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

FULL YEAR 2016 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2016

Greetings

1. Good evening and welcome to the conference and webcast on Keppel Corporation's results and performance for the fourth quarter and full year of 2016.

2. To those of us celebrating the Chinese Lunar New Year later this week, may I wish all of you present here and those joining us over the web – good health, happiness and prosperity in the new year.

Macro Environment

3. 2016 was a challenging and eventful year, marked by the US Presidential election, Brexit, and slow global growth. A rising trend of insularism and increasing anti-globalisation sentiments, if left unchecked, could threaten free trade. The rapid evolution of new technologies and business models has also disintermediated many traditional businesses, while creating new opportunities for companies able to seize them.

4. A key development at the end of 2016 was the decision by oil producing nations, both in and outside OPEC, to reduce output, the first cut in over a decade. This brought renewed optimism and confidence to the industry, with oil prices rising to around US$55 per barrel, double the price seen a year ago.

5. While spending by oil majors is expected to increase, we do not envisage a quick recovery for the offshore business, which continues to be under pressure from weak utilisation of the existing operating fleet, coupled with a supply overhang of newbuilds. We are thus prepared for the challenging conditions in the offshore business to remain for some time.

6. At the same time, new horizons present themselves in the mega trends of urbanisation and digitalisation of the economy. This augurs well for a multi-business group such as Keppel, which can provide solutions to meet the growing demand for energy, infrastructure, clean environment, good urban space and connectivity.

Shaping the Future

7. In the past year, we carried out several strategic initiatives to shape our future and position Keppel for sustainable growth. We began the year by announcing the restructuring of our asset management businesses under Keppel Capital. The restructuring was completed in July and Keppel Capital has since obtained approval from MAS to centralise certain regulated activities. Keppel Capital is now an integral part of the Group's business model of creating real assets in infrastructure and real estate.

8. Keppel Land completed its Selective Capital Reduction exercise and we now have full ownership of the property business. Keppel Bay, which was formerly a joint venture

between Keppel Corporation and Keppel Land, is now fully integrated under Keppel Land.

9. Over the year, we expanded our capabilities and solutions with our acquisition of the LETOURNEAU^{TM} suite of jackup rig designs as well as aftersales and aftermarket services. We seized new growth opportunities in the LNG supply chain and in e-commerce fulfilment. We also built on our capabilities and track record in environmental infrastructure with Keppel being awarded the tender by PUB, the national water agency, for Singapore's fourth desalination plant. We will continue to look for ways to deepen collaboration as *OneKeppel* and hunt more effectively as a pack, to create compelling propositions for our customers and investors.

Financial Performance

10. I will now present our results.

11. For the whole of 2016, we achieved a net profit of S$784 million, down 49% from about S$1.5 billion in 2015. This was largely due to lower contributions from Offshore & Marine (O&M) as well as additional provisions for impairment during the year of S$336 million, mainly arising from rightsizing of Keppel Offshore & Marine and impairments of investments and work-in-progress.

12. In 4Q16, net profit was S$143 million. However, if we stripped out Revaluations, Impairments & Divestments (RIDs) and major provisions, net profit of S$300 million is comparable with that of 4Q15. CFO will elaborate later on them.

13. The Group's Economic Value Added was a negative S$140 million in 2016. Our Return on Equity (ROE) was 6.9%.

14. Despite the weaker operating results, our Free Cash Flow was positive year-on-year with an inflow of S$576 million for 2016, compared with an outflow of S$694 million in the previous year. Higher home sales, asset recycling and sale of non-core assets in the Property Division have helped improve return on assets and Free Cash Flow for the Group.

15. Net gearing remained at a comfortable level of 0.56x, slightly lower than at the end of the last quarter.

16. The Board of Directors will be proposing a final dividend of 12.0 cents per share. Together with the interim cash dividend of 8.0 cents per share distributed last August, we will be paying out a total cash dividend of 20.0 cents per share to shareholders for the whole of 2016.

17. I shall now take you through the developments in our business divisions.

Offshore & Marine

18. Our O&M Division has remained profitable despite the sharp downturn, with a net profit of S$29 million for FY 2016.

19. Keppel O&M's operating profit was S$412 million and operating margin was 14.4% for FY 2016, before impairments of S$277 million for fixed assets, stocks & work-in-

progress and investments. Apart from reducing variable costs, we have also worked on cutting our overheads, achieving cost savings of some S$150 million year-on-year.

20. We have responded decisively to the challenging conditions facing our offshore and marine business, not just in anticipation of a long and harsh winter, but also to build a stronger, leaner and more competitive Keppel O&M.

21. The painful but necessary measures to rightsize our O&M Division must continue.

22. In 4Q 2016, Keppel O&M reduced its direct workforce by 2,620 or about 11.8% from the previous quarter. This includes a reduction of about 1,930 in Singapore and 690 in our overseas yards.

23. For the whole of 2016, Keppel O&M reduced its direct workforce by about 10,600 or 35%, with about 3,800 in Singapore and 6,800 overseas. Subcontract headcount in Singapore, which has already been lowered significantly, was further reduced by about 3,300.

24. In tandem, we are also cutting our yard capacity and have mothballed two overseas yards. In Singapore, we are in the process of closing three yards.

25. In 2016, the O&M Division secured new contracts worth about S$500 million and delivered more than 20 projects including several FPSO conversions and fabrication jobs, an accommodation semi, a land rig, four jackups, as well as a few specialised vessels.

26. We understand the strong headwinds in the offshore industry and continue to work closely with our customers to respond to the challenging conditions. On 30 December 2016, we announced that we had arrived at a settlement agreement with Parden's guarantor for the jackup, B361, at a sale price matching the remaining payment obligations of Parden in a new sales contract with an associate of the guarantor. The rig will be delivered in 4Q 2017.

27. We have received requests to defer the delivery of the jackup for Falcon Energy to the second quarter of this year, and that for BOT Lease Co to January 2019. For the Falcon rig, we have received 20% downpayment, and for the BOT rig, 60% of the milestone payments.

28. Meanwhile, the DSS™38M semi, being built in our Caspian Shipyard Company in Azerbaijan, is on track for delivery, albeit slightly later, from 4Q 2016 to 2Q 2017 due to additional modifications needed for its charter to TOTAL. Meanwhile, the FPSO for Yinson is on track to set sail soon to begin work for Eni in Ghana.

29. In 2017, our yards will continue to focus on executing both existing and new contracts well. We expect to deliver some 20 newbuild and conversion projects including the world's first-of-its-type FLNG vessel conversion, Golar Hilli.

30. On the investigations in Brazil, Keppel continues to cooperate with relevant authorities towards resolving issues in relation to contracts with Petrobras and Sete Brasil. Keppel has a zero-tolerance stance against any form of illegal activity, including bribery and corruption, involving its employees or associates.

Pursuing Opportunities

31. Beyond dealing with immediate challenges, Keppel O&M is also positioning itself for the upturn.

32. We are investing prudently in R&D and building new capabilities while looking out for opportunities to service niche, adjacent, or even new markets. These include production solutions, non-drilling solutions as well as specialised vessels, such as the three dredgers awarded to Keppel O&M by the Jan De Nul Group in July last year.

33. Keppel is also well positioned to address growing requirements across the LNG value chain. In addition, we are exploring ways to re-purpose the technology that we developed in the offshore industry for other uses.

34. Ultimately, our efforts are geared towards entrenching our leadership position in the global offshore and marine industry.

Property

35. 2016 was another strong year for our Property Division as we stayed focused on our core markets of Singapore and China, and growth markets of Vietnam and Indonesia. The Division recorded a net profit of S$620 million for FY 2016, with Keppel Land recording a higher net profit of S$586 million compared to S$564 million in 2015.

36. Keppel Land continues to recycle capital from its property assets, in line with the Group's focus to seek higher returns. Over the year, we announced 11 divestments totaling about S$680 million, including the sale of Keppel Land's stakes in townships in Chengdu and Wuxi, and in Sedona Hotel Mandalay in the last quarter.

37. At the same time, we are seizing opportunities to redeploy our funds and have made investments of about S$460 million across China, Vietnam and Indonesia. These include inking a JV with Indonesian developer Metland to develop landed homes in West Jakarta and consolidating our ownership in the residential project, Riviera Cove, in Ho Chi Minh City in 4Q 2016.

38. Bolstered by rapid urbanisation across Asia, our Property Division achieved strong residential sales in 2016, especially in China and Vietnam. A total of 5,720 homes were sold in 2016, comprising about 3,800 units in China and another 1,520 units in Vietnam, with total sales value of about S$2.3 billion. This is about 25% higher than the 4,570 homes sold in 2015.

39. We are encouraged by the positive homebuyer sentiments in Vietnam. For example, we sold some 420 homes over one weekend in December when we launched Phase 1 of Empire City in Ho Chi Minh City. We will continue to capitalise on the positive market sentiments in Vietnam. With our sizeable landbank, we plan to launch projects for sale in quick succession in the coming years. In Singapore, despite the sluggish market, we doubled the number of homes sold to 380 from 190 in 2015.

40. Profit from about 4,200 overseas homes sold in and before 2016 will be recognised upon completion over the next three years.

Property Portfolio

41. In our residential pipeline of about 66,000 units, we have close to 19,000 launch-ready homes from now till 2019.

42. On the commercial front, Keppel Land has over a million square metres of gross floor area under development. These projects will be progressively completed and will contribute to our recurring income and eventually, to revaluation and divestment gains. Riding on the good repute and success of Saigon Centre in Ho Chi Minh City, we will commence marketing for its Phase 2 offices in 2H 2017.

43. We do not seek to amass the largest landbank or build the largest property business. Our goal is to be a developer that builds quality homes, offices and commercial developments which are highly sought after by buyers and tenants, and for Keppel Land to continue being a developer with one of the highest ROEs in Asia.

Infrastructure

44. Before I go on to developments in our Infrastructure Division, this is an image of the landscaped green buffer zone which Keppel had built as part of the Doha North Sewage Treatment Works. Keppel has begun the 10-year operations and maintenance contract for the project, which is the largest wastewater treatment, water reuse and sludge treatment facility in Qatar. We are pleased to have played a role in supporting Qatar's vision for sustainable development.

Energy & Environmental Infrastructure

45. Our Infrastructure Division posted a net profit of S$99 million for FY 2016.

46. Despite the tough conditions in the power market in Singapore, Keppel Infrastructure has done well from operations, registering a net profit of S$84 million for FY 2016, excluding RIDs. This was higher compared to S$46 million, on the same basis, in 2015.

47. We continue our focus on building Keppel Infrastructure into a stable contributor to the Group's bottom line, pursuing growth opportunities in energy and environmental infrastructure both in Singapore and overseas.

48. We are very heartened that Keppel Infrastructure will Design, Build, Own and Operate Singapore's fourth desalination plant with a concession period of 25 years. To be operational in 2020, it will be the first in Singapore with the ability to treat sea water, and fresh water from the Marina Reservoir, by using reverse osmosis and other advanced membrane technology.

49. Keppel Infrastructure has also won contracts to provide waste-to-energy (WTE) technology packs for two major WTE plants in Shenzhen in 2H 2016, building on its leadership position in China.

50. Meanwhile, Keppel Infrastructure is preparing competitive products and services to be ready for the full liberalisation of Singapore's electricity market expected in 2018.

Data Centres

51. In 2016, the Group's data centre business increased its footprint by more than 45%, in terms of net lettable area, in markets such as Hong Kong, Italy, the UK and Germany.

52. In the last quarter, Keppel Data Centres and Alpha Data Centre Fund jointly acquired a data centre in Frankfurt. We also completed the divestment of 90% stake in Keppel DC Singapore 3 to Keppel DC REIT, allowing Keppel Data Centres to recycle its capital and provide a valuable deal flow pipeline for unitholders of Keppel DC REIT.

53. Meanwhile, Keppel DC Singapore 4 is expected to achieve its TOP and complete the first phase of fit-out in 1Q 2017.

Logistics

54. Building on our foundation in third-party logistics, Keppel Logistics is focused on developing capabilities in omni channel distribution. The acquisition by Keppel Logistics of e-commerce fulfilment company, Courex, will strengthen our ability to tap the growing e-commerce sector in Singapore and Southeast Asia. For its reliable last-mile delivery services, Courex has recently been awarded a contract by a major international electronics group.

Investments

55. Our Investments Division recorded a net profit of S$36 million in FY 2016, down from S$185 million the year before, due to impairments of S$46 million and lower share of results from associated companies. Since its formation, Keppel Capital has been making steady progress, with profit of S$64 million, slightly higher than S$58 million in FY 2015.

56. During the last quarter, the two new funds launched by Keppel Capital, the Alpha Data Centre Fund and Alpha Asia Macro Trends Fund III, both made their first acquisitions. In addition, the Alpha Asia Macro Trends Fund II divested its Singapore suburban retail portfolio, achieving an IRR of over 50%.

57. Under Keppel DC REIT, assets under management have increased to approximately S$1.4 billion with 13 data centres, three of which were added to its portfolio in 2016.

58. To harness our synergies as a multi-business company, our verticals are collaborating even more closely with one another, capitalising on their wealth of expertise, industry knowledge and networks to create value for stakeholders.

59. Keppel leads the Singapore Consortium in the Sino-Singapore Tianjin Eco-City, which is now in its eighth year of development. With improving infrastructure, 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 the Eco-City.

60. At a land auction this month, our 50-50 joint venture in the Eco-City achieved the sale of three land parcels for about RMB 5 billion. This works out to be an average of close to RMB 14,000 psm of GFA, higher than the last record sale price of RMB 8,000 psm of GFA achieved in July 2016.

61. The keen interest by developers and appreciating land price reflect the market's growing confidence in the Eco-City as it matures.

62. KrisEnergy's preferential offering of the zero coupon secured notes with free in-the-money detachable warrants was fully subscribed by its shareholders. We remain confident of the long-term fundamentals of the oil and gas industry, and believe we can extract good returns from our investment in KrisEnergy when the market improves. The successful Consent Solicitation Exercise to term out two existing notes, and issuance of the zero coupon secured notes mean that KrisEnergy will be on a stronger financial footing to weather any continuing volatility in oil price.

Multiple Income Streams

63. All parts of the Keppel Group are working hard to ensure that we remain resilient, despite the headwinds. Recurring income contributed to 42% of the Group's total net profit for the year. Gains from revaluations, divestments and reversal of prior impairments amounted to S$270 million, before additional provisions for impairment during the year of S$336 million.

64. We will continue to focus on growing stable, recurring income that will enable Keppel to ride out downcycles. Through the challenges, I am confident that Keppel will emerge stronger, anchored on our multi-business strategy.

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

KEPPEL CORPORATION LIMITED

Full Year 2016 Financial Statements & Dividend Announcement

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the year ended 31 December 2016.

1. GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December

	Note	Fourth Quarter			Full Year		
		31.12.2016 $'000	31.12.2015 $'000	+/- %	**31.12.2016 $'000**	31.12.2015 $'000	+/- %
Revenue		**1,939,989**	2,479,645	-21.8	**6,767,264**	10,296,473	-34.3
Materials & subcontract costs	(i)	**(1,214,369)**	(1,765,162)	-31.2	**(4,204,065)**	(7,023,337)	-40.1
Staff costs	(ii)	**(291,297)**	(354,152)	-17.7	**(1,155,382)**	(1,600,010)	-27.8
Depreciation & amortisation		**(69,452)**	(34,641)	+100.5	**(236,475)**	(220,037)	+7.5
Other operating (expenses)/income	(iii)	**(266,856)**	5,045	NM	**(376,129)**	60,542	NM
Operating profit		**98,015**	330,735	-70.4	**795,213**	1,513,631	-47.5
Investment income		**4,900**	1,983	+147.1	**15,179**	14,966	+1.4
Interest income		**35,243**	31,099	+13.3	**124,093**	119,320	+4.0
Interest expenses	(iv)	**(75,712)**	(40,527)	+86.8	**(224,549)**	(154,844)	+45.0
Share of results of associated companies	(v)	**143,492**	251,453	-42.9	**344,986**	504,321	-31.6
Profit before tax		**205,938**	574,743	-64.2	**1,054,922**	1,997,394	-47.2
Taxation	1b	**(54,724)**	(138,129)	-60.4	**(233,147)**	(404,429)	-42.4
Profit for the quarter / year		**151,214**	436,614	-65.4	**821,775**	1,592,965	-48.4
Attributable to:							
Shareholders of the Company		**143,061**	404,781	-64.7	**783,928**	1,524,622	-48.6
Non-controlling interests		**8,153**	31,833	-74.4	**37,847**	68,343	-44.6
		151,214	436,614	-65.4	**821,775**	1,592,965	-48.4
Earnings per ordinary share							
- basic		**7.9 cts**	22.3 cts	-64.6	**43.2 cts**	84.0 cts	-48.6
- diluted		**7.8 cts**	22.1 cts	-64.7	**42.9 cts**	83.5 cts	-48.6

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Fourth Quarter			Full Year		
		31.12.2016 $'000	31.12.2015 $'000	+/- %	**31.12.2016 $'000**	31.12.2015 $'000	+/- %
Share-based payment expenses		**12,753**	16,818	-24.2	**39,969**	55,221	-27.6
Loss/(profit) on sale of investments	(vi)	**4,123**	(5,370)	NM	**4,172**	(54,975)	NM
Provision							
- Stocks & work-in-progress	(vii)	**81,185**	58,450	+38.9	**74,532**	59,064	+26.2
- Doubtful debts	(viii)	**11,590**	6,853	+69.1	**11,435**	12,242	-6.6
Fair value loss/(gain)							
- Investments	(ix)	**15,708**	16,952	-7.3	**11,678**	35,348	-67.0
- Forward contracts	(x)	**(31,251)**	(5,037)	NM	**(66,602)**	23,335	NM
- Financial derivatives		**(2,629)**	(1,849)	+42.2	**(1,211)**	(6,106)	-80.2
Foreign exchange (gain)/loss	(xi)	**(8,967)**	(21,002)	-57.3	**(26,150)**	3,092	NM
Profit on sale of fixed assets	(xii)	**(3,538)**	(740)	NM	**(6,170)**	(3,251)	+89.8
Loss/(gain) associated with restructuring of operations and others	(xiii)	**171**	(7,449)	NM	**1,637**	(65,876)	NM
Gain on disposal of subsidiaries	(xiv)	**(440)**	–	NM	**(11,853)**	(218,770)	-94.6
Loss on disposal of associated companies	(xv)	**–**	18,823	NM	**–**	18,823	NM
Impairment/write-off of fixed assets	(xvi)	**87,434**	8,018	NM	**121,934**	8,018	NM
Adjustment to gain on disposal of data centres	(xvii)	**–**	–	NM	**(26,963)**	–	NM
Fair value gain on investment properties	(xviii)	**(63,745)**	(128,874)	-50.5	**(63,745)**	(128,874)	-50.5
Impairment/(write-back of impairment) of investments and associated companies	(xix)	**120,823**	8,685	NM	**119,971**	(16,728)	NM

NM - Not Meaningful

Note:

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

(ii) Staff costs decreased in the current year due mainly to lower manpower costs in the Offshore & Marine Division.

(iii) Other operating expenses for the current year as compared to operating income for the prior year was due mainly to the impairment/write-off of fixed assets (Note xvi), impairment of investments and associated companies (Note xix), provision for stocks and work-in-progress (Note vii), provision for doubtful debts (Note viii), lower gain on disposal of subsidiaries (Note xiv), lower fair value gain on investment properties (Note xviii) and loss associated with restructuring of operations and others (Note xiii). These were partially offset by the adjustment to gain on disposal of data centres (Note xvii), hedging differential on forward exchange contracts (Note x) and foreign exchange gain in the current period as compared to foreign exchange loss in the prior period (Note xi).

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

(v) Share of profits of associated companies was lower due mainly to losses from associated companies in the Investments Division and lower contribution from the Offshore & Marine Division and the Property Division.

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

(vii) Provision for stocks & work-in-progress arose mainly from the Offshore & Marine Division and the Property Division.

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

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

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

(xi) Foreign exchange gain was mainly attributable to the revaluation of receivables denominated in United States dollar, which appreciated against Singapore dollar.

(xii) Profit on sale of fixed asset arose mainly from the Offshore & Marine Division.

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

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

(xv) Loss on disposal of associated company in the prior year arose from the divestment of 39% interest in Harbourfront Two Pte Ltd, which holds Harbourfront Towers 1 and 2.

(xvi) The impairment of fixed assets arose mainly from the yards of the Offshore & Marine Division and logistics assets from the Infrastructure Division, partly offset by the write-back of impairment of hospitality assets from the Property Division.

(xvii) The adjustment to gain on disposal of data centres pertains to increase in sale proceeds for disposal of Keppel DC Singapore 1 and Keppel DC Singapore 2 to Keppel DC REIT, previously transacted in December 2014. As per the sale and purchase agreements entered into with Keppel DC REIT, the sale proceeds are conditional on future revisions to property taxes of these two data centres for the financial year ended 31 December 2014. There was an increase in sale proceeds of these two data centres due to lower property taxes based on revised assessments received.

(xviii) Lower fair value gain on investment properties was attributable to lower fair value gain on the overseas portfolio of investment properties in the Property Division and lower fair value gain on data centre assets.

(xix) The impairment of investments in the current period arose mainly from the Investments Division and the Offshore & Marine Division. The write-back of provision in the prior year was in relation to write-back of impairment of investment in the Infrastructure Division.

1b. Taxation expenses for the current year was lower due to decreased profits from Offshore & Marine Division.

1c. Earnings per ordinary share

	2016	2015	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**43.2 cts**	84.0 cts	-48.6
- Weighted average number of shares ('000)*	**1,814,792**	1,814,546	–
(ii) On a fully diluted basis	**42.9 cts**	83.5 cts	-48.6
- Adjusted weighted average number of shares ('000)*	**1,826,358**	1,825,025	+0.1

* The average number of shares excludes treasury shares as at the end of the financial year.

1d. Breakdown of sales

	2016 $'000	2015 $'000	+/-%
First Half			
Sales reported for first half year	**3,368,440**	5,377,059	-37.4
Operating profit after tax before deducting non-controlling interests reported for first half year	**444,964**	784,005	-43.2
Second Half			
Sales reported for second half year	**3,398,824**	4,919,414	-30.9
Operating profit after tax before deducting non-controlling interests reported for second half year	**376,811**	808,960	-53.4

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December

	Note	Fourth Quarter			Full Year		
		31.12.2016 $'000	31.12.2015 $'000	+/- %	**31.12.2016 $'000**	31.12.2015 $'000	+/- %
Profit for the quarter / year		**151,214**	436,614	-65.4	**821,775**	1,592,965	-48.4
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the quarter / year	(i)	**62,502**	14,150	NM	**40,516**	(10,868)	NM
- Realised and transferred to profit & loss account	(ii)	**8,493**	20,056	-57.7	**10,918**	(21,925)	NM
Cash flow hedges							
- Fair value changes arising during the quarter / year, net of tax	(iii)	**(15,701)**	(74,635)	-79.0	**214,298**	(475,351)	NM
- Realised and transferred to profit & loss account	(iv)	**25,084**	46,287	-45.8	**179,522**	182,006	-1.4
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(v)	**211,597**	(13,739)	NM	**(121,569)**	100,615	NM
- Realised and transferred to profit & loss account	(vi)	**(9,041)**	5,120	NM	**792**	16,633	-95.2
Share of other comprehensive income of associated companies							
- Available-for-sale assets		**(118)**	(495)	-76.2	**536**	5,111	-89.5
- Cash flow hedges		**25,966**	(7,297)	NM	**(14,352)**	19,198	NM
- Foreign exchange translation		**82,543**	(11,722)	NM	**(40,599)**	(29,374)	+38.2
Other comprehensive income for the quarter / year, net of tax		**391,325**	(22,275)	NM	**270,062**	(213,955)	NM
Total comprehensive income for the quarter / year		**542,539**	414,339	+30.9	**1,091,837**	1,379,010	-20.8
Attributable to:							
Shareholders of the Company		**510,262**	382,391	+33.4	**1,075,567**	1,272,232	-15.5
Non-controlling interests		**32,277**	31,948	+1.0	**16,270**	106,778	-84.8
		542,539	414,339	+30.9	**1,091,837**	1,379,010	-20.8

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 changes were due mainly to the hedging differential on forward exchange contracts, which were largely entered to hedge exposures against United States dollar.

(iv) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.

(v) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for 4Q 2016 arose largely from the strengthening of United States dollar against the Singapore dollar while the translation losses for 2016 arose largely from the weakening of Renminbi against the Singapore dollar.

The translation gains for 2015 arose largely from the strengthening of United States dollar and Renminbi against the Singapore dollar, partially offset by the weakening of Brazilian Real against the Singapore dollar.

(vi) These represented exchange differences, which were transferred to profit & loss account upon disposals of subsidiaries.

3. BALANCE SHEETS as at 31 December

	Group		Company	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	$'000	$'000	**$'000**	$'000
Share capital	**1,288,394**	1,288,394	**1,288,394**	1,288,394
Treasury shares	**(15,523)**	(49,011)	**(15,523)**	(49,011)
Reserves	**10,386,078**	9,856,278	**5,346,838**	5,608,423
Share capital & reserves	**11,658,949**	11,095,661	**6,619,709**	6,847,806
Non-controlling interests	**674,691**	830,198	**–**	–
Total equity	**12,333,640**	11,925,859	**6,619,709**	6,847,806
Represented by:				
Fixed assets	**2,645,456**	2,845,547	**852**	1,281
Investment properties	**3,550,290**	3,272,112	**–**	–
Subsidiaries	**–**	–	**8,154,201**	8,139,235
Associated companies	**5,315,078**	5,409,637	**–**	–
Investments	**377,704**	395,148	**14,340**	–
Long term assets	**738,395**	314,057	**97,557**	71,949
Intangibles	**140,669**	99,825	**–**	–
	12,767,592	12,336,326	**8,266,950**	8,212,465
Current assets				
Stocks & work-in-progress in excess of related billings	**10,025,805**	10,762,619	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**3,982,362**	3,445,760
- associated companies	**530,883**	509,041	**688**	511
Debtors	**3,449,884**	3,140,808	**2,965**	1,257
Derivative assets	**98,984**	53,848	**42,923**	48,938
Short term investments	**273,928**	225,118	**–**	–
Bank balances, deposits & cash	**2,087,078**	1,892,841	**542**	91
	16,466,562	16,584,275	**4,029,480**	3,496,557
Current liabilities				
Creditors	**4,753,492**	4,971,549	**112,471**	144,866
Derivative liabilities	**379,910**	485,232	**345,313**	293,108
Billings on work-in-progress in excess of related costs	**1,669,466**	1,888,468	**–**	–
Provisions	**81,679**	90,216	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**1,062,722**	993,056
- associated companies	**111,543**	137,376	**–**	–
Term loans	**1,835,321**	856,735	**692,311**	631,879
Taxation	**339,108**	352,595	**17,263**	15,867
	9,170,519	8,782,171	**2,230,080**	2,078,776
Net current assets	**7,296,043**	7,802,104	**1,799,400**	1,417,781
Non-current liabilities				
Term loans	**7,217,721**	7,401,934	**3,325,600**	2,500,000
Deferred taxation	**331,175**	373,173	**–**	–
Other non-current liabilities	**181,099**	437,464	**121,041**	282,440
	7,729,995	8,212,571	**3,446,641**	2,782,440
Net assets	**12,333,640**	11,925,859	**6,619,709**	6,847,806
Group net debt	***6,965,964***	*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 31.12.2016		As at 31.12.2015	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
391,046	**1,444,275**	11,764	844,971

(ii) Amount repayable after one year

As at 31.12.2016		As at 31.12.2015	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
744,449	**6,473,272**	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 $2,810,528,000 (31 December 2015: $2,455,633,000) to banks for loan facilities.

3b. Net asset value

	Group			**Company**		
	31.12.2016	31.12.2015	+/-%	**31.12.2016**	31.12.2015	+/-%
Net asset value per ordinary share *	**$6.42**	$6.13	+4.7	**$3.65**	$3.78	-3.4
Net tangible asset per ordinary share *	**$6.34**	$6.07	+4.4	**$3.65**	$3.78	-3.4

* Based on share capital of 1,815,677,670 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2015: 1,811,147,200 ordinary shares).

3c. Balance sheet analysis

Group shareholders' funds increased from $11.10 billion at 31 December 2015 to $11.66 billion as at 31 December 2016. The increase was mainly attributable to retained profits for 2016 and increase in fair value on cash flow hedges. This was partially offset by payment of final dividend of 22.0 cents per share in respect of financial year 2015 and interim dividend of 8.0 cents per share in respect of the first half year ended 30 June 2016 and foreign exchange translation losses.

Group total assets of $29.23 billion at 31 December 2016 were $0.3 billion or 1% higher than the previous year end. Increase in non-current assets was partially offset by decrease in current assets. The increase in non-current assets was due mainly to increase in receivables, additions and fair value gain on investment properties in 2016, partly offset by depreciation and impairment of fixed assets. Investment in associated companies decreased due largely to the dividends received and impairment losses, partly offset by acquisitions and further investment in associated companies. The decrease in current assets was due mainly to the lower stocks & work-in-progress from the Property Division and impairment of stocks & work-in-progress in the Offshore and Marine Division, partly offset by higher debtors and bank balances due mainly to higher billings from the Offshore & Marine Division and the Property Division.

Group total liabilities of $16.90 billion at 31 December 2016 were $0.09 billion or 1% lower than the previous year end. This was mainly due to the lower billings on work-in-progress in excess of related costs in the Offshore & Marine Division and a reduction in derivative liabilities, partially offset by increased bank borrowings for working capital requirements and operational capital expenditure.

Group net debt of $6.97 billion was at about the same level as 3Q2016, and was $0.60 billion higher than that as at 31 December 2015. This is due mainly to dividend payments (by the Company and its listed subsidiaries), acquisition of Cameron offshore product division, acquisition and further investment in associated companies in the Property Division, as well as other operational and capex cash requirements. These were partly offset by proceeds from the disposal of subsidiaries in the Property Division as well as dividends received from investments and associated companies.

4. STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
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 year								
Profit for the year	**–**	**–**	**–**	**783,928**	**–**	**783,928**	**37,847**	**821,775**
Other comprehensive income *	**–**	**–**	**432,924**	**–**	**(141,285)**	**291,639**	**(21,577)**	**270,062**
Total comprehensive income for the year	**–**	**–**	**432,924**	**783,928**	**(141,285)**	**1,075,567**	**16,270**	**1,091,837**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	**–**	**–**	**–**	**(544,654)**	**–**	**(544,654)**	**–**	**(544,654)**
Share-based payment	**–**	**–**	**36,031**	**–**	**–**	**36,031**	**379**	**36,410**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(77,263)**	**(77,263)**
Purchase of treasury shares	**–**	**(3,069)**	**–**	**–**	**–**	**(3,069)**	**–**	**(3,069)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**36,557**	**(35,428)**	**–**	**–**	**1,129**	**–**	**1,129**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**(38,503)**	**38,503**	**–**	**–**	**–**	**–**
Cash subscribed by/ (return of capital to) non-controlling shareholders	**–**	**–**	**–**	**9,403**	**–**	**9,403**	**(62,080)**	**(52,677)**
Contributions to defined benefits plans	**–**	**–**	**109**	**–**	**–**	**109**	**49**	**158**
Total contributions by and distributions to owners	**–**	**33,488**	**(37,791)**	**(496,748)**	**–**	**(501,051)**	**(138,915)**	**(639,966)**
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**514**	**514**
Acquisition of additional interest in subsidiaries	**–**	**–**	**(107)**	**(74)**	**–**	**(181)**	**(8,176)**	**(8,357)**
Disposal of interest in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(36,247)**	**(36,247)**
Other adjustments	**–**	**–**	**–**	**(11,047)**	**–**	**(11,047)**	**11,047**	**–**
Total change in ownership interests in subsidiaries	**–**	**–**	**(107)**	**(11,121)**	**–**	**(11,228)**	**(32,862)**	**(44,090)**
Total transactions with owners	**–**	**33,488**	**(37,898)**	**(507,869)**	**–**	**(512,279)**	**(171,777)**	**(684,056)**
As at 31 December	**1,288,394**	**(15,523)**	**11,486**	**10,655,379**	**(280,787)**	**11,658,949**	**674,691**	**12,333,640**

* 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	Total Equity $'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 year								
Profit for the year	–	–	–	1,524,622	–	1,524,622	68,343	1,592,965
Other comprehensive income *	–	–	(304,475)	–	52,085	(252,390)	38,435	(213,955)
Total comprehensive income for the year	–	–	(304,475)	1,524,622	52,085	1,272,232	106,778	1,379,010
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	–	–	–	(872,479)	–	(872,479)	–	(872,479)
Share-based payment	–	–	48,882	–	–	48,882	346	49,228
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(83,225)	(83,225)
Shares issued	799	–	(20)	–	–	779	–	779
Purchase of treasury shares	–	(49,367)	–	–	–	(49,367)	–	(49,367)
Treasury shares reissued pursuant to share plans and share option scheme	–	49,021	(40,906)	–	–	8,115	–	8,115
Transfer of statutory, capital and other reserves from revenue reserves	–	–	4,127	(4,127)	–	–	–	–
Cash subscribed by/ (return of capital to) non-controlling shareholders	–	–	1,407	–	–	1,407	(3,981)	(2,574)
Contributions to defined benefits plans	–	–	1,824	–	–	1,824	261	2,085
Other adjustments	–	–	–	12	–	12	–	12
Total contributions by and distributions to owners	799	(346)	15,314	(876,594)	–	(860,827)	(86,599)	(947,426)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries	–	–	–	–	–	–	1,224	1,224
Acquisition of additional interest in subsidiaries	–	–	(5,044)	308,538	–	303,494	(3,530,670)	(3,227,176)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(7,414)	(7,414)
Total change in ownership interests in subsidiaries	–	–	(5,044)	308,538	–	303,494	(3,536,860)	(3,233,366)
Total transactions with owners	799	(346)	10,270	(568,056)	–	(557,333)	(3,623,459)	(4,180,792)
As at 31 December	1,288,394	(49,011)	(383,540)	10,379,320	(139,502)	11,095,661	830,198	11,925,859

* 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**
Total comprehensive income for the year					
Profit for the year	**–**	**–**	**–**	**269,666**	**269,666**
Other comprehensive income	**–**	**–**	**14,340**	**–**	**14,340**
Total comprehensive income for the year	**–**	**–**	**14,340**	**269,666**	**284,006**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(544,654)**	**(544,654)**
Share-based payment	**–**	**–**	**34,491**		**34,491**
Purchase of treasury shares	**–**	**(3,069)**	**–**	**–**	**(3,069)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**36,557**	**(35,428)**	**–**	**1,129**
Total transactions with owners	**–**	**33,488**	**(937)**	**(544,654)**	**(512,103)**
As at 31 December	**1,288,394**	**(15,523)**	**213,116**	**5,133,722**	**6,619,709**
2015					
As at 1 January	1,287,595	(48,665)	191,294	4,400,277	5,830,501
Profit / Total comprehensive income for the year	–	–	–	1,880,900	1,880,900
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(872,479)	(872,479)
Share-based payment	–	–	49,345	–	49,345
Shares issued	799	–	(20)	–	779
Purchase of treasury shares	–	(49,367)	–	–	(49,367)
Treasury shares reissued pursuant to share plans and share option scheme	–	49,021	(40,906)	–	8,115
Other adjustments	–	–	–	12	12
Total transactions with owners	799	(346)	8,419	(872,467)	(863,595)
As at 31 December	1,288,394	(49,011)	199,713	5,408,710	6,847,806

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 share option scheme	–	(259,600)
Treasury shares transferred pursuant to restricted share plan and performance share plan	–	(4,727,870)
Purchase of treasury shares	–	590,000
As at 30 September 2016	1,817,910,180	2,365,510
Treasury shares transferred pursuant to share option scheme	–	(107,900)
Treasury shares transferred pursuant to restricted share plan	–	(25,100)
As at 31 December 2016	**1,817,910,180**	**2,232,510**

Treasury shares

During the year ended 31 December 2016, the Company transferred 5,120,470 (31 December 2015: 5,977,020) 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 (31 December 2015: 6,808,000) during the year. As at 31 December 2016, the number of treasury shares held by the Company represented 0.12% (31 December 2015: 0.37%) 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 year ended 31 December 2016.

Share options

As at 31 December 2016, there were unexercised options for 14,025,974 of unissued ordinary shares (31 December 2015: 17,821,474 ordinary shares) under the KCL Share Option Scheme. Unexercised options for 3,428,000 of unissued ordinary shares were cancelled during the year ended 31 December 2016 (31 December 2015: 220,900).

KCL Performance Share Plan (“KCL PSP”)

As at 31 December 2016, the number of contingent shares granted but not released were 8,187,212 (31 December 2015: 2,052,119) for KCL PSP, which included 5,625,000 (31 December 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 12,280,818 under KCL PSP.

KCL Restricted Share Plan (“KCL RSP”)

As at 31 December 2016, the number of contingent shares granted but not released was 5,726,426 (31 December 2015: 5,521,483). Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 5,726,426 under KCL RSP.

As at 31 December 2016, the number of awards released but not vested was 4,854,898 (31 December 2015: 4,193,125) for KCL RSP.

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

Contingent awards:

Date of Grant	At 1.1.16	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.16
	Number of shares					
KCL PSP						
28.3.2013	554,719	–	(421,619)	(133,100)	–	–
31.3.2014	577,400	–	–	–	(12,318)	565,082
31.3.2015	700,000	–	–	–	(37,295)	662,705
30.7.2015	220,000	–	–	–	–	220,000
29.4.2016	–	1,185,000	–	–	(70,575)	1,114,425
29.4.2016	–	5,625,000	–	–	–	5,625,000
	2,052,119	6,810,000	(421,619)	(133,100)	(120,188)	8,187,212
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	–	–	(99,219)	5,726,426
	5,521,483	5,825,645	–	(5,448,278)	(172,424)	5,726,426

Awards released but not vested:

Date of Grant	At 1.1.16	Released	Vested	Cancelled	Other adjustments	At 31.12.16
	Number of shares					
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	–	(1,296,338)	(7,512)	(5,177)	–
31.3.2014	2,884,098	–	(1,455,300)	(43,792)	(10,000)	1,375,006
31.3.2015	–	4,683,980	(1,622,391)	(57,024)	(14,630)	2,989,935
30.7.2015	–	764,298	(256,341)	(17,000)	(1,000)	489,957
	4,193,125	5,448,278	(4,630,370)	(125,328)	(30,807)	4,854,898

4d. Capital reserves

	Group		**Company**	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Share option and share plan reserve	**207,139**	215,979	**184,593**	194,972
Fair value reserve	**126,014**	73,049	**14,340**	–
Hedging reserve	**(410,797)**	(790,756)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**49,130**	78,188	**14,183**	4,741
	11,486	(383,540)	**213,116**	199,713

5. CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December

	Note	Fourth Quarter		Full Year	
		31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
		$'000	$'000	**$'000**	$'000
OPERATING ACTIVITIES					
Operating profit		**98,015**	330,735	**795,213**	1,513,631
Adjustments:					
Depreciation and amortisation		**69,452**	34,641	**236,475**	220,037
Share-based payment expenses		**12,753**	16,818	**39,969**	55,221
Profit on sale of fixed assets		**(3,538)**	(740)	**(6,170)**	(3,251)
Adjustment to gain on disposal of data centres		**–**	–	**(26,963)**	–
Gain on disposal of subsidiaries		**(440)**	–	**(11,853)**	(218,770)
Loss on disposal of associated companies		**–**	18,823	**–**	18,823
Impairment/write-off of fixed assets		**87,434**	8,018	**121,934**	8,018
Impairment of intangible		**–**	1,472	**–**	1,472
Impairment/(write-back of impairment) of investments and associated companies		**120,823**	8,685	**119,971**	(16,728)
Loss/(gain) associated with restructuring of operations and others		**171**	(7,449)	**1,637**	(65,876)
Fair value gain on investment properties		**(63,745)**	(128,874)	**(63,745)**	(128,874)
Provisions		**98,285**	56,533	**84,517**	22,742
Loss/(profit) on sale of investments		**4,123**	(5,370)	**4,172**	(54,975)
Operational cash flow before changes in working capital		**423,333**	333,292	**1,295,157**	1,351,470
Working capital changes:					
Stocks & work-in-progress		**68,581**	(350,795)	**376,460**	(1,059,736)
Debtors		**(229,792)**	197,149	**(793,337)**	(740,633)
Creditors		**(37,526)**	28,750	**(222,403)**	(204,927)
Investments		**(17,265)**	27,134	**(12,467)**	164,602
Intangibles		**(2,401)**	(40)	**(2,401)**	(40)
Amount due to/from associated companies		**45,015**	(139,720)	**10,708**	39,741
		249,945	95,770	**651,717**	(449,523)
Interest received		**43,835**	27,345	**132,685**	115,566
Interest paid		**(82,522)**	(34,824)	**(231,359)**	(149,141)
Income taxes paid, net of refunds received		**(17,514)**	14,933	**(223,020)**	(302,399)
Net cash from/(used in) operating activities		**193,744**	103,224	**330,023**	(785,497)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	**(728)**	–	**(137,028)**	(2,559)
Acquisition and further investment in associated companies		**(121,914)**	(17,945)	**(326,304)**	(567,812)
Acquisition of fixed assets and investment properties		**(277,965)**	(518,679)	**(466,226)**	(1,158,417)
Disposal of subsidiaries	5b	**20,012**	–	**80,218**	1,261,262
Proceeds from disposal of associated companies and return of capital		**174,883**	237,423	**174,964**	237,791
Proceeds from disposal of fixed assets and investment properties		**9,423**	1,631	**19,208**	5,307
Advances to/from associated companies		**(196,682)**	(69,800)	**(58,423)**	80,494
Dividend received from investments and associated companies		**43,234**	109,720	**403,660**	350,525
Net cash (used in)/from investing activities		**(349,737)**	(257,650)	**(309,931)**	206,591

	Note	Fourth Quarter 31.12.2016 $'000	Fourth Quarter 31.12.2015 $'000	Full Year 31.12.2016 $'000	Full Year 31.12.2015 $'000
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**(8,357)**	(180,656)	**(8,357)**	(3,227,301)
Proceeds from share issues		**–**	–	**–**	779
Proceeds from reissuance of treasury shares pursuant to share option scheme		**331**	–	**1,129**	8,115
Return of capital to non-controlling shareholders of subsidiaries		**(33,639)**	(9,456)	**(52,677)**	(2,574)
Proceeds from term loans		**441,930**	967,205	**1,729,729**	2,616,325
Repayment of term loans		**(180,696)**	(479,055)	**(912,372)**	(1,692,712)
Purchase of treasury shares		**–**	–	**(3,069)**	(49,367)
Dividend paid to shareholders of the Company		**–**	–	**(544,654)**	(872,479)
Dividend paid to non-controlling shareholders of subsidiaries		**(29,916)**	(26,045)	**(77,263)**	(83,225)
Net cash from/(used in) financing activities		**189,653**	271,993	**132,466**	(3,302,439)
Net increase/(decrease) in cash and cash equivalents		**33,660**	117,567	**152,558**	(3,881,345)
Cash and cash equivalents as at beginning of quarter / year		**1,947,732**	1,748,636	**1,859,118**	5,712,351
Effects of exchange rate changes on the balance of cash held in foreign currencies		**37,380**	(7,085)	**7,096**	28,112
Cash and cash equivalents as at end of quarter / year	5c	**2,018,772**	1,859,118	**2,018,772**	1,859,118

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of subsidiaries

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

	Fourth Quarter		**Full Year**	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	$'000	$'000	**$'000**	$'000
Fixed assets	**72**	–	**14,439**	85
Intangible assets	**2,410**	–	**44,831**	3,245
Stocks and work-in-progress	**–**	–	**78,373**	–
Debtors and other assets	**343**	–	**11,132**	2,970
Bank balances and cash	**30**	–	**30**	2,433
Creditors	**(1,348)**	–	**(9,790)**	(3,381)
Borrowings	**(235)**	–	**(235)**	(222)
Current and deferred taxation	**–**	–	**(1,208)**	(763)
Total identifiable net assets at fair value	**1,272**	–	**137,572**	4,367
Non-controlling interest measured at non-controlling interests' proportionate share of the net assets	**(514)**	–	**(514)**	(1,224)
Amount previously accounted for as associated companies	**–**	–	**–**	(490)
Goodwill arising from acquisition	**–**	–	**–**	2,339
Net assets acquired	**758**	–	**137,058**	4,992
Total purchase consideration	**758**	–	**137,058**	4,992
Less: Bank balances and cash acquired	**(30)**	–	**(30)**	(2,433)
Cash flow on acquisition	**728**	–	**137,028**	2,559

During the year, signification acquisition of subsidiaries mainly relates to the acquisition of 59.6% interest in Courex Pte Ltd and acquisition of 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.

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

5b. Disposal of subsidiaries

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

	Fourth Quarter		Full Year	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	$'000	$'000	**$'000**	$'000
Fixed assets	**–**	–	**(18,512)**	(27)
Investment properties	**–**	–	**(74,062)**	(21,592)
Long term investments	**–**	–	**(54)**	–
Stocks and work-in-progress	**(1,490)**	–	**(49,047)**	–
Debtors and other assets	**(32,736)**	–	**(63,458)**	(1,283)
Bank balances and cash	**(595)**	–	**(19,095)**	(8,281)
Assets classified as held for sale*	**–**	–	**–**	(1,607,677)
Creditors and other liabilities	**(23)**	–	**45,026**	3,317
Borrowings	**–**	–	**45,176**	–
Current and deferred taxation	**–**	–	**5,380**	683
Liabilities directly associated with assets classified as held for sale*	**–**	–	**–**	394,868
Non-controlling interests deconsolidated	**13,746**	–	**36,247**	7,414
	(21,098)	–	**(92,399)**	(1,232,578)
Amount accounted for as associated company	**–**	–	**–**	(40,498)
Net assets disposed of	**(21,098)**	–	**(92,399)**	(1,273,076)
Net profit on disposal	**(440)**	–	**(11,853)**	(218,770)
Realisation of foreign currency translation reserve and capital reserve	**931**	–	**4,939**	(10,053)
Sale proceeds	**(20,607)**	–	**(99,313)**	(1,501,899)
Less: Bank balances and cash disposed	**595**	–	**19,095**	240,637
Cash flow on disposal	**(20,012)**	–	**(80,218)**	(1,261,262)

*Breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale:

	31.12.2015
	$'000
Assets classified as held for sale	
Fixed assets	(1,168,222)
Stocks & work-in-progress in excess of related billings	(27,843)
Debtors	(179,256)
Bank balances, deposits & cash	(232,356)
	(1,607,677)
Liabilities directly associated with assets classified as held for sale	
Creditors	207,611
Deferred taxation	187,257
	394,868

Significant disposal of subsidiaries during the year 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, sale of 95% interest in Jiangyin Yangtze International Country Club, sale of 60% interest in Belwynn Hung Phu Joint Venture Limited Liability and sale of 100% interest in Fernland Investment Pte Ltd.

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

	2016	2015
	$'000	$'000
Bank balances, deposits and cash	**2,087,078**	1,892,841
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(68,306)**	(33,723)
	2,018,772	1,859,118

5d. Cash flow analysis

(i) Fourth Quarter

Net cash from operating activities for the quarter was $194 million compared to $103 million for the corresponding quarter last year. This was due mainly to higher operational cash inflow.

Net cash used in investing activities for the quarter was $350 million. This comprised principally the acquisitions of fixed assets and investment properties, further investment in and advances to associated companies, partly offset by proceeds from the sale of associated companies and return of capital during the quarter.

Net cash from financing activities was $190 million. This was due mainly to net proceeds from term loans during the quarter.

(ii) Full Year

Operational cash inflow for the year was $1,295 million, $56 million lower than the previous year. However, outflow for working capital changes, interest and income taxes was $965 million, compared to an outflow of $2,137 million in the prior period. Net cash from operating activities was $330 million compared to net cash used in operating activities of $785 million in the previous year.

Net cash used in investing activities for the year was $310 million. This was mainly attributable to the acquisition of Cameron offshore product division, the acquisition of fixed assets and investment properties and further investment in associated companies, partly offset by the dividend income of $404 million received.

Net cash from financing activities was $132 million, due mainly to net proceeds of term loans. Dividend payment amounted to $622 million. The net cash used in financing activities of $3,302 million in the previous year 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 year 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) Fourth Quarter

Group revenue for 4Q2016 of $1,940 million was $539 million or 22% below that of 4Q2015. Revenue from the Offshore & Marine Division declined $523 million to $800 million because of lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Revenue from the Property Division decreased by $68 million to $584 million due mainly to lower revenue from China, partially offset by higher revenue from Singapore. The Infrastructure Division's revenue was higher by $57 million to $516 million due mainly to higher power and gas revenue from higher prices and volume, as well as higher Waste-to-Energy techpack revenue from China.

Group pre-tax profit for 4Q2016 decreased by $368 million or 64% from $574 million to $206 million. Offshore & Marine Division's pre-tax loss in 4Q2016 was $142 million as compared to pre-tax profits of $21 million in the same quarter last year. This is due mainly to lower operating results arising from lower revenue, lower share of associated companies' profits and impairment of assets recorded in the quarter. The negative variance was partially offset by the absence of provision for losses for the Sete Brasil rig building contracts of about $230 million in 4Q2015. Pre-tax profit of the Property Division decreased by $145 million to $296 million due mainly to lower fair value gains on investment properties, lower contribution from Singapore property trading and the absence of cost write-back upon finalisation of project cost for Reflections at Keppel Bay in 4Q2015, partially offset by reversal of impairment of hospitality assets. Pre-tax profit of the Infrastructure Division decreased by $32 million to $28 million due mainly to lower fair value gains on data centres, partly offset by higher operating results in Keppel Infrastructure arising from higher revenue. Pre-tax profit of the Investments Division dropped by $28 million to $24 million due mainly to impairment losses of an associated company partially offset by higher share of associated companies' profits due mainly to higher contribution from the Sino-Singapore Tianjin Eco-City.

Taxation expenses for 4Q2016 were 60% lower due mainly to lower taxable profits. Non-controlling interests were $24 million lower than those of 4Q2015. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 4Q2016 was $143 million, 65% below the same quarter in the previous year.

(ii) Full Year

Group net profit decreased by $741 million or 49% to $784 million. Earnings per share decreased by 49% to 43.2 cents. Return on equity was 6.9% and Economic Value Added was negative $140 million due to lower net operating profit after tax.

Group revenue of $6,767 million for 2016 was $3,529 million or 34% lower than that for the full year of 2015. Offshore & Marine Division's revenue of $2,854 million was 54% below the $6,241 million for 2015 because of lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Major jobs completed in 2016 include four jack-up rigs, a land rig, a derrick lay vessel, an accommodation semisubmersible and two FPSO conversions. The Property Division saw its revenue increase by 12% to $2,035 million due mainly to higher revenue from Singapore and China. Revenue from the Infrastructure Division contracted by $293 million to $1,744 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume.

The Group's pre-tax profit for the current year was $1,055 million, $942 million or 47% below the previous year. The Offshore & Marine Division reported a $609 million drop in pre-tax profit to $90 million due mainly to lower operating results arising from lower revenue, lower share of associated companies' profits and impairment of assets. Impairment of assets in the year amounted to $277 million and comprises impairment of fixed assets, stocks & work-in-progress and investments. The negative variance was partially offset by the absence of provision for losses for the Sete Brasil rig building contracts of about $230 million in 2015. The Property Division's profit of $759 million for 2016 was $89 million or 11% lower than 2015 due mainly to lower fair value gains on investment properties, lower contribution from Singapore property trading, lower share of associated companies' profits and the absence of cost write-back upon finalisation of project cost for Reflections at Keppel Bay in 4Q2015, partially offset by reversal of impairment of hospitality assets. The lower share of associated companies' profits was due mainly to lower share of fair value gains on investment properties, partly offset by share of profits arising from divestment of the stake in Life Hub @ Jinqiao and 77 King Street. Profit from the Infrastructure Division decreased by $120 million to $123 million due mainly to lower fair value gains on data centres and the absence of gains recognised in 2015. In 2015, there were gains from disposal of the 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 decreased by $124 million to $83 million due mainly to share of losses and impairment losses of an associated company, and the absence of gain from sale of investments last year, partially offset by share of profits from Sino-Singapore Tianjin Eco-City.

Taxation expenses were 42% lower due mainly to lower taxable profits. Non-controlling interests were $30 million lower than last year. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $784 million, $741 million or 49% lower than last year. The Property Division was the largest contributor to Group net profit at 79%, followed by the Infrastructure Division's 13%, the Investments Division's and the Offshore & Marine Division's at 4% each.

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 $3.7 billion. Faced with the global sector downturn, the Division is rightsizing its operations for what is expected to be an extended slowdown. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing prudently in R&D and building new capabilities to position itself for the upturn. The Division is also actively capturing opportunities in the growing gas market and exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 5,720 homes in 2016, comprising about 3,800 in China, 1,520 in Vietnam and 380 in Singapore. This is about 25% higher than the 4,570 homes sold in 2015. Sales have improved in China, Vietnam and Singapore. Keppel REIT's office buildings in Singapore and Australia continue to maintain high occupancy of 99.2% as at end-2016. The Division will remain focused on strengthening its presence in its core and growth markets, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure ("KI") will continue to build on its core competencies in the energy and environmental-related infrastructure businesses to pursue promising growth areas. On 20 January 2017, KI signed a 25-year Water Purchase Agreement with Public Utilities Board ("PUB"), the national water agency, for Singapore's fourth desalination plant at Marina East. Keppel Telecommunications & Transportation will continue to develop its data centre business locally and overseas. Besides building complementary capabilities in the growing e-commerce business, it plans to transform the logistics business from an asset-heavy business to a high performing asset-light service provider in urban logistics.

In the Investments Division, 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.

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 year reported on? Yes

The Directors are pleased to recommend a final cash dividend of 12.0 cents per share tax exempt one-tier (2015: 22.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2016 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 8.0 cents per share tax exempt one-tier (2015: cash dividend of 12.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2016 will be 20.0 cents in cash per share (2015: 34.0 cents in cash per share).

Name of Dividend	**Final FY2016**
Dividend type	**Cash**
Dividend per share	**12.0 cents**
Tax rate	**Tax exempt**

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	Final FY2015
Dividend type Dividend per share Tax rate	Cash 22.0 cents Tax exempt

13c. Date Payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 21 April 2017, will be paid on 11 May 2017.

13d. Books Closure Date

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

13e. Total Annual Dividend

Total distribution paid and proposed in respect of the financial year ended 31 December 2016 will be 20.0 cents in cash per share (2015: 34.0 cents in cash per share).

	2016 $'000	2015 $'000	+/- %
Interim cash dividend	**145,243**	218,081	-33.4
Final cash dividend	**217,881***	399,411	-45.4
Total annual dividend	**363,124**	617,492	-41.2

* Estimated based on share capital of 1,815,677,670 ordinary shares (excluding treasury shares) at the end of the financial year.

14. SEGMENT ANALYSIS

2016

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**2,853,509**	**2,035,435**	**1,744,075**	**134,245**	**–**	**6,767,264**
Inter-segment sales	**405**	**6,445**	**24,537**	**67,188**	**(98,575)**	**–**
Total	**2,853,914**	**2,041,880**	**1,768,612**	**201,433**	**(98,575)**	**6,767,264**
Segment Results						
Operating profit	**134,972**	**504,744**	**93,766**	**48,429**	**13,302**	**795,213**
Investment income	**940**	**12,031**	**(6)**	**2,214**	**–**	**15,179**
Interest income	**58,180**	**26,845**	**45,729**	**251,312**	**(257,973)**	**124,093**
Interest expenses	**(151,718)**	**(62,036)**	**(18,347)**	**(237,119)**	**244,671**	**(224,549)**
Share of results of associated companies	**47,384**	**277,277**	**1,900**	**18,425**	**–**	**344,986**
Profit before tax	**89,758**	**758,861**	**123,042**	**83,261**	**–**	**1,054,922**
Taxation	**(40,911)**	**(132,631)**	**(23,005)**	**(36,600)**	**–**	**(233,147)**
Profit for the period	**48,847**	**626,230**	**100,037**	**46,661**	**–**	**821,775**
Attributable to:						
Shareholders of Company	**28,491**	**620,281**	**98,856**	**36,300**	**–**	**783,928**
Non-controlling interests	**20,356**	**5,949**	**1,181**	**10,361**	**–**	**37,847**
	48,847	**626,230**	**100,037**	**46,661**	**–**	**821,775**
Other Information						
Segment assets	**10,321,883**	**16,043,419**	**3,338,699**	**6,873,596**	**(7,343,443)**	**29,234,154**
Segment liabilities	**8,418,854**	**6,901,118**	**1,833,488**	**7,090,497**	**(7,343,443)**	**16,900,514**
Net assets/(liabilities)	**1,903,029**	**9,142,301**	**1,505,211**	**(216,901)**	**–**	**12,333,640**
Investment in associated companies	**587,366**	**2,709,067**	**993,847**	**1,024,798**	**–**	**5,315,078**
Additions to non-current assets	**93,434**	**388,564**	**311,650**	**1,283**	**–**	**794,931**
Depreciation and amortisation	**164,775**	**27,888**	**42,076**	**1,736**	**–**	**236,475**

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**4,405,789**	**1,101,948**	**390,663**	**478,099**	**390,765**	**–**	**6,767,264**
Non-current assets	**6,089,036**	**3,068,712**	**316,728**	**1,412,271**	**764,746**	**–**	**11,651,493**

2015

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	6,240,549	1,823,104	2,037,285	195,535	–	10,296,473
Inter-segment sales	799	4,833	32,538	63,992	(102,162)	–
Total	6,241,348	1,827,937	2,069,823	259,527	(102,162)	10,296,473
Segment Results						
Operating profit	596,784	580,394	208,344	114,023	14,086	1,513,631
Investment income	3,340	10,223	(400)	1,803	–	14,966
Interest income	69,783	28,538	24,428	158,340	(161,769)	119,320
Interest expenses	(43,425)	(76,608)	(25,162)	(157,332)	147,683	(154,844)
Share of results of associated companies	72,013	305,721	36,025	90,562	–	504,321
Profit before tax	698,495	848,268	243,235	207,396	–	1,997,394
Taxation	(181,986)	(174,543)	(31,214)	(16,686)	–	(404,429)
Profit for the period	516,509	673,725	212,021	190,710	–	1,592,965
Attributable to:						
Shareholders of Company	481,470	660,945	197,410	184,797	–	1,524,622
Non-controlling interests	35,039	12,780	14,611	5,913	–	68,343
	516,509	673,725	212,021	190,710	–	1,592,965
Other Information						
Segment assets	10,063,097	15,974,497	3,005,808	7,011,771	(7,134,572)	28,920,601
Segment liabilities	8,692,893	7,184,724	1,930,793	6,320,904	(7,134,572)	16,994,742
Net assets	1,370,204	8,789,773	1,075,015	690,867	–	11,925,859
Investment in associated companies	568,116	2,739,462	928,650	1,173,409	–	5,409,637
Additions to non-current assets	212,100	895,909	505,869	112,391	–	1,726,269
Depreciation and amortisation	147,691	33,292	37,243	1,811	–	220,037

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	6,930,287	1,157,686	1,011,602	580,618	616,280	–	10,296,473
Non-current assets	5,916,298	3,291,552	288,560	1,168,113	962,598	–	11,627,121

Note:

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

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

(c) Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2016 and 31 December 2015.

(d) No single external customer accounted for 10% or more of the Group's revenue for the financial years ended 31 December 2016 and 31 December 2015.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Prior to 2016, the Group had presented the contribution of its asset management businesses within the Infrastructure Division and the Property Division accordingly. Following the consolidation of the interests in the Group's four asset management businesses under its wholly-owned subsidiary, Keppel Capital Holdings Pte. Ltd., 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 $6,767 million was $3,529 million or 34% lower than that for the full year of 2015. Revenue from the Offshore & Marine Division of $2,854 million was 54% below the $6,241 million for 2015 due to lower volume of work, deferment of some projects and the suspension of Sete Brasil contracts. Major jobs completed in 2016 include four jack-up rigs, a land rig, a derrick lay vessel, an accommodation semisubmersible and two FPSO conversions. The Property Division saw its revenue increase by 12% to $2,035 million due mainly to higher revenue from Singapore and China. Revenue from the Infrastructure Division contracted by $293 million to $1,744 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 $784 million was $741 million or 49% lower than the previous year. Profit from the Offshore & Marine Division of $29 million was $453 million lower than that of the previous year due mainly to lower operating results arising from lower revenue, lower share of associated companies' profits and impairment of assets. The negative variance was partially offset by the absence of provision for losses for the Sete Brasil rig building contracts of about $230 million in 2015. Net profit from the Property Division of $620 million fell by $41 million mainly due to lower fair value gains on investment properties, lower contribution from Singapore property trading, lower share of associated companies' profits and the absence of cost write-back upon finalisation of project cost for Reflections at Keppel Bay in 4Q2015, partially offset by reversal of impairment of hospitality assets. The lower share of associated companies' profits was due mainly to lower share of fair value gains on investment properties, partly offset by share of profits arising from divestment of the stake in Life Hub @ Jinqiao and 77 King Street. Profit from the Infrastructure Division of $99 million was $98 million lower due largely to the absence of gain recognized in 2015. In 2015, there were gains from disposal of the 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 $149 million due mainly to share of losses and impairment losses of an associated company, and the absence of gain from sale of investments in 2015, partially offset by share of profits from Sino-Singapore Tianjin Eco-City. The Property Division was the largest contributor to Group net profit with 79% share, followed by the Infrastructure Division with 13% share, the Investments Division and the Offshore & Marine Division at 4% each.

15d. Revenue by Geographical Segments

Revenue from Singapore of $4,406 million was $2,524 million lower due largely to lower revenue from the Offshore & Marine Division. Revenue from China was 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 year, 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)	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Transaction for the Sale of Goods and Services				
CapitaMalls Asia Group	**–**	–	**–**	200,000
Mapletree Investments Group	**–**	225,717	**–**	104
Neptune Orient Lines Group	**–**	–	**389**	1,360
PSA International Group	**–**	–	**1,482**	4,871
SATS Group	**–**	–	**–**	39,354
SembCorp Marine Group	**–**	–	**4,635**	4,881
Singapore Airlines Group	**–**	–	**–**	5,600
Singapore Power Group	**–**	–	**1,567**	12,300
Singapore Technologies Engineering Group	**280**	–	**899**	342
Singapore Telecommunications Group	**–**	–	**–**	182
Temasek Holdings Group	**–**	–	**16,938**	415
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**474**	1,267
CapitaMalls Asia Group	**–**	–	**–**	161
Gas Supply Pte Ltd	**–**	–	**–**	80,000
Mapletree Investments Group	**–**	180,926	**–**	24,436
Pavilion Gas Pte Ltd	**–**	–	**50,000**	–
PSA International Group	**–**	–	**208**	143
SembCorp Marine Group	**–**	–	**55**	77
Singapore Power Group	**–**	–	**526**	–
Singapore Technologies Engineering Group	**–**	–	**5,437**	29,064
Singapore Telecommunications Group	**–**	–	**1,160**	2,439
Temasek Holdings Group	**–**	–	**1,810**	–
Total Interested Person Transactions	**280**	406,643	**85,580**	406,996

17. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Corporation Limited (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

18. 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

26 January 2017