Keppel Corporation

KEPPEL CORPORATION LIMITED

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

FULL YEAR 2015 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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KEPPEL CORPORATION LIMITED

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

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015

Welcome

1. Good evening and a warm welcome to the conference and webcast on Keppel Corporation's results and performance for the fourth quarter and full year of 2015. May I take the opportunity to wish all of you present here and those joining us over the web a Happy and Healthy New Year.

Challenging Environment

2. Since our last briefing in October 2015, the macro environment has taken a turn for the worse. Oil price plunging below US$30 a barrel, its lowest in more than a decade, coupled with the Chinese stock market meltdown this month have hurled the global economy onto a turbulent trajectory.

3. Recovery in major economies has been uneven. The US Federal Reserve's move to tighten monetary policy, even as others are loosening theirs, seemed to have come at a precarious time.

4. Meanwhile, anxieties over slower growth in China and its stock market volatility have prompted investors to retreat from the country. While the Chinese economy faces a number of challenges, we remain confident about opportunities in China. Even at a lower GDP growth rate of 6.9%, China's absolute growth is still very significant based on a larger US$10 trillion economy, compared with five or ten years ago.

5. Moreover, despite frequent media reports of an oversupplied property market, our own experience has been positive. Home sales have picked up in several cities in China since the second half of last year. Sales in China contributed to 72% of Keppel Land's total residential sales volume in 2015, or 3,280 homes, as compared to some 1,900 units in 2014.

6. In Brazil, confidence has been shaken by a series of crises over the past year as political and economic woes and the Lava Jato scandal continue to spiral. Recent media reports of Sete Brasil (Sete) mulling over bankruptcy protection have incited further market selldowns.

Our Projects for Sete Brasil

7. Keppel, being one of the earliest Singapore companies to enter the Brazilian market, has not been spared from this storm. We had taken steps to mitigate our exposure by slowing the construction of Sete's rigs after payments from our customer ceased over a year ago.

8. On average, the construction of the first four semis has progressed by less than 4% each quarter since the start of 2015. It is worth noting that of these six projects, only the first two semis, which are also in the most advanced stages, have been sent to our yard in Brazil. Meanwhile, minimal work had been done on the last two semis.

9. Prior to the disruption of milestone payments, we had already received about US$1.3 billion from Sete. As we await further clarity on the situation, we have stopped construction of Sete's projects by the end of 2015. We have also made a provision of about S$230 million for these projects in 4Q 2015, after assessing our construction progress, payment status and amounts due to our vendors amongst other areas.

10. We understand that Sete's board will soon be meeting to discuss future plans for the company. It remains unclear when a final decision will be taken. Until we hear from Sete officially and the situation and options available to us become clearer, the above measures, in our opinion, are sound and adequate.

Performance Highlights

11. Against this challenging and volatile environment, Keppel Corporation continued to perform respectably, anchored by our multi-business strategy.

12. For the whole of 2015, we achieved a net profit of about S$1.53 billion, albeit down 19% from S$1.89 billion in 2014. Higher contributions from Property and Investments were offset by lower profits from Offshore & Marine and Infrastructure, which included the provisions for the Sete projects and Doha North Sewage Treatment Works, as well as lower income from the power and gas business and the absence of gains from data centre assets divested in 2014 to Keppel DC REIT.

13. The Group generated positive Economic Value Added of S$648 million in 2015. Our Return on Equity (ROE) held up well at 14.2% as compared to 18.8% a year ago.

14. Considering the Group's performance as well as the Company's needs for future growth, the Board of Directors will be proposing a final dividend of 22.0 cents per share. Together with the interim cash dividend of 12.0 cents per share distributed last August, we will be paying out a total cash dividend of
34.0 cents per share to shareholders for the whole of 2015.

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

Offshore & Marine

16. The continuing mismatch between global glut and sluggish demand is expected to keep oil prices subdued in the near future. Industry reports suggest that global exploration and production (E&P) spending could decline by 15% or more in 2016 should oil prices remain at current levels.

17. However, oil companies are kicking the can down the road and at some point, they would have to spend to replenish reserves. The low oil prices we see today are not sustainable in the long run. How soon the new equilibrium will be reached remains to be seen. We have to plan for a longer winter.

18. We had kick started 2015 with expected deliveries of 15 drilling jackups; eight of these have since been pushed into 2016. These projects include five rigs for Grupo R, and one each for Parden Holdings, FTS Derricks and Perforadora Central. The delays are not extensive, the contracts are still valid, and we are working towards delivering several of them in the early half of this year.

19. In addition to handing over seven quality jackups in 2015, Keppel Offshore & Marine also delivered several non-drilling solutions to our customers throughout the year. These included a Depletion Compression Platform to Shell Philippines Exploration, an accommodation semi to Floatel International and the FPSO Turitella to SBM Offshore, among other specialised vessels and equipment.

20. Prudence in pursuing quality projects, underpinned by strong execution and productivity, enabled us to achieve an underlying operating margin of 17.1% for 4Q 2015 and 13.4% for FY 2015, before making the provision on the Sete projects.

21. Of our current S$9.0 billion net orderbook, non-drilling solutions make up more than a third, while jackup rig contracts under the deferred payment terms constitute less than 16.7% or under S$1.5 billion.

22. In 2016, our yards will be delivering some 25 newbuild and conversion projects.

23. Our orderbook comprises contracts backed by quality customers, as well as sound pricing and terms that will allow us to make respectable, risk-adjusted returns. While we do not expect cancellation risks to be great, we are vigilant and mindful to deliver projects to our customers' satisfaction.

24. I am pleased to share that we delivered our first jackup of the year to Gulf Drilling International (GDI) earlier today. We also delivered a liftboat to

Nakilat Offshore & Marine in Qatar earlier this month, which will serve GDI as well.

25. We closed 2015 clinching S$132 million worth of contracts from repeat customers for conversion projects and offshore support vessels, bringing our total orders secured in 2015 to about S$1.8 billion.

26. With our extensive suite of offshore and marine solutions and continuous investment in Research & Development, Keppel O&M is able to serve a wide spectrum of customers in both drilling and non-drilling markets, who continue to require various solutions, may it be for oil production, subsea construction, or offshore liquefaction.

27. Our yards will remain busy for the rest of this year, with the execution of both existing and new projects from our backlog. In addition to a growing base of non-drilling solutions, we are also taking on opportunistic work such as modifications, upgrading and repairs that will occupy us as Keppel O&M hunkers down.

Responding to Challenges

28. The storm hitting the offshore and marine business is not one which we are unfamiliar. Keppel had braved through many cycles, emerging stronger and more resilient each time.

29. Bracing ourselves for a possibly long winter, we need to ensure that our overheads are well under control and that we are ready if the market conditions get tougher. We are preparing ourselves to meet the near term challenges by rightsizing our operations and resources.

30. We have considerable flexibility in our workforce deployment with our contract workers and our network of yards in Singapore and overseas. Optimising our operations and allowing a natural attrition of the workforce, direct staff strength in our Singapore and overseas yards has come down by about 17% or about 6,000 headcount since January 2015, while our Singapore subcontract workforce has been brought down by 24% or about 7,900 headcount over the same period.

31. We have also redeployed manpower to our operations overseas, as well as from offshore to marine operations, for example, Keppel Shipyard, where increased resources are needed for the steady stream of repair and conversion projects.

32. Even as we work at reducing costs and optimising current operations, we are still investing prudently in R&D as well as improving on our productivity and core competencies. During the year, we inked an agreement to acquire the LETOURNEAU™ rig designs and aftermarket business to broaden our suite of jackup rig design solutions and better support our customers through aftermarket sales and services. We have also expanded our natural gas

solutions suite with technology for both onshore and offshore liquefaction and LNG transportation.

33. The present downturn presents the opportunity to build a long-term sustainable, competitive position for Keppel O&M as we carefully position ourselves for the upturn.

Property

Privatisation of Keppel Land

34. Keppel has been in property for the past 30 years. We know this business very well and have built up a strong track record and brand name in Asia. Amongst Asia’s leading property developers, Keppel Land’s ROE is one of the highest at 18.9% per annum over ten years from 2006 to 2015.

35. The privatisation of Keppel Land was a strategic move that has fully aligned the interests of our Property Division with the Group, and is providing a strong pillar for earnings and long-term value creation. The Property Division’s increased contribution at 46% of the Group’s net profit in 2015 speaks volumes of the timeliness and strategic significance of this transaction.

36. Our corporate structure has been simplified. The full ownership of this Division gives us the ability to rightsize the balance sheet of the property business in response to opportunities, recycling capital and allocating resources across the Group for optimal returns to deliver on our multi-business strategy.

Property Highlights

37. Despite headwinds, 2015 was a stronger year for our Property Division as Keppel Land sold about 4,570 homes, double the units taken up in 2014. About 72% of these were sold in China and another 20% in Vietnam.

38. The two key markets of Keppel Land continue to be supported by healthy demand-and-supply dynamics and strong growth. Property prices in China’s first-tier cities continue to rise strongly with high absorption rate and falling stock. High-growth cities including Tianjin, Wuxi and Chengdu are also seeing balanced demand-supply with stable price and stock.

39. China’s continued easing monetary measures have improved market sentiments and housing demand, and signalled the government’s strong support for the sector. Given real estate’s status as a pillar industry, the Chinese government will be committed to maintain stable and sustainable growth in the property market over the long term.

40. Vietnam, being our second largest overseas residential market after China, has recovered after almost five years of housing slump. With the country's strong GDP growth, growing middle class and low interest rate, the residential market is expected to continue its upward momentum.

41. Keppel Land continues to recycle capital from its property assets in line with the Group's focus on higher returns. In 2015, it sold BG Junction in Surabaya and will be pursuing more divestment opportunities in the year ahead.

42. Seizing opportunities in promising cities around the world, Keppel Land invested some S$615 million to strengthen its portfolio with a residential site in West Jakarta, an office building in London, and a joint venture for prime residential development in Chengdu with China Vanke.

43. In Singapore, the share swap with Mapletree allowed the Keppel Group to increase its interest in Keppel Bay Tower from 70% to 100%, consolidating our full ownership of the building.

Property Portfolio

44. Over the next two years, Keppel Land will continue to tap on demand in recovering property markets across Asia with about 20,000 launch-ready homes in its portfolio, mostly in China.

45. In parallel, Keppel Land is actively developing its portfolio of commercial properties which has increased to about 840,000 square metres of gross floor area. Some of them will come on stream over the next two years, allowing us to attract quality tenants for steady income streams.

46. I am pleased to share that Saigon Centre Phase 2 retail mall in Ho Chi Minh City, whose anchor tenant is the much anticipated Takashimaya Department Store, has achieved pre-commitment of 97.5% and will open in 3Q this year. In Myanmar, the new 29-storey Inya Wing was opened, adding another 431 guest rooms and suites, as well as an exclusive retail gallery to the quality offerings of Hotel Sedona Yangon.

47. The latest commercial property Keppel Land has added to its portfolio is 112 Katong in which it has recently acquired a 22.4% interest. The remainder interest is held by the Alpha Asia Macro Trends Fund, a fund managed by Alpha Investment Partners. Keppel Land Retail Management has also been appointed as the retail manager and will be working closely with the owners to implement the asset repositioning plans for the property. Here is a fine example of how the different businesses in our property vertical can work together to extract value from various aspects of asset ownership, management and operations.

Property Fund Management

48. Total assets under management by Keppel REIT and Alpha Investment Partners have increased 10% from $18.7 billion as at end 2014 to $20.5 billion as at end 2015.

49. Over the year, Keppel REIT completed its acquisition of three prime retail units at 8 Exhibition Street in Melbourne. Keppel REIT announced last week that it has divested its 100% interest in 77 King Street in Sydney, Australia, for A$160 million, resulting in a gain of approximately A$28 million. Its portfolio of office buildings in Singapore and Australia continues to maintain a high occupancy of 99.3%.

50. Alpha's Asia Macro Trends Fund II has invested in three prime office properties with City Development. With the success of the first two Asia Macro Trends Funds, it will be embarking on its third such fund.

51. Our fund management businesses will continue to feature strongly in the Group's capital recycling strategy for matured projects, while providing stable income streams over the longer term.

Infrastructure

Energy Infrastructure & Services

52. After several challenging years under the weight of the EPC projects, 2016 opens a new chapter for our Infrastructure business.

53. Just last week, we shared the good news that Keppel Seghers completed a substantial handover of the Doha North Sewage Treatment Works (DNSTW) in Qatar to the client on 10 December 2015.

54. In addition, Keppel Seghers has commenced the operations and maintenance phase of the contract for its liquids stream, solids thickening and dewatering facilities for 10 years.

55. In Poland, Keppel Seghers handed over, on schedule and on budget, the Bialystok waste-to-energy combined heat and power (WTE CHP) project in Poland to the client, Bialystok's municipal solid waste management company on 31 December 2015.

56. Our team can now focus on building Keppel Infrastructure into a stable contributor to the Group's bottom line, pursuing growth opportunities in key areas such as gas-to-power and waste-to-energy both in Singapore and overseas.

57. During the year, Keppel Infrastructure injected 51% of Keppel Merlimau Cogen (KMC), which owns the 1,300-MW power plant on Jurong Island, into the enlarged Keppel Infrastructure Trust, as part of its efforts to unlock value from matured assets in its portfolio.

Data Centres & Logistics

58. Our data centre and logistics businesses under Keppel Telecommunications & Transportation (Keppel T&T) continue to make good progress.

59. During the year, Keppel T&T embarked on its fourth data centre development in Singapore. Meanwhile, the T27 data centre in Tampines, which is more than 80% occupied, is on track for injection into Keppel DC REIT. In October, Keppel T&T opened Almere Data Centre 2, its first greenfield data centre in Europe.

60. In Logistics, Keppel T&T commenced operations at its Tampines Logistics Hub in Singapore and a distribution centre in Vietnam.

Infrastructure Fund Management

61. Keppel DC REIT, Asia's first data centre REIT to be listed on the Singapore Exchange, has successfully crossed its first year of operations.

62. During the year, it acquired Intellicentre 2 in Australia and mainCubes Data Centre in Germany, adding to its portfolio of high-quality data centres across Asia-Pacific and Europe, amounting to over S$1 billion of assets under management.

63. We are confident of developing Keppel DC REIT into a strategic contributor to the Group just as how we have grown Keppel REIT in the Property Division into one of Singapore's largest listed real estate investment trusts.

64. Another major milestone was the combination of Keppel Infrastructure Trust with CitySpring Infrastructure Trust. The enlarged Trust, with the inclusion of KMC, is Singapore's largest listed infrastructure business trust with total assets of over S$4 billion.

65. By remaining as Sponsor, Keppel continues to participate in the growth of its infrastructure fund management units, whilst building up a solid platform for the Group to recycle its capital.

66. Our concerted efforts to reshape and strengthen the Infrastructure Division as a sturdy third pillar for the Group are bearing fruit and we will continue to nurture the business and invest prudently for growth.

Investments

67. In the Investments Division, higher profits for 2015 were underpinned by better performance by M1 and KrisEnergy, which achieved first oil at two of its offshore fields in the gulf of Thailand during the year.

68. In addition, our share of gains from k1 Venture's disposal of its US childcare business and the sale of equities in our portfolio contributed to the division's stronger performance.

Delivering on our Multi-business Strategy

69. I want to emphasise that Keppel continues to be a very profitable enterprise. In spite of strong headwinds, we reaped over S$1.53 billion in profits. The Group's performance in 2015 demonstrates how a multi-business strategy can steady the ship in rough waters.

70. Overall higher contributions from the Property and Investments divisions in the past year have helped cushion the impact of Offshore & Marine's fall in earnings. Had we been a single business company, our results would have been much weaker.

71. Notwithstanding the vast challenges, Keppel O&M is still doing well, and has contributed S$481 million or one third of the Group's income for the year. From an ROE perspective, Keppel O&M's performance has been solid owing to its rigour in selecting contracts, strong project execution and discipline in not overinvesting in capacity, considering the cyclical nature of this business.

72. The same discipline also applies at Keppel Land which has been generating ROE in the high teens over the past decade. The company's privatisation has resulted in S$252 million of additional contributions to Keppel Corporation after taking in the interest cost of S$15 million.

73. With the privatisation of Keppel Land, the launch of Keppel DC REIT and the expansion of Keppel Infrastructure Trust in the past year, we will continue to focus on asset turns and capital recycling to improve returns from both the Property and Infrastructure divisions. With these gears in motion, our ROE may be sustained in the mid-teens without excessive leverage, as we steer Keppel into its next phase of growth.

74. Meanwhile, to ride out the interim turbulence, we are keeping a watchful eye on our gearing and cash flow. We will continue to stay close to our customers, and focus on execution whilst rightsizing the organisation so that we can remain profitable even with a lower top line. Recurring income, which currently represents about 27% of the Group's earnings, is another area that we will continue to strengthen.

Building Sustainable Value

75. As a conglomerate, with access to capital and the ability to invest when times are tough, we will continue riding on the mega trend of sustainable urbanisation, fully exploiting the Group's ability to create good assets, which we can own, manage and then recycle at the right time to earn the best risk-adjusted returns.

76. There will be fees that we can continue to earn along the way, such as for asset management, operations and maintenance, and facilities and property management, all of which will build resilience into our bottom line.

77. As we continue to fortify our core competencies, investing in our people and technology, we will also develop new muscles, organically as well as through mergers and acquisitions.

78. Till now, the market has yet to fully recognise Keppel's merits as a conglomerate with a set of unique strengths and potential synergies that can be harnessed through cross-pollination of its business units. Such synergies are already starting to emerge through collaborations between Keppel T&T and Keppel Land in the development of data centres, as well as Keppel Land and M1's partnership to offer smart living solutions at our properties.

79. Indeed, Keppel's diverse businesses shall become even more formidable by hunting as a pack. It is in this manner that we will continue to draw synergies and capture value from all parts of the Group, at every step of the way.

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

KEPPEL CORPORATION LIMITED

Full Year 2015 Financial Statements & Dividend Announcement

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the year ended 31 December 2015.

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

	Note	Fourth Quarter			Full Year		
		31.12.2015 $'000	31.12.2014 $'000	+/- %	**31.12.2015 $'000**	31.12.2014 $'000	+/- %
Revenue		**2,479,645**	3,925,250	-36.8	**10,296,473**	13,282,979	-22.5
Materials & subcontract costs	(i)	**(1,765,162)**	(2,803,076)	-37.0	**(7,023,337)**	(9,244,629)	-24.0
Staff costs	(ii)	**(354,152)**	(486,615)	-27.2	**(1,600,010)**	(1,732,964)	-7.7
Depreciation & amortisation		**(61,717)**	(69,267)	-10.9	**(247,113)**	(265,136)	-6.8
Other operating income	(iii)	**32,121**	359,787	-91.1	**87,618**	333,170	-73.7
Operating profit		**330,735**	926,079	-64.3	**1,513,631**	2,373,420	-36.2
Investment income		**1,983**	3,766	-47.3	**14,966**	11,936	+25.4
Interest income		**31,099**	28,676	+8.4	**119,320**	133,104	-10.4
Interest expenses	(iv)	**(40,527)**	(52,423)	-22.7	**(154,844)**	(134,024)	+15.5
Share of results of associated companies	(v)	**251,453**	255,069	-1.4	**504,321**	504,176	–
Profit before tax		**574,743**	1,161,167	-50.5	**1,997,394**	2,888,612	-30.9
Taxation	1b	**(138,129)**	(136,325)	+1.3	**(404,429)**	(462,362)	-12.5
Profit for the quarter / year		**436,614**	1,024,842	-57.4	**1,592,965**	2,426,250	-34.3
Attributable to:							
Shareholders of the Company		**404,781**	725,898	-44.2	**1,524,622**	1,884,798	-19.1
Non-controlling interests		**31,833**	298,944	-89.4	**68,343**	541,452	-87.4
		436,614	1,024,842	-57.4	**1,592,965**	2,426,250	-34.3
Earnings per ordinary share							
- basic		**22.3 cts**	39.9 cts	-44.1	**84.0 cts**	103.8 cts	-19.1
- diluted		**22.1 cts**	39.6 cts	-44.2	**83.5 cts**	102.8 cts	-18.8

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		
		31.12.2015 $'000	31.12.2014 $'000	+/- %	**31.12.2015 $'000**	31.12.2014 $'000	+/- %
Share-based payment expenses		**16,818**	15,989	+5.2	**55,221**	56,461	-2.2
(Profit)/loss on sale of investments	(vi)	**(5,370)**	5,801	NM	**(54,975)**	(8,008)	NM
Provision							
- Stocks & work-in-progress	(vii)	**58,450**	4,149	NM	**59,064**	2,699	NM
- Doubtful debts		**6,853**	974	NM	**12,242**	2,945	NM
Fair value loss/(gain)							
- Investments	(viii)	**16,952**	21,763	-22.1	**35,348**	15,002	+135.6
- Forward contracts	(ix)	**(5,037)**	15,404	NM	**23,335**	27,389	-14.8
- Financial derivatives		**(1,849)**	(6,593)	-72.0	**(6,106)**	(3,170)	+92.6
Foreign exchange (gain)/loss	(x)	**(21,002)**	12,135	NM	**3,092**	7,513	-58.8
Profit on sale of fixed assets and investment property	(xi)	**(740)**	(194,349)	-99.6	**(3,251)**	(289,214)	-98.9
Gain associated with restructuring of operations and others	(xii)	**(7,449)**	(4,752)	+56.8	**(65,876)**	(4,752)	NM
Gain on disposal of subsidiaries	(xiii)	**–**	(41,723)	NM	**(218,770)**	(48,647)	NM
Loss/(gain) on disposal of associated companies	(xiv)	**18,823**	(145,184)	NM	**18,823**	(145,184)	NM
Impairment/write-off of fixed assets	(xv)	**8,018**	7,746	+3.5	**8,018**	7,746	+3.5
Fair value gain on investment properties	(xvi)	**(128,874)**	(54,569)	+136.2	**(128,874)**	(54,569)	+136.2
Impairment/(write-back of impairment) of investments and associated company	(xvii)	**8,685**	(2,581)	NM	**(16,728)**	(47,971)	-65.1

NM - Not Meaningful

Note:

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

(ii) Staff costs decreased in the current year due mainly to lower manpower cost in the Offshore & Marine and Infrastructure Division, partly offset by higher manpower cost in the Property Division.

(iii) Other operating income decreased due mainly to higher fair value loss on investments (Note (viii)), lower profit on sale of fixed assets and investment property (Note (xi)), loss on disposal of associated companies in 2015 as compared to gain on disposal in 2014 (Note (xiv)) and lower write-back of impairment of investments and associated company (Note (xvii)), partially offset by higher profit on sale of investments (Note (vi)), higher gain associated with restructuring of operations and others (Note (xii)), higher gain on disposal of subsidiaries (Note (xiii)) and higher fair value gain on investment properties (Note (xvi)).

(iv) Higher interest expense was mainly attributable to higher borrowings in the Offshore & Marine Division and project development companies in the Property Division.

(v) Higher share of profits of associated companies in Offshore & Marine and Investments Division, offset by lower share of profits of associated companies in Property Division.

(vi) Higher profit from the sale of investments was due mainly to more disposals of listed equities in the current year.

(vii) Provision for stocks & work-in-progress mainly arose from the provision for impairment made in the Property Division.

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

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

(x) Foreign exchange loss was mainly attributable to the revaluation of assets denominated in Azerbaijani Manat as a result of devaluation, partially offset by gain from revaluation of assets denominated in United States dollar, which appreciated against Singapore dollar.

(xi) Profit on sale of fixed assets in the current year was mainly attributable to disposal of a leasehold building in the Infrastructure Division while profit on sale of fixed assets and an investment property in 2014 was attributable to the divestment of data centre assets and Equity Plaza in the Infrastructure and Property Divisions respectively.

(xii) Gain associated with restructuring of operations and others in 2015 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. The gains for restructuring of operations and others in 2014 was largely due to a realisation of reserves upon liquidation of subsidiaries.

(xiii) Gain on disposal of subsidiaries in 2015 arose mainly from the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd, while the gain in 2014 mainly arose from the divestment of Berich Enterprises Limited and Keppel FMO Pte Ltd.

(xiv) The loss on disposal of associated company in 2015 arose from the divestment of 39% interest in Harbourfront Two Pte Ltd, which holds Harbourfront Towers 1 and 2. The gain on disposal in 2014 arose from the divestment of the Group's one-third interest in Central Boulevard Development Pte Ltd, which owns Marina Bay Financial Centre Tower 3 ("MBFC T3").

(xv) The amount in the current year was largely due to impairment/write-off of assets in the Infrastructure Division.

(xvi) Higher fair value gain on investment properties was largely attributable to higher fair value gain on the overseas portfolio of investment properties in the Property Division and fair value gain on the data centre assets.

(xvii) The write-back in 2015 was in relation to write-back in the Infrastructure Division, while the write-back in the prior year was mainly in relation to the write-back in the Investments Division.

1b. Taxation expenses for the current year was lower due to decreased profits from Offshore & Marine Division, partially offset by higher profits from companies in countries with higher tax rates.

1c. Earnings per ordinary share

	2015	2014	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**84.0 cts**	103.8 cts	-19.1
- Weighted average number of shares ('000)*	**1,814,546**	1,815,042	–
(ii) On a fully diluted basis	**83.5 cts**	102.8 cts	-18.8
- Adjusted weighted average number of shares ('000)*	**1,825,025**	1,831,502	-0.4

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

1d. Breakdown of sales

	2015 $'000	2014 $'000	+/-%
<u>First Half</u>			
Sales reported for first half year	**5,377,059**	6,172,945	-12.9
Operating profit after tax before deducting non-controlling interests reported for first half year	**784,005**	864,010	-9.3
<u>Second Half</u>			
Sales reported for second half year	**4,919,414**	7,110,034	-30.8
Operating profit after tax before deducting non-controlling interests reported for second half year	**808,960**	1,562,240	-48.2

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

	Note	Fourth Quarter			Full Year		
		31.12.2015 $'000	31.12.2014 $'000	+/- %	**31.12.2015 $'000**	31.12.2014 $'000	+/- %
Profit for the quarter / year		**436,614**	1,024,842	-57.4	**1,592,965**	2,426,250	-34.3
Items that may be reclassified subsequently to profit & loss account:							
Available-for-sale assets							
- Fair value changes arising during the quarter / year	(i)	**14,150**	(14,286)	NM	**(10,868)**	(47,295)	-77.0
- Realised and transferred to profit & loss account	(ii)	**20,056**	(24,028)	NM	**(21,925)**	(34,553)	-36.5
Cash flow hedges							
- Fair value changes arising during the quarter / year, net of tax	(iii)	**(74,635)**	(448,662)	-83.4	**(475,351)**	(505,083)	-5.9
- Realised and transferred to profit & loss account	(iv)	**46,287**	(1,566)	NM	**182,006**	(24,112)	NM
Foreign exchange translation							
- Exchange differences arising during the quarter / year	(v)	**(13,739)**	139,308	NM	**100,615**	128,500	-21.7
- Realised and transferred to profit & loss account	(vi)	**5,120**	28,107	-81.8	**16,633**	23,570	-29.4
Share of other comprehensive income of associated companies							
- Available-for-sale assets		**(495)**	(2,246)	-78.0	**5,111**	(3,732)	NM
- Cash flow hedges		**(7,297)**	(2,448)	+198.1	**19,198**	14,401	+33.3
- Foreign exchange translation		**(11,722)**	6,585	NM	**(29,374)**	23,650	NM
Items that will not be reclassified subsequently to profit & loss account:							
Share of other comprehensive income of associated companies							
- Revaluation surplus		**–**	996	NM	**–**	996	NM
Other comprehensive income for the quarter / year, net of tax		**(22,275)**	(318,240)	-93.0	**(213,955)**	(423,658)	-49.5
Total comprehensive income for the quarter / year		**414,339**	706,602	-41.4	**1,379,010**	2,002,592	-31.1
Attributable to:							
Shareholders of the Company		**382,391**	339,845	+12.5	**1,272,232**	1,393,768	-8.7
Non-controlling interests		**31,948**	366,757	-91.3	**106,778**	608,824	-82.5
		414,339	706,602	-41.4	**1,379,010**	2,002,592	-31.1

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 differences were due mainly to the hedging differential on forward exchange contracts, which were largely entered to hedge exposures against United States dollar. The fair value loss was as a result of the hedge rate being lower than the spot rate.

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

(v) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for the 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 upon disposals of subsidiaries.

3. BALANCE SHEETS as at 31 December

	Group		Company	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014
	$'000	$'000	**$'000**	$'000
Share capital	**1,288,394**	1,287,595	**1,288,394**	1,287,595
Treasury shares	**(49,011)**	(48,665)	**(49,011)**	(48,665)
Reserves	**9,856,278**	9,141,832	**5,608,423**	4,591,571
Share capital & reserves	**11,095,661**	10,380,762	**6,847,806**	5,830,501
Non-controlling interests	**830,198**	4,346,879	**–**	–
Capital employed	**11,925,859**	14,727,641	**6,847,806**	5,830,501
Represented by:				
Fixed assets	**2,845,547**	2,673,015	**1,281**	694
Investment properties	**3,272,112**	1,987,515	**–**	–
Subsidiaries	**–**	–	**8,139,235**	5,067,567
Associated companies	**5,521,756**	4,988,444	**–**	–
Investments	**350,103**	358,366	**–**	–
Long term assets	**266,014**	258,397	**380**	321
Intangibles	**99,825**	101,732	**–**	–
	12,355,357	10,367,469	**8,140,896**	5,068,582
Current assets				
Stocks & work-in-progress in excess of related billings	**10,650,500**	10,681,123	**–**	–
Amounts due from:				
- subsidiaries	**–**	–	**3,445,693**	4,100,374
- associated companies	**509,108**	630,552	**578**	471
Debtors	**3,299,134**	2,509,589	**121,764**	26,288
Short term investments	**225,118**	371,451	**–**	–
Bank balances, deposits & cash	**1,892,841**	5,736,001	**91**	2,308
	16,576,701	19,928,716	**3,568,126**	4,129,441
Assets classified as held for sale *	**–**	1,258,640	**–**	–
	16,576,701	21,187,356	**3,568,126**	4,129,441
Current liabilities				
Creditors	**5,751,891**	5,432,754	**660,612**	492,168
Billings on work-in-progress in excess of related costs	**1,888,468**	2,397,376	**–**	–
Provisions	**90,216**	149,526	**–**	–
Amounts due to:				
- subsidiaries	**–**	–	**964,216**	1,004,570
- associated companies	**166,216**	137,188	**28,840**	–
Term loans	**1,656,735**	1,795,635	**1,431,879**	290,511
Taxation	**352,595**	462,699	**15,867**	14,000
	9,906,121	10,375,178	**3,101,414**	1,801,249
Liabilities directly associated with assets classified as held for sale *	**–**	450,017	**–**	–
	9,906,121	10,825,195	**3,101,414**	1,801,249
Net current assets	**6,670,580**	10,362,161	**466,712**	2,328,192
Non-current liabilities				
Term loans	**6,601,934**	5,586,908	**1,700,000**	1,500,000
Deferred taxation	**355,723**	266,412	**–**	–
Other non-current liabilities	**142,421**	148,669	**59,802**	66,273
	7,100,078	6,001,989	**1,759,802**	1,566,273
Net assets	**11,925,859**	14,727,641	**6,847,806**	5,830,501
Group net debt	***6,365,828***	*1,646,542*	***n.a.***	*n.a.*
Group net gearing ratio	***0.53x***	*0.11x*	***n.a.***	*n.a.*

** As at 31 December 2014, the assets and liabilities of Keppel Merlimau Cogen Pte Ltd ("KMC") have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" in the consolidated balance sheet in accordance to FRS 105 – Non-current Assets Held for Sale and Discontinued Operations. Refer to Note 3(c) for details.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 31.12.2015		As at 31.12.2014	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
11,764	**1,644,971**	123,234	1,672,401

(ii) Amount repayable after one year

As at 31.12.2015		As at 31.12.2014	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
1,216,914	**5,385,020**	915,945	4,670,963

(iii) Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,455,633,000 (31 December 2014: $2,704,286,000) to banks for loan facilities.

3b. Net asset value

	Group			**Company**		
	31.12.2015	31.12.2014	+/-%	**31.12.2015**	31.12.2014	+/-%
Net asset value per ordinary share *	**$6.13**	$5.73	+7.0	**$3.78**	$3.22	+17.4
Net tangible asset per ordinary share *	**$6.07**	$5.67	+7.1	**$3.78**	$3.22	+17.4

* Based on share capital of 1,811,147,200 ordinary shares (excluding treasury shares) as at the end of the financial year (31 December 2014: 1,811,836,227 ordinary shares).

3c. Assets and liabilities classified as held for sale

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

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

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

3d. Balance sheet analysis

Group shareholders' funds increased from $10.38 billion at 31 December 2014 to $11.10 billion as at 31 December 2015. The increase was mainly attributable to retained profits for 2015. In addition, the difference between non-controlling interests adjusted and the fair value of the consideration paid, arising from the privatisation of Keppel Land Limited was recognised in equity attributable to shareholders of the Company. This was partially offset by payment of final dividend of 36.0 cents per share in respect of financial year 2014 and interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2015, fair value loss on cash flow hedges and available-for-sale assets as well as fair value realised on disposal of available-for-sale assets. Non-controlling interest of $0.83 billion were $3.52 billion lower because of the privatisation of Keppel Land Limited and the consolidation of the remaining 30% interest in Harbourfront One Pte Ltd, which holds Keppel Bay Tower.

Group total assets of $28.93 billion at 31 December 2015 were $2.62 billion or 8% lower than the previous year end. Decrease in current assets was partially offset by increase in non-current assets. The decrease in current assets was due mainly to disposal of Keppel Merlimau Cogen Pte Ltd ("KMC"), lower bank balances, deposits & cash, largely due to fund used for the privatisation of Keppel Land Limited and capital expenditure, as well as repayment of advances due from associated companies. This was partly offset by higher level of debtors due mainly to higher billings from the Offshore & Marine Division and the Property Division. Non-current assets were higher due mainly to increase in investment properties from the acquisition of a freehold office building in London and the fair value gain on investment properties in 2015. Park Avenue Central in Shanghai was reclassified from stocks & work-in-progress to investment properties in line with the intention to develop the property for investment purpose. In addition, the increase in associated companies was largely due to the recognition of KMC as an associated company following the sale of 51% interest under the Infrastructure Division as well as the additional investments and acquisitions in the Property Division, additional investment in KrisEnergy Ltd, partly offset by divestment of 39% interest in Harbourfront Two Pte Ltd, which holds Harbourfront Towers 1 and 2.

Group total liabilities of $17.01 billion at 31 December 2015 were $0.18 billion or 1% higher than the previous year end. This was mainly due to increased bank borrowings for working capital requirements, operational capital expenditure, increase in creditors arising from higher billings by suppliers and privatisation of Keppel Land Limited. This was offset by the derecognition of liabilities directly associated with KMC and the lower billings on work-in-progress in excess of related costs in the Offshore & Marine Division.

Group net debt of $6.37 billion was $4.72 billion higher than that as at 31 December 2014 due mainly to the cash payments for the acquisition of Keppel Land's shares, dividend payments (by the Company and its listed subsidiaries), acquisition of a freehold office building in London, acquisition of the remaining 30% interest in Keppel Bay Tower, and other operational and capex cash requirements. These were partly offset by proceeds from the disposal of KMC and 39% interest in Harbourfront Towers 1 and 2 as well as repayment of advances due from 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	Capital Employed $'000
2015								
As at 1 January	**1,287,595**	**(48,665)**	**(89,335)**	**9,422,754**	**(191,587)**	**10,380,762**	**4,346,879**	**14,727,641**
Total comprehensive income for the 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 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.

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
2014								
As at 1 January	1,205,877	–	500,753	8,301,117	(306,566)	9,701,181	3,987,682	13,688,863
Total comprehensive income for the year								
Profit for the year	–	–	–	1,884,798	–	1,884,798	541,452	2,426,250
Other comprehensive income *	–	–	(606,009)	–	114,979	(491,030)	67,372	(423,658)
Total comprehensive income for the year	–	–	(606,009)	1,884,798	114,979	1,393,768	608,824	2,002,592
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	–	–	–	(762,906)	–	(762,906)	–	(762,906)
Share-based payment	–	–	53,701	–	–	53,701	2,327	56,028
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(265,603)	(265,603)
Shares issued	81,718	–	(47,422)	–	–	34,296	–	34,296
Purchase of treasury shares	–	(48,665)	–	–	–	(48,665)	–	(48,665)
Transfer of statutory, capital and other reserves from revenue reserves	–	–	2,092	(2,092)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	12,196	12,196
Contributions to defined benefits plans	–	–	13,228	–	–	13,228	1,501	14,729
Other adjustments	–	–	–	18	–	18	–	18
Total contributions by and distributions to owners	81,718	(48,665)	21,599	(764,980)	–	(710,328)	(249,579)	(959,907)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries	–	–	–	–	–	–	7,204	7,204
Acquisition of additional interest in subsidiaries	–	–	(5,678)	1,819	–	(3,859)	(5,736)	(9,595)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(1,516)	(1,516)
Total change in ownership interests in subsidiaries	–	–	(5,678)	1,819	–	(3,859)	(48)	(3,907)
Total transactions with owners	81,718	(48,665)	15,921	(763,161)	–	(714,187)	(249,627)	(963,814)
As at 31 December	1,287,595	(48,665)	(89,335)	9,422,754	(191,587)	10,380,762	4,346,879	14,727,641

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

4b. Statement of changes in equity of the Company

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2015					
As at 1 January	**1,287,595**	**(48,665)**	**191,294**	**4,400,277**	**5,830,501**
Profit / Total comprehensive income for 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**
2014					
As at 1 January	1,205,877	–	188,432	4,300,590	5,694,899
Profit / Total comprehensive income for the year	–	–	–	862,575	862,575
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(762,906)	(762,906)
Share-based payment	–	–	50,284	–	50,284
Shares issued	81,718	–	(47,422)	–	34,296
Purchase of treasury shares	–	(48,665)	–	–	(48,665)
Other adjustments	–	–	–	18	18
Total transactions with owners	81,718	(48,665)	2,862	(762,888)	(726,973)
As at 31 December	1,287,595	(48,665)	191,294	4,400,277	5,830,501

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2015	1,817,768,227	5,932,000
Issue of shares under share option scheme	139,900	–
Issue of shares under restricted share plan and performance share plan	2,053	–
Treasury shares transferred pursuant to share option scheme	–	(1,388,230)
Treasury shares transferred pursuant to restricted share plan and performance share plan	–	(4,566,485)
Purchase of treasury shares	–	6,808,000
As at 30 September 2015	1,817,910,180	6,785,285
Treasury shares transferred pursuant to restricted share plan	–	(22,305)
As at 31 December 2015	**1,817,910,180**	**6,762,980**

Treasury shares
During the year ended 31 December 2015, the Company transferred 5,977,020 (31 December 2014: Nil) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. The Company also purchased 6,808,000 treasury shares (31 December 2014: 5,932,000) during the year. As at 31 December 2015, the number of treasury shares held by the Company represented 0.37% (31 December 2014: 0.33%) 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 2015.

Share options
As at 31 December 2015, there were unexercised options for 17,821,474 of unissued ordinary shares (31 December 2014: 19,570,504 ordinary shares) under the KCL Share Option Scheme. Unexercised options for 220,900 of unissued ordinary shares were cancelled during the year ended 31 December 2015 (31 December 2014: 325,600).

KCL Performance Share Plan (“KCL PSP”)
As at 31 December 2015, the number of contingent shares granted but not released were 2,052,119 (31 December 2014: 1,748,725) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 3,078,179 under KCL PSP.

KCL Restricted Share Plan (“KCL RSP”)
As at 31 December 2015, the number of contingent shares granted but not released was 5,521,483 (31 December 2014: 4,639,784). 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 5,521,483 under KCL RSP.

As at 31 December 2015, the number of awards released but not vested was 4,193,125 (31 December 2014: 3,993,440) for KCL RSP.

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

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.15	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.12.15
KCL PSP						
29.6.2012	616,606	–	(240,406)	(376,200)	–	–
28.3.2013	554,719	–	–	–	–	554,719
31.3.2014	577,400	–	–	–	–	577,400
31.3.2015	–	700,000	–	–	–	700,000
30.7.2015	–	220,000	–	–	–	220,000
	1,748,725	920,000	(240,406)	(376,200)	–	2,052,119
KCL RSP						
31.3.2014	4,639,784	–	–	(4,585,541)	(54,243)	–
31.3.2015	–	4,863,286	–	–	(131,406)	4,731,880
30.7.2015	–	789,603	–	–	–	789,603
	4,639,784	5,652,889	–	(4,585,541)	(185,649)	5,521,483

Awards released but not vested:

	Number of shares					
Date of Grant	At 1.1.15	Released	Vested	Cancelled	Other adjustments	At 31.12.15
KCL PSP						
29.6.2012	–	376,200	(323,400)	–	(52,800)	–
	–	376,200	(323,400)	–	(52,800)	–
KCL RSP						
29.6.2012	1,275,274	–	(1,272,168)	(3,106)	–	–
28.3.2013	2,718,166	–	(1,371,290)	(37,849)	–	1,309,027
31.3.2014	–	4,585,541	(1,623,985)	(77,458)	–	2,884,098
	3,993,440	4,585,541	(4,267,443)	(118,413)	–	4,193,125

4d. Capital reserves

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Share option and share plan reserve	**215,979**	212,764	**194,972**	191,294
Fair value reserve	**73,049**	102,818	**–**	–
Hedging reserve	**(790,756)**	(516,050)	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**78,188**	71,133	**4,741**	–
	(383,540)	(89,335)	**199,713**	191,294

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

	Note	Fourth Quarter		Full Year	
		31.12.2015	31.12.2014	**31.12.2015**	31.12.2014
		$'000	$'000	**$'000**	$'000
OPERATING ACTIVITIES					
Operating profit		**330,735**	926,079	**1,513,631**	2,373,420
Adjustments:					
Depreciation and amortisation		**61,717**	69,267	**247,113**	265,136
Share-based payment expenses		**16,818**	15,989	**55,221**	56,461
Profit on sale of fixed assets and investment property		**(740)**	(194,349)	**(3,251)**	(289,214)
Gain on disposal of subsidiaries		**–**	(41,723)	**(218,770)**	(48,647)
Loss/(gain) on disposal of associated companies		**18,823**	(145,184)	**18,823**	(145,184)
Impairment/write-off of fixed assets		**8,018**	7,746	**8,018**	7,746
Impairment of intangible		**1,472**	–	**1,472**	–
Impairment/(write-back of impairment) of investments and associated company		**8,685**	(2,581)	**(16,728)**	(47,971)
Gains associated with restructuring of operations and others		**(7,449)**	(4,752)	**(65,876)**	(4,752)
Fair value gain on investment properties		**(128,874)**	(54,569)	**(128,874)**	(54,569)
(Profit)/loss on sale of investments		**(5,370)**	5,801	**(54,975)**	(8,008)
Operational cash flow before changes in working capital		**303,835**	581,724	**1,355,804**	2,104,418
Working capital changes:					
Stocks & work-in-progress		**(297,120)**	(567,402)	**(1,000,672)**	(2,181,890)
Debtors		**152,861**	(184,257)	**(784,307)**	(764,052)
Creditors		**20,047**	50,342	**(253,424)**	257,521
Investments		**27,134**	(43,908)	**164,602**	(91,488)
Intangibles		**(40)**	(10)	**(40)**	(10)
Advances to associated companies		**(180,747)**	639,002	**149,008**	1,008,696
		25,970	475,491	**(369,029)**	333,195
Interest received		**27,345**	25,943	**115,566**	130,371
Interest paid		**(34,824)**	(49,217)	**(149,141)**	(130,818)
Income taxes paid, net of refunds received		**14,933**	29,418	**(302,399)**	(328,031)
Net cash from/(used in) operating activities		**33,424**	481,635	**(705,003)**	4,717
INVESTING ACTIVITIES					
Acquisition of subsidiaries	5a	**–**	(44,739)	**(2,559)**	(268,768)
Acquisition and further investment in associated companies		**(29,399)**	(311,140)	**(579,266)**	(398,680)
Acquisition of fixed assets and investment properties		**(507,225)**	(164,509)	**(1,146,963)**	(594,931)
Disposal of subsidiaries	5b	**–**	87,304	**1,261,262**	125,097
Proceeds from disposal of associated companies and return of capital		**237,423**	620,969	**237,791**	629,910
Proceeds from disposal of fixed assets and investment properties		**1,631**	412,573	**5,307**	973,588
Dividend received from investments and associated companies		**109,720**	91,398	**350,525**	410,401
Net cash (used in)/from investing activities		**(187,850)**	691,856	**126,097**	876,617
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**(180,656)**	(2,120)	**(3,227,301)**	(9,600)
Proceeds from share issues		**–**	3,450	**779**	34,296
Proceeds from reissuance of treasury shares pursuant to share option scheme		**–**	–	**8,115**	–
(Return of capital to)/proceeds from non-controlling shareholders of subsidiaries		**(9,456)**	–	**(2,574)**	12,196
Proceeds from term loans		**967,205**	255,275	**2,616,325**	1,066,375
Repayment of term loans		**(479,055)**	(118,028)	**(1,692,712)**	(794,844)
Purchase of treasury shares		**–**	(48,665)	**(49,367)**	(48,665)
Dividend paid to shareholders of the Company		**–**	–	**(872,479)**	(762,906)
Dividend paid to non-controlling shareholders of subsidiaries		**(26,045)**	(74,293)	**(83,225)**	(265,603)
Net cash from/(used in) financing activities		**271,993**	15,619	**(3,302,439)**	(768,751)
Net increase/(decrease) in cash and cash equivalents		**117,567**	1,189,110	**(3,881,345)**	112,583
Cash and cash equivalents as at beginning of quarter / year		**1,748,636**	4,485,116	**5,712,351**	5,557,601
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(7,085)**	38,125	**28,112**	42,167
Cash and cash equivalents as at end of quarter / year	5c	**1,859,118**	5,712,351	**1,859,118**	5,712,351

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	
	31.12.2015 $'000	31.12.2014 $'000	**31.12.2015 $'000**	31.12.2014 $'000
Fixed assets	**–**	15,423	**85**	21,352
Investment in associated company	**–**	–	**–**	14
Intangible assets	**–**	16,757	**3,245**	16,757
Debtors and other assets	**–**	912	**2,970**	12,817
Bank balances and cash	**–**	640	**2,433**	1,432
Creditors	**–**	(3,718)	**(3,381)**	(8,056)
Borrowings	**–**	(9,072)	**(222)**	(11,486)
Current and deferred taxation	**–**	(6)	**(763)**	(102)
Total identifiable net assets at fair value	**–**	20,936	**4,367**	32,728
Non-controlling interest measured at non-controlling interests' proportionate share of the net assets	**–**	(3,467)	**(1,224)**	(7,204)
Amount previously accounted for as associated companies	**–**	(356)	**(490)**	(4,243)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	**–**	–	**–**	(219)
Goodwill arising from acquisition	**–**	–	**2,339**	1,472
Gain on bargain purchase arising from acquisition	**–**	(113)	**–**	(113)
Net assets acquired	**–**	17,000	**4,992**	22,421
Payment of deferred consideration for prior year's acquisition of a subsidiary	**–**	28,379	**–**	247,779
Total purchase consideration	**–**	45,379	**4,992**	270,200
Less: Bank balances and cash acquired	**–**	(640)	**(2,433)**	(1,432)
Cash flow on acquisition	**–**	44,739	**2,559**	268,768

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

In the prior year, the Group acquired additional interest of 11% in Indo-Trans Keppel Logistics Vietnam Co., Ltd, increasing our interest to 51% and additional interest of 50% in Securus Partners Pte Ltd, increasing our interest to 100%. Payment of deferred consideration relates to Shanghai Jinju Real Estate Development Co. Ltd.

5b. Disposal of subsidiaries

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

	Fourth Quarter		Full Year	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014
	$'000	$'000	**$'000**	$'000
Fixed assets	**–**	(6,288)	**(1,141,882)**	(7,019)
Investment properties	**–**	–	**(21,592)**	–
Investment in associated company	**–**	(22,446)	**–**	(49,426)
Intangible assets	**–**	(457)	**–**	(457)
Stocks and work-in-progress	**–**	(116)	**(27,843)**	(116)
Debtors and other assets	**–**	(19,407)	**(206,906)**	(37,028)
Bank balances and cash	**–**	(3,044)	**(240,637)**	(3,084)
Creditors and other liabilities	**–**	19,573	**210,928**	20,187
Current and deferred taxation	**–**	(8,790)	**187,940**	862
Non-controlling interests deconsolidated	**–**	(4,604)	**7,414**	1,516
	–	(45,579)	**(1,232,578)**	(74,565)
Amount accounted for as associated company	**–**	(50,722)	**(40,498)**	–
Amount accounted for as amount owing from associated company	**–**	52,645	**–**	–
Net assets disposed of	**–**	(43,656)	**(1,273,076)**	(74,565)
Net profit on disposal	**–**	(41,723)	**(218,770)**	(48,647)
Realisation of foreign currency translation reserve and capital reserve	**–**	(7,699)	**(10,053)**	(7,699)
Sale proceeds	**–**	(93,078)	**(1,501,899)**	(130,911)
Less: Bank balances and cash disposed	**–**	3,044	**240,637**	3,084
Less: Deferred proceeds	**–**	2,730	**–**	2,730
Cash flow on disposal	**–**	(87,304)	**(1,261,262)**	(125,097)

Significant disposal of subsidiaries during the year include the sale of 51% interest in KMC and disposal of 80% interest in BG Junction in Surabaya.

Significant disposals in the prior year include the sale of entire interest in Berich Enterprises Limited, divestment of Boxtel Investments Limited, which holds a 30% interest in Securus Guernsey 2 Limited, and divestment of Keppel FMO Pte Ltd.

5c. Cash and cash equivalents

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

	2015	2014
	$'000	$'000
Bank balances, deposits and cash	**1,892,841**	5,736,001
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(33,723)**	(23,650)
	1,859,118	5,712,351

5d. Cash flow analysis

(i) Fourth Quarter

Net cash from operating activities for the quarter was $33 million compared to $482 million for the corresponding quarter last year. This was due mainly to lower operational cash inflow.

Net cash used in investing activities for the quarter was $188 million. This comprised principally the acquisitions of fixed assets and investment properties and further investment in 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 $272 million. This was due mainly to net proceeds of term loans, partly offset by the acquisition of additional 30% interest in Harbourfront One Pte Ltd during the quarter.

(ii) Full Year

Net cash used in operating activities for the full year was $705 million compared to net cash from operating activities $5 million in the previous year. This was due mainly to lower operational cash inflow.

Net cash from investing activities for the year was $126 million. This was mainly attributable to the proceeds from the sale of KMC and Harbourfront Two Pte Ltd, partly offset by the acquisitions of fixed assets and investment properties as well as further investment in associated companies. Dividend income amounted to $351 million.

Net cash used in financing activities was $3,302 million compared to $769 million in the previous year, mainly attributable to the acquisition of additional shareholding in Keppel Land Limited. Dividend payment amounted to $956 million.

6. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

7. AUDITORS' REPORT

Not applicable

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2014.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2015. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

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

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

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

10. REVIEW OF GROUP PERFORMANCE

(i) Fourth Quarter

Group revenue for 4Q2015 of $2,479 million was $1,446 million or 37% below that of 4Q2014. Revenue from the Offshore & Marine Division declined $1,053 million to $1,323 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 $152 million to $681 million due mainly to lower revenue from Singapore and the absence of sale of a residential development in Jeddah, Saudi Arabia which was sold in 4Q2014, partially offset by higher revenue from China. The Infrastructure Division's revenue was lower by $211 million to $464 million resulting from a drop in revenue from the power and gas business, lower revenue from the Engineering, Procurement and Construction ("EPC") projects, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in December 2014.

Group pre-tax profit for 4Q2015 decreased by $588 million or 51% from $1,162 million to $574 million. Pre-tax profit of the Offshore & Marine Division dropped by $336 million to $21 million due mainly to lower operating results arising from lower revenue, provision for losses for Sete Brasil rig building contracts of about $230 million and net interest expense. Pre-tax profit of the Property Division decreased by $86 million to $442 million due mainly to lower operating results and absence of gain from the disposal of investment properties (one-third interest in Marina Bay Financial Centre Tower 3 ("MBFC T3") was disposed in 4Q2014), partly offset by higher fair value gains on investment properties and cost write-back upon finalisation of project cost for the Reflections at Keppel Bay. Pre-tax profit of the Infrastructure Division was $63 million for the current quarter as compared to $303 million for the same quarter in 2014 due mainly to the absence of gains from divestments (gains from IPO of data centre assets and divestment of Keppel FMO), partly offset by fair value gains on data centres. Pre-tax profit of the Investments Division was $48 million for the current quarter as compared to pre-tax loss of $26 million for the same quarter in 2014 due mainly to higher share of associated companies' profits and higher gain from sale of investments.

Tax expenses of $138 million for 4Q2015 is comparable to that of 4Q2014. Non-controlling interests fell by $268 million mainly from lower non-controlling interests in Keppel Land Limited. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 4Q2015 was $405 million, 44% below the same quarter in the previous year.

(ii) Full Year

Group net profit decreased by $360 million or 19% to $1,525 million. Earnings per share decreased by 19% to 84.0 cents. Return on equity was 14.2% and Economic Value Added was $648 million.

Group revenue of $10,296 million for 2015 was $2,987 million or 22% lower than that for the full year of 2014. Offshore & Marine Division's revenue of $6,241 million was 27% below the $8,556 million for 2014 due to lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Major jobs completed in 2015 include seven jack-up rigs, an accommodation semi, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. The Property Division saw its revenue increase by 11% to $1,926 million due mainly to higher revenue from China partly offset by lower revenue from Singapore and the absence of the sale of a residential development in Jeddah, Saudi Arabia which was sold in 2014. Revenue from the Infrastructure Division contracted by $876 million to $2,058 million as a result of a drop in revenue recorded by the power and gas business due to lower prices and volume, lower revenue from EPC projects, lower contribution from the data centre business, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in December 2014.

The Group's pre-tax profit for the current year was $1,997 million, $892 million or 31% below the previous year. The Offshore & Marine Division reported a $666 million drop in pre-tax profit to $699 million. Lower operating results arising from lower revenue, provision for losses for Sete Brasil rig building contracts of about $230 million and lower net interest income were partially offset by an increase in share of associated companies' profits. The Property Division's profit of $896 million for 2015 was $121 million or 12% below that of 2014. This was due mainly to lower operating results, reduction in share of associated companies' profits, higher net interest expense and absence of gains from the disposal of investment properties (Equity Plaza, Prudential Tower and MBFC T3 were disposed in 2014), partly offset by higher fair value gains on investment properties and cost write-back upon finalisation of project cost for the Reflections at Keppel Bay. Profit from the Infrastructure Division decreased by $196 million to $256 million. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Works and the reduced contribution from the power and gas business. There were also gains from divestment of data centre assets and Keppel FMO in 2014.

Taxation expenses were 13% lower due mainly to lower taxable profits partially offset by higher profits from companies in countries with higher tax rates. Non-controlling interests decreased by $473 million due mainly to the lower minority shareholdings in Keppel Land Limited as a result of the privatisation. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $1,525 million, $360 million or 19% lower than last year. The Property Division was the largest contributor to Group net profit at 46%, followed by the Offshore & Marine Division's 32%, the Infrastructure Division's 14% and the Investments Division's at 8%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division secured $1.8 billion of new orders to-date. Its net order book stands at $9.0 billion, with deliveries extending into 2020. Faced with the global sector downturn, the Division is rightsizing its operations and staying vigilant for what could be an extended slowdown, while at the same time building new capabilities and positioning itself to seize opportunities when the upturn comes.

The Property Division sold about 4,570 homes in 2015, comprising about 3,280 in China, 930 in Vietnam, 190 in Singapore and 130 in Indonesia. This is significantly higher than the 2,450 homes sold in 2014. The improvement is mainly attributable to sales in China and Vietnam. Total assets under management by Keppel REIT and Alpha has grown from $18.7 billion as at end-2014 to $20.5 billion as at end-2015. Keppel REIT's office buildings in Singapore and Australia continue to maintain high occupancy of 99.3% as at end-2015. The Division will remain focused on strengthening its presence in its core and growth markets, seeking opportunities to unlock value and recycle capital as well as growing its fund management business for a sustainable recurring income stream.

In the Infrastructure Division, Keppel Infrastructure ("KI") will remain focused on its power and gas, as well as its other energy-related infrastructure businesses. The successful handing over of both phases of the Greater Manchester Energy-from-Waste Plant in the UK and the Bialystok waste-to-energy combined heat and power project in Poland, as well as the substantial handover of the Doha North Sewage Treatment Works in Qatar, allows KI to pursue other promising growth areas in infrastructure. The electricity market is still expected to remain competitive but KI's integrated power and gas business platform will enable it to weather the challenges ahead through driving synergies and value creation across its diversified portfolio. Keppel Telecommunications & Transportation will continue to develop both logistics and data centre businesses locally and overseas. It will also focus on growing a portfolio of quality data centre assets for injection into Keppel DC REIT. Total assets under management by Keppel DC REIT are about $1.2 billion as at end-2015.

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 22.0 cents per share tax exempt one-tier (2014: 36.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2015 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 12.0 cents per share tax exempt one-tier (2014: 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 2015 will be 34.0 cents in cash per share (2014: 48.0 cents in cash per share).

Name of Dividend	**Final FY2015**
Dividend type	**Cash**
Dividend per share	**22.0 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 FY2014
Dividend type Dividend per share Tax rate	Cash 36.0 cents Tax exempt

13c. Date Payable

The proposed final dividend, if approved at the Annual General Meeting to be held on 19 April 2016, will be paid on 6 May 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 26 April 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 26 April 2016 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 26 April 2016 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 2015 will be 34.0 cents in cash per share (2014: 48.0 cents in cash per share).

	2015 **$'000**	2014 $'000	+/- %
Interim cash dividend	**218,081**	218,019	–
Final cash dividend	**398,452***	654,398	-39.1
Total annual dividend	**616,533**	872,417	-29.3

* Estimated based on share capital of 1,811,147,200 ordinary shares (excluding treasury shares) at the end of the financial year.

14. SEGMENT ANALYSIS

2015

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	**6,240,549**	**1,926,447**	**2,058,398**	**71,079**	**–**	**10,296,473**
Inter-segment sales	**799**	**4,624**	**32,538**	**64,201**	**(102,162)**	**–**
Total	**6,241,348**	**1,931,071**	**2,090,936**	**135,280**	**(102,162)**	**10,296,473**
Segment Results						
Operating profit	**596,784**	**636,481**	**220,643**	**45,637**	**14,086**	**1,513,631**
Investment income	**3,340**	**10,916**	**–**	**710**	**–**	**14,966**
Interest income	**69,783**	**29,026**	**24,509**	**157,771**	**(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**	**296,640**	**36,025**	**99,643**	**–**	**504,321**
Profit before tax	**698,495**	**896,455**	**256,015**	**146,429**	**–**	**1,997,394**
Taxation	**(181,986)**	**(183,720)**	**(33,387)**	**(5,336)**	**–**	**(404,429)**
Profit for the year	**516,509**	**712,735**	**222,628**	**141,093**	**–**	**1,592,965**
Attributable to:						
Shareholders of Company	**481,470**	**700,482**	**207,127**	**135,543**	**–**	**1,524,622**
Non-controlling interests	**35,039**	**12,253**	**15,501**	**5,550**	**–**	**68,343**
	516,509	**712,735**	**222,628**	**141,093**	**–**	**1,592,965**
Other information						
Segment assets	**10,063,097**	**16,409,472**	**3,033,922**	**7,639,407**	**(8,213,840)**	**28,932,058**
Segment liabilities	**8,692,893**	**7,194,148**	**1,936,464**	**7,396,534**	**(8,213,840)**	**17,006,199**
Net assets	**1,370,204**	**9,215,324**	**1,097,458**	**242,873**	**–**	**11,925,859**
Investment in associated companies	**568,116**	**3,251,468**	**928,650**	**773,522**	**–**	**5,521,756**
Additions to non-current assets	**212,100**	**895,909**	**505,869**	**112,391**	**–**	**1,726,269**
Depreciation and amortisation	**147,691**	**33,815**	**64,400**	**1,207**	**–**	**247,113**

GEOGRAPHICAL SEGMENT

	Singapore $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**6,930,287**	**1,011,602**	**1,738,304**	**616,280**	**–**	**10,296,473**
Non-current assets	**6,028,417**	**288,560**	**4,459,665**	**962,598**	**–**	**11,739,240**

2014

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	8,556,252	1,729,348	2,933,358	64,021	–	13,282,979
Inter-segment sales	491	3,619	50,835	69,758	(124,703)	–
Total	8,556,743	1,732,967	2,984,193	133,779	(124,703)	13,282,979
Segment Results						
Operating profit	1,223,828	667,280	465,727	18,152	(1,567)	2,373,420
Investment income	7,472	3,558	–	906	–	11,936
Interest income	88,812	26,066	960	134,251	(116,985)	133,104
Interest expenses	(12,257)	(60,976)	(44,741)	(134,602)	118,552	(134,024)
Share of results of associated companies	57,346	381,209	29,348	36,273	–	504,176
Profit before tax	1,365,201	1,017,137	451,294	54,980	–	2,888,612
Taxation	(272,706)	(140,024)	(44,530)	(5,102)	–	(462,362)
Profit for the year	1,092,495	877,113	406,764	49,878	–	2,426,250
Attributable to:						
Shareholders of Company	1,039,684	481,993	319,990	43,131	–	1,884,798
Non-controlling interests	52,811	395,120	86,774	6,747	–	541,452
	1,092,495	877,113	406,764	49,878	–	2,426,250
Other information						
Segment assets	9,626,640	16,340,181	4,263,143	8,954,630	(7,629,769)	31,554,825
Segment liabilities	7,299,871	7,417,171	3,311,344	6,428,567	(7,629,769)	16,827,184
Net assets	2,326,769	8,923,010	951,799	2,526,063	–	14,727,641
Investment in associated companies	539,932	3,205,343	649,565	593,604	–	4,988,444
Additions to non-current assets	268,402	234,956	489,995	268	–	993,621
Depreciation and amortisation	141,816	18,601	104,219	500	–	265,136

GEOGRAPHICAL SEGMENT

	Singapore $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	9,292,272	1,841,396	1,478,354	670,957	–	13,282,979
Non-current assets	5,705,455	325,563	3,196,615	523,073	–	9,750,706

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 KrisEnergy Limited, M1 Limited, k1 Ventures Limited and equities.

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

(c) Other than Singapore and Brazil, no single country accounted for 10% or more of the Group's revenue for the year ended 31 December 2015 and 31 December 2014.

(d) No single external customer accounted for 10% or more of the Group's revenue for the financial years ended 31 December 2015 and 31 December 2014.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $10,296 million was $2,987 million or 22% below that of the previous year. Revenue from the Offshore & Marine Division of $6,241 million was $2,315 million lower due to lower volume of work, deferment of some projects and the suspension of Sete Brasil contracts. Revenue from the Property Division rose by $197 million to $1,926 million. This was due mainly to higher revenue from China partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division of $2,058 million was $876 million lower due mainly to lower revenue recorded by the power and gas business from lower prices and volume as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in December 2014.

15b. Net profit by Segments

Group net profit of $1,525 million was $360 million or 19% lower than that of the previous year. Profit from the Offshore & Marine Division of $481 million was $559 million lower than that of the previous year due mainly to lower operating results, provision for losses for Sete Brasil rig building contracts and lower net interest income, partly offset by higher contribution from associated companies. Net profit from the Property Division of $701 million rose by $219 million because of lower non-controlling interest following the privatisation of Keppel Land Limited, higher fair value gains on investment properties and cost write-back upon finalisation of project cost for the Reflections at Keppel Bay, partially offset by a lower contribution from associated companies and higher net interest expenses. Profit from the Infrastructure Division of $207 million was $113 million lower due mainly to the losses following finalisation of the cost to complete the Doha North Sewage Treatment Works, partly offset by the gain from divestment of 51% interest in KMC to KIT and the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged KIT. Profit from the Investments Division increased by $93 million due mainly to higher profit from sale of investments and higher share of profits from k1 Ventures and KrisEnergy. The Property Division was the largest contributor to Group net profit with a 46% share followed by the Offshore & Marine Division with 32% share, the Infrastructure Division with 14% share and the Investments Division with 8% share.

15c. Revenue by Geographical Segments

Revenue from Singapore of $6,930 million was $2,362 million lower due largely to lower revenue from the Offshore & Marine Division, Property Division and Infrastructure Division. Higher revenue from Far East & Other ASEAN Countries mainly came from residential property trading in China.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 17 April 2015. During the financial 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)	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**–**	–	**–**	182,980
CapitaMalls Asia Group	**–**	–	**200,000**	–
Mapletree Investments Group	**225,717**	–	**104**	113,760
Neptune Orient Lines Group	**–**	–	**1,360**	210
PSA International Group	**–**	–	**4,871**	1,021
SATS Group	**–**	–	**39,354**	–
SembCorp Marine Group	**–**	–	**4,881**	2,315
Singapore Airlines Group	**–**	–	**5,600**	–
Singapore Power Group	**–**	–	**12,300**	–
Singapore Technologies Engineering Group	**–**	–	**342**	1,183
Singapore Telecommunications Group	**–**	–	**182**	–
Temasek Holdings Group	**–**	–	**415**	3,758
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**1,181**	4,210
CapitaMalls Asia Group	**–**	–	**161**	–
Gas Supply Pte Ltd	**–**	–	**80,000**	85,000
Mapletree Investments Group	**180,926**	–	**24,436**	730
PSA International Group	**–**	–	**143**	669
SembCorp Marine Group	**–**	–	**77**	195
Singapore Power Group	**–**	–	**–**	400
Singapore Technologies Engineering Group	**–**	–	**28,914**	12,748
Singapore Telecommunications Group	**–**	–	**2,439**	5,200
Temasek Holdings Group	**–**	–	**–**	511
Total Interested Person Transactions	**406,643**	–	**406,760**	414,890

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 FORMET SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

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

BY ORDER OF THE BOARD

CAROLINE CHANG/KELVIN CHUA
Company Secretaries

21 January 2016