.13% (30 June 2015: 0.03%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the six months ended 30 June 2016.

Share options
As at 30 June 2016, there were unexercised options for 14,741,474 of unissued ordinary shares (30 June 2015: 17,873,474 ordinary shares) under the KCL Share Options Scheme. 253,000 options (30 June 2015: 1,497,630) were exercised during the period and 2,827,000 unexercised options (30 June 2015: 199,400) were cancelled in the six months ended 30 June 2016.

KCL Performance Share Plan (“KCL PSP”)
As at 30 June 2016, the number of contingent shares granted but not released were 8,307,400 (30 June 2015: 1,832,119) for KCL PSP, which included 5,625,000 (30 June 2015: Nil) under a transformation incentive plan. 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 12,461,100 under KCL PSP.

KCL Restricted Share Plan (“KCL RSP”)
As at 30 June 2016, the number of contingent shares granted but not released were 5,800,645 (30 June 2015: 4,837,286). Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could be zero or 5,800,645 under KCL RSP.

As at 30 June 2016, the number of awards released but not vested was 4,980,159 (30 June 2015: 4,294,301) for KCL RSP.

The movements in the number of shares under KCL RSP and 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 30.6.16
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
29.4.2016	–	1,185,000	–	–	–	1,185,000
29.4.2016	–	5,625,000	–	–	–	5,625,000
	2,052,119	6,810,000	(421,619)	(133,100)	–	8,307,400
KCL RSP						
31.3.2015	4,731,880	–	–	(4,683,980)	(47,900)	–
30.7.2015	789,603	–	–	(764,298)	(25,305)	–
29.4.2016	–	5,825,645	–	–	(25,000)	5,800,645
	5,521,483	5,825,645	–	(5,448,278)	(98,205)	5,800,645

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.16	Released	Vested	Cancelled	Other adjustments	At 30.6.16
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	–	(1,293,921)	(7,512)	(5,177)	2,417
31.3.2014	2,884,098	–	(1,435,600)	(23,216)	(10,000)	1,415,282
31.3.2015	–	4,683,980	(1,585,391)	(18,156)	(14,630)	3,065,803
30.7.2015	–	764,298	(256,341)	(10,300)	(1,000)	496,657
	4,193,125	5,448,278	(4,571,253)	(59,184)	(30,807)	4,980,159

4d. Capital reserves

	Group		Company	
	30.6.2016	30.6.2015	**30.6.2016**	30.6.2015
	$'000	$'000	**$'000**	$'000
Share option and share plan reserve	**184,959**	187,286	**162,966**	163,556
Fair value reserve	**66,361**	73,808	**–**	–
Hedging reserve	**(449,994)**	(480,939)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**94,234**	73,863	**14,490**	4,741
	(64,440)	(105,982)	**177,456**	168,297

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

	Note	Second Quarter		Half Year	
		30.6.2016	30.6.2015	**30.6.2016**	30.6.2015
		$'000	$'000	**$'000**	$'000
OPERATING ACTIVITIES					
Operating profit		**233,590**	414,227	**511,540**	812,468
Adjustments:					
Depreciation and amortisation		**57,686**	64,563	**114,275**	130,243
Share-based payment expenses		**9,616**	12,531	**14,968**	20,496
Loss/(profit) on sale of investments		**49**	–	**49**	(49,605)
Profit on sale of fixed assets		**(524)**	(156)	**(1,437)**	(1,427)
Write-back of impairment of investments		**(284)**	(776)	**(568)**	(1,553)
Gain on disposal of subsidiaries		**(12,811)**	(218,770)	**(8,372)**	(218,770)
Gain associated with restructuring of operations and others		**–**	(55,098)	**(1,633)**	(55,098)
Operational cash flow before changes in working capital		**287,322**	216,521	**628,822**	636,754
Working capital changes:					
Stocks & work-in-progress		**39,579**	456,627	**30,208**	(129,839)
Debtors		**(121,471)**	(587,651)	**(208,020)**	(923,687)
Creditors		**(72,323)**	(544,800)	**(584,805)**	222,463
Investments		**9,375**	10,362	**(7,114)**	81,931
Advances to/from associated companies		**(12,832)**	82,311	**(41,826)**	55,235
		129,650	(366,630)	**(182,735)**	(57,143)
Interest received		**31,854**	19,379	**60,614**	50,801
Interest paid		**(50,077)**	(30,678)	**(96,671)**	(67,285)
Income taxes paid, net of refunds received		**(118,629)**	(177,936)	**(142,696)**	(197,906)
Net cash used in operating activities		**(7,202)**	(555,865)	**(361,488)**	(271,533)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	**(135,500)**	(269)	**(135,500)**	(2,559)
Acquisition and further investment in associated companies		**(41,149)**	(335,102)	**(116,635)**	(396,604)
Acquisition of fixed assets and investment properties		**(62,663)**	(157,944)	**(112,999)**	(522,363)
Disposal of subsidiaries	5b	**41,840**	1,248,946	**46,748**	1,248,946
Proceeds from disposal of fixed assets		**291**	193	**2,325**	1,570
Return of capital from associated companies		**8**	–	**75**	–
Dividends received from investments and associated companies		**71,320**	123,598	**155,907**	162,365
Net cash (used in)/from investing activities		**(125,853)**	879,422	**(160,079)**	491,355
FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiary		**(47,556)**	(191,120)	**(47,556)**	(2,961,782)
Proceeds from share issues		**–**	–	**–**	779
Proceeds from share options exercised with issue of treasury shares		**776**	6,273	**776**	7,933
Purchase of treasury shares		**–**	(4,956)	**(3,069)**	(4,956)
Proceeds from non-controlling shareholders of subsidiaries		**547**	278	**4,903**	5,126
Proceeds from term loans		**891,560**	173,300	**1,139,713**	1,215,641
Repayment of term loans		**(162,610)**	(878,786)	**(238,456)**	(1,167,330)
Dividend paid to shareholders of the Company		**(399,411)**	(654,398)	**(399,411)**	(654,398)
Dividend paid to non-controlling shareholders of subsidiaries		**(9,625)**	(42,295)	**(19,871)**	(43,639)
Net cash from/(used in) financing activities		**273,681**	(1,591,704)	**437,029**	(3,602,626)
Net increase/(decrease) in cash and cash equivalents		**140,626**	(1,268,147)	**(84,538)**	(3,382,804)
Cash and cash equivalents as at beginning of period		**1,608,832**	3,653,262	**1,859,118**	5,712,351
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(14,299)**	(49,805)	**(39,421)**	5,763
Cash and cash equivalents as at end of period	5c	**1,735,159**	2,335,310	**1,735,159**	2,335,310

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

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

	Second Quarter		Half Year	
	30.6.2016	30.6.2015	**30.6.2016**	30.6.2015
	$'000	$'000	**$'000**	$'000
Fixed assets	**14,849**	26	**14,849**	85
Intangible assets	**34,371**	–	**34,371**	3,245
Stocks and work-in-progress	**60,873**	–	**60,873**	–
Debtors and other assets	**21,904**	175	**21,904**	2,970
Bank balances and cash	**–**	223	**–**	2,433
Creditors	**(11,349)**	(732)	**(11,349)**	(3,381)
Borrowings	**–**	(222)	**–**	(222)
Current and deferred taxation	**–**	–	**–**	(763)
Total net identifiable assets at fair value	**120,648**	(530)	**120,648**	4,367
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	**–**	–	**–**	(1,224)
Amount previously accounted for as an associated company	**–**	(490)	**–**	(490)
Goodwill arising from acquisition	**14,852**	1,512	**14,852**	2,339
Total purchase consideration	**135,500**	492	**135,500**	4,992
Less: Bank balances and cash acquired	**–**	(223)	**–**	(2,433)
Cash flow on acquisition	**135,500**	269	**135,500**	2,559

During the six months, the Group acquired Cameron International Corporation's (Cameron) offshore product division, which comprises the LeTourneau™ jackup rig designs, rig kit business, as well as its aftersales and aftermarket service. Fair value of the net identifiable assets are determined on a provisional basis.

Significant acquisition of subsidiaries during the six months of the prior year, mainly relates to acquisition of 75% interest in Array Group and acquisition of additional 50.1% interest in OWEC Tower (AS) increasing our interest to 100%.

5b. Disposal of subsidiaries

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

	Second Quarter		Half Year	
	30.6.2016	30.6.2015	**30.6.2016**	30.6.2015
	$'000	$'000	**$'000**	$'000
Fixed assets	**(18,341)**	(1,141,882)	**(18,463)**	(1,141,882)
Investment properties	**(54,685)**	(21,592)	**(54,685)**	(21,592)
Long term investments	**(54)**	–	**(54)**	–
Stocks and work-in-progress	**(33,197)**	(27,843)	**(47,430)**	(27,843)
Debtors and other assets	**(30,044)**	(206,906)	**(30,525)**	(206,906)
Bank balances and cash	**(17,095)**	(240,637)	**(17,361)**	(240,637)
Creditors and other liabilities	**37,207**	210,928	**43,693**	210,928
Borrowings	**45,176**	–	**45,176**	–
Current and deferred taxation	**3,985**	187,940	**3,987**	187,940
Non-controlling interest deconsolidated	**17,737**	7,414	**16,421**	7,414
	(49,311)	(1,232,578)	**(59,241)**	(1,232,578)
Amount accounted for as associated company	**–**	(40,498)	**–**	(40,498)
Net assets disposed of	**(49,311)**	(1,273,076)	**(59,241)**	(1,273,076)
Net profit on disposal	**(12,811)**	(218,770)	**(8,372)**	(218,770)
Realisation of foreign currency translation reserve and capital reserve	**3,187**	(10,053)	**3,504**	(10,053)
Sale proceeds	**(58,935)**	(1,501,899)	**(64,109)**	(1,501,899)
Less: Deferred proceeds received	**–**	12,316	**–**	12,316
Less: Bank balances and cash disposed	**17,095**	240,637	**17,361**	240,637
Cash flow on disposal	**(41,840)**	(1,248,946)	**(46,748)**	(1,248,946)

Significant disposal of subsidiaries during the six months include the sale of 60% interest in Keppel CT Developments Pte Ltd, sale of 70% interest in Quang Ba Royal Park Joint Venture Co Ltd, sale of 45% interest in Keppel Thai Properties Public Company Ltd and sale of 95% interest in Jiangyin Yangtze International Country Club.

Significant disposals during the six months of the prior year include the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd and disposal of 80% interest in BG Junction in Surabaya.

5c. Cash and cash equivalents

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

	Second Quarter		Half Year	
	30.6.2016	30.6.2015	**30.6.2016**	30.6.2015
	$'000	$'000	**$'000**	$'000
Bank balances, deposits and cash	**1,796,795**	2,375,502	**1,796,795**	2,375,502
Bank overdrafts	**–**	–	**–**	–
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(61,636)**	(40,192)	**(61,636)**	(40,192)
	1,735,159	2,335,310	**1,735,159**	2,335,310

5d. Cash flow analysis

(i) Second Quarter

Net cash used in operating activities for the quarter was $7 million compared to $556 million for the corresponding quarter last year. This was mainly due to lower cash outflow for working capital requirements during the period.

Net cash used in investing activities for the quarter was $126 million. The Group spent $239 million on acquisitions and capital expenditure. This comprised principally the acquisition of Cameron offshore product division, acquisition of 20% interest in an associated company, Quoc Loc Phat Joint Stock Company, further investment in associated companies and operational capex. Divestments and dividend income amounted to $113 million.

Net cash from financing activities was $274 million. This was mainly attributable to the net proceeds from term loans, partly offset by the dividend of $409 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the quarter.

(ii) Half Year

Net cash used in operating activities was $361 million, $90 million higher than that in the previous period. This was mainly due to higher cash outflow for working capital requirements.

Net cash used in investing activities was $160 million. This was mainly attributable to the acquisition of Cameron offshore product division, acquisition of 22.4% stake in an associated company, 112 Katong, further investment in associated companies and operational capex. Divestments and dividend income amounted to $203 million.

Net cash from financing activities was $437 million. This was mainly attributable to the net proceeds from term loans, partly offset by the dividend of $419 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the period. The net cash used in financing activities in the prior period was mainly attributable to the acquisition of additional shareholding in Keppel Land Limited.

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

(i) Second Quarter

Group revenue for 2Q2016 of $1,625 million was $938 million or 37% below that of 2Q2015. Revenue from the Offshore & Marine Division declined $860 million to $720 million because of lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Revenue from the Property Division improved by $63 million to $469 million mainly from higher revenue from China. The Infrastructure Division's revenue was lower by $137 million to $404 million resulting from a drop in revenue from the power and gas business due to lower prices and volume.

Group pre-tax profit for 2Q2016 decreased by $213 million or 43% from $498 million to $285 million. Pre-tax profit of the Offshore & Marine Division dropped by $133 million to $88 million as a result of lower operating results arising from lower revenue, net interest expense and lower share of associated companies' profits. Pre-tax profit of the Property Division of $128 million was $10 million or 7% lower than 2Q2015. Lower contribution from Singapore property trading was partly offset by higher contribution from China property trading. Pre-tax profit of the Infrastructure Division dropped by $73 million due mainly to the absence of gains recognised in 2015. In 2015, there were gains 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, which were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant. Pre-tax profit of the Investments Division of $32 million for 2Q2016 is comparable to that of 2Q2015.

Tax expenses decreased by $22 million because of lower taxable profits. Non-controlling interests is comparable to that of 2Q2015. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2Q2016 was $205 million, 48% below the same quarter in the previous year. Earnings per share was 11.3 cents.

(ii) Half Year

Group net profit for the half year ended 30 June 2016 of $416 million was lower than the $757 million for the same period in 2015. Earnings per share were 22.9 cents. Annualised return on equity was 7.4% and Economic Value Added decreased by $253 million to $9 million.

Group revenue of $3,368 million for the six months to-date was $2,009 million or 37% below that of the corresponding period in 2015. Revenue from the Offshore & Marine Division declined by $1,969 million to $1,538 million due to the reasons given above. Major jobs completed and delivered in the half year included three jack-up rigs and a land rig. Revenue from the Property Division increased by $263 million to $972 million mainly from higher revenue from China and Singapore. Revenue from the Infrastructure Division contracted by $253 million to $794 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume.

At the pre-tax level, Group profit was down by $390 million or 41% to $563 million from that of the corresponding period in 2015. The Offshore & Marine Division reported a drop in pre-tax profit of $262 million to $210 million due mainly to lower operating results arising from lower revenue and net interest expense, partly offset by higher share of associated companies' profits. Pre-tax profit from the Property Division of $264 million was $39 million or 17% higher than the corresponding period in 2015. This is due mainly to higher contribution from China property trading and share of associated companies' profits. Pre-tax profit of the Infrastructure Division dropped by $88 million to $55 million due mainly to the absence of gains recognised in 2015 as explained above. Pre-tax profit of the Investments Division decreased by $79 million to $34 million 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 $51 million or 30% due mainly to lower taxable profits. Non-controlling interests is comparable to that of the corresponding period in 2015. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $416 million, down $341 million from $757 million last year. The Property Division was the largest contributor to Group net profit with 47% share, followed by the Offshore & Marine Division's 37%, Infrastructure Division's 10% and the Investments Division's 6%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured $0.5 billion of new orders to-date. Its net order book, excluding the Sete rigs, stands at $4.3 billion. 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 for the upturn.

The Property Division sold about 2,140 homes in the first half of 2016, comprising about 1,850 in China, 90 in Vietnam and 190 in Singapore. This is higher than the 1,820 homes sold in the same period last year. The improvement is mainly attributable to sales in China. Keppel REIT's office buildings in Singapore and Australia continue to maintain high occupancy of 99.7% as at end-June 2016. The Division will remain focused on strengthening its presence in its core and growth markets seeking opportunities to unlock value and recycle capital.

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.

In the Investments Division, the formation of Keppel Capital will allow the Group to more effectively recycle capital and expand its capital base with co-investments, giving the Group greater capacity to seize opportunities for growth without putting a strain on the balance sheet. Keppel Capital will create value for investors and grow the Group's asset management business. Total assets under management by Keppel Capital are about $26 billion as at 30 June 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? Yes

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

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 8.0 cents per share (2015: interim cash dividend of 12.0 cents per share tax exempt one-tier). The dividend will be paid to shareholders on 10 August 2016.

13b. Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim
Dividend type Dividend per share Tax rate	Cash 12.0 cents Tax exempt

13c. Date Payable

10 August 2016.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 29 July 2016 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on 29 July 2016 will be registered to determine shareholders' entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 29 July 2016 will be entitled to the interim dividend.

14. SEGMENT ANALYSIS

Half year ended 30 June 2016

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**1,538,147**	**971,692**	**794,026**	**64,575**	**–**	**3,368,440**
Inter-segment sales	**359**	**6,072**	**13,603**	**35,972**	**(56,006)**	**–**
Total	**1,538,506**	**977,764**	**807,629**	**100,547**	**(56,006)**	**3,368,440**
Segment Results						
Operating profit	**202,701**	**210,007**	**38,803**	**53,676**	**6,353**	**511,540**
Investment income	**390**	**6,758**	**(6)**	**825**	**–**	**7,967**
Interest income	**29,219**	**12,756**	**22,747**	**118,723**	**(122,831)**	**60,614**
Interest expenses	**(59,528)**	**(36,237)**	**(9,670)**	**(107,714)**	**116,478**	**(96,671)**
Share of results of associated companies	**37,421**	**70,449**	**2,591**	**(31,341)**	**–**	**79,120**
Profit before tax	**210,203**	**263,733**	**54,465**	**34,169**	**–**	**562,570**
Taxation	**(32,276)**	**(72,971)**	**(6,484)**	**(5,875)**	**–**	**(117,606)**
Profit for the period	**177,927**	**190,762**	**47,981**	**28,294**	**–**	**444,964**
Attributable to:						
Shareholders of Company	**156,378**	**193,641**	**41,638**	**24,681**	**–**	**416,338**
Non-controlling interests	**21,549**	**(2,879)**	**6,343**	**3,613**	**–**	**28,626**
	177,927	**190,762**	**47,981**	**28,294**	**–**	**444,964**
Other Information						
Segment assets	**10,195,699**	**15,776,636**	**2,878,318**	**6,859,657**	**(7,233,984)**	**28,476,326**
Segment liabilities	**8,048,949**	**6,900,340**	**1,657,449**	**7,272,466**	**(7,233,984)**	**16,645,220**
Net assets	**2,146,750**	**8,876,296**	**1,220,869**	**(412,809)**	**–**	**11,831,106**
Investment in associated companies	**581,794**	**3,282,745**	**887,247**	**663,377**	**–**	**5,415,163**
Additions to non-current assets	**28,229**	**171,031**	**29,983**	**391**	**–**	**229,634**
Depreciation and amortisation	**79,459**	**14,318**	**19,875**	**623**	**–**	**114,275**

Geographical Information

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

Half year ended 30 June 2015

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	3,506,471	709,444	1,047,022	114,122	–	5,377,059
Inter-segment sales	173	5,418	16,498	39,447	(61,536)	–
Total	3,506,644	714,862	1,063,520	153,569	(61,536)	5,377,059
Segment Results						
Operating profit	426,189	177,224	135,627	68,128	5,300	812,468
Investment income	1,624	3,715	–	634	–	5,973
Interest income	34,562	13,742	1,297	67,152	(65,952)	50,801
Interest expenses	(13,141)	(37,148)	(15,427)	(62,221)	60,652	(67,285)
Share of results of associated companies	22,887	67,546	21,226	39,726	–	151,385
Profit before tax	472,121	225,079	142,723	113,419	–	953,342
Taxation	(90,126)	(48,749)	(17,030)	(13,432)	–	(169,337)
Profit for the period	381,995	176,330	125,693	99,987	–	784,005
Attributable to:						
Shareholders of Company	376,140	164,478	120,140	96,186	–	756,944
Non-controlling interests	5,855	11,852	5,553	3,801	–	27,061
	381,995	176,330	125,693	99,987	–	784,005
Other Information						
Segment assets	9,720,696	16,362,387	3,307,283	6,540,539	(7,370,649)	28,560,256
Segment liabilities	7,735,116	7,456,132	2,177,219	6,669,835	(7,370,649)	16,667,653
Net assets	1,985,580	8,906,255	1,130,064	(129,296)	–	11,892,603
Investment in associated companies	503,673	3,361,986	922,352	614,198	–	5,402,209
Additions to non-current assets	114,983	399,892	402,869	1,223	–	918,967
Depreciation and amortisation	70,633	12,209	46,309	1,092	–	130,243

Geographical Information

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	3,760,466	457,412	623,390	260,136	275,655	–	5,377,059
Non-current assets	6,039,522	2,422,651	292,500	1,019,134	794,986	–	10,568,793

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) For the half year 2016, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue. For the half year 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 the half year 2016 and 2015.

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 $3,368 million was $2,009 million or 37% below than that of corresponding period in 2015. Revenue from the Offshore & Marine Division declined by $1,969 million to $1,538 million due mainly to lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Major jobs completed and delivered in the half year included three jack-up rigs and a land rig. Revenue from the Property Division increased by $263 million to $972 million mainly from higher revenue from China and Singapore. Revenue from the Infrastructure Division contracted by $253 million to $794 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume.

15c. Net profit by Segments

Group net profit of $416 million was $341 million or 45% lower than that of corresponding period in 2015. Profit from the Offshore & Marine Division of $156 million was $220 million lower than that of the corresponding period in the prior year due mainly to lower operating results arising from lower revenue and net interest expense, partly offset by higher share of associated companies' profits. Net profit from the Property Division of $194 million rose by $29 million due mainly to higher contribution from China property trading and share of associated companies' profits. Profit from the Infrastructure Division of $41 million was $79 million lower due largely to the absence of gains recognised in 2015. In 2015, there were gains 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, which were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant. Profit from the Investments Division decreased by $71 million to $25 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 37%, Infrastructure Division's 10% and the Investments Division at 6%.

15d. Revenue by Geographical Segments

Revenue from Singapore of $2,172 million was $1,588 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 19 April 2016. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual. (excluding transactions less than $100,000)	
	Half Year 30.6.2016 $'000	Half Year 30.6.2015 $'000	**Half Year 30.6.2016 $'000**	Half Year 30.6.2015 $'000
Transaction for the Sale of Goods and Services				
Neptune Orient Lines Group	**–**	–	**388**	–
PSA International Group	**–**	–	**1,409**	68
SembCorp Marine Group	**–**	–	**1,223**	177
SATS Group	**–**	–	**–**	37,654
Singapore Airlines Group	**–**	–	**–**	5,600
Singapore Power Group	**–**	–	**–**	4,300
Singapore Technologies Engineering Group	**–**	–	**48**	60
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	**–**	–	**–**	161
Certis CISCO Security Pte Ltd	**–**	–	**265**	738
Gas Supply Pte Ltd	**–**	–	**–**	80,000
Mapletree Investments Group	**–**	–	**–**	17,811
Pavilion Gas Pte Ltd	**–**	–	**50,000**	–
PSA International Group	**–**	–	**82**	61
Singapore Technologies Engineering Group	**–**	–	**3,594**	15,956
Singapore Telecommunications Group	**–**	–	**1,160**	840
Total Interested Person Transactions	**–**	–	**58,169**	163,426

17. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CAROLINE CHANG/LEON NG
Company Secretaries

21 July 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 second 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, 21 July 2016