

GROUP FINANCIAL HIGHLIGHTS

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

For the financial year ended 31 December

	2007 \$'000	2006 \$'000	Change %
Revenue	7,258,364	5,743,398	+26
Operating profit	590,007	554,477	+6
Net interest / Investment income	98,476	72,133	+37
Share of results of associates	31,063	13,006	+139
Profit before tax	719,546	639,616	+13
Taxation	(141,714)	(148,626)	-5
Profit after tax	577,832	490,990	+18
Minority interests	(36,066)	(26,907)	+34
Profit before exceptional items	541,766	464,083	+17
Exceptional items	(81,011)	(5,257)	+1,441
Attributable profit	460,755	458,826	-
Economic Value Added (Before exceptional items)	471,417	425,400	+11

Keppel O&M had another record-breaking year in 2007. Revenue increased 26% to reach \$7.3 billion, with offshore, shiprepair/conversions and shipbuilding all achieving new highs in turnover. New contracts secured during the year amounted to \$7.4 billion, bringing the net orderbook as at the end of the year to a record \$12.2 billion.

Operating profit increased by only 6% to \$590.0 million due to cost increases for some projects. Net interest/investment income rose 37% to \$98.5 million because of strong positive cashflows from existing projects as well as new contracts secured. Contributions from associates increased by 139% to \$31.1 million.

Profit after tax was up 18% to \$577.8 million. Attributable profit before exceptional items rose by 17% to \$541.8 million. The large exceptional items of \$81.0 million comprise mainly goodwill impairment at the Group's Brazilian subsidiary.

The Group's good performance is reflected in its key performance indicators. Before exceptional items, return on equity was 46.1%, while Economic Value Added was \$471.4 million, an increase of \$46.0 million over the previous year.

CONSOLIDATED BALANCE SHEET

As at 31 December

	2007 \$'000	2006 \$'000
Share capital	339,716	339,716
Reserves	854,454	816,795
Shareholders' funds	<u>1,194,170</u>	<u>1,156,511</u>
Minority interests	112,714	85,492
Capital employed	<u>1,306,884</u>	<u>1,242,003</u>
Represented by:		
Fixed assets	919,054	802,702
Associates	84,273	68,423
Loans receivable	1,629	2,460
Goodwill	36,363	109,588
Investments	253,499	217,350
Other assets	39	165
	<u>1,294,857</u>	<u>1,200,688</u>
Current assets		
Stocks	144,860	116,513
Work-in-progress (cost > billings)	276,139	261,315
Related companies & associates	95,440	143,531
Investments	8,029	5,855
Other assets	138,991	66,174
Debtors	946,382	835,679
Bank balances, deposits & cash	2,767,591	2,492,493
	<u>4,377,432</u>	<u>3,921,560</u>
Current liabilities		
Creditors	1,487,621	1,325,402
Work-in-progress (billings > cost)	2,525,984	2,223,677
Short term loans	50,114	50,760
Taxation	219,344	153,565
	<u>4,283,063</u>	<u>3,753,404</u>
Net current assets	<u>94,369</u>	<u>168,156</u>
Non-current liabilities		
Long-term loans	20,725	29,568
Deferred taxation	60,332	95,980
Deferred liabilities	1,285	1,293
	<u>82,342</u>	<u>126,841</u>
Net assets	<u>1,306,884</u>	<u>1,242,003</u>