

Fortifying Fundamentals Sustaining Growth



Our vision is to be the provider of choice and partner for solutions in the global offshore and marine industry.

Keppel Offshore & Marine is a global leader in offshore rig design and construction, shiprepair and conversion, and specialised shipbuilding. We harness the synergy of 20 yards worldwide to be near our customers and their markets.

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Key Figures

\$1.7b

New contracts secured in 2009 with deliveries up to 2013.

14

Record rig deliveries in a year, all on time and within budget.

100

The average number of hours each employee spent in training.

\$21.6m

Continued investment on the training and development of 24,000 employees worldwide.

\$236m

The amount invested to improve facilities and productivity worldwide.

0.34

Lowered accident frequency rate to 0.34 from 0.37 in 2008.

Chairman's Statement

Dear Stakeholders,

2009 remained very volatile as the credit crunch spiralled into a global economic recession, which was aggravated by a drop in oil price to US\$40 per barrel at the year's start. Global shipping markets and freight rates were also drastically affected. The restricted availability of financing for oil & gas projects resulted in a visible slowdown in Keppel O&M's orderbook intake in the first three quarters of the year, as well as three project cancellations and the rescheduling of payments by one customer.

Nevertheless, the market's confidence gradually returned towards the end of 2009 with the financial situation slowly improving and the recovery of the oil price to over US\$70 per barrel. On the back of better sentiments, Keppel O&M managed to clinch contracts totalling more than \$1.7 billion for the year, replenishing our orderbook to \$5.6 billion at the end of 2009.

These new contracts include the upgrading of three drillships for Noble Corporation in Brazil, the preconversion of Floating Production Storage and Offloading (FPSO) vessel P-58 for SBM Offshore, as well as a newbuild semisubmersible drilling tender and an FPSO conversion for Vietnam. We also received a Letter of Intent from Petrobras and Chevron for the P-61 Tension Leg Wellhead Platform (TLWP), which culminated in a contract in February 2010. Together with the strong number of orders received in the preceding years, these have given us work that will see our deliveries going into 2013.

Improving Productivity

2009 also marked a record year of deliveries for the Keppel O&M Group. Coupled with continuous productivity improvements in our yards, we sustained revenue at above \$8 billion and achieved a record net profit of \$861.5 million. The Group also created an Economic Value Added of \$803.5 million, representing a 21% increase over 2008.

The Keppel O&M Group's solid performance, achieved in the face of tumultuous times, is attributed to the chief executives and staff of our respective business divisions. Our Offshore Division topped out the year with an unprecedented 14 newbuild rigs, which were delivered to customers on time and within budget. Keppel FELS completed three DSSTM Series semisubmersibles and a KFELS SSDTTM drilling tender, cementing the track record of our proprietary deepwater solutions in the market. In the Marine Division, Keppel Shipyard repaired a total of 361 vessels and delivered seven conversions and one jumboisation project, maintaining its position as the industry's trusted name for the repair, upgrading and conversion of a diverse range of vessels. The Specialised Shipbuilding Division also contributed to our good set of results, delivering a total of 13 vessels out of Singapore and China.

During the year, we invested \$236 million to improve our global yard facilities. These investments will help us reap higher productivity gains, as we ready the Group to capture opportunities in the upturn.

Harnessing Technology

With sustained efforts ploughed into R&D and knowledge building, we fostered multi-disciplinary technology competencies that can be fully leveraged in our pursuit of competencies for solutions and new products.

FloaTEC LLC, our equal joint venture with J. Ray McDermott, gained traction for its floating production solutions and was awarded a contract for the P-61 TLWP for the Papa-Terra development in the Campos Basin, offshore Brazil.

\$803.5m

Economic Value Added
grew by 21% over 2008.

“During the year, we invested \$236 million to improve our global yard facilities. These investments will help us reap higher productivity gains, as we ready the Group to capture opportunities in the upturn.”

Choo Chiau Beng, Chairman





In December 2009, we were awarded close to \$800 million worth of contracts to upgrade and repair three Noble drillships, as well as perform the preconversion of the P-58 FPSO. We also received a Letter of Intent from Petrobras and Chevron to build and operate the US\$1 billion P-61 TLWP for the Papa-Terra field in the Campos Basin.

Backed by strong operational experience and a skilled workforce, we are well-positioned to participate meaningfully in the new jobs from Petrobras and drillers operating in Brazil and the region.

Extending our expertise in deepwater drilling, we collaborated with SBMGustoMSC to develop a cost-effective and energy-efficient compact drillship design for the market.

Rigorous R&D into ice technology has also enabled us to successfully deliver several ice-class vessels for the Arctic and the Caspian Sea, such as the two icebreakers Varandey and Toboy, and the Floating Storage and Offloading vessel Yuri Korchagin. The growing demand for robust vessels that can operate in sub-zero conditions provides us the impetus to bring to market other concepts such as ice-resistant rigs.

We are looking at possibilities to apply our offshore technology and expertise innovatively for the emerging offshore wind energy sector. To this end, we have developed and patented a proprietary wind turbine installation vessel that would offer a safer and larger operating window in harsh environments.

The Keppel Offshore & Marine Technology Centre registered 14 patents since its inception in 2007. These will be further developed into solutions for our customers over the next few years, as we continue to push for wider market acceptance of our proprietary concepts.

Fortifying our Safety Culture

Safety is both a measure of success and a core value at Keppel. We are building a uniform and strong safety culture across the Group's operations, galvanising our workforce towards a zero-incidents workplace.

Notwithstanding the heavy workload in 2009, our accident frequency rate was reduced to 0.34 reportable cases for every million man-hours worked, compared to 0.37 in 2008. Our accident severity rate was also reduced to 83 man-days lost per million man-hours worked, from 110 in 2008.

To champion and integrate the Group's safety efforts, Abu Bakar, Senior General Manager (Operations) of Keppel Shipyard, has been appointed as Keppel O&M's General Manager of Health, Safety and Environment. Bakar is also secretary to Keppel Corporation's Board Safety Committee (BSC) and coordinator for Keppel Group's safety responsibility efforts. He succeeds Charles Foo, MD (Special Projects) of Keppel O&M, who has over the past four years established a platform for the Keppel Group's safety initiatives to take flight. We remain focused on enhancing the safety competencies of our workforce as we strive to ensure that no one gets hurt.

Strengthening our Global Network

The pursuit of our *Near Market, Near Customer* strategy is bolstered by 20 yards around the world, which enable us to work in line with national ambitions to better meet local content requirements. Our operating units are monitoring their respective markets closely and reviewing their business processes, putting in place systems to better manage risks, increase productivity and sharpen their competitive edge.

Meanwhile, we are fortifying our leadership positions in Brazil by expanding our Angra yard, and the Caspian region to support these countries' aggressive plans to grow their oil & gas industries. We are also exploring the potential of building our presence in Mexico, China and possibly West Africa.

Building a Succession of Leaders

We are focused on grooming competent leaders to steer Keppel O&M into the future. As Chief Executive Officer of Keppel O&M, Tong Chong Heong has

continued to build up the next generation of leaders for the Group. During the year, Michael Chia and Nelson Yeo were promoted to Managing Director (Offshore) and Managing Director (Marine) respectively. Chow Yew Yuen was appointed President of Keppel Offshore & Marine (The Americas) to oversee our operations in the US and Brazil. Wong Kok Seng was promoted as Executive Director of Keppel FELS.

The Keppel Offshore & Marine College, a key initiative of our talent development strategy, was elevated to the Keppel Group level, and serves as the central platform offering leadership and people development programmes for our talents. We will continue to boost the next level of leadership so as to secure the Group's future.

Preparing for the Upturn

The long term fundamentals of the offshore and marine industry remain sound, underpinned by continuous world population growth and declining global oil reserves. Oil & gas will continue to be the dominant energy source in the foreseeable future. As the world emerges from this global economic downturn, E&P activities are coming back to the fore with deepwater prospects featuring prominently on the radar screens of many oil companies.

We are optimistic of being able to secure a good level of new orders in 2010. To sustain growth in the longer term, we are strengthening our business fundamentals and fortifying our core competencies to provide a wider range of solutions that will address the industry's evolving needs. We are also seeking out good opportunities to strategically acquire or co-invest with like-minded partners in new capabilities and facilities.

In striving for constant improvements to the Keppel O&M Group's operations, we have laid solid foundations for healthy and sustainable businesses that will continue to drive value for our customers.

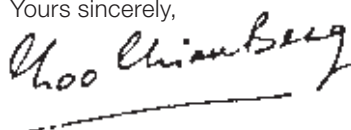
Acknowledgements

During the year, the Keppel O&M Board was further strengthened by the appointments of two new board members, Mr Po'ad Bin Shaik Abu Bakar Mattar and Mr Tan Ek Kia. I would like to extend my warmest welcome to them.

On behalf of the Board of Directors, I would also like to thank all our valued customers, business associates, class, vendors, suppliers and the union leaders in all our yards for their continuous support. Our sterling performance was made possible by the dedicated and loyal employees of Keppel O&M, who remain our most important asset. I would also like to acknowledge the assistance and support of all local, state and federal authorities in the host countries where we have operations.

Finally, I am grateful to our Board of Directors for their invaluable contributions and counsel. With a strong management team leading a passionate workforce and the support of our business associates, I am confident that Keppel O&M is well-positioned to capture new growth opportunities in the upturn, and deliver sustained value to our stakeholders.

Yours sincerely,



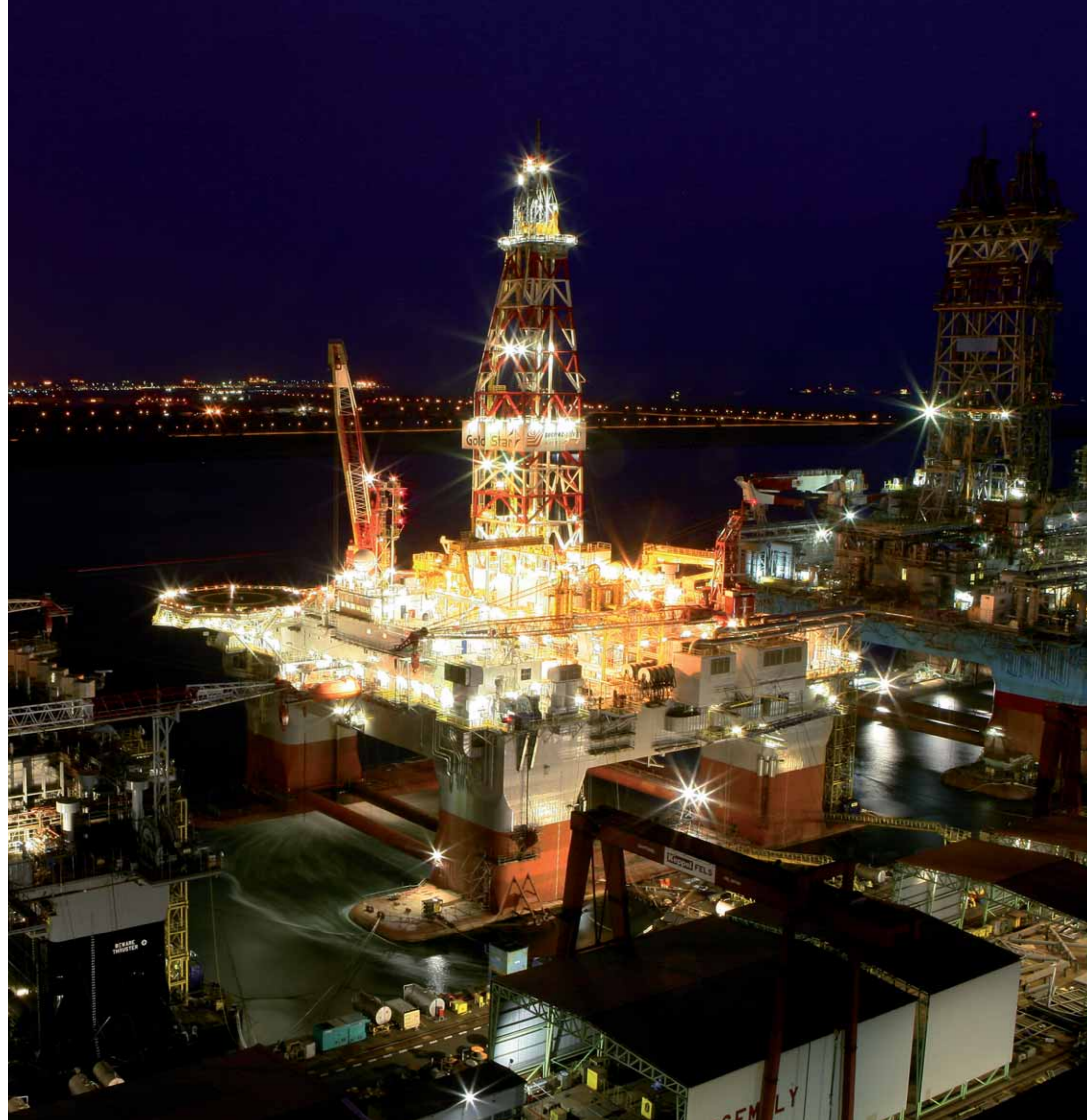
Choo Chiau Beng
Chairman
29 March 2010

es s t i m i t e d o r o

Building on strong project execution and efficient operations, we deliver on our promises on time, within budget and without incidents.

Record rig deliveries

Our sustained investments and efforts to improve processes made it possible for the Group to deliver 14 newbuild rigs in 2009, without compromising timeliness, budgets and safety. We will continue to raise productivity through innovation, infrastructural improvements and training.



Maximize

Extending the potential of our technology and engineering expertise, we offer a wider range of innovative solutions for every frontier.

Value-added solutions

Bringing together the best of our technology and operational experience, we work closely with trendsetting partners to develop and launch innovative solutions such as Asia's first icebreakers, Varandey and Toboy. With ice trials in the Arctic completed successfully, both vessels have begun operations at Varandey Terminal in the Barents Sea.



Synergies

Harnessing the strengths of our global network, we bring our expertise to the doorsteps of our customers and markets.

Seamless integration

After a successful preconversion at Keppel Shipyard, FPSO P-57 will have her newly fabricated topsides installed and integrated at Keppel FELS Brasil's BrasFELS yard. Our global yards make it possible for us to accomplish challenging projects across continents with quality and precision.

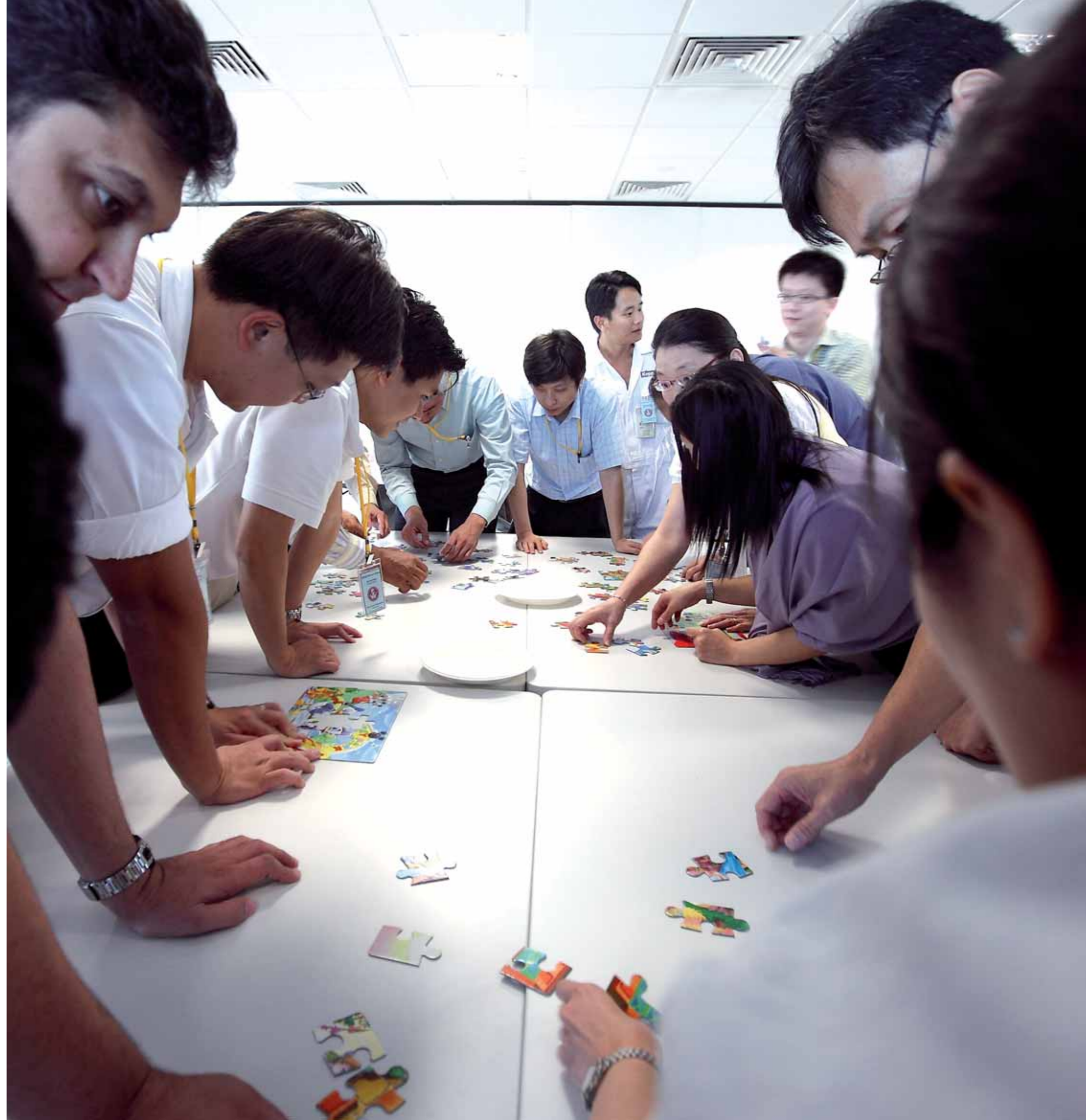


Leadership

Nurturing and motivating our talents worldwide, we continue to build a formidable workforce and a succession of strong leaders.

Empowering the next generation

Our rigorous talent development and mentorship programmes hone leadership qualities whilst encouraging teamwork and synergy across the different business units. Training, upgrading and motivating our people continuously, we seek to galvanise them to give their best and to drive value for the company and our stakeholders.



Group Financial Highlights

	2009 S\$'000	2008 S\$'000
Consolidated Balance Sheet as at 31 December 2009		
Share capital	339,716	339,716
Reserves	1,160,591	710,589
Shareholders' funds	1,500,307	1,050,305
Minority interests	163,127	134,437
Capital employed	1,663,434	1,184,742
Represented by:		
Fixed assets	1,168,443	1,078,695
Associates	102,439	90,534
Loans receivable	50,806	31,914
Goodwill	36,363	47,227
Investments	66,862	19,470
	1,424,913	1,267,840
Current assets		
Stocks	187,785	364,635
Work-in-progress (cost > billings)	503,666	361,266
Related companies & associates	86,258	120,647
Other assets	210,912	142,616
Debtors	748,082	1,096,177
Bank balances, deposits & cash	2,602,055	3,139,442
	4,338,758	5,224,783
Current liabilities		
Creditors	2,168,163	2,008,870
Work-in-progress (billings > cost)	1,571,821	2,824,750
Other liabilities	36,055	149,274
Short-term loans	-	37,441
Taxation	228,934	207,939
	4,004,973	5,228,274
Net current assets	333,785	(3,491)
Non-current liabilities		
Long-term Loans	-	19,479
Deferred Taxation	77,707	58,774
Deferred Liabilities	17,557	1,354
	95,264	79,607
Net assets	1,663,434	1,184,742

	2009 S\$'000	2008 S\$'000	Change %
Consolidated Profit & Loss Account for the financial year ended 31 December 2009			
Revenue	8,273,390	8,569,185	-3
Operating profit	1,056,907	822,155	+29
Net interest / investment income	31,370	61,868	-49
Share of results of associates	43,918	41,338	+6
Profit before tax	1,132,195	925,361	+22
Taxation	(233,983)	(197,091)	+19
Profit after tax	898,212	728,270	+23
Minority interests	(36,725)	(40,743)	-10
Profit before exceptional items	861,487	687,527	+25
Exceptional items	(22,550)	(6,209)	+263
Attributable profit	838,937	681,318	+23
Economic Value Added (before exceptional items)	803,455	663,192	+21

2009 was another record year for Keppel O&M. Although revenue dipped 3% to \$8.3 billion, operating profit increased by 29% to \$1,056.9 million as margins improved. Net interest/ investment income fell 51% due mainly to lower interest rates. Contributions from associates rose 6% to \$43.9 million. Profit after tax was up 23% to \$898.2 million, while attributable profit before exceptional items increased 25% to \$861.5 million. Exceptional items of \$22.6 million was related to goodwill impairment and the writeoff of intangible assets.

The Group's key performance indicators reflect the record results. Return on equity (before exceptional items) rose to 67.6% from 61.3% in 2008. Economic Value Added was \$803.5 million, an increase of \$140.3 million over the previous year.

The Group delivered a record-setting 14 rigs in 2009, of which 13 were by Keppel FELS. Although there was a dry spell in the first nine months of the year, a few major contracts were secured in the fourth quarter, bringing the total value of contracts secured for the year to \$1.7 billion. The Group ended the year with a net orderbook of \$5.6 billion.

Group at a Glance

Keppel Offshore & Marine



Keppel O&M is the global leader in offshore rig design, construction and repair, shiprepair and conversion, and specialised shipbuilding.

Headquartered in Singapore, we integrate and harness the experience and expertise of 20 yards worldwide to optimise the deployment of resources and effectively execute our *Near Market, Near Customer* strategy.

The head office serves two central functions, providing Operational Services including technology, design and development, engineering and procurement; as well as Corporate Services covering finance, legal, human resources, information services and corporate development.

Driven by innovation and a capable people with the *Can Do!* spirit, we strive to become a builder of distinction in every aspect of our business.

Group Focus for 2010/2011

Fortify core competencies

- Build on operational excellence to deliver projects on time, within budget and without incidents.

Leverage growth platforms

- Extend core competencies and technology to offer a wider range of products and solutions for the offshore and marine industry.

Harness global synergies

- Draw on the collective strength of global yards and offices to reinforce our *Near Market, Near Customer* strategy and deliver value to customers.

Increase business robustness

- Seek opportunities to strategically acquire or co-invest with partners in new capabilities and facilities.

Offshore



The Offshore Division, helmed by Keppel FELS, is a leading designer and builder of high-performance mobile offshore rigs. The Division's portfolio of proprietary designs and floating production solutions meets a broad spectrum of operating requirements including deep waters and harsh environments.

With technology innovation and competent design and engineering capabilities, this Division offers viable, cost-effective and highly adaptable solutions for newbuilds and upgraded offshore units.

Marine



The Marine Division is represented by Keppel Shipyard, the trusted industry name for the repair, conversion and upgrading of a diverse range of vessels. Keppel Shipyard is a leader in the conversion of Floating Production Storage and Offloading, Floating Storage and Offloading and Floating Storage and Re-gasification Units.

With strong commitment to Health, Safety and Environment and an established reputation of reliability, flexibility and quality for complex projects with quick turnaround, the Division continues to deliver high value to its customers.

Specialised Shipbuilding



The Specialised Shipbuilding Division led by Keppel Singmarine has a track record of some 400 newbuildings of diverse types and sophistication. Its portfolio of customised vessels spans Anchor Handling Tug/Supply vessels, multi-purpose Offshore Support Vessels and tugboats to highly advanced solutions such as ice-capable vessels for a worldwide clientele.

Harnessing its suite of design and engineering solutions, strong logistics and infrastructure support in Singapore, Keppel Singmarine and its sister yard, Keppel Nantong, provide customers with one-stop value-added services.

Board of Directors



Choo Chiau Beng

Chairman of Keppel Offshore & Marine Ltd; Chief Executive Officer of Keppel Corporation Limited; Chairman of Keppel Land Limited and Keppel Energy Pte Ltd.

Mr Choo sits on the Board of Directors of k1 Ventures Limited and he is a Board Member of Energy Studies Institute, a Board & Council Member of American Bureau of Shipping and the Chairman of Det Norske Veritas South East Asia Committee. He is a member of the American Bureau of Shipping's Southeast Asia Regional Committee, Special Committee on Mobile Offshore Drilling Units, Nanyang Business School Advisory Board and Singapore University of Technology and Design's Board of Trustees.

Mr Choo was conferred the Public Service Star Award (BBM) in August 2004, the Meritorious Service Award in 2008 and the NTUC Medal of Commendation (Gold) Award in May 2007.

He is Singapore's Non-Resident Ambassador to Brazil.



Tong Chong Heong

Chief Executive Officer of Keppel Offshore & Marine Ltd, Keppel FELS Limited and Keppel Shipyard Limited; Chairman of Keppel Integrated Engineering Limited, Executive Director of Keppel Corporation Limited.

He is a member of Society of Naval Architects and Marine Engineers (USA), American Bureau of Shipping and Nippon Kaiji Kyokai (Class NK) Singapore Committee, Fellow of the Society of Project Managers, The Royal Institute of Naval Architects (RINA) UK, Singapore Institute of Directors and the Institute of Marine Engineering, Science & Technology.

Mr Tong was conferred the Public Service Medal (PBM) in August 1999.



Prof Neo Boon Siong

Director of Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy in the National University of Singapore.

Prof Neo is former Dean of the Nanyang Business School at the Nanyang Technological University, Singapore. He currently serves as Director of several Boards, including Oversea-Chinese Banking Corporation Limited, Great Eastern Holdings Limited, The Oversea Assurance Corporation Limited and J. Lauritzen Singapore Pte Ltd. He holds a Bachelor of Accountancy with Honours from the National University of Singapore and a Master of Business Administration and Ph.D from University of Pittsburgh.



Stephen Pan Yue Kuo**Chairman of World-Wide Shipping Agency Limited.**

Mr Pan is also the Chairman of SIGCO (Shipowners Insurance and Guaranty Company) Private Trustee Company Limited, Bermuda, Chairman of GARD, P & I (Bermuda) Ltd and Chairman of the DNV China Technical Committee.



Teo Soon Hoe**Senior Executive Director and Group Finance Director of Keppel Corporation Limited.**

Mr Teo is Chairman of Keppel Telecommunications & Transportation Ltd, MobileOne Limited and Keppel Philippines Holdings Inc. He is also a Director of Keppel Land Limited, k1 Ventures Limited and Keppel Energy Pte Ltd.



Prof Minoo Homi Patel**Head of School & Professor of Engineering, School of Engineering of Cranfield University, UK.**

Prof Patel has over 33 years of experience in research on offshore oil and gas exploration and production platforms and the umbilicals and risers used to connect these to wells located on the seabed in very deep water. In particular, he has devised and patented combined air/water motion control systems for enhancing the performance of floating offshore platforms. Among the vessels which utilise these innovations are McDermott Marine's DB50 crane vessel and the Helix Company's *Quantum 4000* vessel built by Keppel AmFELS and also their *Intrepid* work vessel.

Prof Patel has written two textbooks in this field and authored over 110 research papers. In 1989, he established a "science park" company called BPP Technical Services Ltd, to exploit applications based on his research and directed its development into a respected independent entity.

Prof Patel became an Honorary Member of the Royal Corps of Naval Constructors in 1996 and was appointed a Fellow of the Royal Academy of Engineering in 1999. He is also Non-Executive Director of BPP Technical Services Ltd, of Pipestream Engineering Inc, of Cranfield Engineering Innovations Ltd and Cranfield Aerospace Ltd.



Dr Malcolm Sharples

President of Offshore Risk & Technology Consulting Inc., USA.

With over 35 years' experience in offshore oil and gas exploration and production projects, Dr Sharples focuses primarily on technical risk analyses for financial and insurance interests, regulatory compliance and accident investigations. Prior to his current position, he headed the worldwide offshore business for American Bureau of Shipping as Vice President (six years) and previously President of Noble Denton & Associates Inc. Dr Sharples' research work includes contracts for Minerals Management Service of the Department of the Interior (USA) on hurricane incident analyses. He is currently a consultant to major oil companies on regulatory compliance and management of risk issues. He also assists in industry standard committees for Onshore Wind Farms.

Dr Sharples is a Registered Professional Engineer, a Fellow of the Society of Naval Architects and Marine Engineers and Member of the Society of Petroleum Engineers and the Institute of Marine Engineers. He serves on the Board of Directors of the Offshore Energy Center (offshore drilling rig museum and learning center), in Galveston, Texas (USA), where he also serves in the Hall of Fame Pioneer selection committee.



Bjarne Hansen

Senior Partner of Wing Partners I/S, Denmark.

Mr Hansen was with A. P. Møller-Mærsk for 46 years and serves as Chairman or Board member of several Danish companies in the industrial as well as airline sector. He was a Partner of the Group from 1999 to 2001, when he moved to Singapore to assume the position of Chief Executive for Mærsk's Asia Region as well as Chairman of A. P. Møller Singapore Pte Ltd. He was also Chairman or Board Member of all Mærsk-affiliated companies in the Asia Region. Additionally, Mr Hansen's community work includes the Chairmanship of the Danish Cystic Fibrosis Association.

In 2003, Mr Hansen resigned to establish Wing Partners in Denmark.

Throughout his career with the A. P. Møller-Mærsk Group, Mr Hansen was involved in the entire spectrum of the Group's businesses including positions as Chief Executive of Mærsk Air as well as Mærsk Contractors. From 1991 to 1993, he was elected President of International Air Carriers Association (IACA). He was also elected "Airline Man of the Year" in Denmark in 1986.

Her Majesty the Queen of Denmark has bestowed a Knighthood upon Mr Hansen.



Po'ad Bin Shaik Abu Bakar Mattar

Mr Mattar is an independent director of Hong Leong Finance Limited and Tiger Airways Holdings Limited.

He also sits on the Boards of other organisations in both the private and public sectors. He was formerly the Senior Partner of Deloitte & Touche.

Mr Mattar is a member of the Institute of Certified Public Accountants of Singapore.



Tan Ek Kia

Chairman of the Board of Citygas Pte Ltd.

Mr Tan is a seasoned professional in the oil and gas and petrochemicals businesses, with more than 33 years of extensive experience. His working experiences included design, construction and project management of various oil and gas and petrochemical projects, business management and leadership at a senior executive level in the Royal Dutch Shell Group of companies in various locations including Malaysia, Holland, China and Asia Pacific and Middle Eastern regions. Currently, he sits on the Boards of a number of companies including SMRT Corporation Ltd, Dialog Systems (Asia) Pte Ltd and Interglobal Offshore Pte Ltd.

He is a Chartered Engineer with UK Engineering Council and Fellow with the Institute of Engineers, Malaysia. In 2001, he was conferred Panglima Gemilang Bintang Kenyalang by the State Government of Sarawak, Malaysia, which carries the title Datuk.



Sit Peng Sang

Chief Financial Officer of Keppel Offshore & Marine Ltd.

Mr Sit is a Director of Keppel FELS Limited, Keppel Shipyard Ltd, Keppel AmFELS Inc. and Keppel Offshore & Marine Technology Centre Pte Ltd.



Charles Foo Chee Lee

Managing Director (Special Projects) of Keppel Offshore & Marine Ltd.

Mr Foo is responsible for shipbuilding and technology development.

He is a Fellow of the Institute of Marine Engineering, Science & Technology (UK), Royal Institution of Naval Architects (UK) and Society of Naval Architects & Marine Engineers Singapore. Mr Foo is a member of Lloyd's Register Asia Shipowners Committee, American Bureau of Shipping (ABS) Southeast Asia Regional Committee.

Key Personnel Offshore & Marine



- 1. Chee Jin Kiong**
Executive Director
(Human Resources)
- 2. Tong Chong Heong**
Chief Executive Officer
- 3. Choo Chiau Beng**
Chairman
- 4. Sit Peng Sang**
Chief Financial Officer
- 5. Charles Foo**
Managing Director
(Special Projects)
- 6. Wong Kok Seng**
Executive Director
(Keppel FELS)
- 7. Michael Chia**
Managing Director
(Offshore)
- 8. Hoe Eng Hock**
Executive Director
(Keppel Singmarine)
- 9. Nelson Yeo**
Managing Director (Marine)
- 10. Lai Ching Chuan**
Senior General Manager
(Corporate Development)



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|--|--|--|
| <p>1. Thomas Pang
General Manager
(Corporate Development)</p> | <p>4. Ho Cheok Yuen
Senior General Manager
(Group Procurement)</p> | <p>7. Kenneth Chong
Assistant General Manager
(Legal) (Company Secretary)</p> |
| <p>2. Wong Ngiam Jih
General Manager (Finance)</p> | <p>5. Jeffery Chow
General Manager (Legal)</p> | <p>8. Anthony Toh
Group Security Manager</p> |
| <p>3. Cindy Lim
Assistant General Manager
(HR and Talent Development)</p> | <p>6. Dr Lee Chay Hoon
General Manager
(Organisation Development)</p> | <p>9. Fong Swee Theng
Group Facilities Manager</p> |
| | | <p>10. Martin Ling
Head (IT, Planning & Control)</p> |

Key Personnel Keppel FELS



1. Keith Teo
General Manager
(Marketing)

2. Chandru Sirumal Rajwani
General Manager
(Quality Assurance/
Commissioning)

4. Tan Dek Joon
General Manager
(Commercial)

3. Wong Kok Seng
Executive Director

5. Yeo Yue Ngiap
General Manager
(Projects)



1. Wong Fook Seng
General Manager
(Planning and Control/
Quality Systems/
Process Excellence)

2. Aziz Amirali Merchant
General Manager
(Engineering)

3. David Lee
Financial Controller

4. Chor How Jat
General Manager
(Operations)

Key Personnel Keppel Shipyard



1. Louis Chow
General Manager
(Commercial – Conversion)

2. Edmund Mah
Financial Controller

3. Nelson Yeo
Managing Director

4. Abu Bakar
Senior General Manager
(Operations)



1. Tan Peng Pong
General Manager
(Engineering & Systems
Development)

2. Burt Loh
General Manager
(Operations – Benoi)

3. Spencer Leong
General Manager
(Operations – Gul)

4. Mah Chan Wah
General Manager
(Commercial – Shiprepair)

Key Personnel Keppel Singmarine

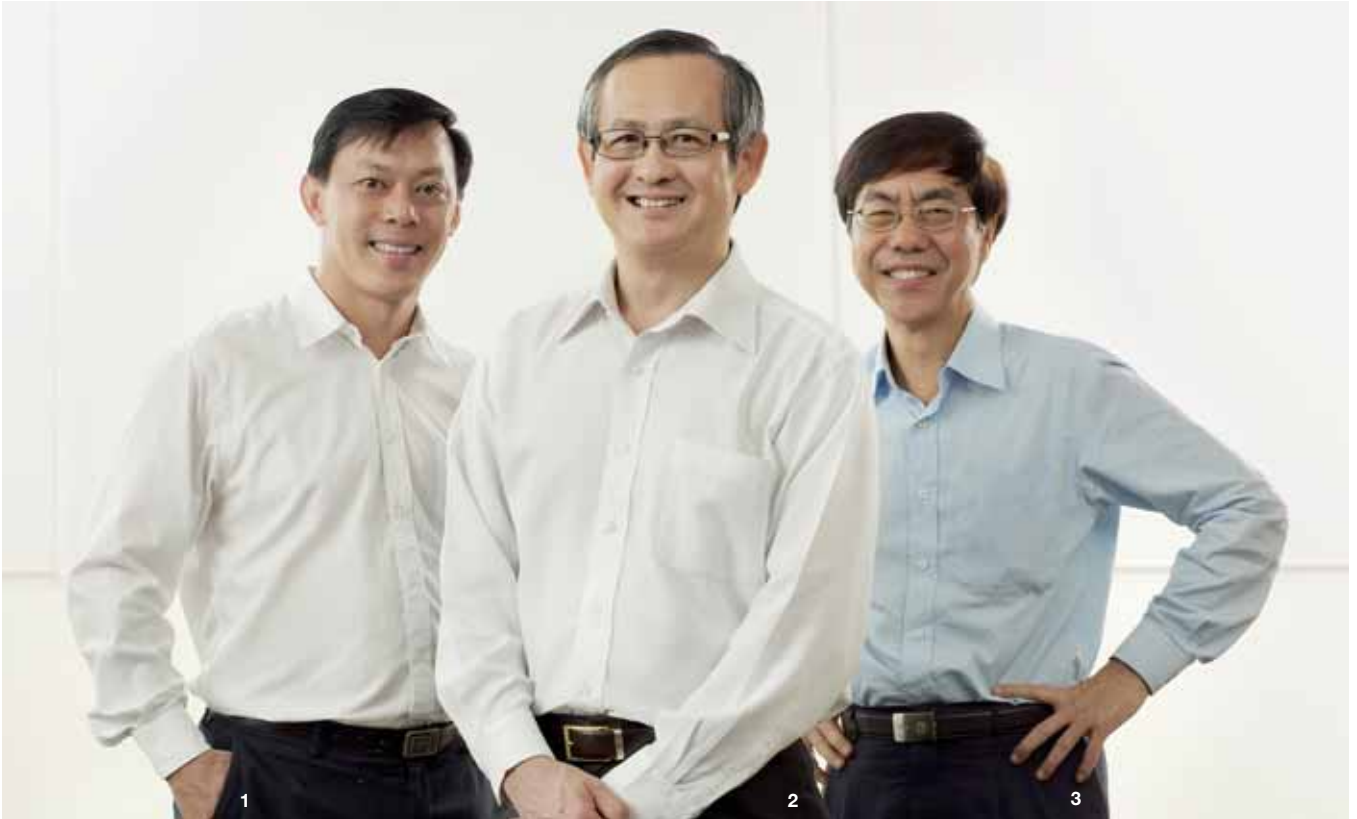


1. Toh Ko Lin
Senior General Manager
(Commercial)

2. Edmund Lek
General Manager
(Production)

3. Tan Cheng Hui
Senior General Manager
(Engineering)

4. Hoe Eng Hock
Executive Director



1. Au-Yeong Kin Ho
General Manager
(Engineering)

2. Charles Yap
General Manager
(Purchasing / Warehouse)

3. Poon Tai Lum
General Manager
(Commercial / Marketing)

Key Personnel Research & Development



1. Chong Wen Sin
Principal Research Engineer
(FPSO/Process), KOMtech

2. Goh Boon Kiat
Director
(Technology Foresight),
KOMtech

3. Tan Cheng Hui
Senior General Manager,
Marine Technology
Development

4. Charles Foo
Centre Director, KOMtech

5. Dr Yip Hee Yan
Senior Programme Manager
(FPSO/Process), KOMtech

6. Aziz Amirali Merchant
General Manager
(Group Design & Engineering),
Keppel O&M and Head,
Deepwater Technology Group

7. Anis Hussein
General Manager,
Deepwater Technology Group



1. Dr Asbjorn Mortensen
Programme Manager
(Drilling Equipment),
KOMtech

2. Au-Yeong Kin Ho
General Manager,
Marine Technology
Development

3. Dr Foo Kok Seng
KOMtech Deputy Centre
Director and General
Manager, Offshore
Technology Development

4. Mohan Dass
Programme Manager
(Technology Foresight),
KOMtech

5. Dr Matthew Quah
Programme Manager
(Offshore Structures),
KOMtech

Key Personnel Overseas Managers



1. Michael Holcomb
Keppel Marine Agencies
(Texas, USA)

2. John J. Bajor
Keppel Marine Agencies
(New Jersey, USA)

3. Steinar Haugen
Keppel Norway

4. Yick Ping Wong
Keppel Kazakhstan

5. Lee Tai Kwee
Keppel Nantong Shipyard

6. Harold Linssen
Keppel Verolme

7. Leong Yew Kong
Arab Heavy Industries



1. Tan Geok Seng
Keppel AmFELS

2. Kwok Kai Choong
Keppel FELS Brasil

3. Chow Yew Yuen
Keppel O&M (USA)

4. Yong Chee Min
Nakilat-Keppel O&M

5. Toh Ko Lin
Keppel Philippines Marine

6. Yan Naing Myint
Caspian Shipyard Company

7. Mok Kim Whang
Subic Shipyard & Engineering

Key Personnel

Overseas Operational Centres

Arab Heavy Industries PJSC

Leong Yew Kong
Managing Director

Chan Lim Hong

General Manager

Shui Yee Siang

Finance & Administration Manager

Bintan Offshore

Herman Effendy
General Manager

Keppel Philippines Marine, Inc

Toh Ko Lin
President

Agnes Barbara L. Lorenzo

Vice President
(Administration & Finance)

Keppel Batangas Shipyard

Poh Leong Kok
Senior Vice President

Goh Chee Hian, Kelvin

Vice President

Subic Shipyard & Engineering, Inc.

Mok Kim Whang
President

Froilan dela Cruz

Vice President
(Commercial & Marketing)

Keppel Offshore & Marine USA Inc

Chow Yew Yuen
President, The Americas

Cheung Tak On

Vice President, Technology

Simon Lee

Vice President, Projects

Yeong Wai Seng

Vice President (Special Projects) &
General Manager (Floating Production
Systems)

Keppel AmFELS Inc

Tan Geok Seng
President & Chief Executive Officer

Jim Lim

Chief Financial Officer

Eric Phua

Vice President, Commercial

Juan Cruz

Vice President, Production

Gilbert Elizondo

Vice President, Human Resources

Keppel FELS Brasil SA

Kwok Kai Choong
President & Chief Executive Officer

Tommy Sam

Vice President & Chief Financial Officer

Alceu Mariano

Institutional Relations Director

Gilberto Israel

Commercial Director

BrasFELS SA

Kwok Kai Choong
President

Edmundo Santos

Operations Director

Keppel Verolme BV

Harold Linssen
Managing Director

Jerald Lee

Chief Financial Officer

Keppel Kazakhstan LLP

Yick Ping Wong
Executive Director,
Keppel O&M (Caspian)

Anil Kumar Sultan

Executive Vice President

Lim Ah Beng

Assistant General Director

Matthew Kok

Chief Financial Officer

Venera Nurmukhametova

Head of Administrative Department

Caspian Shipyard Company Ltd

Yan Naing Myint
President

Gurbanov Elshan

Chief Financial Officer

Lau Kuat Pin

Vice President, Technical

Edward Low

Commercial Manager

Keppel Norway AS

Steinar Haugen
President

Gunnar Larsen

Chief Financial Officer

Keppel Nantong Shipyard

Company Limited
Lee Tai Kwee
President

Wong Phuay Cheng

Vice President (Operations)

Wong Wei Kei

Vice President
(Finance & Administration)

Nakilat-Keppel Offshore

& Marine Ltd
Yong Chee Min
Chief Executive Officer

Albert Kee

General Manager (Operations)

Kok Boon Heng

General Manager (Projects)

Regency Steel Japan

Chong Woei Siong
President

Hatano Shigeyuki

Chief Operating Officer

Ang Chee Peng

Chief Financial Officer

Engineering /Technology Centres

**Keppel Offshore & Marine
Technology Centre Pte Ltd**
Charles Foo
Centre Director

Dr Foo Kok Seng
Deputy Centre Director

Goh Boon Kiat
Director (Technology Foresight)

Dr Yip Hee Yan
Senior Programme Manager
(FPSO & Process)

Mohan Dass
Programme Manager
(Technology Foresight)

Dr Matthew Quah
Programme Manager
(Offshore Structures)

Dr Asbjorn Mortensen
Programme Manager
(Drilling Equipment)

Chong Wen Sin
Principal Research Engineer
(FPSO/Process)

**Offshore Technology
Development Pte Ltd**
Dr Foo Kok Seng
General Manager

Lim Teng Kiat
Assistant General Manager

**Deepwater Technology Group
Pte Ltd**
Aziz Amirali Merchant
Head

Anis Altaf Hussein
General Manager

**Marine Technology
Development Pte Ltd**
Tan Cheng Hui
Senior General Manager

Au-Yeong Kin Ho
General Manager

FloaTEC, LLC
Eric H Namtvedt
President

Keppel FELS Baltech Ltd
Lyudmil Stoev
General Manager

Ivan Petrov Pelov
Senior Engineering Manager

**Keppel FELS Engineering
Shenzhen Co.,Ltd**
Ho Jong Heng
General Manager

**Keppel FELS Offshore &
Engineering Services Mumbai
Pvt Ltd**
Anant Keshav Shukla
General Manager

Representative Offices

Keppel Marine Agencies Inc
Michael Holcomb
President/Director, Texas

John J Bajor
Director, New Jersey

Keppel Prince Engineering Pty Ltd
Charles Chiam
Director

Marine Services

Asian Lift Pte Ltd
John Chua
General Manager

Keppel Smit Towage Pte Ltd
Ben Chew
General Manager (Regional)

Jerry Wong
General Manager (Singapore)

Employee Unions

Keppel Employees Union
Mohamed Yusop Bin Mansor
President

Mohd Yusof B Mohd
General Secretary

Keppel FELS Employees Union
Muhamad Shah Bin Md Sahid
President

Atyyah Hassan
General Secretary

**Shipbuilding & Marine Engineering
Employees Union**
Wong Weng Ong
President

Lim Chin Siew
Executive Secretary

Operations Review & Outlook

Operational excellence and technology leadership entrench us as the preferred solutions partner in an evolving global market.



1

2



1

The trusted name for the repair, conversion and upgrading of a diverse range of vessels, Keppel Shipyard works closely with its partners to ensure quick and safe turnarounds.

2

Keppel FELS delivered Gold Star, the world's first DSS™ 38 semisubmersible drilling rig, early and within budget to Brazilian operator, Queiroz Galvão Óleo e Gás.

3

Twin KFELS B Class rigs, PV Drilling II and PV Drilling III, were completed and delivered 1.5 months ahead of schedule to PV Drilling.



3

2009 was a watershed year of deliveries for the Keppel O&M Group. Our continuous efforts to improve operations and productivity boosted overall performance – we delivered 14 rigs, seven major conversion, upgrade and completion projects and 13 specialised vessels across the business units. Moreover, these projects were completed on time and within budget, and with good safety records, in spite of high workload at our yards.

During the year, we replenished our orderbook, securing significant projects that will extend into 2013. Some of these include three drillship upgrades for Noble Corporation (Noble) and a newbuild KFELS semisubmersible drilling tender (KFELS SSST) for PV Drilling. We also received a Letter of Intent for a newbuild Tension Leg Wellhead Platform (TLWP) from Petrobras and Chevron.

Offshore Keppel FELS

Despite the uncertain market conditions, Keppel FELS improved on its performance and achieved a new record of 13 deliveries

in 2009. The company was awarded a total of \$2 million for early deliveries of most of these newbuilds, which included eight jackup rigs, four semisubmersible (semi) drilling rigs and one semi drilling tender.

Of these rigs, six jackups were built according to Keppel FELS's flagship design specifications — one KFELS Super B Class rig, Aban Offshore's Deep Driller 8, and five KFELS B Class rigs, Mercator Offshore's Greatdrill Chetna; Greatship Global Energy Services' Greatdrill Chitra; China Oilfield Services Limited's (COSL) COSLStrike; and PV Drilling's twin jackups PV Drilling II and PV Drilling III. The remaining two jackups, Maersk Resolve and Maersk Reacher, completed the fleet of four CJ 50 jackups for Maersk Drilling.

Keppel FELS also delivered three proprietary DSS™ Series semis, namely Maersk Drilling's DSS™ 21 Maersk Discoverer, Transocean's DSS™ 51 Development Driller III, and Queiroz Galvão Óleo e Gás' DSS™ 38 Gold Star. In addition, Keppel FELS



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completed the ENSCO 8501, the second of seven ENSCO 8500 Series® ultra-deepwater semis, built exclusively for Enasco. When the ENSCO 8500 Series® is completed, Keppel-built rigs will make up 30% of Enasco's drilling fleet, further cementing our longstanding partnership. The last rig delivered for the year was the sixth of seven KFELS SSDTs to be constructed for Seadrill Limited (Seadrill), built to the award-winning KFELS SSDT™ 3600E design.

On the repair and conversion front, Keppel FELS completed Diamond Offshore's Ocean Sovereign, Transocean's jackup Trident IX, Seadrill's KFELS SSDT™ West Setia and Asian Lift's Asian Helping Hand III and Asian Hercules I. It also delivered six quick turnaround repair jobs – Seadrill's West Prospero and West Janus; Enasco's ENSCO 108; COSL's Bohai IV; Atwood Oceanics' Atwood Beacon and Workshops Contractors' Seafox 6.

Beyond the yard, Keppel FELS's team of rig specialists has been actively involved in offshore repair services. Its Flying Squad enables drilling contractors

worldwide to conduct minor or urgent repair works on location without disrupting their drilling operations.

During the year, Keppel FELS's operational workforce achieved increased productivity levels while maintaining sterling safety records. This was the result of close collaboration with customers and vendors, as well as its ongoing efforts to improve processes through innovation.

Meanwhile, the company continued its yard expansion programme to gear up for a possible market rebound. A new 300-m pier extension at Pioneer Yard was completed in October 2009, enabling Keppel FELS to take on more and higher capacity projects, such as larger rigs and drillships.

In 2009, Keppel FELS clinched several contracts to add to its strong orderbook, including a KFELS SSDT™ 3600E for PV Drilling, which will be Vietnam's first drilling tender. Other upgrading and repair projects secured include Transocean's semi MG Hulme Jr and Korea National Oil Corporation's semi Doo Sung.

Keppel AmFELS

In 2009, Keppel AmFELS successfully delivered the newbuild jackup, Offshore Intrepid, on time and within budget, completing the series of five LeTourneau Super 116 jackups it was contracted to build for Scorpion Offshore. Repair and modification works were also completed on the Ocean Summit jackup and the Ocean Ambassador semisubmersible for Diamond Offshore.

2010 will remain a busy period for the yard with five newbuild jackups ongoing for Rowan Companies and Perforadora Central. These rigs are scheduled for progressive deliveries from 2010 to 2012.

Strategically located in Brownsville, Texas, Keppel AmFELS has steadily built up its track record and facilities over the years to become the Gulf of Mexico's foremost offshore solutions provider.

Keppel FELS Brasil

Keppel FELS Brasil operates the largest and most comprehensive yard in Latin America and enjoys a strong relationship and track record with Petrobras. It continues to play a vital role catering to local content

1

With a proven track record for designing and building high-performance offshore rigs, Keppel FELS was the choice builder for Greatship Global Energy Services' inaugural rig, Greatdrill Chitra.

2

Keppel-built rigs will make up 30% of Ensco's drilling fleet when all seven ENSCO 8500 Series® ultra-deepwater semisubmersibles are completed.

requirements for Brazil's offshore and marine industry.

Our ongoing efforts to equip the BrasFELS yard and upgrade its workers produced encouraging results in 2009. The yard completed a number of repair, conversion and upgrading projects to the satisfaction of its customers. These include Pride International's Pride Brazil and Pride Portland, Diamond Offshore's Ocean Concord, Ocean Quest and Ocean Yatzy, and Noble's Noble Paul Wolff and Noble Dave Beard.

A strong commitment to Health, Safety and Environment (HSE) also saw BrasFELS achieve eight million man-hours worked without reportable incidents on Petrobras' P-56 floating production unit, far surpassing local industry standards.

Keppel FELS Brasil's orderbook was also boosted considerably in 2009 after winning new contracts to upgrade and repair three drillships from Noble Corporation. These will provide the yard with a base load of work stretching into 2013.

Eco-friendly drilling tenders

Keppel FELS's proprietary semisubmersible drilling tender, the KFELS SSDT™, was lauded for its eco-friendly features and sustainable operations. It won both the ASEAN Outstanding Engineering Achievement Award and the IES Prestigious Engineering Achievement Award in 2009.

Previously, it was almost impossible to run two floating units side-by-side amidst deep sea turbulence and strong waves. The KFELS SSDT™, however, enables two floating units to operate smoothly as one by harmonising random motion caused by the waves and floating platforms.

In November 2009, Keppel FELS was contracted to build the latest KFELS SSDT™ 3600E rig for PV Drilling.



Developed by Keppel's Deepwater Technology Group, the KFELS SSDT™ has revolutionised the way in which drilling tenders operate, allowing them to be deployed next to deepwater floating platforms for the first time.



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1

Keppel Verolme has made its mark in the North Sea region for on-time, within-budget services in the newbuilding and repair market.

2

The pontoon of an Ice-Breaking Emergency Evacuation Vessel being launched at Keppel Kazakhstan.

During the year, Keppel FELS Brasil also received a Letter of Intent for the construction of Petrobras and Chevron's P-61 TLWP, which culminated in a formal contract in February 2010.

Over the next few years, our Brazilian yard will be kept busy with the above projects and ongoing work for Petrobras' BGL-1 pipelay barge, the P-56 and Single Buoy Moorings' Floating Production Storage Offloading (FPSO) vessel, P-57.

To boost competitiveness and entrench its market leadership in Latin and Central America, Keppel FELS Brasil will be expanding and upgrading the facilities of its BrasFELS yard in 2010.

Keppel Verolme

Keppel Verolme achieved higher efficiency and productivity levels after implementing a series of process improvement and streamlining programmes.

Major projects completed for the year include the upgrading of Allseas Group's pipelay vessel Solitaire; COSL's semi accommodation rig COSLRival; Prosafe Rigs' semi

accommodation rig MSV Regalia; and the repair of MSC Shipmanagement's container vessel MSC Nikita. Other works were also carried out on Workfox B.V.'s jackup Seafox 1; Heerema Contractors' crane vessel Hermod; Bluewater's FPSO Aoka Mizu and A2Sea's offshore windmill installation vessel Sea Jack.

During the year, Keppel Verolme secured a contract from Saipem S.p.A., involving the repair and modification of the semi pipelay vessel Castoro Sei. Work on this unit is scheduled for completion in the first quarter of 2010.

Further afield, Keppel Verolme is exploring opportunities to expand into the offshore renewable energy sector.

Caspian Shipyard Company

Caspian Shipyard Company (CSC) in Baku, Azerbaijan was kept busy in 2009 with a number of deliveries and a new contract.

Following the successful completion of the Caspian region's first ice-class Floating Storage Offloading (FSO) vessel Yuri Korchargin for LUKOIL,

CSC secured a new contract from Keppel Shipyard to integrate Bumi Armada's derrick lay barge. This derrick lay barge is expected to be completed and deployed by Petronas in Turkmenistan.

During the year, the yard delivered to Agip KCO two pipe racks, and another two units of BUE Marine cutting barges for deployment in Kazakhstan.

With its successful track record and synergy with Keppel Kazakhstan, CSC is well-positioned to capture greater value and opportunities in the Caspian Sea, including the Turkmenistan and Russian sectors.

Keppel Kazakhstan

Keppel Kazakhstan achieved record revenue in 2009, with deliveries of 14 pipe rack modules and an Ice-Breaking Emergency Evacuation Vessel (IBEEV) pontoon.

The company went on to secure additional work orders for the construction of a series of pipe racks and foundation steel, and another two units of IBEEV pontoons. Deliveries in 2010 include 33 pipe racks, various lots of foundation steel and three IBEEV pontoons.

Meanwhile, Keppel Kazakhstan will also continue to work on its ancillary steelwork procurement and fabrication contract with Agip KCO in 2010, as part of the experimental phase of the Kashagan field development programme.

Marine & FPSO Conversion

Keppel Shipyard

Despite the slowdown in demand for shiprepair and conversion projects in 2009, Keppel Shipyard continued to perform well and matched its record turnover in the previous year. FPSO/FSO/Floating Storage and Re-Gasification Unit (FSRU) conversion projects accounted for 70% of the

Three Noble drillships

In the fourth quarter of 2009, Keppel FELS Brasil secured contracts to upgrade and repair the three drillships, Noble Leo Segerius, Noble Roger Eason and Noble Muravlenko. The scope of work covers the fabrication, repair and replacement of components, including the stern section, accommodation blocks, sponsons and heliport.

These jobs will create a base load of work stretching into 2013 for BrasFELS with deliveries starting from the last quarter of 2011. When completed, Noble's drillships will be deployed offshore Brazil to meet the requirements of Petrobras' extensive drilling plans.



Noble Leo Segerius is one of three Noble drillships being repaired and upgraded at BrasFELS.



1, 2

1

FPSO Armada Perdana is the second FPSO to be converted by Keppel Shipyard for Bumi Armada.

2

Keppel Shipyard completed the lengthening and modification of the Queen of the Netherlands, a trailing suction hopper dredger vessel ahead of schedule with zero loss-time incidents.

yard's total revenue while shiprepair contributed 24%.

Keppel Shipyard won several major projects from both regular and new customers. These include the preconversion P-58 FPSO for Petrobras Netherlands B.V. and the conversion of Golar LNG's third FSRU Golar Freeze, and Emas Offshore Construction and Production's FPSO Lewek Emas.

The yard was also awarded jobs for the construction of a derrick lay barge for Bumi Armada, upgrading and life extension work for FPSO Capixaba for SBM, integration and completion of the derrick lay barge NorCE Endeavour for NorCE Offshore, as well as the refurbishment and life extension works on the FPSO Four Rainbow (formerly Four Vanguard) for Premuda S.p.A. During the year, Keppel Shipyard completed a total of 361 vessel repair jobs and seven conversion/upgrade projects.

The yard delivered three FPSO/FSO conversion projects – Prosafe Production's FPSO Ningaloo Vision, Bumi Armada's FPSO Armada Perdana and M3nergy's FSO Ratu

Songkhla. It also completed the conversion of Golar LNG's second FSRU Golar Winter, and Prosafe Production's Azurite, the world's first Floating Drilling Production Storage and Offloading (FDPSO) vessel.

Keppel Shipyard also completed the modification and upgrading of BW Offshore's FPSO BW Cidade De Sao Vicente, and the refurbishment and life extension of Premuda S.p.A.'s FPSO Four Rainbow. It also accomplished the jumboisation of Queen of the Netherlands, a trailing suction hopper dredger for the Royal Boskalis Westminster Group.

At the year's closing, the yard had ongoing work on eight conversion projects and five other major projects involving a derrick lay barge newbuilding, a pipelayer completion, turret fabrication and the outfitting of two new drillships. Looking ahead, Keppel Shipyard seeks to grow its capabilities to offer value-added solutions in the engineering and fabrication of production topsides.

In 2009, Keppel Shipyard won its fifth consecutive Shiprepair Yard Award at the 11th Lloyd's List Maritime Asia Awards. Focused on equipping its workforce with safety knowledge and competencies, Keppel Shipyard embarked on building a dedicated safety training complex as part of its Safety Excellence 2010 programme.

Keppel Philippines Marine

Keppel Philippines Marine, comprising Keppel Batangas Shipyard and Subic Shipyard & Engineering Inc, serves both domestic and international ship owners.

Keppel Batangas Shipyard drydocked 113 vessels for repairs in 2009, up 20% from the previous year. It delivered the newbuild fuel oil tanker-barge M/T Star Sirius to Batangas Bay Carriers Inc. and completed block fabrication works for the floating accommodation unit, Floatel Superior and the lower pontoons for ENSCO 8503. The yard is also fabricating the pontoons and lower hulls of ENSCO 8504 for delivery in the first quarter of 2010.

Following a rationalisation exercise, all shiprepair work at Keppel Cebu Shipyard has been transferred to Keppel Batangas and Subic Shipyard. Keppel Cebu Shipyard workers were offered positions in our other two Philippine yards, as well as opportunities to work overseas.

Over at Subic Shipyard, 47 vessels were repaired in 2009. Major conversion works completed during the year include the offshore floating crane Princesse Abby for PT Mitra Bahtera Segarasejati and the offshore floating terminal barge Zeus for Scorpio Logistics. It also embarked on converting the Frontier Discoverer drillship for Frontier Drilling and constructing a newbuild offshore floating crane for another repeat customer.

Subic Shipyard concluded its yard expansion during the year. Its drydock

The world's first FDPSO conversion

Converted from a Very Large Crude Carrier (VLCC) by Keppel Shipyard, Prosafe's Azurite is the world's first Floating, Drilling, Production Storage and Offloading vessel (FDPSO). She is the 12th project Keppel has worked on for Prosafe since 1997.

Azurite is a unique and cost-efficient solution for drilling and producing oil in deepwater fields. She has capacity to store 1.3 million barrels of oil, as well as compress up to 18 million standard cubic feet of gas and produce 40,000 barrels of oil per day.

This project was delivered in 2009 after 2.7 million man-hours worked without lost-time incidents, fortifying Keppel Shipyard's track record for complex conversions.



Open communication and close partnership between Prosafe and Keppel Shipyard were crucial to the successful completion of the world's first FDPSO.



1, 2

1

Langepas is the sixth ice-class vessel that Keppel Singmarine has delivered to Russian customer, LUKOIL since 2003.

2

The ice-class multi-purpose duty rescue vessel Kogalym (right) was jointly designed by Marine Technology Development and Robert Allan.

was extended to accommodate a new generation of super-large container vessels as well as Very Large Crude Carriers (VLCCs), containerships and bulk carriers. Its jetty was also lengthened with a new crane added to increase the efficiency of repairing double-banked Panamax and Capesize vessels. A new two-storey training centre was also completed as part of Subic Shipyard's long-term investment to train and upgrade its workforce.

Arab Heavy Industries

Over in Ajman, United Arab Emirates, Arab Heavy Industries PJSC (AHI) repaired a total of 266 ships in 2009, sustaining strong results through high productivity and cost-cutting measures.

The yard carried out repairs on the dredger VLAANDEREEN-XX; the split hopper barges Thames and Seine; the stone dumping vessel Avelingen and the Volvox Delta dredger. Several other ships from Van Oord, Boskalis Westminster and Jan De Nul were also repaired. AHI converted the enhanced offshore maintenance and dive support vessel Thebaud Sea for Secunda Marine Services, a subsidiary of J. Ray

McDermott. It also fabricated 10 units of mooring buoys for Messrs UMM Ghafa Trading for the Abu Dhabi oilfield. In its ongoing efforts to improve its facilities and processes, AHI completed a steel shot blasting shop and a water desalination treatment plant during the year.

**Specialised Shipbuilding
Keppel Singmarine**

Keppel Singmarine delivered five vessels in 2009, including the first newbuild FSO undertaken by Keppel O&M. Delivered to LUKOIL-Nizhnevohzhsneft on time and within budget, Yuri Korchagin became the first ice-class FSO to be completed and deployed in the Caspian region.

This FSO is a new in-house design by Marine Technology Development (MTD). The hull of FSO Yuri Korchagin was built in two longitudinal halves by Keppel Singmarine in Singapore. These were then towed some 11,000 km and through the narrow Volga-Don river canal to Caspian Shipyard Company in Azerbaijan where the vessel was assembled and completed.

Keppel Singmarine also delivered LUKOIL Kalingradmorneft's two multi-purpose duty rescue vessels Kogalym and Langepas; Greatship Global Offshore Services's 4500-dwt platform supply geotechnical vessel Greatship Maya, and Hadi H. Al-Hammam's anchor handling tug supply vessel Hadi 27. The yard also fabricated a jackup accommodation structure for Keppel FELS.

At the end of 2009, Keppel Singmarine's orderbook consisted of three PSVs, two heavy-lift pipelay vessels, three anchor handlers and five tugboats.

Keppel Nantong

Keppel Nantong Shipyard in China delivered eight vessels in 2009. These comprised two 130-tonne bollard pull anchor handling tug supply (AHTS) vessels for GulfMark Offshore, five 65-tonne bollard pull AHTS vessels for Whitesea Shipping & Supply LLC, a 65-tonne bollard pull Azimuth Stern Drive (ASD) tug for Keppel Smit Towage. Two sets of pontoon structures were also delivered to Keppel FELS.

At the year's closing, Keppel Nantong's orderbook consisted of six 65-tonne and two 45-tonne bollard pull tugs, and a floating crane. The yard is looking to expand its facility to build bigger and more sophisticated vessels and offshore structures.

Operational Services

Asian Lift

Asian Lift, Keppel O&M's offshore heavy-lift service provider, has made good progress expanding to the European and Central American markets in 2009, although its core activities remain centred in the Asia Pacific region. Notwithstanding a drop in revenue from the previous year, the company continued to deliver strong financial performance. Looking ahead, demand for heavy-lift crane services is expected to pick up again.

Caspian's first ice-class FSO

FSO Yuri Korchagin was delivered on time to LUKOIL in August 2009 after over two million man-hours worked without lost-time incidents. She became the first ice-class FSO to be completed and deployed in the Caspian region. Her successful completion entrenches Keppel Singmarine's track record for the design, engineering and construction of robust solutions for ice environments.



FSO Yuri Korchagin is the first ice-class FSO to be completed and deployed in the Caspian region.



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1

Samed is part of a series of five Anchor Handling Tug Supply vessels being built by Keppel Nantong for Whitesea Shipping & Supply LLC.

2

Asian Lift expanded its heavy-lift crane services into the European and Central American markets.

Keppel Smit Towage/ Maju Maritime

Keppel Smit Towage (KST) and Maju Maritime manage and operate tugs providing marine support services in the Asia Pacific region. Both companies achieved a 15% rise in turnover for the year, boosted by the stable charter market in Malaysia and Brunei, as well as the active spot market.

On the back of a gradual recovery in shipping, the outlook for 2010 is encouraging. With an addition of eight new tugs in 2010, the companies will have a combined fleet of 57 vessels, to grow their market share when the upturn comes.

Regency Steel Japan

Regency Steel Japan (RSJ), a joint venture between Keppel FELS, Mitsui Busan Steel Trade and Nippon Steel, had a record year in 2009. Turnover has been boosted by 3.5 times since the company's inception in late 2004.

RSJ's main products include welded rack & chord, retorts for titanium production, and various steel

structures for steel mills and commercial structures.

RSJ is looking to boost sales in China and the Middle East, while expanding its domestic market in Japan. RSJ will continue to be a key supporting service provider to Keppel O&M in the years to come.

Keppel Norway

Keppel Norway saw high activity for its Automation and Drives (A&D) equipment and services in 2009, delivering complete electrical packages and transformer sets for several of Keppel FELS's rigs. Keppel Norway also successfully completed ice trials in the Barents Sea in Russia for its systems onboard the two LUKOIL icebreakers, Toboy and Varandey.

In 2009, Keppel Norway's Projects and Services division achieved record turnover, bolstered by the delivery of four newbuild ROV Hangars to Oceaneering. Its Drilling Technology division undertook several key studies for Statoil and delivered the first of three mud mixing systems for Keppel FELS's N Class rigs.

Projects delivered in 2009

Jackups

Maersk Resolve	CJ50-X100MC	Maersk Drilling	Keppel FELS
Deep Driller 8	KFELS Super B Class	Aban Singapore	Keppel FELS
Greatdrill Chetna	KFELS B Class	Mercator Lines	Keppel FELS
COSLStrike	KFELS B Class	China Oilfield Services Limited	Keppel FELS
Maersk Reacher	CJ50-X100MC	Maersk Drilling	Keppel FELS
Greatdrill Chitra	KFELS B Class	Greatship	Keppel FELS
PV Drilling II	KFELS B Class	PV Drilling	Keppel FELS
PV Drilling III	KFELS B Class	PV Drilling	Keppel FELS
Offshore Intrepid	LeTourneau Super 116	Scorpion Offshore	Keppel AmFELS

Semisubmersibles

ENSCO 8501	ENSCO 8500 Series®	Ensco	Keppel FELS
Maersk Discoverer	DSS™ 21	Maersk Drilling	Keppel FELS
Development Driller III	DSS™ 51	Transocean	Keppel FELS
Gold Star	DSS™ 38	Queiroz Galvão Óleo e Gás	Keppel FELS
West Vencedor	SSDT™ 3600E	Seadrill	Keppel FELS

Major conversions

BW Cidade De Sao Vicente	FPSO	BW Offshore	Keppel Shipyard
Azurite	FDPSO	Prosafe Production	Keppel Shipyard
Golar Winter	FSRU	Golar LNG	Keppel Shipyard
Armada Perdana	FPSO	Bumi Armada Berhad	Keppel Shipyard
Ratu Songkhla	FSO	M3ENERGY	Keppel Shipyard
Ningaloo Vision	FPSO	Prosafe Production	Keppel Shipyard
Four Rainbow	FPSO	Premuda S.p.A.	Keppel Shipyard

Vessels

Yuri Korchargin	Ice-class FSO	LUKOIL-Kaliningradmorneft	Keppel Singmarine
Kogalym	Multi-purpose duty rescue vessel	LUKOIL-Kaliningradmorneft	Keppel Singmarine
Langepas	Multi-purpose duty rescue vessel	LUKOIL-Kaliningradmorneft	Keppel Singmarine
Hadi 27	AHTS	Hadi Hammam	Keppel Singmarine
Greatship Maya	PSV	Greatship Global Services Pte Ltd	Keppel Singmarine
KST 54	65T ASD Tug	Keppel Smit Towage	Keppel Nantong Shipyard
Saheb	AHTS	Whitesea Shipping & Supply	Keppel Nantong Shipyard
Saleh	AHTS	Whitesea Shipping & Supply	Keppel Nantong Shipyard
Sarem	AHTS	Whitesea Shipping & Supply	Keppel Nantong Shipyard
Samed	AHTS	Whitesea Shipping & Supply	Keppel Nantong Shipyard
Saeb	AHTS	Whitesea Shipping & Supply	Keppel Nantong Shipyard
Sea Cherokee	AHTS	Gulfmark Offshore	Keppel Nantong Shipyard
Sea Comanche	AHTS	Gulfmark Offshore	Keppel Nantong Shipyard

Major upgrades / Repairs / Outfitting

Trident IX	Jackup repair	Transocean	Keppel FELS
Queen of the Netherlands	Dredger jumboisation	Boskalis International	Keppel Shipyard
Regalia	Semi upgrade	Prosafe	Keppel Verolme
Solitaire	Pipe layer repair	Allseas	Keppel Verolme
Hermod	Semi upgrade	Heerema Marine Contractors Nederland B.V.	Keppel Verolme
GSF Monarch	Semi repair	Transocean	Keppel Verolme
GSF Galaxy III	Jackup modification	Transocean	Keppel Verolme
Sea Jack	Jackup barge	A2SEA	Keppel Verolme
Barge Zeus	Conversion	Scorpio Logistics Pte Ltd	Subic Shipyard
M/T Star Sirius	Tanker barge	Batangas Bay Carriers	Keppel Batangas Shipyard
Noble Paul Wolff	Semi repair	Noble Drilling	Keppel FELS Brasil
Noble Dave Beard	Semi repair & completion	Noble Drilling	Keppel FELS Brasil
Ocean Concord	Semi repair	Diamond Offshore	Keppel FELS Brasil
Ocean Quest	Semi repair	Diamond Offshore	Keppel FELS Brasil
Ocean Yatzy	Semi repair	Diamond Offshore	Keppel FELS Brasil
Pride Brazil	Semi repair	Pride International	Keppel FELS Brasil
Pride Portland	Semi repair	Pride International	Keppel FELS Brasil

Industry Outlook

Market Review

2009 continued to be a volatile year for the offshore and marine industry, with some signs of recovery towards the end of the year. In the first quarter, crude oil prices dropped to US\$40 per barrel, continuing its steep decline since late 2008. However, as global markets staged a rebound in the second quarter, the demand for oil bottomed out and began a new period of growth. Over the remaining months of 2009, oil prices more than doubled to end the year at nearly US\$80 per barrel.

Market sentiment was particularly negative in the first half of 2009 when oil prices hit a low, affecting the industry on all fronts, especially for shiprepair and newbuild support vessels. The jackup market took a hit early in the year with worldwide rig count and utilisation rates taking a dip. Rig contractors began a phase of cold-stacking as newbuild jackups entered the market in 2009.

Towards the latter part of the year, expansionary fiscal and monetary policies began to revive the global economy and investor confidence returned to the financial markets, providing much-needed capital for the industry. In line with the higher and steadier oil prices, rig utilisation and day rates stabilised. These developments helped to kickstart many previously stalled projects for field developers and drilling contractors, resulting in a healthy number of contract awards and increased exploration and production (E&P) spending in the second half of the year.

The International Energy Agency expects oil and gas demand to continue its upward trend over the next few years as industries begin their recovery from the economic crisis. Oil consumption is projected to rise from 84.9 million barrels per day (bpd) in 2009 to 105 million bpd in 2030, and expected increases in capital spending in oil and

gas infrastructure and technology will help boost production rates. Douglas Westwood predicts that offshore production expenditure per year will reach US\$360 billion by 2013, compared to the estimated US\$260 billion in 2009.

The US Energy Information Administration (EIA) expects Brazil to lead supply growth in the short to medium term. In April 2009, Petrobras announced a US\$174.4 billion capital expenditure plan for 2009 through 2013. This was followed by a tender issue for 28 rigs in September 2009. With the largest and best equipped yard in the region, as well as a strong relationship and track record with Petrobras, we are well-positioned to meet Brazil's high local content requirement and support Petrobras' aggressive growth.

Offshore Deepwater Prospects

The deepwater market continues to have the best growth prospects in the medium to long term. E&P activities are gradually shifting towards deeper waters to replace fast depleting shallow water reserves.

Major oil and gas discoveries in the Gulf of Mexico, Australia, West Africa and Brazil were added to deepwater reserves in 2009. Douglas Westwood has forecasted deepwater expenditure to reach US\$137 billion over the next five years and deepwater oil production is also expected to rise from just over 7 million bpd in 2009 to more than 10 million bpd in 2015.

The deepwater market is an important area of development for Keppel O&M. Our proprietary deepwater solutions are designed to address the changing needs of the industry and have been gaining worldwide market acceptance. Our DSS™ semisubmersibles, jointly designed and owned with Marine Structure Consultants, which we have delivered to our customers, are operating well.

To meet future demand for deeper water E&P activities, we have introduced the Extendable Draft Semisubmersible, an ultra deepwater dry tree drilling and production design for harsh environmental conditions.

In the same vein, our Deepwater Technology Group has developed one of the world's first compact drillships in collaboration with SBMGustoMSC. With its topsides fully integrated within its hull, the DrillDeep DS12000's slender design makes it more cost-effective and energy-efficient than its larger rivals in the market.

FloaTEC, LLC, Keppel FELS's joint venture with J. Ray McDermott, has also entered the deepwater market. It secured a Letter of Intent from Petrobras and Chevron to design, build and operate the P-61 TLWP for Brazil's Papa Terra field. FloaTEC, LLC also clinched a contract from Chevron for the front-end engineering and design of the hull, mooring and risers for the proposed Big Foot development in the Gulf of Mexico.

Drilling Rigs, Production Units & Specialised Ships

The jackup environment will be challenging in the medium term, with utilisation and day rates facing pressure from newbuilds scheduled to be delivered in 2010. Nevertheless, the Middle East, Southeast Asia, and the North Sea markets are expected to hold firm, maintaining overall demand for jackups at current levels. Keppel FELS will continue to set the industry benchmark with its powerful KFELS B Class rigs. According to ODS-Petrodata, over 40% of the rigs delivered in the past 10 years were built to Keppel FELS designs.

Prospects for the drilling floater market look positive over the next few years. Despite the economic downturn, deepwater floaters are forecasted to command increasing rates through to

1, 2

1

Keppel O&M is ready to tap strong growth prospects in the deepwater market with its own suite of proprietary deepwater rig solutions such as the DSS™ Series.

2

The KFELS N Class rig (bottom right) will be the first North Sea compliant drilling and production jackup to enter the market.





1

1

Golar Spirit is the world's first Floating Storage and Re-gasification Unit to be converted by Keppel Shipyard. We will continue to develop a wide range of solutions for the natural gas industry.

2011 on long-term fixed contracts. We remain optimistic on the drilling floater market and will be looking to expand our technology offerings to meet the increasing demands of the industry.

The Floating Production Systems (FPS) market is set to continue its recovery into 2010. After a quiet first half in 2009, the FPS market was boosted by news of a number of FPSO contract awards in the second half and this trend is expected to continue with oil prices stabilising. According to Douglas Westwood estimates, FPSOs are expected to dominate the sector, accounting for about 80% of the US\$50 billion FPS market from 2009 to 2013. We will continue to develop our key competencies in FPSO conversions and topside modules to capture this market.

With increasing emphasis towards operations in harsh environments, specialised vessels such as icebreakers, pipelay vessels and construction vessels are better positioned to withstand fluctuating market conditions and provide greater resilience to declining day rates. According to EIA projections, global natural gas consumption is set to grow

1.6% per year to 153 trillion cubic feet in 2030. E&P activities for natural gas are slated to grow significantly in the Middle East, Latin America, Africa and the Asia Pacific.

With many large re-gasification plants and import terminals scheduled to come online in 2010, offshore LNG supply looks set to increase considerably and floating LNG vessels are expected to play a greater role in providing a cleaner energy source. According to Douglas Westwood, US\$74 billion will be invested in floating LNG solutions from 2009 to 2014. Building on Keppel Shipyard's good track record of FSRU conversions, we will continue to develop and provide a wide range of solutions for the natural gas industry.

New Growth Area

The European Wind Energy Association predicts that 40 GW of offshore wind energy in the European Union will be installed by 2020 with an annual growth rate of 28%. To meet this growing demand, we introduced a new generation wind turbine installation vessel together with our sister company, Keppel Integrated Engineering. This purpose-



2, 3

2

As the most comprehensive offshore and marine facility in Latin America, BrasFELS is in a strong position to help meet Brazil's requirements for greater local content, and to give value to Petrobras and drillers operating in Brazil and the region.

3

When ready in the fourth quarter of 2010, the new Qatar shipyard will offer world-class shiprepair and upgrading facilities for the Middle Eastern market.

built vessel will be able to handle the largest wind turbines of up to 6 MW and operate at water depths of up to 65 m. It will also provide a far larger installation weather window than conventional vessels due to its unique handling mechanism. We will continue to look at possibilities for our offshore technology and expertise to be applied innovatively to the offshore wind energy industry.

Meeting the Challenges

The economic downturn has resulted in delays and cancellations of projects in the industry. Speculative orders prevalent just a few years ago have all but disappeared. As a result, there has been a consolidation of drilling and FPSO contractors, leading to a more concentrated market but with leaner and stronger players.

While the market may not see a return to the high volume of newbuild rig orders seen in the five years before 2009, there continues to be a healthy level of enquiries for our products and solutions. At Keppel O&M, we continue to invest to improve and expand our production facilities to meet customer

needs. Furthermore, to meet the local content requirements of a growing group of customers who are national oil companies, we are actively pursuing meaningful acquisitions that will undergird our *Near Market, Near Customer* strategy.

To support the shiprepair and upgrading market, our new yard facility jointly developed with Qatar Gas Transport Company is scheduled to be ready in the fourth quarter of 2010. It will be the largest shiprepair yard in Qatar, home to one of the world's largest natural gas reserves.

Despite the economic uncertainty, we continue to focus heavily on R&D to create innovative solutions that can be brought to market quickly. Our proprietary designs are refined constantly with inputs from field operators, allowing us to develop products that are commercially viable and relevant to the market's needs. Towards this end, we are building on our core competencies and experience to offer valued-added solutions and services for new market segments in the offshore and marine industry.

Technology & Innovation

We are extending our engineering and technology know-how to provide innovative solutions for new segments in the offshore industry.



1

2



1

DSS™ Series of semisubmersibles is part of Keppel's suite of high-performance solutions.

2

Keppel O&M pushes technology frontiers by developing cutting-edge technologies to meet future market needs.

3

Keppel's Deepwater Technology Group has joined hands with leading designer SBMGustoMSC to develop one of the market's first compact drillship designs, DrillDeep DS12000.



3

A vital combination of rich shipyard experience and strong design and engineering capabilities continues to propel Keppel O&M as the industry's preferred solutions partner.

Our core competencies are reinforced by constant innovation and research and development (R&D) into new technologies and processes. These allow us to conceive and bring viable solutions to the market promptly.

Our proprietary rig and ship solutions are developed and refined with input from trendsetting operators and drillers. They not only deliver solid performance, but can also be easily built and efficiently deployed. Examples include the successful KFELS B Class jackups, DSS™ Series of deepwater rigs, KFELS SSDT™ semisubmersible drilling tenders, MTD 3265T tugboat and MTD 13028 FSO-IC ice-class Floating Storage and Offloading vessel, among others.

We have the in-house expertise and flexibility to further adapt these solutions to address advancements in technology,

as well as the challenges of various operating environments. In response to the industry's diverse needs, we are tapping our core competencies and the synergy of our four technology arms to create value-added solutions for new offshore frontiers.

Ultra-deep Frontiers

The drawdown of global oil and gas reserves has driven the search for hydrocarbons even further into the ultra-deep realms of Brazil, Gulf of Mexico and West Africa.

In response to the growing demand for more rigorous solutions to operate in these challenging locations, Deepwater Technology Group (DTG) joined hands with leading designer SBMGustoMSC to develop one of the first compact drillship designs in the market.

DrillDeep DS12000 is a cost-effective rival to its larger peers in the market. Spanning 198 m in length, its construction requires just 16,000 tonnes of steel compared to the standard 28,000 tonnes. Its compact and slender shape also means that it is

more energy-efficient and easier to maintain.

Unlike the typical drillship, whose risers and key equipment are located on the main deck, the topsides of DrillDeep DS12000 are fully integrated within the ship's hull. This frees up a generous deck space of about 4,600 m², which can be maximised for work.

This compact drillship is configured to support high-efficiency drilling and smooth year-round operations in deepwater locations. It is capable of drilling down to 40,000 ft below the rotary table and operating at a water depth of 12,000 ft. It is also able to attain transit speeds as high as 14 knots.

Equipped with an advanced dynamic positioning system (IMO DP3 class), DrillDeep DS12000 offers optimal motion characteristics and flexibility during operations.

Offshore Wind Farms

In recent times, the search for fossil fuel alternatives has cast the spotlight on the offshore renewable energy

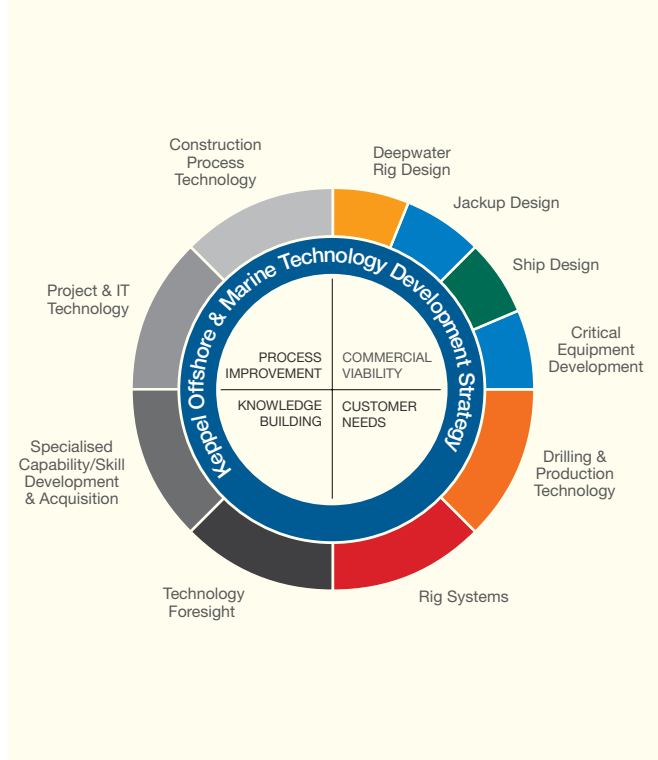
Technology development strategy

At Keppel O&M, we are guided by a systematic approach to R&D. In pursuing new concepts and products, we consider their commercial viability, customer needs, as well as how we can grow our knowledge pool and achieve process improvements. Our technology innovation efforts are spearheaded by four divisions:

- Keppel O&M Technology Centre (KOMtech) focuses on developing offshore and marine competencies and conducting R&D into new technologies and processes
- Offshore Technology Development (OTD) specialises in jackup rigs and their critical components
- Deepwater Technology Group (DTG) specialises in semisubmersibles and other floating structures
- Marine Technology Development (MTD) specialises in Offshore Support Vessels and tugboats

Systematic Approach to Technology Development

Our strategy provides a balanced approach towards technology leadership that will sustain us in the long run.



sector. It is estimated that some 8,000 offshore wind turbines will be installed in the next decade, averaging three turbines per day from now till 2020.

Offshore winds tend to flow at greater speeds than onshore winds, thus allowing turbines to produce more electricity. A good majority of existing offshore wind farms are located in water depths lesser than 30 m. Those coming online are expected to move further offshore and into harsher environments such as the North Sea, where wind speeds are higher.

Leveraging the synergies of our offshore expertise and technology, and familiarity with harsh environment operations, Keppel FELS, OTD and KOMtech have developed a new vessel concept to improve the efficiency of installing and maintaining offshore wind farms.

To generate more power, the industry trends towards building bigger wind turbines in the range of 3 – 6 MW. Conventional installation vessels with cranes will face difficulties with swinging loads when handling these heavy turbine parts. This problem is exacerbated by the presence of strong winds, which further restrict installations to a limited period every year. Not only is this traditional concept hazardous and inefficient, it is also costly to implement.

Designed for year-round operations in places such as the North Sea, Keppel's new Offshore Wind Turbine Installer provides safer handling in turbulent weather and a wider installation window.

This vessel is capable of handling and installing large wind turbines of up to 6 MW in 65-m depth of water. It uses a skidding xy-cantilever structure with a large mast to provide the extra stability needed to prevent swinging loads during lifting activities. Incorporating the features of our proven KFELS B Class jackup rig, the vessel's legs are



1 Varandey & Toboy



2 Raissa



3 Yuri Korchagin



4 KST 54



5 Kogalym



6 West Ariel



8 FPSO Espirito Santo



9 Magnolia



11 West Vencedor



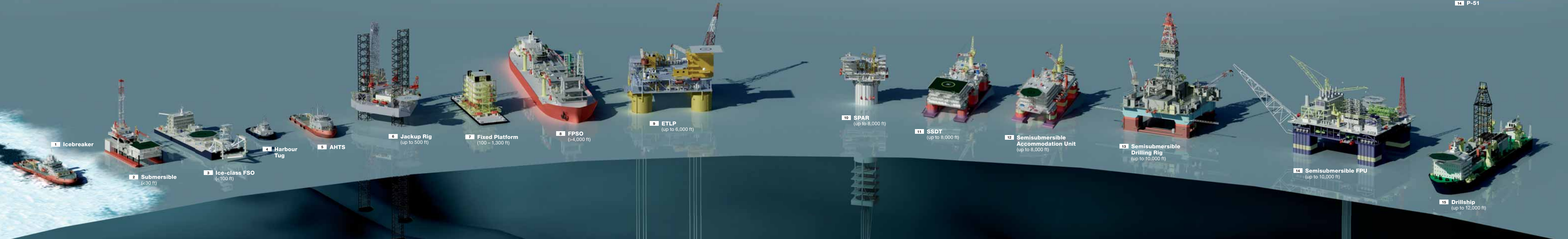
12 Floatel Superior



13 Gold Star



14 P-51



1 Icebreaker

2 Submersible (<30 ft)

3 Ice-class FSO (<100 ft)

4 Harbour Tug

5 AHTS

6 Jackup Rig (up to 500 ft)

7 Fixed Platform (100 – 1,300 ft)

8 FPSO (>4,000 ft)

9 ETLP (up to 6,000 ft)

10 SPAR (up to 8,000 ft)

11 SSDT (up to 8,000 ft)

12 Semisubmersible Accommodation Unit (up to 8,000 ft)

13 Semisubmersible Drilling Rig (up to 10,000 ft)

14 Semisubmersible FPU (up to 10,000 ft)

15 Drillship (up to 12,000 ft)

1 Icebreaker
– A support vessel that forges passages through icy waters for oil tankers

2 Submersible (<30 ft)
– A mobile unit which sits entirely on the seabed during operation

3 Ice-class Floating Storage and Offloading (FSO) Vessel (<100 ft)
– An ice-resistant vessel that receives crude oil from a fixed platform and offloads it to shuttle tankers

4 Harbour Tug
– A small and powerful boat which assists ships when docking, tying up to the piers and during departure

5 Anchor Handling Tug/Supply Vessel (AHTS)
– An offshore support vessel equipped for emergency stand-by/rescue, oil recovery and fire fighting

6 Jackup Rig (up to 500 ft)
– A self-elevating mobile drilling unit that stands on its legs on the seabed during operation
– KFELS MOD VI
– KFELS A Class
– KFELS B Class
– KFELS Super B Class
– KFELS C Class
– KFELS G Class
– KFELS N Class

7 Fixed Platform (100 – 1,300 ft)
– A platform that provides accommodation facilities

8 Floating Production Storage and Offloading (FPSO) Facility (>4,000 ft)
– A ship-shaped production facility used for the processing and storage of oil or gas

9 Extended Tension Leg Platform (ETLP) (up to 6,000 ft)
– A vertically moored floating structure which is used for the offshore production of oil or gas

10 SPAR (up to 8,000 ft)
– A large cylindrical unit which supports a rig platform, and anchors it to the seafloor using cables and chains

11 Semisubmersible Drilling Tender (SSDT) (up to 8,000 ft)
– A floater that operates alongside SPARs and Tension Leg Platforms, and is able to maintain station keeping in water depths of up to 8,000 ft
– SSDT™ 3600E

12 Semisubmersible Accommodation Unit (up to 8,000 ft)
– A floating unit that provides accommodation for crew
– SSAU™ 3600
– DSS™ 20NS

13 Semisubmersible Drilling Rig (up to 10,000 ft)
– A floating unit which can perform drilling operations at water depths of up to 10,000 ft
– DSS™ 20
– DSS™ 38
– DSS™ 51

14 Semisubmersible Floating Production Unit (FPU) (up to 10,000 ft)
– A floating platform used to produce oil and gas in deepsea
– DeepDraft Semi

15 Drillship (up to 12,000 ft)
– A compact and highly efficient unit with equipment suitable for well workover and exploration drilling
– DrillDeep DS12000



Leveraging the synergies of our offshore expertise and technology, and familiarity with harsh environment operations, Keppel FELS, OTD and KOMtech have developed a new vessel concept to improve the efficiency of installing and maintaining offshore wind farms.

able to jack down onto the seabed to create a stable platform for operations.

The Offshore Wind Turbine Installer's specifications will fulfil all future installation requirements of UK Round 3 offshore wind farms. Meanwhile, a US provisional patent has been obtained for this innovative vessel concept.

Ice Environments

Increasing oil and gas exploration and production activities in the Atlantic, Baltic and Arctic regions present good opportunities for specialised and robust ships such as the ice-class vessels.

With the successful deliveries of several advanced projects such as icebreakers for the Arctic and ice-class ships for the Caspian Sea, MTD has acquired a good understanding of the operating

requirements in these harsh environments.

Building on its competencies, MTD developed a new environmentally friendly ice-class Anchor Handling Tug/Supply (AHTS) vessel to support the market's need for more reliable winter operations. For instance, in the northern regions of the Baltic and Atlantic oceans.

The MTD 80170A-IC is a 170-tonne bollard pull vessel designed to perform supply duty and rescue operations in temperatures as low as -20°C all year round. Equipped with a high level of machinery automation and dynamic positioning Class 2, this vessel is able to carry out oil recovery and fire-fighting functions in environments with ice as thick as 40 cm.

1

MTD has developed a new environmentally friendly ice-class AHTS vessel design to support the market's need for more reliable winter operations in places such as the northern regions of the Baltic and Atlantic oceans.

2

With the successful deliveries of several advanced projects such as icebreakers for the Arctic, MTD has acquired a good understanding of the operating requirements in these harsh environments.

3

Keppel FELS garnered the Intergraph 3D Design Award 2009 at the annual Intergraph Golden Valve Awards Competition.

4

KOMtech launched its inaugural journal, Technology Review 2009, which garnered substantial interest from the offshore and marine community.

1, 2, 3





Technology Review 2009

KOMtech spearheads the R&D of new technologies, processes and competencies across the spectrum of our businesses. Since its inception in 2007, the Centre has been providing technology foresight into alternative energy applications as well as developing designs, systems and critical equipment for rigs and ships.

To grow our knowledge pool and seed ideas for innovation, the Centre launched its inaugural journal, Technology Review 2009. Included are research topics on Arctic structures, topside processes and innovations for drilling and marine operations, among others.

Demonstrating KOMtech's multi-disciplinary strengths, the journal garnered substantial interest from the offshore and marine community including our customers, professional institutions and academia.

With the success of Technology Review 2009, KOMtech will be producing a second edition in 2010 focusing on new areas in the design of offshore wind turbine installation vessels and drillship applications.

Global Engineering Hub

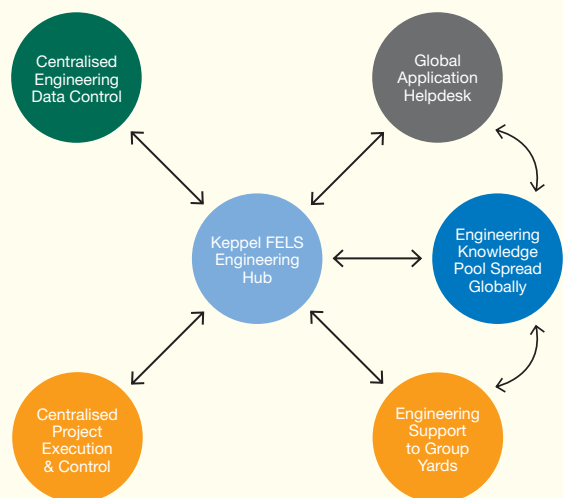
The activities of our engineering offices in Singapore, Bulgaria, Mumbai and Shenzhen are seamlessly integrated through an advanced web-based environment offering 3D design tools and data management functions.

The state-of-the-art SmartMarine 3D technology allows our engineers in Singapore to review designs and drawings carried out by the other offices and vice-versa. Drawings are automatically extracted after the engineers have reviewed and made changes. This enhances design accuracy, speeds up communications and prevents expensive and unnecessary revisions.

This system enables our engineering centres operating in different time zones to work on projects with high efficiency, round-the-clock. The lessons learnt can also be shared almost instantaneously across borders.

For its detailed showcasing of a semisubmersible drilling tender created with SmartMarine 3D design software, Keppel FELS garnered the Intergraph 3D Design Award 2009 at the annual Intergraph Golden Valve Awards Competition. Keppel FELS's submission beat over 80 entries for the golden prize, sponsored by Intergraph, a leading global provider of engineering and geospatial software.

Establishing a Global E-Hub



Business Excellence & Quality

We seek continuous improvements through productivity and innovation to do our jobs better each time.



1

Boosting Productivity

Continuous efforts and investments to raise efficiency over the years have reaped substantial benefits for the Keppel O&M Group.

With improved processes and systems, Keppel FELS doubled its output in 2009 and delivered a record-setting 13 rigs, compared to six rigs in 2007. All of the rigs were delivered on time, within budget and with commendable safety records.

This feat was achieved with minimal capital expenditure by using new manufacturing concepts and detailed production planning. Keppel FELS was able to tap the Group's network of yards in China, Indonesia and the Philippines simultaneously to speed up the fabrication and pre-outfitting of rig modules. This has reduced its construction lead time significantly and maintained high standards of quality control.

Keppel FELS has also implemented an end-to-end supply chain for

steel and pipe materials to ensure an efficient production flow.

At Keppel Shipyard, new machinery, changes in layout and work processes also brought about productivity gains. The newly-built semi-automated pipe workshop boosted the productivity of pipe fabrication by 45%. Workers now cut pipes five times faster while achieving a smoother finish with the new equipment.

Similarly, Keppel Singmarine managed to save costs and reduce wastage by replacing full-fledged scaffoldings with portable and reusable staging.

Central to our ability to deliver quality products and services safely, on time and within budget to customers is our Business Excellence Roadmap and Framework (BERF), a structured approach towards regularly reviewing and improving our management systems.

To identify areas for improvement, Keppel FELS's Quality Productivity Improvement Team tracks and analyses trends in productivity performance.

It has also successfully introduced the Workplace Improvement Campaign to educate workers on lean manufacturing practices and concepts, and discourage wastage.

In the same vein, Keppel Shipyard implemented new schemes under its Quality Plus Programme to strive towards zero defects. The schemes reduced the amount of corrective work and wastage of materials and welding consumables, as well as increased the passing rate of non-destructive testing.

At Keppel Singmarine, continuous efforts to enhance quality and productivity are driven at all levels to achieve product and service excellence. Continuous Improvement Team projects involving all trades and departments are proposed, implemented and progressively monitored to improve day-to-day processes and operations. Many of these projects, such as the auto-recovery blasting chamber, pipe-bending machines, quantum leap in scaffold and facing machines for thruster wells, have not only saved costs, but also promoted environmental friendliness.

1

Keppel Shipyard's semi-automated pipe shop has boosted productivity of pipe fabrication by 45%.

2

Collectively, employee innovations arising from our annual Innovation Quality Circle Convention can save the Company several million dollars each year.



2

Overall, our efforts have ensured that our projects are done right the first time and every time, eliminating costly rework.

Igniting Innovation

Our leap in productivity is realised by a collective and continuous pursuit of excellence and a strong culture of innovation. We invest in training our people and involve them in brainstorming for creative ways to further improve their day-to-day processes.

Strongly supported by employees, our annual Innovation Quality Circle (iQC) Convention continues to generate many resource-saving ideas. Many of our teams go on to compete and win awards in the National iQC Conventions. Collectively, projected cost savings from employees' innovations amount to several million dollars annually.

Keppel FELS was conferred the Manufacturing Excellence Award (MAXA) in 2008 by the Economic Development Board of Singapore, McKinsey & Co and Singapore-MIT Alliance. In 2009, the company continued to share its best practices

in lean manufacturing and project management with other companies via MAXA's Manufacturing Excellence Community Networking Event.

Setting Quality Benchmarks

During the year, we continued to maintain high standards of performance across our operations.

For the fifth consecutive year, Keppel Shipyard bagged the coveted Lloyd's List Shiprepair Yard Award. The award recognises the yard for continually meeting its customers' needs with cost effective solutions and quality services, as well as HSE excellence.

SPRING Singapore, the national agency for enterprise development, also renewed Keppel FELS and Keppel Shipyard's Singapore Quality Class (SQC) accreditations in 2008. Keppel FELS also renewed its Innovation Class (I-Class) certification under SPRING. Keppel FELS and Keppel Shipyard are ISO 9001:2000 and ISO9001:2008 certified for their quality management systems respectively.

Meanwhile, we received a BCA Green Mark Award from Singapore's Building and Construction Authority (BCA) for the second year running. This accolade recognises the outstanding environmental design and performance of Keppel O&M Tower.

SUSTAINABILITY REPORT

Sustaining Growth

Empowering Lives

Nurturing Communities

As a global citizen with footprints in 16 countries, we conduct our businesses in a sustainable and socially responsible manner.

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Risk Management &
Business Continuity

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People Cultivation

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Community
Development

Our activities are aimed at creating value for all our stakeholders — employees, customers, contractors and the communities in which we operate.

This principle forms the bedrock of our Core Values – a *Can Do!* spirit, customer focus, commitment to HSE, accountability to stakeholders, integrity, innovation and learning, a global mindset, and people development and teamwork. Our Core Values motivate employees and strengthen their identification with Keppel O&M, thus creating the basis for a strong global team that delivers on our promises.

This sustainability report details our efforts in 2009 to nurture the workforce; create an efficient, safe and healthy workplace; employ environmentally responsible processes; ensure uninterrupted operations; and empower our global communities through knowledge building, education and social development.

We believe that sustainability is a key driver to achieve our full business potential and become the global industry's provider of choice and partner for solutions.

1, 2, 3, 4

1

Continuous training fosters a robust and resilient workforce to help the company stay the course.

2

Active employee volunteerism fuels our corporate philanthropy efforts worldwide.

3

Every employee at our yards is equipped with knowledge and skills to be an effective safety champion.

4

Our business continuity plans cover scenarios such as pandemics and other disasters.



We conduct our businesses and operations responsibly, fostering an optimal workplace that safeguards people, property and the environment.

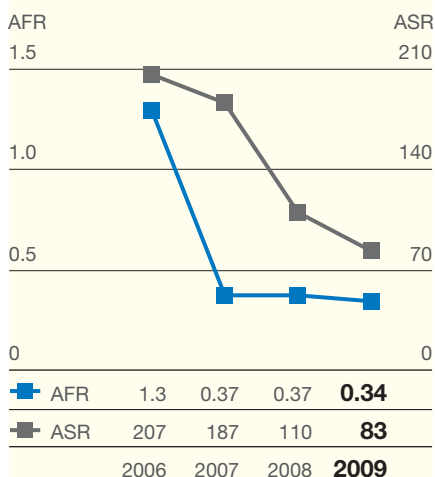


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Keppel O&M AFR and ASR



* AFR - (Accident Frequency Rate) Number of reportable workplace accidents per million man-hours worked.

* ASR - (Accident Severity Rate) Number of industrial man-days lost due to reportable workplace accidents per million man-hours worked.

1

The Safety Starts With Me – Together We Care campaign launch officiated by Mr Hawazi Daipi (third from left), Senior Parliamentary Secretary, Ministry of Manpower, promotes greater personal and collective responsibility for safety.

2

Programmes such as weekly Safety Moments and Safety Timeouts are part of our strategy to propagate safety leadership across the value chain.

Championing a Safe Workplace

In 2009, we continued to strengthen our safety culture, exercising leadership from management level, building partnerships with stakeholders and spurring a sense of ownership in the workforce.

About \$35 million was invested globally to enhance our safety training programmes and infrastructure.

Building on Keppel Shipyard's Safety Starts with Me initiative, the Safety Starts with Me – Together We Care campaign was launched at the Keppel Group level. It reached out to employees, clients and contractors alike, to heighten personal and collective responsibility for safety.

During the year, Keppel Corporation's Board Safety Committee made several visits to our yards to promote the cross sharing of best practices, aligning safety initiatives throughout the Group.

Underpinned by sustained efforts, we made steady improvements in our accident frequency rate (AFR) and accident severity rate (ASR). In 2009, our AFR was 0.34 reportable cases for every million man-hours worked compared to 0.37 in 2008. These ratings are markedly lower than the national average of 1.4 in 2008 as well as 2009.

Our ASR was also significantly reduced to 83 man-days lost per million man-hours worked in 2009 from 110 in 2008. In contrast, the marine industry's national average was 274 man-days lost in 2009 and 236 in 2008.

At the Workplace Safety and Health (WSH) Awards 2009, our efforts were crowned with a record of 17 accolades by the Ministry of Manpower (MOM). Keppel Singmarine won the silver award for WSH Performance for the third year in a row. Our supervisors from

Keppel Shipyard and Keppel Singmarine were also singled out as role models with exemplary safety behaviour.

Over in China, Keppel Nantong garnered a Safety Excellence Award for achieving the highest HSE standards set by the Nantong Administration of Work Safety.

Leadership

We provide leadership for our workforce, influencing positive changes to mindsets, training and equipping personnel with the right skills, as well as enhancing our facilities to create a zero-incident workplace.

During the year, we built a Group Safety Training Centre in Singapore to raise safety skills and competency levels across our workforce, including subcontractors. The Centre employs the latest equipment, simulations and methodologies to conduct its courses.

Keppel Shipyard continued to roll out its Safety Excellence 2010 initiative, launched in 2008. Through this initiative, some 5,000 supervisors underwent Safety Leadership Training, while another 19,000 employees and contractors attended the Safety Promoter Training.

Programmes such as weekly Safety Moments and Safety Timeouts were introduced to propagate safety leadership across the value chain. Through Safety Moments, project and section managers discuss ways to mitigate the risks on their projects. At Safety Timeouts, workers are briefed on how to perform their tasks safely.

Keppel Shipyard also boosted its operations with a new semi-automated pipe workshop to help minimise workers' exposure to hazards in pipe-handling.

In 2009, Keppel FELS trained some 250 supervisors under its Safety

“All our subcontract workers enjoy the same set of safety awareness and competency training as our direct workers so that we can achieve a consistent standard and a common safety mindset across Keppel O&M.”

**Tong Chong Heong,
CEO of Keppel O&M**



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We work closely with all our stakeholders, including employees, subcontractors, suppliers and customers to build a strong safety culture.

2

We empower our workforce and create a sense of ownership for safety.

3

A Keppel Singmarine team presenting their safety innovation project to the judging panel of Keppel's Safety Innovation Convention.

Leadership Programme, and launched a new incentive to reward the best safety leader on each project. The company also embarked on its annual HSE Excellence Promotion Campaign with interactive games and a poster design competition to edify workers on the prevention of hand and finger injuries. Additionally, the company held roadshows at the workers' dormitories to raise awareness and encourage greater participation.

Over in the Philippines, Keppel Batangas Shipyard conducted safety refresher sessions that covered the basic safety rules and regulations in the yard for all employees and subcontractors.

In Brazil, Keppel FELS Brasil's HSE Motivation Programme heightened safety awareness through various seminars, as well as through prominent signage and safety alerts at its BrasFELS yard.

Partnership

In our march towards an incident-free workplace, we rally the participation of stakeholders who contribute to the success of our safety initiatives.

Our Customers & Their Customers

Keppel Shipyard's Safety Steering Committee is well-represented by its direct and indirect customers such as ExxonMobil, Single Buoy Moorings, Shell, Prosafe Production, BW Offshore, BP, Woodside, Statoil, Maersk FPSO and Frontier Drilling. This Committee reviews safety procedures and brings together the best practices of the various companies to implement and align structured safety programmes at the yard.

At Keppel FELS, stringent HSE audits are conducted for each project in close collaboration with its customers. Specific safety targets are set in advance with programmes to help achieve them. As an added incentive, the project teams are given awards and bonuses when the agreed safety milestones are achieved.

Together with long-time customer Ensco, Keppel Batangas launched the fourth Keppel-Ensco Safety Incentive Programme in 2009, which focuses on the prevention of eye injuries.



2, 3

Our Contractors & Their Workers

We formed the Workforce Safety Council for staff and the HSE Watch Group for contractors to galvanise everyone at our yards towards an incident-free workplace. Through regular safety walkthroughs and more, they solicit keen involvement from the workers to identify and eliminate risks onsite, as well as recognise exemplary work behaviour. These groups have proven to be effective in engaging people at ground level and reducing the number of incidents.

As the WSH Council's bizSAFE partners, Keppel FELS, Keppel Shipyard and Keppel Singmarine are committed to support their contractors in building up capabilities to improve safety levels and achieve bizSAFE Level 3 standards by 2012. Keppel FELS and Keppel Singmarine also conducted in-house bizSAFE workshops to coach their contractors' managers and bring them up to speed on the requirements.

Our contractors and their workers are encouraged to participate actively in Keppel's safety programmes. In

October 2009, Keppel FELS hosted its sixth annual Subcontractors' Night, which provided a forum for the management and over 150 subcontractors to share ideas and feedback on enhancing safety.

Our Industry & Its Members

Exercising thought leadership on a broader scale, we partner and support national and trade organisations such as MOM, the WSH Council, and the Association of Singapore Marine Industries (ASMI) to improve the industry's safety standards.

We contributed S\$100,000 in support of the National WSH campaign in 2009. At the campaign launch, 11 of our workers and supervisors were certified for successfully completing the Workforce Skills Qualification (WSQ) to enhance their WSH Standards in key marine trades.

In November 2009, we signed the Pledge for Zero charter at the Marine Industries CEO summit. The charter aims to put in place appropriate governance structures, resource allocation and communication

and safety strategies to stamp out injuries at the workplace.

Taking the initiative, Keppel Shipyard was the first shipyard to host members from ASMI in a self-regulatory programme – the Marine Industry Safety Engagement Team (MIndSET). MIndSET aims to improve the safety performance of the industry by sharing best practices and recommending areas for improvement through inter-shipyard visits.

Ownership

Personal and collective responsibility for safety is essential to the proliferation of a strong safety culture. The Keppel Group's Safety Starts with Me – Together We Care campaign, was officially launched by Mr Hawazi Daipi, Senior Parliamentary Secretary, MOM in June 2009 to achieve this.

Building on the campaign, Keppel Shipyard continues to empower its more than 10,000 multi-national workforce to take care of one another's safety through observation and intervention skills. This includes the Safety-Buddies scheme where workers look out for one another in small

“As a supervisor, I am accountable for my team. To ensure that those under my charge do not get hurt, it is my daily mission to ensure that we follow proper safety procedures when carrying out our tasks.”

Mohammed Aminul Islam, Technician at Keppel Singmarine

groups. Keppel Singmarine also developed stickers and collaterals for each worker to remind them to stay vigilant. Keppel FELS distributed wrist bands with the Safety Starts with Me - Together We Care message to its employees, supervisors and contractors during events such as its safety promotion campaign, Subcontractors' Night and Safety Leadership Training.

At our annual Safety Innovation Convention, teams from across the yards showcase novel solutions to raise standards of safety and health at the workplace. Winning entries are implemented and submitted for the national competition.

At the WSH Innovation Convention 2009 organised by ASMI, Keppel Singmarine's teams clinched Silver and Bronze awards for their safety innovations.

Protecting the Environment

We incorporate environmentally responsible practices in our business activities, which contribute to efficient and sustainable operations.

Expanding on our Green Vision, we improved our infrastructure to support environmental protection and introduced programmes that encourage employees to be vigilant and responsible in their use of natural resources.

Keppel Shipyard has been certified with the ISO 14001 Environmental Management System, for its sustainable operations.

Energy Conservation

Across our yards, office lights are programmed to switch off during lunch time and when employees are out of the office. Motion sensor lights have also been installed in the lavatories. The temperature in air-conditioned rooms and common areas is standardised at 24°C.

At the Keppel Offshore & Marine Technology Centre (KOMtech), two photovoltaic power plants were installed on its rooftop to convert solar power into electricity. With this feature, KOMtech can save as much as 1.5 million kilowatts of electricity, and cut carbon dioxide emissions by about 1,300 tonnes.

Keppel FELS continued to improve the distribution of power supply at its yards. It upgraded the capacity of distribution transformers and added new power distribution panels along the dock and wharf to reduce reliance on power generators.

Welding machine idlers installed at its Pioneer Yard reduced energy wastage by 16,000 kilowatt-hours per month, by automatically turning off equipment not in use.

Both Keppel FELS and Keppel Shipyard introduced skylights or fibreglass sheets on rooftops of their workshops to maximise natural sunlight and reduce the use of artificial lighting.

Keppel Shipyard also replaced the regular light bulbs in its offices and tower gangways with energy saving ones. Inverter drivers were used in place of travelling motors in level luffing cranes to reduce electricity consumption.

Keppel Singmarine introduced variable speed drives for its gantry cranes to conserve energy instead of fixed speed drives. A Computer Numerically Controlled pipe bending machine was installed to cut down on welding while an electric air-compressor was used in the new blasting chamber to lower diesel consumption and carbon emissions.

Water Conservation

To conserve water, yards across Keppel O&M use only NEWater for hull washing and toilet flushing,



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We use only NEWater, or high-grade reclaimed water, for hull washing and other industrial uses.

2

Tapping solar power helps KOMtech cut electricity usage and carbon emissions significantly.

which significantly reduces the use of potable water.

Over in the United Arab Emirates, Arab Heavy Industries, converted its grit blasting plant to undertake recyclable steel shot blasting. Also installed and commissioned was a desalination plant which generates fresh water for high pressure water blasting.

Waste Treatment & Recycling

Over in Brazil, our BrasFELS yard, operates a sewage treatment station (ETE) with the capacity to treat effluents generated by up to 10,000 people. BrasFELS is the first shipyard in Brazil to provide an ETE within its own facilities in 2006. Fully automated, it treats the sewage generated by the yard's activities to prevent any environmental impact to the Jacuecanga Bay.

Printing on recycled paper has been a practice adopted by the Keppel Group. At Keppel O&M, our newsletters, namecards and collaterals, including this annual report, are all produced using recycled paper.

In 2009, champions were nominated from each department at Keppel Shipyard to carry out environmental activities and impact assessment. They also help to disseminate information and promote initiatives amongst their colleagues.

These department champions worked with the Environmental Task Force during the year to collect waste paper from the offices for recycling. As a result of this effort, the amount of paper recycled in 2009 doubled that of 2008.

Through prudent business management, we are prepared to meet arising challenges and secure the continuity of our global operations.



Enterprise Risk Management

The Group's Enterprise Risk Management (ERM) framework provides a holistic and systematic process for identifying, evaluating and managing risks. The Board of Directors, assisted by the Keppel O&M Audit Committee, has oversight of risk management in the Group whereby key risks and progress of significant projects are monitored and discussed regularly with the management.

Significant risks associated with value drivers to achieve the corporate strategies are identified and mitigating actions are taken and closely monitored for their effectiveness. These are shared with the individual business units and functional departments for concerted effort to manage such significant risks.

At the operational level, risk management is integrated into the day-to-day business operations, to enable early risk detection for effective management. This forms an integral aspect of department and project risk evaluation process. The prudent risk management practices, which include effective management

of foreign exchange risk, credit risk and liquidity risk, lay the foundation for Group companies in managing their financial risks.

A large proportion of the Group's operations is project-based and carried out over an extended period. We manage the risks throughout a project's life cycle – from tender to delivery – through a standardised and systematic risk assessment approach.

At the tender stage, tender teams, which comprise individuals with different expertise, identify and evaluate risks associated with potential projects. These project risks are weighed against their projected returns, and evaluations take into consideration if the project risks identified are manageable and meet the business objectives set by the Group.

At the execution stage, key risks relating to cost, schedule, quality and health, safety & environment are closely monitored to ensure pre-emptive measures are implemented in a timely manner. The emphasis is to ensure

that projects are executed and completed on time, within budget, and with excellent safety records while achieving quality standards and contractual specifications set by the customers.

The Group spares no effort in inculcating a safety culture in stakeholders, particularly in employees and subcontractors. This is achieved through training and enforcement of work-site safety standards. With the guidance from the Board Safety Committee of Keppel Corporation, Keppel O&M Group Safety Committee exercises oversight of the effectiveness of its safety management system.

The global economic crisis saw the price of crude oil per barrel drop from the peak of US\$147 in July 2008 to a low of US\$35 in early 2009. This economic turmoil exposed the Group to various risks including volatile fluctuation of foreign currencies, tightened credit, counter-party and customer defaults, order cancellation and deferment of project completion. Strong management commitment in driving Group-wide ERM

Pandemic simulation exercises are held regularly at Keppel O&M's global yards to test and enhance the effectiveness of the group's action plans.

systems and processes over the years has enabled the Group to be better equipped in managing this challenging business environment.

The Group continues to strengthen its risk-centric culture through various initiatives. These include the sharing of best practices in project risk management, project post-mortem analysis and regular update of country risk issues. Seminars and workshops were organised for project managers and engineers to equip them with a better understanding of the different aspects of project management risks, especially those concerning contractual liabilities and project cash-flow management.

In addition, the Group's orientation programme is used as a platform to communicate the Group's ERM methodology and practices to new employees. Risk management is one of the key performance indicators incorporated in the annual performance appraisal of management and senior staff to enhance risk ownership and accountability.

Business Continuity Management

To address and manage potential threats and disruptions to operations arising from matters such as epidemics, acts of terrorism, natural calamities and damages to critical facilities, a Business Continuity Management (BCM) framework has been incorporated as part of ERM.

The BCM Committee looks into the critical threats that could disrupt Keppel O&M's operations and develops action plans to mitigate these threats, with steps to resume normal operations within a targeted time frame. Simulation exercises and drills are conducted to test the effectiveness of these action plans.

During the year, pandemic simulation exercises were conducted at our

Singapore and overseas yards, Keppel O&M Technology Centre and the staff's dormitory, Acacia Lodge. Our subcontractors participated in several of these drills. After each exercise, lessons learnt with regards to surveillance, security, notification and reporting procedures were shared to improve the effectiveness of the BCM action plans. Additionally, we simulated an IT infrastructure failure to test the robustness of our IT Disaster Recovery Plan.

To manage terrorism threats, the Group has implemented a series of security measures which are compliant with the International Ship and Port Facilities Security (ISPS) Code, adopted by the International Maritime Organisation and the Maritime and Port Authority of Singapore. Our terrorism threats Business Continuity Plan (BCP) covers scenarios such as fire outbreaks and sea intrusions by terrorists.

In October 2009, we carried out a terrorism threat emergency exercise with the Singapore Civil Defence Force and the Singapore Police Force, in accordance with the ISPS code. In the same month, Keppel Batangas Shipyard in the Philippines, put to test its fire safety preparedness programme through a fire and evacuation drill. All BCPs are reviewed, tested and refined continuously to enhance Keppel O&M's overall operational resilience.

We seek to develop a formidable, results-driven workforce with strong leaders to take the company into the future.



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1

Keppelites demonstrated their *Can Do!* spirit during the Keppel Games in 2009.

2

Keppel O&M emphasises a structured and sustained manner of developing talent to ensure that staff with high potential are given opportunities to prove themselves and to be groomed for leadership positions.

3

Our core values are represented by eight hand icons, symbolising harmony, productivity, unity and strength.

Our vision to be the global offshore and marine industry's provider of choice and partner for solutions is driven by a capable, resilient and cohesive workforce that enables us to deliver on promises to customers.

To empower our people to give their best, we take active interest in their overall well-being, training, upgrading and motivating them continuously. This has allowed us to reap high productivity and efficiency gains over the years, as well as cultivate competent leaders for succession across our global operations.

In 2009, we invested a total of \$21.6 million in the training and development of our 24,000 employees worldwide. Of this sum, \$16.2 million was used to upgrade the skills of Singapore-based employees, which comprised 49% of our total workforce.

We seek to develop a committed and holistic people with integrity and a global mindset to drive value for the company and our stakeholders. Keppel O&M's unique corporate culture is distinguished by the Can Do! Spirit, which permeates our global operations through well-defined core values.

These core values are represented by eight hand icons, symbolising harmony, productivity, unity and strength. Regardless of nationality, culture or language, our employees worldwide are bonded by these common beliefs and values, which foster good business and interpersonal relationships to drive our success.

Starting with Youths

To nurture a ready pool of talents and skilled persons for the local offshore and marine industry, we collaborate extensively with various professional bodies, government institutes and education providers to develop learning and training initiatives targeted at youths.

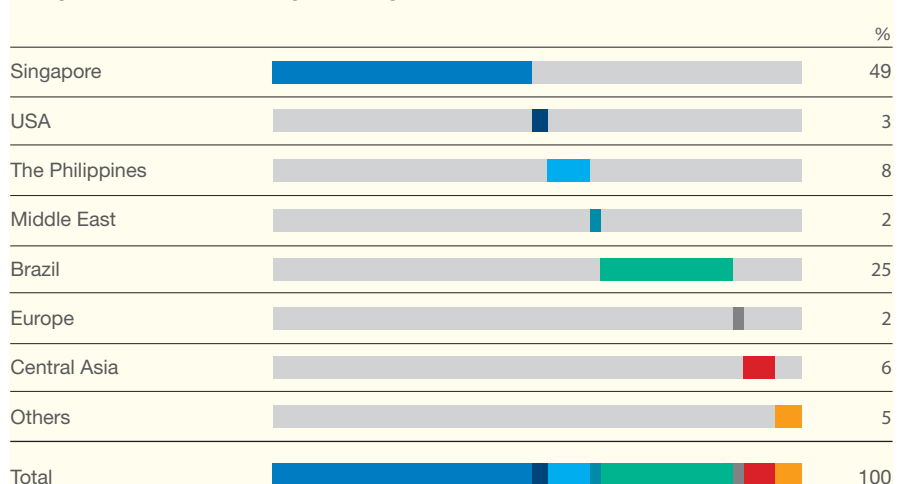
During the year, we took in 148 student interns from various local and overseas educational institutions, offering them job exposure in the offshore and marine industry. Five scholarships were offered to outstanding interns who performed well during their stint with our business units.

We offered 10 scholarships jointly with the Association of Singapore Marine Industries (ASMI) to youths pursuing tertiary offshore and marine courses.

3



Manpower Distribution by Country 2009



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Our Global General Management Programme hones the strategic thinking and management skills of our young talents.

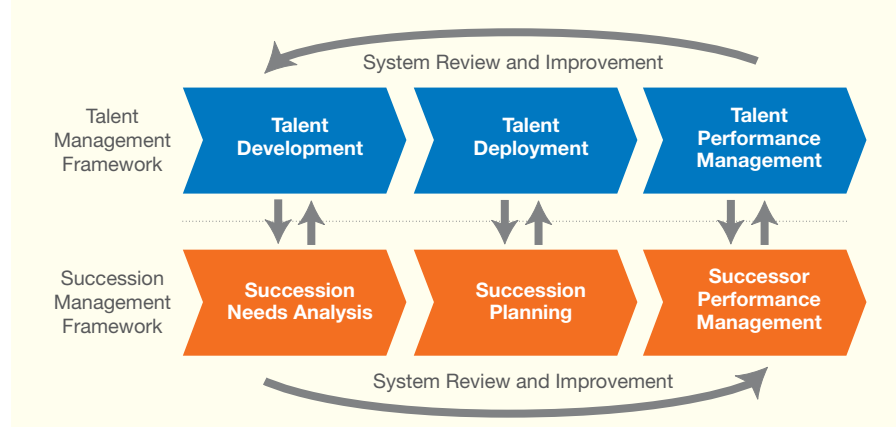
3

The ITE-Keppel Offshore & Marine Technology Centre facilitates hands-on training for students.



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Systematic Approach to Talent Management





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Another two were granted to Ngee Ann Polytechnic students pursuing the Diploma in Marine & Offshore Technology. We also participated actively in career fairs, yard tours and roadshows to inform, educate and recruit young people to join the offshore and marine industry.

In addition, we also contributed towards Keppel FELS Union's bursary awards for 123 children and 26 employees on part-time studies, and another 10 sponsorships through the Keppel Employees' Union.

Keppel Credit Union awarded 33 book awards, of which 22 were conferred to the children of Keppel O&M's employees. We joined hands with the Institute of Technical Education (ITE) to set up the ITE-Keppel O&M Technology Centre, which facilitates hands-on training for students.

Additionally, we will offer 10 scholarship awards annually over the next five years to students pursuing the Higher NITEC in Marine Offshore Engineering course at ITE.

In conjunction with the Centre's opening, we contributed a marine structural tank model, designed by the Keppel O&M Group Training Centre, as a tool for conducting quality control and confined space training. We will also continue to supply equipment and technical support to provide the ITE students with an authentic learning environment.

Collectively, our efforts augment the training curricula and programmes in offshore and marine, and help to develop the skilled manpower needed to support Singapore's growth as an International Maritime Centre.

Nurturing the Workforce Developing Leadership

We emphasise a structured and sustained manner of developing talent to ensure that staff with high potential are given opportunities to prove themselves and be groomed for leadership positions. The varied platforms used include overseas assignments, enlarged responsibilities, special projects and job rotation.

The Keppel O&M College formed in 2007 is a key initiative of our Talent Development strategy. It was elevated to the Keppel Group level in August 2009 and renamed Keppel College. The College continues to serve as the central platform offering leadership and people development programmes for Keppelites groupwide.

In June 2009, the College held the second Global General Management

Retaining older employees

The expertise and skills required in our field of work take years to hone and perfect. Older personnel, especially those who have been with the company for many years, embody a reservoir of experience, skill sets and values. In addition to contributing their efforts, older staff fulfil an important role as mentors to our younger generation of employees.

To date, we have retained about 120 employees who are above the retirement age of 62. In the selection of older workers for re-employment, we consider factors such as the company's requirements, the number of jobs available and the candidates' performance. More importantly, they must be medically fit to continue working.

Older employees are usually re-engaged on a full-time contract basis. They may either perform the same job functions or be rotated to other roles, depending on the company's needs. Wherever possible, we seek to create a match between the job requirements and the interests of our employees. This includes redesigning some jobs and working conditions to better suit senior workers.

As part of our workforce, older employees also benefit from continual training and skills upgrading programmes that help to raise productivity and safety at the workplace.



To date, Keppel O&M has retained about 120 employees who are above the retirement age of 62.

Programme (GGMP) for a batch of 25 Keppelites across the Group. This programme seeks to hone the business acumen, as well as strategic thinking and management skills of our employees. We continue to run the Project Management Programme (PMP) targeted at our young project managers, superintendents and engineers. The PMP introduces the best practices and principles of negotiations, drafting and handling commercial contracts and claims management, among others. Jointly designed with the Nanyang Business School and the National University of Singapore respectively, our GGMP and PMP courses have been fine-tuned over time to better suit job requirements and employee profiles.

Our Management Trainee scheme was recognised by the Institute of Marine Engineering, Science and Technology (IMarEST) as an Initial Professional Development programme. Upon completing this Scheme, participants with relevant academic qualifications and working experience may register as an Incorporated Engineer or Chartered Engineer with IMarEST.

During the year, we sponsored 15 outstanding employees to pursue various specialised diplomas, as well as undergraduate and master degrees in areas such as workplace safety and health, technology and engineering.

Advancing Skills and Productivity

We continue to build on our training roadmap through the Keppel O&M Group Training Centre to raise the skill sets, educational standards and productivity of our workforce. Our human resources and production departments work closely to identify outstanding employees to undergo training courses such as the Modular Skills Training Programme (MOST). In 2009, 64 employees improved their academic and technical skills after successfully completing this programme.

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1, 2

Through the Keppel O&M Group Training Centre, we raise the skill sets, educational standards and productivity of our workforce.

During the year, our Training Centre was recognised by the Workforce Development Authority (WDA) for successfully implementing the Workplace Safety & Health for Marine Industry Workforce Skills Qualifications course. Under this scheme, we trained and certified a total of 1,001 workers.

To help build a pool of supervisors for the marine industry, we continued to support the Super V Programme organised by ASMI, WDA and National Trades Union Congress (NTUC). Selected candidates embark on a two-year training programme in Keppel yards, and upon completing

the course, assume supervisory roles in different trades such as welding, painting and scaffolding. Since 2005, Keppel O&M has trained and employed 43 supervisors under the Super V Programme.

Mentoring Employees

Keppel O&M's mentoring scheme began in 2006 as part of our corporate orientation for new hires. The scheme enables our experienced employees to effectively pass on knowledge, skill sets and values to their newer colleagues, thus ensuring continuity and succession in our workforce.

In 2009, Keppel College organised workshops such as the Executive Mentoring Workshop and Mentoring Workshop for Talents, to equip our mentors with comprehensive and systematic skills for guiding their mentees.

To date, 600 mentors have shared their experience and knowledge and helped more than 1,000 fresh hires assimilate into their new environment and the Keppel culture.

In addition to the mentoring scheme, we hold other regular activities to promote interactions between our

young talents and senior management. 70 new graduate engineers under our Management Trainee Scheme met with senior management and networked with their peers from the different business units in the Meet-the-CEO and Graduate Engineers' welcome sessions.

Promoting Well-Being

The personal well-being and cohesion of our multi-national employees are vital in developing a resilient and productive workforce for Keppel O&M.

Since its inception in 1975, the Keppelite Recreation Club has been organising sports, recreational and community activities for employees to build camaraderie. During the year, it catered to the recreational needs of over 3,000 members, through events such as dragon boating, bowling, overseas trips, and more.

To drive home the importance of healthy living, various talks on illnesses such as hypertension, physical well-being and active ageing were conducted across our yards worldwide. Mini bazaars were also set up to offer employees healthy food alternatives at reasonable prices.

In Singapore and overseas, we continued to organise sports and games events and group outings to help staff keep fit and de-stress. This included the All Companies/Communities Together in Various Exercises (A.C.T.I.V.E.) Day at Keppel FELS where employees took part in a variety of exercise including kickboxing. KOMtech's wellness committee also organised an outing to an organic farm for over 20 employees and their families.

To promote the welfare of our foreign workers and assimilate them into our multi-national workforce, we provide subsidised dormitories for about 7,400 workers in Acacia Lodge, Lantana Lodge and Juniper Lodge.

Various recreational activities are organised regularly at these lodges to encourage harmonious living and team bonding.

Juniper Lodge, the latest of the three, was officially opened in July 2009. It features a gymnasium, a laundromat, a mini-mart, an Internet centre as well as a rooftop beer garden for the workers to unwind.

Fortifying Union Relations

During the year, we continued to build on the good relationships with our unions globally, working hand-in-hand to tide through the challenging economic situation.

Keppel Verolme's management and its Works Council jointly introduced a flexible working hour regime, which allows unionised employees to adapt their working hours to the shipyard's workload. Employees will also need to multi-task with each department leveraging one another's skill sets. For instance, production workers from the steel department will assist their peers from the mechanical department and vice versa. This arrangement ensures that manpower resources are optimally deployed and helps the company achieve cost-savings and stay competitive.

Meanwhile, the Keppel FELS Employees' Collective Agreement was renewed for another three years in June 2009, providing better hospitalisation benefits for employees.

In a Union-to-Union initiative, heads of the Metallurgist Workers' Union of Angra dos Reis, Brazil were invited by our local unions to Singapore for an exchange programme in December 2009. Both Singaporean and Brazilian unions engaged in robust dialogue with the aim of sharing their respective structures, best practices and industrial relations experiences. As part of the programme, the Brazilian union

representatives were also introduced to officials from the Ministry of Manpower, who shared on Singapore's labour legislations.

On another occasion, we hosted Madam Halimah Jacob, Assistant Secretary General of NTUC, and 10 other industrial relations officials who engaged Keppel FELS Employees Union representatives in dialogue on fair employment practices. For promoting industrial relations, Keppel Shipyard was conferred the 2009 NTUC May Day Award.

Enhancing the Workplace

In 2009, we carried out our fifth Organisational Climate Survey (OCS). For the first time, this was rolled out to employees from all business units in the Keppel Group.

Employees rated their views on 13 key areas, ranging from organisational culture to work-life balance, to the quality of relationships and communication between management, employees and the unions, among others.

The three best-scoring categories of 2009 included Safety & Environment, Attitude, Motivation and Morale, and Employee Engagement. We will continue to build on the momentum and our initiatives to improve the workplace environment and position Keppel O&M as a choice employer.

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1

Our unions in Brazil and Singapore engage in robust dialogue, sharing industrial relations experiences and best practices.

2

To promote the welfare of our foreign workers and assimilate them into our multi-national workforce, we provide subsidised dormitories to our workers.

3

Workers living at the new Juniper Lodge enjoy many amenities such as a gymnasium.

4

Keppel Recreational Club has been organising activities for employees to build camaraderie since 1975.



We nurture our communities and empower people worldwide towards a sustainable future.



1

With our eyes on the future, we supported and seeded causes spanning knowledge building and education, social development as well as environmental protection in 2009.

We engaged our global communities more deeply in activities and programmes that equip individuals and groups with the resources and skills they need to effect change and improvement. Through active employee involvement in all our efforts, we continue to empower lives wherever Keppel is present.

Singapore Galvanising the Industry

As a member of Singapore's maritime community, we take an active role in promoting the country as an International Maritime Centre (IMC). Through our involvement in various knowledge building platforms and international conventions, we engage the industry and incite the exchange of ideas and initiatives, as well as potential collaborations.

Seeding Knowledge Building

To help build up strategic research platforms and a repository of

knowledge in offshore and marine, we sustained our long-term support for several key initiatives during the year.

Through the Keppel Professorship at the National University of Singapore (NUS), we have been aiding the initiation of research projects, as well as product and technology development in the offshore and marine industry for the past eight years. A public lecture is also conducted annually by an eminent academic appointed to the Chair of the Keppel Professorship.

As a founding member of NUS' Centre for Offshore, Research and Engineering (CORE), we continue to facilitate joint participation in R&D by the industry, institutions and government agencies.

To provide a constructive platform for industry networking and the sharing of insights, we supported the annual Chua Chor Teck Memorial Lecture organised by the Society of Naval Architects & Marine Engineers Singapore. In 2009, Professor Choo Yoo Sang, Director (Research) of CORE, NUS, spoke on Offshore

Engineering Research and Education at the 23rd Lecture.

To encourage more youths to carve out careers in the offshore and marine industry, we partnered the Institute of Technical Education (ITE) to set up the ITE-Keppel O&M Technology Centre. We will offer 10 scholarships annually over the next five years to students pursuing the Higher NITEC in Marine Offshore Engineering Course at ITE, as well as provide the equipment and technical support to create an authentic hands-on learning environment at this Centre.

Showcasing Singapore's Best

We made a strong presence at the Singapore Maritime Week (SMW) as an anchor conference exhibitor in Sea Asia 2009, which seeks to project Asian perspectives in world shipping. As a founding supporter of this exhibition since 2007, we hosted the networking reception and presided over a roundtable session.

Our contributions towards the industry's development have also

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1

Keppel O&M's suite of solutions and products at the ASCOPE Convention showcased Singapore as a leading maritime hub.

2

For significant contributions to the offshore and marine industry, Chairman Mr Choo Chiau Beng was conferred the IMC (Individual) Award.

3

As the Platinum Sponsor of the sixth Latin Asia Business Forum, we helped to deepen ties between Asia and Latin America.

4

Professor Choo Yoo Sang shared on 'Offshore Engineering Research and Education' at the 23rd Chua Chor Teck Memorial Lecture, supported by Keppel O&M.



been recognised at the International Maritime Awards 2009 during the SMW. Keppel O&M received the Offshore & Marine Engineering Award for helping to enhance Singapore's attractiveness as a one-stop maritime hub. Chairman Mr Choo Chiau Beng received the IMC (Individual) Award for his pivotal role in the transformation of the local offshore and marine industry.

On another occasion, we sponsored the third International Conference on Technology & Operation of Offshore Support Vessels, a platform for ship designers, builders and operators to discuss clean energy and marine environmental solutions such as green technology. Bridging ties between Asia and Latin America, we were a Platinum Sponsor of the sixth Latin Asia Business Forum held in Singapore.

Showcasing Singapore's capabilities on the international arena, we returned to the Offshore Technology Conference (OTC) in Houston for the 23rd year, as part of the Singapore Pavilion. In spite of the H1N1 outbreak, the premier oil and gas show drew some

68,000 visitors with 2,500 exhibitors from 38 countries.

In Thailand, we helmed Singapore's representation at the ASEAN Council of Petroleum (ASCOPE) meetings through a showcase of Keppel O&M's products and services.

In Norway, we anchored our presence under the Singapore Pavilion at Nor-Shipping, the leading biennial maritime event in Oslo, attended by some 16,000 visitors comprising maritime leaders and companies. We were also a key presenter at the annual Pareto Oil & Offshore Conference held in Oslo.

Enriching Communities

We continuously strive to enhance the quality of life, and motivate people to improve themselves, taking a long-term view on areas such as continuous education, training and development.

Worldwide, our employees are encouraged to initiate as well as participate in community activities that benefit people from all walks, so as to instill in our workforce a

global mindset and concern for the wellbeing of others.

USA

Keppel AmFELS continues to back the local community through consistent support in the areas of education, health and community welfare.

Its Annual Charity Golf Tournament garnered strong support from staff, customers and partners. The funds raised were pledged to several community causes, namely the University of Texas at Brownsville and the Texas Southmost College (UTB/TSC) Chess Scholarship Endowment Fund and Arts Centre, as well as the Gladys Porter Zoo Expansion Project. Keppel AmFELS also supported the annual spring time fund-raising event in aid of the Brownsville Literacy Centre, a non-profit organisation serving over 900 students annually.

Keppel AmFELS rallied 759 pledges from employees adding up to almost US\$170,000 for the 2009 United Way of Southern Cameron County Campaign. The proceeds will help

1



2, 3, 4, 5

1

We raised funds in aid of the Singapore Red Cross Society's disaster recovery efforts in Indonesia, Vietnam and the Philippines through the Keppel Group Charity Golf Tournament.

2

Through Keppel Group, we continued our participation in the Clipper 09-10 and Clipper 11-12 Round the World Yacht Races, fielding employees as crew members onboard the *Uniquely Singapore* yacht.

3

More than 500 athletes, including our employees, swam, skated, cycled and ran 38.5 km in Singapore's only Quadathlon race, organised by SAFRA and supported by Keppel O&M.

4

We pledged \$20,000 to the seventh National Special Olympics Singapore in support of sporting events for the intellectually disabled.

5

Giving blood to help save lives is a worthy cause we ardently support.





1, 2

1

Through employee volunteerism, we nurture community spirit and compassion.

2

We participated in various charity events during the year, including a walkathon, to raise funds for APSN.

fund local organisations that provide community services such as early childhood literacy, education on proper child nutrition, substance abuse, credit counselling, and child abuse among many others.

On another occasion, Keppel AmFELS employees donated over 300 toys to the Southern Tip of Texas Children's Outreach Programme, and raised another 200 toys for needy children in the community sponsored by the local police and fire departments. Chipping in their time and effort, the staff also participated in charity walks sponsored by the company, including the annual Relay for Life Cancer Awareness Walk and the American Heart Association's yearly Heart Walk.

Finally, to help spread the message of international friendship between the border cities of Brownsville and Matamoros, Keppel AmFELS participated in the annual Charro Days Festival and sponsored a Charro Days Float for the parade. The company also fielded its employees as participants onboard the float.

Brazil

Keppel FELS Brasil raised US\$10,000 for two social projects in Rio de Janeiro through a charity party attended by staff and their families, as well as customers. The Montreal Rio project focuses on engaging less privileged youths through sports and equipping them with life skills. The Lamb Project is also targeted at youths, with the aim of helping them develop skills, discipline and self respect.

Reaching out to youths by enhancing education standards, Keppel FELS Brasil also donated R\$40,000 to sponsor a literacy programme that trains teachers in Angra dos Reis.

Meanwhile, the in-house technical school at BrasFELS has been providing free specialised skills training and certification to the Angra community. Through its apprenticeship scheme, the yard has trained and provided employment opportunities in trades such as piping and welding to hundreds of youths in Angra.

During the year, BrasFELS also completed a joint project with

Angra's City Hall and bus operators to provide a sheltered bus terminal with facilities just outside the yard. With a capacity for 10 buses, the station has dramatically improved transportation services for the entire community, including its 5,000 employees.

Doing its part for the environment, BrasFELS started a Zero Waste campaign to encourage employees to conserve water, power, materials and gases used in welding. Celebrating the National Tree Day, the workforce planted 40 seedlings of various indigenous plants to green the yard. BrasFELS is also carrying out an extensive environmental dredging project with the Angra City Hall to help clear up pollution at the city's main beach.

The Philippines

Our yards in the Philippines continue to make active contributions to the local communities.

Keppel Philippines Marine responded to the call for help by victims of typhoon Ondoy, donating PhP200,000 worth of relief goods while its volunteers lent a hand in organising the dispatch of rice, noodles and biscuits to support centres. The Keppel Filipino Community in Singapore also raised PhP90,500 in aid of sustainable development projects to improve the lives of disaster-afflicted communities via the ABS-CBN Sagip Kapamilya Foundation.

Since 2006, Keppel Philippines Marine and Subic Shipyard have been sponsoring the college education of youths from low-income families who take up marine-related courses. In 2009, Keppel scholarships were awarded to two salutatorians and two valedictorians. To date, 11 students have benefitted from this programme.

Subic Shipyard's employees participated in a reforestation project,

Corporate volunteerism

We encourage employees to become responsible citizens with a genuine concern for the wellbeing of others. As such, staff volunteerism is a key feature of our community involvement programme.

Since 2000, the Keppel Group's Keppel Volunteers has been spearheading regular activities that make meaningful contribution to local communities, social institutions and non-profit organisations. On a monthly basis, Keppel Volunteers runs activities in collaboration with our adopted charity, the Association for Persons with Special Needs (APSN).

Activities held in 2009 included a trek across Singapore's southern ridges, visits to the Singapore Science Centre, the Marina Barrage, the Asia Dive Expo, the 'Amazonia in Singapore' exhibition and other venues of educational benefit. The highlight of the year was a charity walkathon organised by Keppel Volunteers. Our management and staff laced up for a worthy walk to support the cause, raising a record sum of \$40,500 for APSN.

Our employees have also been actively supporting the blood donation drive organised by the Keppel Scholars Alumni Association, which reaches out to Keppelites as well as the public. 326 packets of blood were collected at Keppel Shipyard (Tuas) and Keppel FELS, doubling that of the previous year.



Keppelites and APSN students deepen bonds through regular activities such as the Forest Adventure.

1

Planting trees is one of the ways we spread the environmental conservation message in the Philippines.

2

Keppel yards in Batangas and Cebu do their part to clean up the coast and protect the waters.

3

Keppel FELS Brasil makes youth causes and education its community engagement focus.



1, 2

3



and planted a hundred fruit trees to help improve air quality and soil conditions surrounding the yard. The company also donated 40 garbage cans to Barangay Asinan Poblacion and Asinan Proper to support the Clean and Green Programme, various school supplies for the Best of Youth Society, and water dispensers to the Subic Central School.

Over at Keppel Batangas, funds were raised for social projects including the 'Lugaw for a Cause' campaign of the Child Justice League, an organisation of lawyers providing free legal services to exploited and marginalised children. The yard has also partnered the Pilipinas Shell Foundation in a training programme to impart welding skills to out-of-school youth.

Helping to protect the local marine environment, volunteers from Keppel Batangas and their subcontractors joined hands to clear up litter and debris along Batangas Bay as part of the Annual International Coastal Clean-up Day in 2009. In commemoration of World Environment Day, Keppel Batangas also planted a tree to help spread environmental consciousness.

Others

Over in Rotterdam, Keppel Verolme's employees took to riding electric bikes to work in support of the government's efforts to ease traffic jams and protect the environment.

Keppel Kazakhstan meanwhile, sponsored several sports activities as well as events related to combating crime and enhancing law enforcement.

As a whole, our overseas yards continued to offer scholarships, internships and a variety of training and skills upgrading opportunities during the year. These are seedbeds for the respective countries' offshore and marine professionals, engineers and skilled workers.

The Apprenticeship Scheme

Started in the 1970s, the Keppel Apprenticeship Scheme is offered across our yards worldwide to equip new recruits with strong skills in welding, piping, fabrication, marine technology and more.

Evolving over the years to meet the changing needs of the Group and the industry, the Scheme continues to be honed and improved. Today, it offers a certified training curriculum that equips the trainees for a spectrum of trades in the offshore and marine industry.

In preparing trainees with essential skills for the industry, the Scheme has also helped to enhance the employment quotient of the marine workforce in our local communities, allowing them to adapt well to the job demands and challenges. Most trainees would go on to join Keppel yards upon graduation.

Across our yards, the Scheme has been affirmed with the positive results of that of a resilient and competitive workforce.

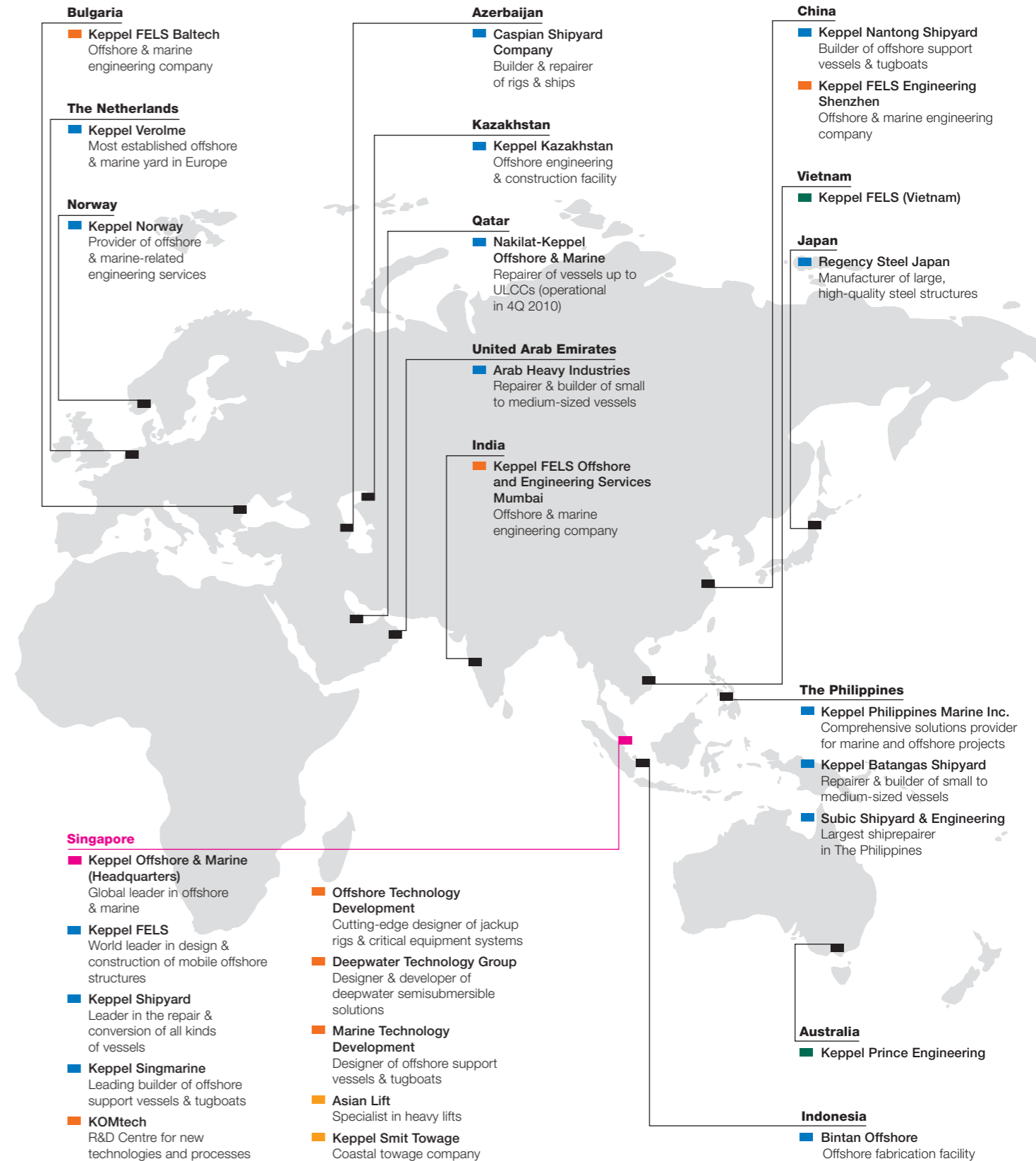


Apprentices are adequately equipped with skills and knowledge for the jobs through comprehensive training.

Global Network Yards & Offices

Harnessing the synergy of 20 yards worldwide keeps us *Near Market, Near Customer.*

- **Headquarters**
Singapore
- **Offshore & Marine**
Azerbaijan
Brazil
China
Indonesia
Japan
Kazakhstan
Norway
Qatar
Singapore
The Netherlands
The Philippines
United Arab Emirates
USA
- **Engineering / R&D Centre**
Bulgaria
China
India
Singapore
USA
- **Representative Offices**
Australia
USA
Vietnam
- **Marine Services**
Singapore



Global Network Facilities

	Type	Dock capacity Capacity (dead weight tonnes)	Berthage			Outfit quay		
			Size (metres)	Length (metres)	Draft (metres)	Building berth (capacity)	Length (metres)	Depth (metres)
Singapore								
Keppel FELS Pioneer Yard								
Admiral Dock	Drydock	400,000	380 x 80	380	13			
	Berthspace						1,400	8 – 10
Pioneer Yard II	Berthspace						350	4.5 – 6
Shipyards Road	Berthspace						500	4.5
Crescent Yard	Berthspace						740	6
Keppel Shipyards (Tuas)								
				2,395				
Tuas Dock	Drydock	360,000	350 x 66		6.6			
Raffles Dock	Drydock	330,000	355 x 60		6.6			
Temasek Dock	Drydock	150,000	301 x 52		7.4			
Temasek Pier East	Berthspace			280	7.2			
Finger Pier West	Berthspace			337	9			
Finger Pier East	Berthspace			357	8.5			
Raffles Pier West	Berthspace			417	8.5			
Raffles Pier East	Berthspace			230	6.1			
West Quay	Berthspace			380	7.1			
South Quay	Berthspace			177	8			
Raffles Dock Entrance	Berthspace			217	6.1			
Keppel Shipyards (Benoi)								
				1,163				
Drydock No. 1	Drydock	300,000	350 x 60					
Drydock No. 2	Drydock	170,000	300 x 60					
Landing Quay				100	5			
Quay No. 1				217	7			
Quay No. 2				352	10			
Quay No. 3				270	8			
Quay No. 4				224	7			
Keppel Shipyards (Gul)								
				550	6.5			
FD No. 1	Floating Dock	14,000 lifting	190 x 33					
FD No. 2	Floating Dock	5,000 lifting	114 x 27					
FD No. 4	Floating Dock	7,500 lifting	158 x 23					
North Quay 1	Berthspace			178	5			
North Quay 2	Berthspace			193	6.5			
North Quay 3	Berthspace			160	6.5			
Keppel Singmarine								
Drydock in Benoi 5	Drydock	5,000	105 x 18.5					
Building Berth in Benoi 15	Slipway					225 x 70		
Building Berth in Benoi 5	Slipway					120 x 24		
Wharf in Benoi 5	Berthspace			60	5			
Azerbaijan								
Caspian Shipyards Company								
Yusif Ibrahimov (Hull 901)	Floating Dock	15,000	128 x 74		6.5			
Floating Dock (Hull 953)	Floating Dock	5,000	124.8 x 23.3		6.5			
Floating Dock (Hull 806)	Floating Dock	4,500	124.8 x 21		6.5			
Jetty 3							400	6.5
Jetty 4							100	6.5
Brazil								
Keppel FELS Brasil (BrasFELS Yard)								
Drydock	Graving Dock		125 x 70					
Slipway No. 1	Slipway	35,000	174 x 30					
Slipway No. 2	Slipway	150,000	310 x 45					
Slipway No. 3	Slipway		185 x 70					
Finger Pier East	Outfit Quay			350	12			
Finger Pier West	Outfit Quay			350	11.5			
Outfit Pier East	Outfit Quay			300	6 – 7			
Outfit Pier West	Berthspace			120	7 – 8			
Slipway 2 Pier	Berthspace			80	8 – 9			
Slipway 3 Pier 1	Outfit Quay			80	9 – 10			
Slipway 3 Pier 2	Outfit Quay			80	9 – 10			

	Type	Dock capacity Capacity (dead weight tonnes)	Berthage			Outfit quay		
			Size (metres)	Length (metres)	Draft (metres)	Building berth (capacity)	Length (metres)	Depth (metres)
China								
Keppel Nantong Shipyard				400		3,000 T	70	6
Kazakhstan								
Keppel Kazakhstan LLP								
North Yard	Launching Way		220 x 100		4.5			
	Load-out Quay						243	4.5
	Berth space						488	4.5
The Philippines								
Subic Shipyard and Engineering								
Pacific Dock	Graving Dock	550,000	550 x 65					
C Quay				303	9			
E1 Quay				351	9			
E2 Quay				312	9			
Keppel Batangas Shipyard								
President Dock	Graving Dock	50,000	200 x 38					
FD No. 1	Floating Dock	*2,400	100 x 19					
Ship Lift System	Lift Platform	20,000	172 x 28					
	Dry Berth: 8 off	Dry Berth: 8 off						
Pier No. K1				100 x 2	9			
Pier No. K2				100 x 2	9			
Alongside FD No. 1				100	8			
Pier Block No. 1				183	9			
Pier Block No. 2				160	9			
Pier Block No. 3				82	8			
Pier Block No. 4				135	9			
The Netherlands								
Keppel Verolme				1,600	9 – 12		400	9 – 12
Dock No. 5	Graving Dock	65,000	230 x 35.5		9.8			
Dock No. 6	Graving Dock	130,000	275 x 41		10.6			
Dock No. 7	Graving Dock	500,000	405 x 90		12.2			
Qatar								
Nakilat-Keppel O&M (Operational in 2010)				2,550	11.0			
Dry Dock No. 1	Drydock	350,000	360 x 66		12.0			
Dry Dock No. 2	Drydock	450,000	400 x 80		13.8			
United Arab Emirates								
Arab Heavy Industries								
Al Zora Drydock	Graving Dock	30,000	175 x 32		7			7
Slipway No. 1	Slipway	*1,500	120 x 16					
Slipway No. 2	Slipway	*1,500	120 x 16		5			
Slipway No. 3	Slipway	*2,500	120 x 16					
Slipway No. 4	Slipway	*3,000	120 x 16		5			
Al Zora Wharf	Wharf			250				
East Wharf	Wharf			200				5
West Wharf	Wharf			83				5
USA								
Keppel AmFELS								
Floating Drydock (Rig mode)	Floating Drydock	34,500	94 x 110					
Floating Drydock (Ship mode)	Floating Drydock	34,500	37 x 190					
Launching Way				335	9.14			
West Dock Quay				152	9.75		153	9.14
East Dock Quay				198	7.5		290	9.14
Norway								
Keppel Norway								
Outfitting Quay	Outfit Quay						200	15

* Light Displacement Tonnage

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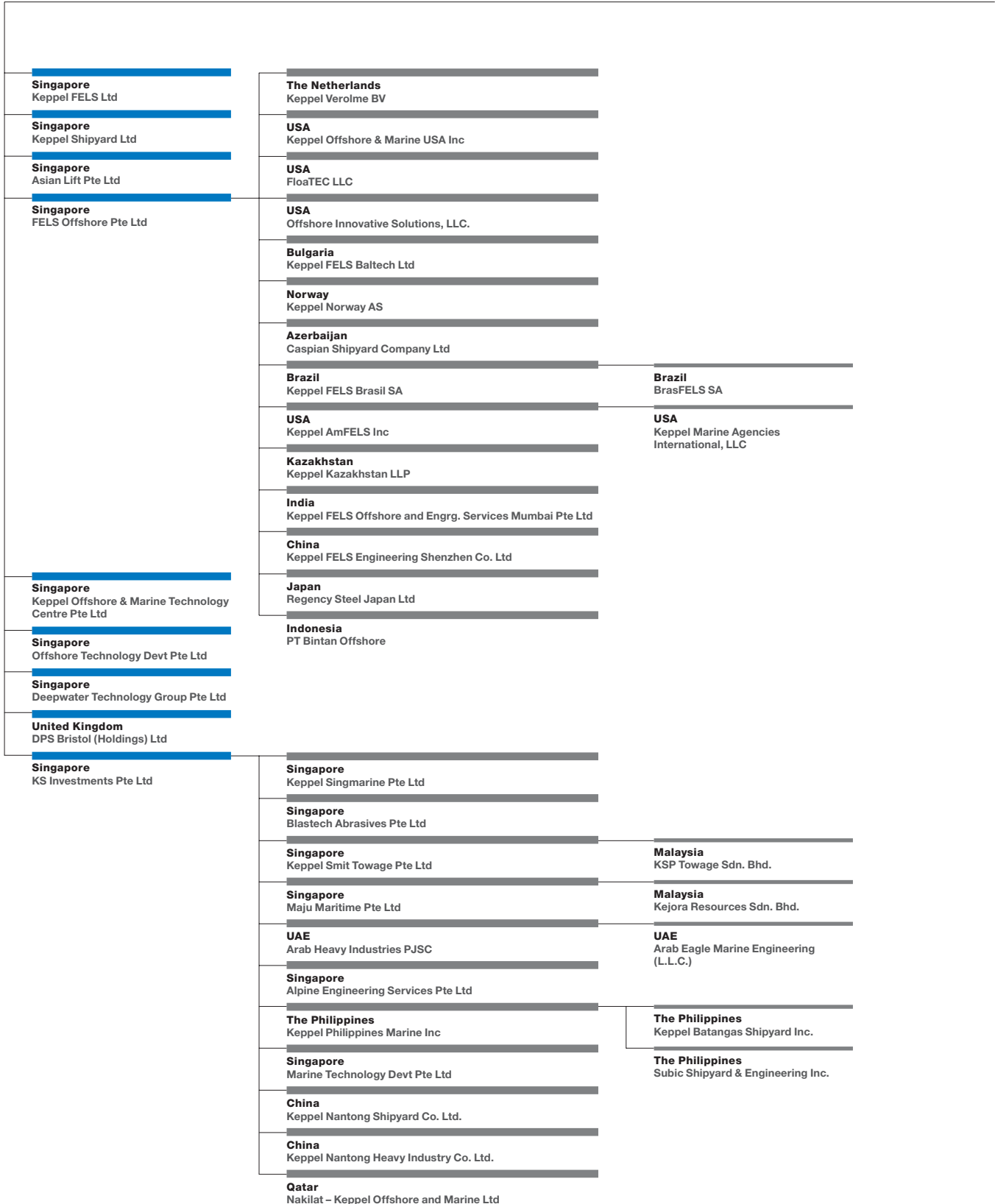
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