

Delivering More

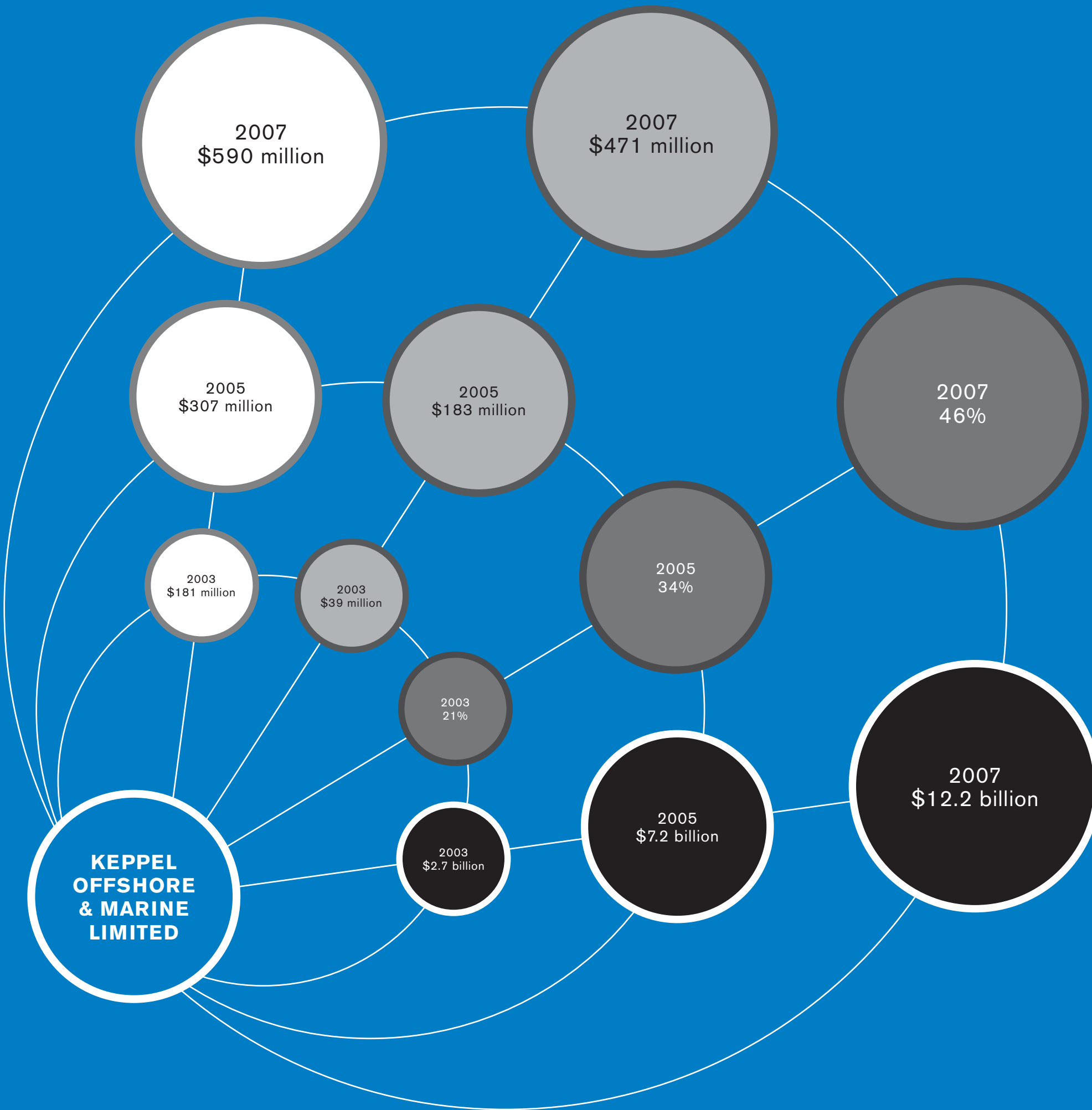
Scale & Spread

Leveraging its business foresight, technology leadership, strong execution and global networks, Keppel Offshore & Marine is enhancing its capabilities and delivering more value to stakeholders.

- Operating profit
- Economic Value Added (EVA)
- Return on Equity (ROE)
- Net orderbook (as at year-end)

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PROJECT HIGHLIGHTS

Timely deliveries in 2007

Project		Client	Yard	Contractual Delivery	Actual Delivery
<i>Sevan Piranema</i>	FPSO outfitting	Sevan Production	Keppel Verolme	29 Jan	29 Jan
<i>Smit Lingga</i>	AHTS newbuild	Hadi H. Al-Hamman Estb.	Keppel Singmarine	22 Mar	15 Feb
<i>FPSO Polvo</i>	FPSO conversion	Prosafe	Keppel Shipyard	06 Mar	06 Mar
<i>PV Drilling I</i>	Newbuild KFELS B Class jackup rig	PetroVietnam	Keppel FELS	07 May	07 Mar
<i>Umuroa</i>	FPSO conversion	Prosafe	Keppel Shipyard	26 Mar	26 Mar
<i>ENSCO 108</i>	Newbuild KFELS B Class jackup rig	ENSCO	Keppel FELS	31 Mar	30 Mar
<i>FSO Domy</i>	FPSO refurbishment (in the yard now for life extension)	SBM	Keppel Shipyard	31 Mar	31 Mar
<i>Ocean Saratoga</i>	Semi life-extension	Diamond Offshore	Keppel AmFELS	23 Apr	23 Apr
<i>Kan Tan IV</i>	Semi major repairs	Mærsk / BZI	Keppel AmFELS	11 May	11 May
<i>Offshore Courageous</i>	Newbuild MLT 116C	Scorpion Drilling	Keppel AmFELS	31 May	31 May
<i>P-53</i>	FPSO conversion	CDC-Charter Development	Keppel Shipyard	16 Jun	16 Jun
<i>VZMORYE</i>	Ice-Class AHTS newbuild	LUKOIL	Keppel Singmarine	30 Jun	21 Jun
<i>Deep Driller 5</i>	Newbuild KFELS Super B	Aban / Sinvest	Keppel FELS	23 Jun	23 Jun
<i>Noble Ton van Langeveld</i>	Upgrades, instal. cranes	Noble Drilling	Keppel Verolme	24 Jun	24 Jun
<i>West Prospero</i>	Newbuild KFELS B Class jackup rig	Seadrill	Keppel FELS	30 Jun	29 Jun
<i>AKKU 1</i>	Newbuild Barge	Agip KCO	Keppel Kazakhstan	30 Jun	30 Jun
<i>AKKU 2</i>	Newbuild Barge	Agip KCO	Keppel Kazakhstan	30 Jun	30 Jun
<i>LASHIN 1</i>	Newbuild Barge	Agip KCO	Keppel Kazakhstan	30 Jun	30 Jun
<i>LASHIN 2</i>	Newbuild Barge	Agip KCO	Keppel Kazakhstan	30 Jun	30 Jun
<i>Front Puffin</i>	FPSO conversion	Puffin Ltd	Keppel Shipyard	14 Aug	14 Aug
<i>P-52</i>	Newbuild FPU	Petrobras	Keppel FELS Brasil	08 Sep	08 Sep
<i>FPSO Mondo</i>	FPSO conversion	SBM	Keppel Shipyard	09 Sep	09 Sep
<i>West Atlas</i>	Newbuild KFELS B Class jackup rig	Seadrill	Keppel FELS	15 Sep	11 Sep
<i>Audacia</i>	Conversion bulkcarrier into pipelay vessel	Allseas Group	Keppel Verolme	25 Sep	25 Sep
<i>HA-KU-M</i>	Accommodation platform	Pemex	Keppel O&M (USA)	27 Sep	27 Sep
<i>HA-KU-S</i>	Accommodation platform	Pemex	Keppel O&M (USA)	27 Sep	27 Sep
<i>Port Rigmar</i>	Regularly class special survey	Polycrest	Keppel Verolme	29 Sep	29 Sep
<i>Sedco 702</i>	Semi upgrade	Transocean	Keppel FELS	28 Oct	28 Oct
<i>Sea Cheyenne</i>	AHTS newbuild	GulfMark Offshore	Keppel Singmarine	30 Oct	25 Oct
<i>Pride Texas</i>	Jackup repair	Pride International	Keppel AmFELS	31 Oct	31 Oct
<i>Offshore Defender</i>	Newbuild MLT 116C	Scorpion Drilling	Keppel AmFELS	02 Nov	02 Nov
<i>Seaways 12</i>	AHT newbuild	Seaway Int'l	Keppel Singmarine	22 Dec	10 Dec
<i>Sevan Hummingbird</i>	FPSO outfitting	Sevan Production	Keppel Verolme	15 Dec	15 Dec

Return on Equity

+46%

Our strategy has been anchored on delivering on-time, within-budget services; the network of yards near our markets; and relentlessly developing our technologies and people.

DEAR STAKEHOLDERS,

REACHING NEW HIGHS

2007 marked five straight years of record-breaking performance in revenue and profit for Keppel Offshore & Marine (Keppel O&M) since the integration of our offshore and marine businesses in 2002.

Revenue at \$7.3 billion increased 26% over the previous year. Operating profit rose 6% year-on-year to \$590.0 million, while attributable profit was 17% higher at \$541.8 million.

New contracts secured totalled \$7.4 billion against the previous year's \$7.3 billion, bringing the net orderbook to a record \$12.2 billion at the end of 2007.

The Group's sterling results are also reflected in its return on equity of 46% and positive Economic Value Added of \$471.4 million, representing an increase of \$46.0 million over 2006.

These excellent results attest to the strength of our strategy to build a sustainable business through both good and challenging times.



Our strategy has been anchored on delivering on-time, within-budget services; the network of yards near our markets; and relentlessly developing our technologies and people.

DELIVERING QUALITY SERVICES

In 2007, the Group completed a total of 33 major projects in a timely manner despite market tightness in labour, materials and equipment. Some of the projects were delivered ahead of schedule, and with outstanding safety records.

All our offshore operations except for Keppel FELS Brasil were profitable in 2007. During the year, the *P-52* Floating Production Unit (FPU), Keppel FELS Brasil's first major in-country construction project was delivered to Petrobras and achieved first oil and first gas within 2007. This was followed by the award of another FPU, *P-56*, for US\$1.2 billion from Petrobras. Experience gained from the *P-52* and *P-51* projects would benefit the construction of *P-56*.

For the first time since it became a wholly-owned subsidiary in 1992, Keppel AmFELS recorded an all-time high orderbook of 10 jackup rigs under construction. In 2007, it delivered two newbuild jackup rigs on time and clinched another four units from a new customer on account of its solid reputation as a first-class shipyard in the USA.

During the year, Keppel FELS delivered five newbuild jackups that are of our KFELS B Class rig design. It continued to reap the results of our investment in research and development (R&D), securing two KFELS N Class jackup rigs, one KFELS B Class, two semisubmersible (semi) accommodation platforms and one semi drilling tender that are of our

proprietary designs. It also won several contracts for other designs.

In the marine division, Keppel Shipyard achieved impressive results in 2007, amidst sustained strong freight rates, tight docking space worldwide and an increase in conversion activities. It completed seven Floating Production Storage Offloading (FPSO) and Floating Storage Offloading (FSO) vessel conversions and secured six new ones during the year.

Keppel Singmarine, with the support of Keppel Nantong, delivered seven vessels, including notably a second Ice-Class Anchor Handling Tug/Supply (AHTS) vessel for Russian customer LUKOIL Oil Company.

Our associate Asian Lift and subsidiaries Keppel Smit Towage and Regency Steel Japan bettered the previous year's performance, and plans are underway to enhance their facilities and services to meet sustained demand from customers.

The Group is expected to complete more than 40 major projects in 2008. Our focus will be on the execution of these projects to ensure that we deliver on our promises. No effort will be spared including making improvements to our work processes to increase productivity and further enhance operational performance.

Nearly \$300 million in capital expenditure have been allocated in 2008 to meet our contractual obligations and to expand our capacity in a prudent manner for future growth.

RIDING OUT DIFFICULT TIMES

The fundamentals in the oil and gas industry look strong. Major international

oil companies are increasing their investments with the focus on offshore deepwater Exploration and Production (E&P) and Liquefied Natural Gas (LNG) projects.

Day rates are holding up well. For example, our fourth semi for ENSCO, due for delivery in late 2010, will fetch around \$510,000 a day when operational. Our newly completed jackup rig for Awilco, *WilBoss*, commands a day rate of above US\$200,000 for its operation in Vietnam.

In the shipping industry, tanker charter rates are firm both for double and single hull vessels due to strength in the oil market. Other classes of vessels such as containerships and bulk carriers are also in demand, led by continued buoyant trading in goods and commodities.

With the anticipated massive growth in tonnage as a result of the worldwide fleet expansion, available shiprepair facilities are expected to be insufficient. This tight market situation will be exacerbated by shiprepair yards turning their attention to newbuildings and conversions. Keppel Shipyard is already benefiting from this trend.

However, clouding the current buoyant offshore and marine industry are the persistent rise in oil prices and the financial turbulence in the United States.

If the financial crisis in the United States leads to a serious economic recession and spreads to the rest of the world, 2008/9 will be very challenging. To weather the rough seas ahead of us, we will continue to build and sharpen our core competencies and solidify our position as the solutions provider of

To weather the rough seas ahead of us, we will continue to build and sharpen our core competencies and solidify our position as the solutions provider of choice.

choice. A long orderbook and continuing high levels of demand for our products will help us manage any uncertainties that may lie ahead.

With resilience, innovation, a global mindset, strong partnerships with customers and suppliers, integrity and teamwork, I am confident we will ride out the storm.

EXECUTING ROBUST STRATEGIES

We will also stay on course with a disciplined execution of our strategies for long-term business growth. We will continue to make strategic investments to maintain our competitive advantage and meet future demand.

The last few years have witnessed a changed landscape in the oil and gas industry. National oil companies, which control the lion's share of the world's known reserves, are asserting their influence both in upstream and downstream activities. They want significant local content for goods and services. This is already happening in Asia, Latin America (led by Brazil), Central Asia, Russia and West Africa.

Our "Near Market, Near Customer" strategy puts us in a good position in these countries.

In Central Asia, Caspian Shipyard in Azerbaijan and Keppel Kazakhstan are well-placed to service the emerging market there. Caspian Shipyard is currently using part of SOCAR's Zykha yard for fabrication work in support of Keppel Kazakhstan. We plan to expand the yard to meet upcoming opportunities. We have also set up a representative office in Russia.

In the Middle East, our joint venture shipyard with NAKILAT in Qatar is expected to be ready by 2010. The 43-hectare yard will be well-positioned for the repair and maintenance of very large LNG carriers and a wide range of other vessels, including the conversion of tankers to FPSOs and FSOs.

Closer home in the Asia Pacific, our Philippine yards plan to further upgrade their facilities and expand capacity to take on higher value projects. Officially opened in August 2007, Keppel Nantong has already delivered three vessels and is currently building 22 vessels. We are in negotiation with the Nantong Government to expand the capacity.

Our network of overseas yards, together with the Singapore yards, is supported by our strong operational services units including technology, design and development, engineering and procurement.

More than that, our broad spectrum of expertise allows us flexibility and agility in project execution in order to meet customers' needs. While each yard is specialised to serve its niche target market, they also complement and support one another.

DEVELOPING HUMAN CAPITAL

Competition for experienced and skilled manpower is stiff. Fortunately, we have been able to recruit a large pool of talent, attracted by our comprehensive training programmes, competitive remuneration packages and structured career paths.

Tremendous management time and resources are being put into training and developing our people. Training

Economic Value Added (\$ million)



\$471m
+11%

EVA for 2007 was \$471.4 million, an increase of \$46 million over the previous year.

expenditure in 2007 amounted to \$17 million.

Our human capital strategy will give us a healthy succession of personnel, imbued with the strong Keppel culture, to take the organisation to new heights.

STRENGTHENING TECHNOLOGY FOCUS

Technology development has been pivotal to our ability to be the solutions provider of choice in our selected business segments.

To further boost our research and technology capability and meet the rigorous demands of E&P deeper waters and harsher environments, we have set up the Keppel Offshore & Marine Technology Centre (KOMtech) with a budget of \$150 million over five years. We are grateful to the Singapore Government, particularly the Economic Development Board, for its support of this centre.

KOMtech is an extension and strengthening of the current R&D initiatives undertaken by our technology units, Offshore Technology Development, Deepwater Technology Group and Marine Technology Development. As these units continue to work closely with the business operations and customers to develop solutions in the field, KOMtech will focus on developmental technology and position us for long-term technical excellence and growth.

KOMtech's scope of work includes managing, stimulating and carrying out R&D, product development, technology foresight, shipyard process improvement and knowledge building activities to enhance innovation within the Keppel O&M Group. The present staff strength of 30 is expected to grow to about 100 in the near future.

Together with existing technology units, KOMtech will play an important role to move Keppel O&M up the technology value chain while differentiating and distancing ourselves from the competition.

ACHIEVING SAFETY EXCELLENCE

Our commitment to the health and safety of our people paid off in 2007 with continuing reduction of reportable cases per one million man-hours worked (Accident Frequency Rate) to 0.37 compared to 1.30 in 2006. Our accident severity rate also came down to 187 from 207 man-days lost per one million man-hours worked.

This is a solid achievement in the light of the expanded workload and longer working hours. Credit for this accomplishment goes to all the

personnel in our yards including our subcontractors. They were very committed to inculcate the safety mindset and ensure that new workers who join our ranks are given proper safety induction.

No one should get hurt at his or her workplace. We will strive to further improve safety in our yards.

CELEBRATING FIVE YEARS

2007 also marked a very momentous milestone for Keppel O&M as we celebrated our fifth anniversary. Our strategy of integrating our global operations gave us the muscle to take full advantage of the buoyancy in the offshore and marine industry.

To commemorate the occasion, we produced a book entitled *More than Mettle, the Keppel Offshore & Marine Story*, which was launched at our celebration event in December. The book is a tribute to Keppelites around the world who have soldiered through the ups and downs of the industry cycles. It is our hope that the book will inspire our people to bring the Group to greater heights in the years ahead.

ACKNOWLEDGEMENTS

I thank all our customers for their partnership and confidence in Keppel, and our business associates, class, vendors, suppliers and contractors for working hard alongside us.

Our union leaders stood shoulder to shoulder with us. This has enabled us to achieve sterling results and the harmonised industrial relations that we enjoy. The men and women who form the backbone of our workforce are our most important assets. I am so proud of them.

It is most gratifying for me also to have a dedicated team of talented colleagues in Tong Chong Heong, Sit Peng Sang, Charles Foo, Michael Chia, Nelson Yeo, Hoe Eng Hock, Wong Kok Seng, Chow Yew Yuen, Ho Cheok Yuen, Tan Geok Seng, Harold Linssen, Leong Yew Kong, Lee Tai Kwee, Yick Ping Wong, Tay Kim Hock, Daniel Chang and many others. They live and lead by example and hence bring forth the best in our people.

I would like to acknowledge the support and co-operation of local, state and federal authorities in all the countries where we have operations.

Last but not least, I am also indebted to our Board of Directors for their invaluable contributions and wise counsel.

Yours sincerely,



CHOO CHIAU BENG
Chairman & Chief Executive Officer

15 March 2008

With its Scale and Spread,
Keppel Offshore & Marine is

Delivering More



Dynamic Solutions



Robust Growth



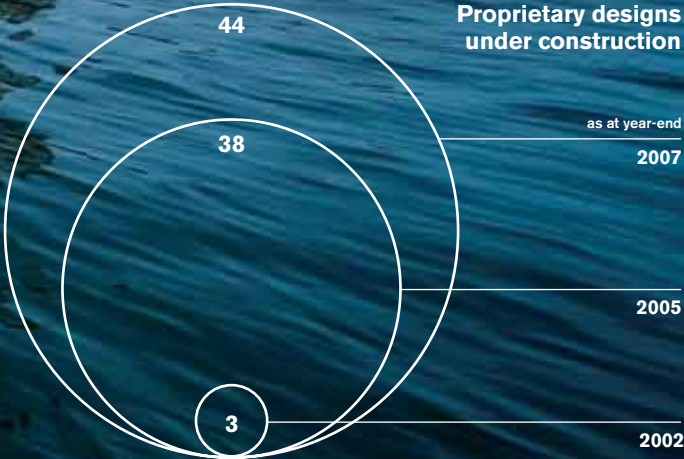
Superior Services



Solid Results

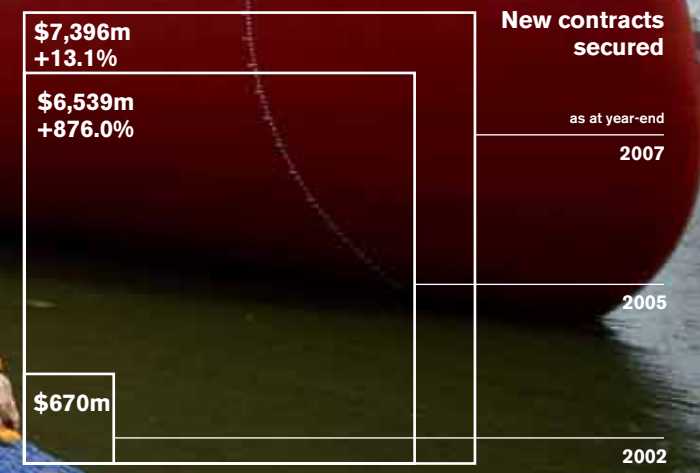
Progressive

From effective to progressive solutions. Our integrated businesses are distinguished by their customer-focused solutions brought to bear in their proprietary designs, strong engineering expertise and versatile project management. We seek to harness the potential of our businesses for further growth through rigorous research and development and strategic alliances with trend-setting partners.



Resilient

From buoyant to resilient growth. To be near our customers and markets, we have grown our presence from a local shipyard to a global leader with a network of 20 yards worldwide. As we expand into new market areas, we will strengthen the strategic management of our businesses and workforce to better service customers.



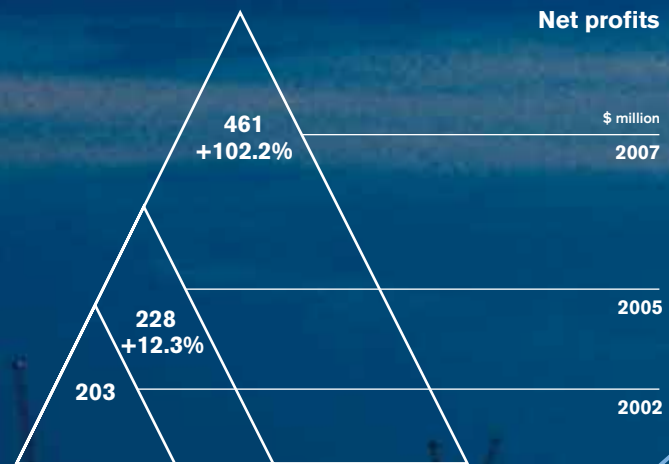
Buoyant

Responsive

From proficient to responsive services. Keeping abreast of changing market needs, we continue to enhance our yard infrastructure and processes worldwide. We will spare no effort and resources to deliver superior products and services on time, within budget and without incidents.



Proficient



Strong

From stable to strong results. Aligned by a set of core values, our global operations continue to meet their contractual promises and post solid results. We believe that strong values will lead to even stronger performance.

Stable

GROUP FINANCIAL HIGHLIGHTS

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

For the financial year ended 31 December

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

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

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

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

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

CONSOLIDATED BALANCE SHEET

As at 31 December

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

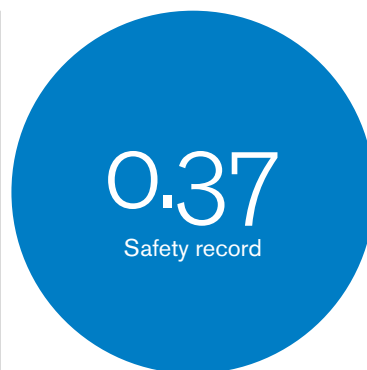
Our commitment to core values and the successful execution of strategic initiatives are delivering more results.



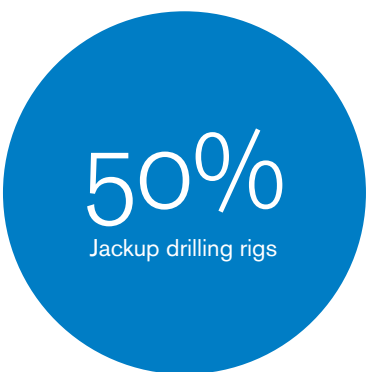
Keppel O&M achieved this record in 2007 on the back of \$7.3 billion in revenue, marking five years of record-breaking performance since its inception in 2002.



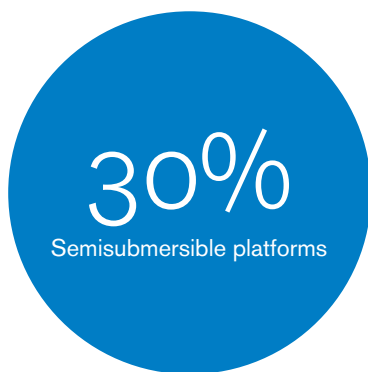
This is the sum that the Keppel O&M Group invested in the training and development of its employees worldwide in 2007.



This is the Accident Frequency Rate (AFR) achieved in 2007 by Keppel O&M globally. This is a significant improvement over the AFR of 1.30 reportable cases per one million man-hours worked in 2006.



This represents Keppel O&M's share of the new jackup rigs that entered the market in 2007. It includes five KFELS B Class rigs and a KFELS Super B Class unit delivered by Keppel FELS, among others.

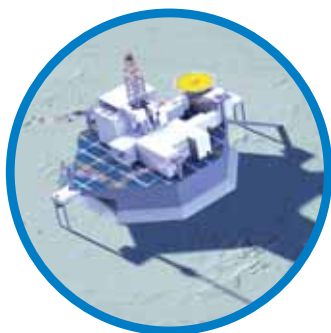


This is Keppel O&M's current market share of the new orders for semisubmersible (semi) drilling rigs, accommodation semis and semi drilling tenders. The Company maintained its strong presence with four out of 13 new orders in 2007.



These new orders in 2007 contributed to a strong net orderbook of \$12.2 billion at the end of the year, with earnings visibility into 2011.

We aim to be the leader in our chosen business segments.



Leveraging growth platforms

- Create value by investing in research and development (R&D) and forming alliances with trend-setters
- Foster growth by enhancing operational competitiveness and commercial excellence
- Groom people into growth leaders to drive business success

Example: KOMtech

Keppel O&M launched the Keppel Offshore & Marine Technology Centre (KOMtech) with \$150 million seed money to boost its R&D edge and position the Company for long-term growth. KOMtech is an extension and strengthening of current R&D initiatives undertaken by the Company's technology units – Offshore Technology Development, Deepwater Technology Group and Marine Technology Development. The Centre will also work closely with industry partners to conceive effective solutions for the market.



Expanding global footprint

- Leverage Group brand equity and global network for incremental businesses
- Replicate our proven shipyard management systems across the Group
- Establish centres of excellence for technology and business development

Example: Qatar Shipyard

Keppel O&M and Qatar Gas Transport Company joined hands to develop a world-class shipyard facility in the Port of Ras Laffan in Qatar, which is expected to begin operations in 2010. This venture is in line with the Company's "Near Market, Near Customer" strategy. Keppel O&M will replicate its proven management system in the new shipyard, and leverage the resources of its global network of 20 yards and commercial agents to ensure success of this new shipyard.



Increasing business robustness

- Strengthen IT infrastructure
- Promote Group-wide sharing of experience, expertise and best practices
- Expand knowledge and technology base with clear product focus at each yard

Example: Smartmarine 3D

Keppel O&M is among the first companies in the offshore and marine industry to implement Smartmarine 3D, a state-of-the-art technology to boost its competitive edge. This technology enables the Company's engineers across various countries to review, extract and share design-related information in a common 3D environment. The use of virtual 3D models saves engineering man-hours spent on drafting and checking designs, and prevents any miscommunication that may give rise to expensive rework.



Fortifying core competencies

- Deliver value to customers and partners through excellent project management and execution
- Strive for continuous improvement
- Drive good governance

Example: Business partnership

In the last 10 years, ENSCO International has awarded the Keppel O&M Group with construction and repair projects worth a total of about US\$4.5 billion. As ENSCO's preferred shipyard group, Keppel O&M has been actively involved in building rigs for its fleet expansion programme since 1997. Keppel O&M has delivered a total of nine jackup rigs to ENSCO, and is constructing a new fleet of four ultra-deepwater semis for the company.

Our vision is to be the provider of choice and the partner in solutions.



KEPPEL OFFSHORE & MARINE

A world leader in offshore and marine structures, Keppel O&M is headquartered in Singapore and has a global network of 20 yards. This allows the Group to optimise deployment of available resources, enabling us to execute our "Near Market, Near Customer" strategy effectively.

The head office has two central functions, namely Operational Services, including technology, design and development, engineering and procurement; and Corporate Services, which supports the Group in finance, legal, human resources, information services and corporate development.

The senior management is committed to build a culture of learning, and of fostering new and innovative ideas as we continue to strengthen our growth platforms and increase the throughput of our yards worldwide.

People are one of our key assets and resources. By improving work processes, providing further training to our personnel, and focusing on higher value work, we nurture a corporate culture characterised by the *Can Do!* attitude.

Through an in-depth understanding of industry trends, we seek to offer innovative solutions to customers. We will continue to fortify our relationships with stakeholders, execute projects on time and within budget and strengthen our track record.



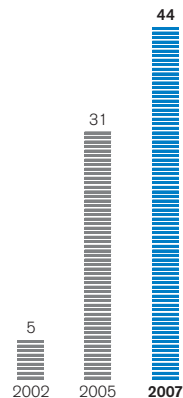
OFFSHORE

The offshore division is led by Keppel FELS, a world leader in the design and construction of mobile offshore rigs, particularly in jackups and semisubmersibles (semis). The division offers an unmatched portfolio of multiple proprietary floating production system solutions for deepwaters.

With a strong track record of proven proprietary designs, this division offers competent design and engineering solutions in newbuilds and upgraded rigs to meet customers' requirements.

Leveraging Keppel O&M Group's global network of 20 shipyards, the offshore division strives to deliver on its promises on time and within budget.

Number of offshore newbuildings under construction (as at year-end)



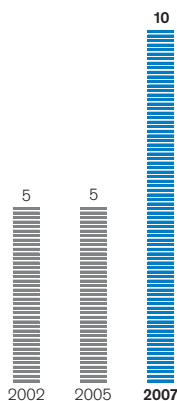


MARINE

The marine division is represented by Keppel Shipyard, a leader in the repair, conversion and upgrading of a diverse range of vessels, including Floating Production Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) conversions and Very Large Gas Carrier (VLGC) repairs.

With more than a century of experience and expertise, Keppel Shipyard embodies the strong brand attributes of reliability, flexibility and quality. With strong technical expertise and a deep commitment to Health, Safety and Environment, it continues to deliver high value to its customers.

Number of FSO / FPSO conversions (as at year-end)

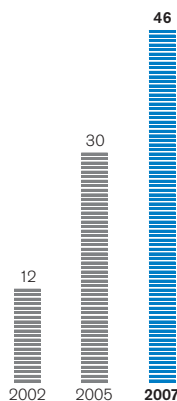


SPECIALISED SHIPBUILDING

Keppel Singmarine has a track record of more than 300 specialised newbuildings of diverse types and sophistication. Its portfolio of customised vessels includes Anchor Handling Tug/Supply vessels (AHTS), multi-purpose Offshore Support Vessels (OSVs) and tugboats for a worldwide clientele.

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

Number of newbuildings under construction (as at year-end)



Our strong Board of industry professionals and business leaders provide counsel and insights to drive growth and value.



CHOO CHIAU BENG

Chairman and Chief Executive Officer of Keppel Offshore & Marine Limited; Senior Executive Director of Keppel Corporation Limited; Chairman of Singapore Petroleum Company Ltd, Singapore Refining Company Pte Ltd and SMRT Corporation Ltd.

Mr Choo sits on the Board of Directors of Keppel Land Limited, k1 Ventures Limited as well as Keppel Energy Pte Ltd and is a Board Member of Singapore Maritime Foundation Limited and the Maritime and Port Authority of Singapore.

He is also Chairman both of the Nanyang Business School's International Advisory Board, and of Det Norske Veritas South East Asia Committee and Council Member of the American Bureau of Shipping and Member of the American Bureau of Shipping's Southeast Asia Regional Committee and Special Committee on Mobile Offshore Drilling Units.

He is an Honorary Fellow of the Institute of Marine Engineering, Science & Technology.

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



TONG CHONG HEONG

Managing Director and Chief Operating Officer of Keppel Offshore & Marine Limited; Managing Director of Keppel FELS Ltd and Keppel Shipyard Limited; Chairman of Keppel AmFELS Inc.

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

He is the Honorary Consul (Designate) of Trinidad & Tobago in Singapore.

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 is also Non-Executive Director of the Oversea-Chinese Banking Corporation Limited, Great Eastern Holdings Limited, The Great Eastern Life Assurance Company Limited, The Oversea Assurance Corporation Limited and J. Lauritzen Singapore Pte Ltd. Prof Neo is a Board Member of several statutory bodies, namely the Securities Industry Council, Goods and Services Tax Board of Review and Income Tax Board of Review.



PROF MINOO HOMI PATEL
Head of School & Professor of Engineering, School of Engineering of Cranfield University, UK.

Prof Patel has over 30 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 Cranfield Engineering Innovations Ltd and Cranfield Aerospace Ltd.



DR MALCOLM SHARPLES
President of Offshore Risk & Technology Consulting Inc., USA.

With over 30 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.

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 chairs the Hall of Fame Technology Pioneer selection committee.



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 and Chairman of Assuranceforeningen GARD, Norway. He is Vice President of the Baltic and International Maritime Council (BIMCO) and member of the DNV China Technical Committee and International Centre for Maritime Studies Advisory Board of The Hong Kong Polytechnic University. Mr Pan is also a Director of Jurong Port Pte Limited and The Ascott Group Limited.



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.



TEO SOON HOE
**Senior Executive Director and
Group Finance Director of Keppel
Corporation Limited.**

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



SIT PENG SANG
**Chief Financial Officer of
Keppel Offshore & Marine Limited.**

Mr Sit is a Director of Keppel FELS Ltd, Keppel AmFels Inc. and Keppel Offshore & Marine Technology Pte Ltd.



CHARLES FOO CHEE LEE
**Managing Director (Special Projects)
of Keppel Offshore & Marine Limited.**

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

KEPPEL OFFSHORE & MARINE



1. Sit Peng Sang
Chief Financial Officer

2. Choo Chiau Beng
Chairman & Chief Executive Officer

3. Tong Chong Heong
Managing Director
& Chief Operating Officer

4. Chee Jin Kiong
Executive Director (Human Resources)

5. Hoe Eng Hock
Executive Director (Keppel Singmarine)

6. Michael Chia
Executive Director (Keppel FELS)

7. Nelson Yeo
Executive Director (Keppel Shipyard)

8. Charles Foo
Managing Director (Special Projects)

9. Lai Ching Chuan
Senior General Manager
(Corporate Development)

10. Wong Kok Seng
Executive Director
(Keppel FELS, Operations)



1. Dr Lee Chay Hoon
General Manager
(Organisation Development)

2. Ho Cheok Yuen
Senior General Manager
(Group Procurement)

3. Tay Kim Hock
Senior General Manager
(Group Business Development)

4. Wong Ngiam Jih
General Manager (Finance)

5. David Teo
General Manager (Information Systems)

6. Yong Chee Min
General Manager
(Health, Safety and Environment)

7. Jeffery Chow
General Manager (Legal)

8. Thomas Pang
General Manager
(Corporate Development)

9. Anthony Toh
Group Security Manager

10. Fong Swee Theng
Group Facilities Manager

11. Cindy Lim
Senior Manager
(Group HR and Talent Development)

12. Kenneth Chong
Legal Manager

KEY PERSONNEL
KEPPEL FELS

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

2. Chor How Jat
General Manager (Operations)

3. Tan Dek Joon
General Manager (Commercial)

4. Michael Chia
Executive Director

5. Too Lye
Assistant General Manager
(Engineering)

6. S Jaya Kumar
General Manager (Marketing)

7. Yeong Wai Seng
Senior Project Manager



1. Aziz Amirali Merchant
General Manager (Engineering)

2. David Lee
Financial Controller

3. Richard Tay
Shipyards Manager

4. Lam Khee Chong
Senior Project Manager

5. Wong Kok Seng
Executive Director (Operations)

6. Kwok Kai Choong
Senior Project Manager

7. Wong Fook Seng
General Manager (Projects)

8. Yeo Yue Ngiap
Senior Project Manager



KEPPEL SHIPYARD

1. Abu Bakar

Senior General Manager
(Operations – Tuas)

2. Nelson Yeo

Executive Director

3. Louis Chow

General Manager
(Commercial – Conversion)

4. Edmund Mah

Financial Controller



1. Tan Peng Pong

General Manager
(Engineering & Development)

2. Albert Kee

General Manager
(Operations – Benoi)

3. Spencer Leong

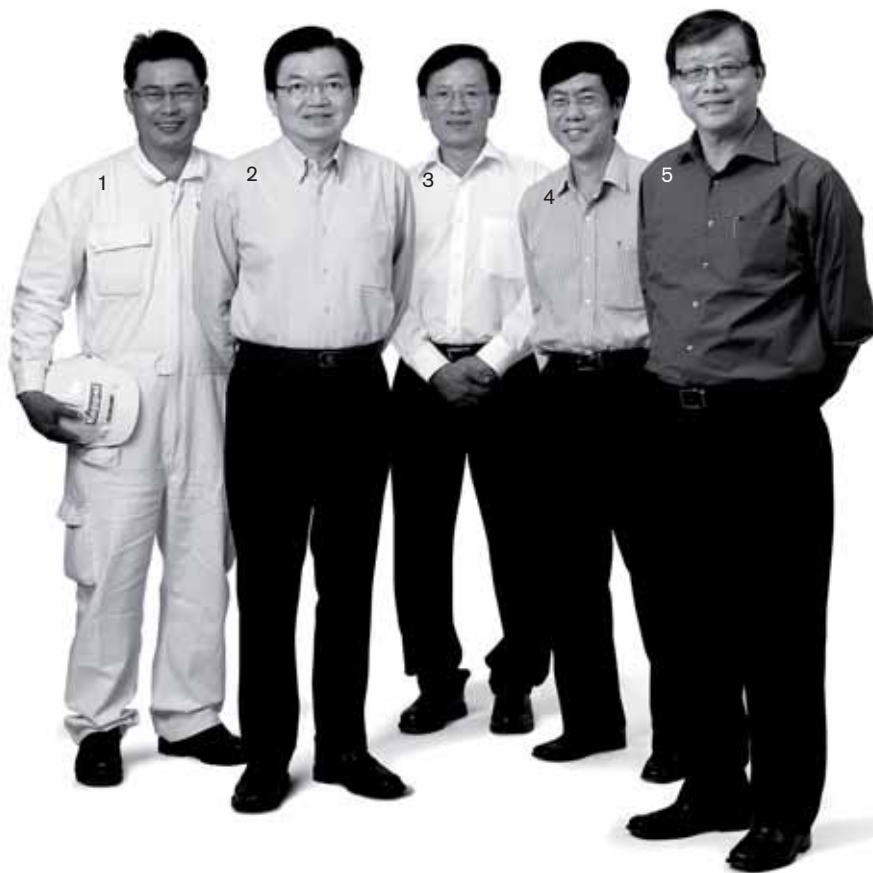
General Manager
(Operations – Gul)

4. Mah Chan Wah

General Manager
(Commercial – Shiprepair)



KEPPEL SINGMARINE



1. Edmund Lek
General Manager
(Production)

2. Toh Ko Lin
Senior General Manager
(Commercial)

3. Tan Cheng Hui
General Manager
(Engineering)

4. Poon Tai Lum
Deputy General Manager
(Commercial / Marketing)

5. Hoe Eng Hock
Executive Director



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

2. Dr Arun Kr Dev
Deputy General Manager
(Technical)

3. Charles Yap
General Manager
(Business Development)

4. David Loh
Assistant General Manager
(Commercial / Marketing)

RESEARCH & DEVELOPMENT



1. Charles Foo

Centre Director
KOMtech

2. Aziz Amirali Merchant

General Manager
(Group Design & Engineering)
Keppel O&M; and
General Manager
Deepwater Technology Group

3. Goh Boon Kiat

Director (Technology Foresight)
KOMtech

4. Dr Yip Hee Yan

Senior Programme Manager
(FPSO & Process)
KOMtech

5. Tan Cheng Hui

General Manager (Engineering)
Keppel Singmarine

6. Dr Matthew Quah

Programme Manager
(Offshore Structures)
KOMtech

7. Dr Foo Kok Seng

KOMtech Deputy Director
and General Manager
Offshore Technology Development

8. Dr Asbjorn Mortensen

Programme Manager
(Drilling Equipment)
KOMtech

9. Dr Arun Kr Dev

General Manager
Marine Technology Development

**OVERSEAS
OPERATIONAL CENTRES****Arab Heavy Industries PJSC**

Leong Yew Kong
Managing Director

Chan Lim Hong
General Manager

Tang Yang Nang
Finance / Administration
Manager

**Keppel Philippines
Marine, Inc**

Toh Ko Lin
President

Agnes Barbara L Lorenzo
Vice President
(Administration & Finance)

Keppel Batangas Shipyard

Kok Boon Heng
President

Keppel Cebu Shipyard, Inc

Fok Swee Yin
President

**Subic Shipyard &
Engineering, INC**

Mok Kim Whang
President

Keppel AmFELS Inc

Tan Geok Seng
President &
Chief Executive Officer

Jim Lim
Chief Financial Officer

Eric Phua
Vice President, Commercial

Tom McCoy
Vice President, Production

Gilbert Elizondo
Vice President,
Human Resources

Keppel FELS Brasil SA

Daniel Chang
President & Chief Executive
Officer

Tommy Sam
Chief Financial Officer

Alceu Mariano
Institutional Relations Director

Gilberto Israel
Commercial Director

BrasFELS SA

Eduardo Nunez
President

Keppel Verolme BV

Harold Linssen
Managing Director

Jerald Lee
Chief Financial Officer

**Caspian Shipyard
Company Ltd**

Yan Naing Myint
President

Gurbanov Elshan
Chief Financial Officer

Lau Kuat Pin
Vice President, Technical

Liew Yuen Cheng
Commercial Manager

Keppel Kazakhstan LLP

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

Anil Kumar Sultan
Executive Vice President

Lim Ah Beng
Assistant General Director

Chin Hon Fai
Chief Financial Officer

Venera Nurmukhametova
Head of Administrative
Department

Keppel Norway AS

Inge Oliversen
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

Regency Steel Japan

Dr Yip Hee Yan
President

Hatano Shigeyuki
Chief Operating Officer

Ang Chee Beng
Chief Financial Officer

**ENGINEERING /
TECHNOLOGY CENTRES****Keppel Offshore & Marine
Technology Centre Pte Ltd**

Charles Foo
Director

Dr Foo Kok Seng
Deputy Director

**Keppel Offshore & Marine
USA Inc**

Chow Yew Yuen
President

Cheung Tak On
Senior Manager

Simon Lee
Senior Project Manager

**Offshore Technology
Development Pte Ltd**

Dr Foo Kok Seng
General Manager

**Deepwater Technology
Group Pte Ltd**

Aziz Amirali Merchant
General Manager

**Marine Technology
Development Pte Ltd**

Dr Arun Kr Dev
General Manager

FloaTEC, LLC

Eric H Namtvedt
President

**Offshore Innovative
Solutions, LLC**

Richard Michel
President

Cheung Tak On
Vice 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

Chong Woei Siong
Assistant General Manager

**Keppel FELS Offshore &
Engineering Services
Mumbai Pvt Ltd**

Anant Keshav Shukla
General Manager

Joseph Mattew
Engineering Manager

REPRESENTATIVE OFFICES**Keppel Marine Agencies
International, LLC**

Michael Holcomb
President / Director,
Texas

John J Bajor
Director, New Jersey

**Keppel FELS Ltd
(Vietnam Office)**

John Chin
Country Manager

**Keppel Prince
Engineering Pty Ltd**

Charles Chiam
Director

SERVICES**Asian Lift Pte Ltd**

John Chua
General Manager

Keppel Smit Towage Pte Ltd

Ben Chew
General Manager

EMPLOYEE UNIONS**Keppel Employees Union**

Mohamed Yusop Bin Mansor
President

Phang Weng Onn
General Secretary

**Keppel FELS Employees
Union**

Muhamad Shah
President

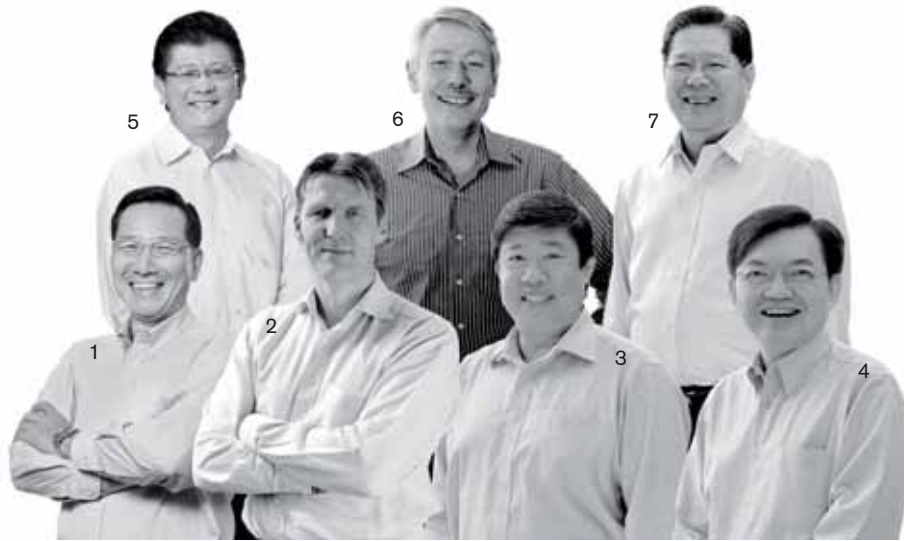
Atyyah Hassan
General Secretary

**Shipbuilding & Marine
Engineering Employees
Union**

Wong Weng Ong
President

Lim Chin Siew
Executive Secretary

OVERSEAS MANAGERS



1. Daniel Chang
Keppel FELS Brasil

2. Harold Linssen
Keppel Verolme

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

4. Toh Ko Lin
Keppel Philippines Marine

5. Tan Geok Seng
Keppel AmFELS

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

7. Leong Yew Kong
Arab Heavy Industries



1. Yan Naing Myint
Caspian Shipyard Company

2. Lee Tai Kwee
Keppel Nantong

3. Yick Ping Wong
Keppel Kazakhstan

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

5. Inge Oliversen
Keppel Norway

6. Mok Kim Whang
Subic Shipyard & Engineering

7. Kok Boon Heng
Keppel Batangas

8. Dr Yip Hee Yan
Regency Steel Japan

Making Our Mark

Five years and beyond

In 2007, Keppel O&M celebrated five years of strong growth since the restructuring and integration of Keppel Corporation's offshore and marine businesses under one banner.

The rationalisation of our businesses to focus on specific segments of the offshore and marine sector was well-timed with the offshore industry's revival from a 20-year downturn. The investments we ploughed into technology innovation during the slump have also yielded a set of viable and cost-effective proprietary designs ready for harvesting.

With the rich experience and expertise of our business units and their workforce, the Group forged ahead as a unified and nimble body, ready to capture new opportunities.

As at end-2007, we achieved a strong net orderbook of over \$12.2 billion, which includes more than \$7.4 billion worth of new contracts secured during the year.

The Company's revenue nearly quadrupled from \$1.9 billion in 2002 to \$7.3 billion in 2007, whilst return on equity more than doubled from about 20% in 2002 to 46% in 2007.

All this time, our main focus has been to strengthen our workforce, technology and relationships with customers and stakeholders. As we chart our growth beyond the next few years, we will continue to sharpen our focus in these areas, as well as enhance our capacity and processes to strengthen execution.

Amidst challenging operating conditions, we also exercise robust risk management and good corporate governance practices to safeguard stakeholder interests.

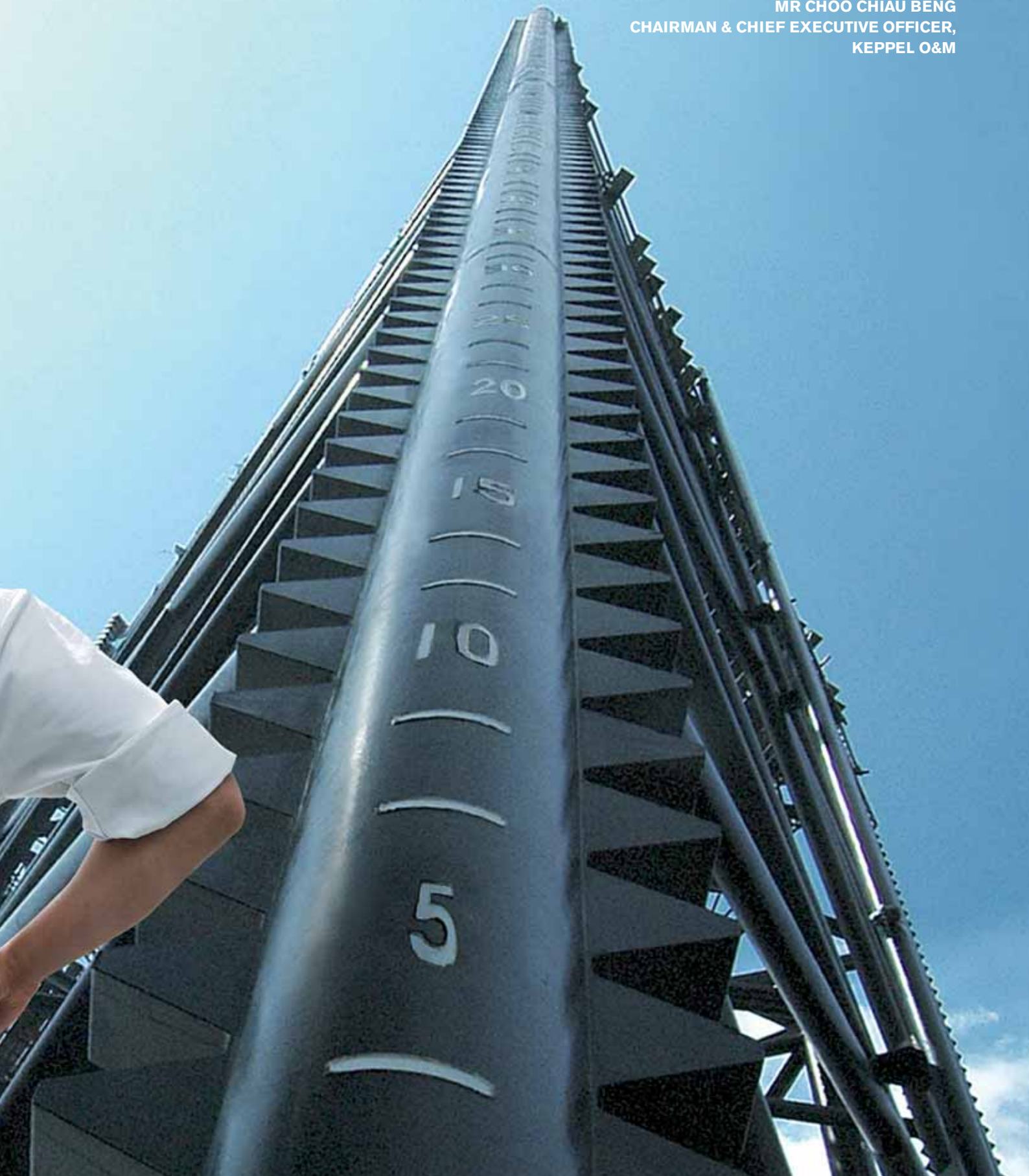
Our mandate remains to deliver on our promises on time, within budget and without incidents.



“We did not stop investing in our people and technology, not even during the downturn of the industry. We have strong talent management and succession planning systems in place for the Group to grow beyond the current generation.”



**MR CHOO CHIAU BENG
CHAIRMAN & CHIEF EXECUTIVE OFFICER,
KEPPEL O&M**



GROWING IN CAPABILITY AND REACH

The Group's expansion is driven by the aim to be close to our customers and their key markets. Our "Near Market, Near Customer" strategy, bolstered by the strengths of 20 strategically-located shipyards worldwide, has positioned Keppel O&M strongly to meet our customers' needs and to harness arising opportunities.

In 2008 and beyond, our priority is to ensure that we continue to execute well our projects in hand while continuing to boost our global capacity and capabilities.

Our decision to set up a yard in Brazil in 2000 has sharpened our edge in the market and prepared us to address

Keppel O&M leverages its global network of yards such as Keppel Verolme to maximise efficiency.

requirements for local content. It also paved the way for the securing of several significant projects worth billions of dollars from Brazil's national oil company, Petrobras. Through Keppel FELS Brasil, the Group is well-placed to participate in Brazil's growing offshore market.

At the same time, we are also looking to establish a presence in Mexico.

In 2007, Keppel AmFELS secured a contract to build a second jackup rig for Mexican drilling contractor, Perforadora Central SA de CV. The first unit was delivered in 2004 and is working for PEMEX, Mexico's national oil company. Our Houston-based Keppel O&M (USA) and its partners have also completed

the construction and installation of two accommodation platforms, *HA-KU-M* and *HA-KU-S*, for PEMEX on site in the Ku-Maloob-Zaap field.

Presently, three of four ENSCO 8500 series deepwater semisubmersible (semi) rigs being constructed by Keppel FELS have been contracted in the Gulf of Mexico. We are confident of leveraging our keen market understanding and track record to position Keppel O&M as a choice solutions partner in the Mexican offshore market.

In early 2007, we partnered Qatar Gas Transport Company, the world's leading transporter of Liquefied Natural Gas (LNG), to develop a world-class shipyard in the Port of Ras Laffan, Qatar. This shipyard is envisioned to become a centre of excellence for the repair and maintenance of LNG carriers, thereby securing a strategically important link in the supply chain of natural gas from wellhead to consumer.

Qatar is the world's third largest producer of natural gas behind Russia and Iran, and intends to significantly expand production in the next five years to about 8.7 trillion cu ft, or nearly six times greater than its 2005 output levels. Our new 43-hectare shipyard is expected to commence operations in 2010, and will fortify our offerings to customers.

Meanwhile, we are also expanding and equipping our overseas shipyards in Azerbaijan, China and the Philippines to take on more offshore and marine work.





“As long as people are drilling for oil and gas, we will be there to provide solutions. Our ‘near market, near customer’ strategy takes us to where the customers want us to be.”

**MR TONG CHONG HEONG,
MANAGING DIRECTOR & CHIEF OPERATING OFFICER, KEPPEL O&M**

The resource-rich countries in the Caspian Sea region are currently developing their oil and gas fields in earnest. To meet upcoming demand and growth, plans are underway to expand the facilities of Caspian Shipyard Company (CSC) with the leasing of additional shipyard land from our partner SOCAR, Azerbaijan’s State Oil Company. When finalised, this arrangement will increase CSC’s yard capacity by about three times. CSC, which has an entrenched presence in Central Asia since 1997, is currently supporting Keppel Kazakhstan in fabrication work for the Kashagan field.

Keppel Nantong Shipyard (Keppel Nantong) in China was inaugurated in August 2007, and is already constructing 22 vessels as at March in 2008. Keppel Nantong augments the Group’s newbuilding capacity for specialised vessels to meet growing demand from the offshore field development market, as well as LNG terminals and maritime ports. We are presently in talks with the Nantong government to expand our yard.

In recent years, our yards in the Philippines have made good progress and have embarked on offshore work outsourced by Keppel FELS. These include the construction of the mid-pontoon sections

of semis for ENSCO, Global SanteFe and Mærsk Contractors.

Our Philippine yards are being upgraded continuously with infrastructure such as complete panel line systems, block assembly facilities and heavy-lifting equipment to enable them to take on the fabrication of offshore rig structures and specialised shipbuilding.

Our yard in Batangas is being outfitted with two more assembly areas to provide added facilities for offshore projects.

There are also plans to further expand the yard’s capacity.

The efforts to grow our yards’ infrastructure and capacity will keep the Group abreast of its commitments to deliver our projects on time, within budget and without incidents.

STRENGTHENING TECHNOLOGY PLATFORMS

Our investments in research and development (R&D) have helped to establish Keppel O&M as the leading

Building on our presence – The christening of *P-52* in June 2007 was officiated by President Luiz Inácio Lula da Silva of Brazil (third from right) and the Keppel and Petrobras teams.





Joined by Dr Ng Eng Hen (extreme right), former Minister for Manpower, and members of the Union, Management led employees in the Keppel O&M song during the Company's 2007 Family Day at Sentosa.



“All our proprietary jackup and semisubmersible designs have been developed together with our customers. Ultimately, our technology innovation must create value for our customers.”

MR MICHAEL CHIA
EXECUTIVE DIRECTOR, KEPPEL FELS

provider of quality solutions in our selected segments of the industry.

Our viable and cost-effective proprietary designs, most of which were developed during the 20-year industry slump, have won market acceptance and generated some \$15 billion worth of contracts in recent years.

To boost our R&D edge and to develop competencies that will position the Group for long-term growth, we unveiled the Keppel Offshore & Marine Technology Centre (KOMtech) in December 2007.

KOMtech is an extension and strengthening of current R&D initiatives for rig and ship designs undertaken by our technology units – Offshore Technology Development (OTD), Deepwater Technology Group (DTG) and Marine Technology Development (MTD). It will also work closely with our industry partners to conceive effective solutions for the market.

In the same vein, we entered several technology partnerships with trend-setting industry players during the year.

We signed a Memorandum of Understanding with the Centre of Offshore Research Engineering of the National University of Singapore

in March 2007 to support its research projects in offshore and marine engineering.

We entered into a Technology Cooperation Agreement with Conoco Phillips to embark on selected projects related to the concept development, design and construction of ships and offshore installations for the exploration, production and transportation sectors of the energy industry.

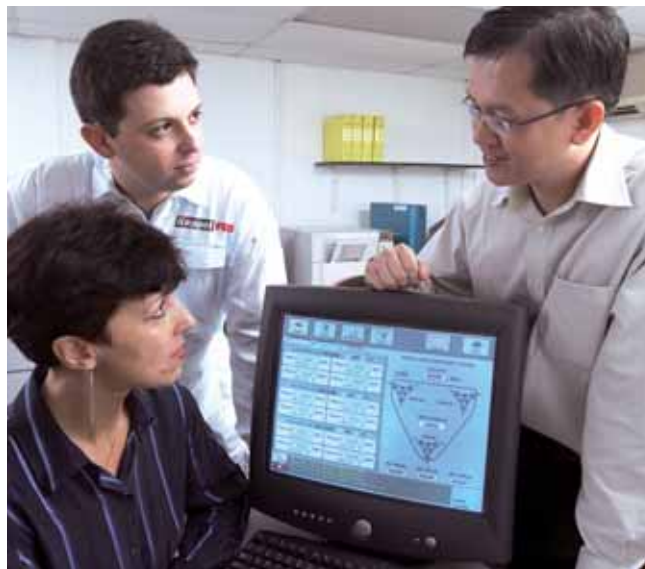
KOMtech and OTD also rallied more than 20 industry players in the entire jackup value chain, to co-operate and fund the InSafeJIP programme, which seeks

to improve the existing guidelines and codes for jackup foundations.

What we do today has a bearing on our future. With this in mind, we are strengthening technology innovation to sustain our market leadership and to provide a quantum leap in returns for the Group.

FORTIFYING OUR WORKFORCE

At the end of 2002, we had a global headcount of 13,800 employees. Our workforce has since doubled to 27,000 employees working in 20 yards across 16 countries.



Keppel continues to sustain growth through technology innovation and knowledge sharing.



“Some of the best projects are those where we had the opportunity to work closely with our customers.”

MR NELSON YEO
EXECUTIVE DIRECTOR, KEPPEL SHIPYARD

The boom in the offshore and marine industry has sparked a huge demand for engineers, naval architects, other key professionals and workers. Our efforts in training and nurturing people both during bad and good times have given the Group a good head start in the current talent shortage.

Presently, the Group employs over 1,300 engineers in Singapore,

Our employees are put through comprehensive training programmes and groomed to maximise their potential.

two-thirds of whom are graduates and postgraduates. Engineers make up more than 50% of our executive workforce, and they come from mechanical, electrical and civil engineering backgrounds.

Most of our management personnel are trained engineers who were recruited as fresh graduates from polytechnics and universities and

groomed through our management trainee programme. All of them have overseas working experience.

To support future growth, particularly in ensuring a succession of qualified and talented personnel, we need more competent people who can be deployed to their maximum capabilities. Moreover, the high level of specialisation required in our nature of work takes years of training and development.

Addressing these challenges, we are positioning ourselves as an employer of choice with a holistic approach towards attracting, developing and motivating staff.

The Group's talent development and training units were set up in 2002. We have also collaborated with several educational institutes and training providers to develop and launch a comprehensive series of training programmes.

Competitive remuneration packages and structured career paths were also implemented. The latest initiative was the inauguration of the Keppel O&M College in November 2007 as a platform to roll out our talent and succession management framework across our overseas operations.

In 2006, we embarked on the extensive *Grow Beyond* branding campaign with



other companies in the Keppel Group. This was bolstered by our sponsorship of the highly popular local television drama serial, *The Peak*, in 2007, which gave a vibrant portrayal of the offshore, marine and maritime industries.

These efforts have greatly enhanced the visibility and perception of our industry and businesses.

We have also worked tirelessly with our international industry partners and educational institutes to develop programmes and training schemes to grow the talent pool.

Since 2000, we have awarded more than 500 scholarships to tertiary students and staff. And in 2007, we invested \$17 million on training and development for our employees worldwide.

As a Group, we provide ample opportunities for our people to be immersed in a global environment and to develop their skills and careers. We also offer overseas stints for our employees and encourage inter-department rotations to offer depth and breadth in their development.

We recognise that a company is only as good as its people. As such, we

remain committed to augment our management systems to support the nurturing of a resilient and committed global workforce. In this regard, we have also established an Organisation Development unit to assist in the strategic management and strengthening of our organisation structure.

CELEBRATING OUR SUCCESS

During our fifth anniversary in 2007, Keppel O&M and our employees contributed over \$1 million to support various welfare organisations tending to the sick, the handicapped and people with intellectual and psychiatric disabilities.

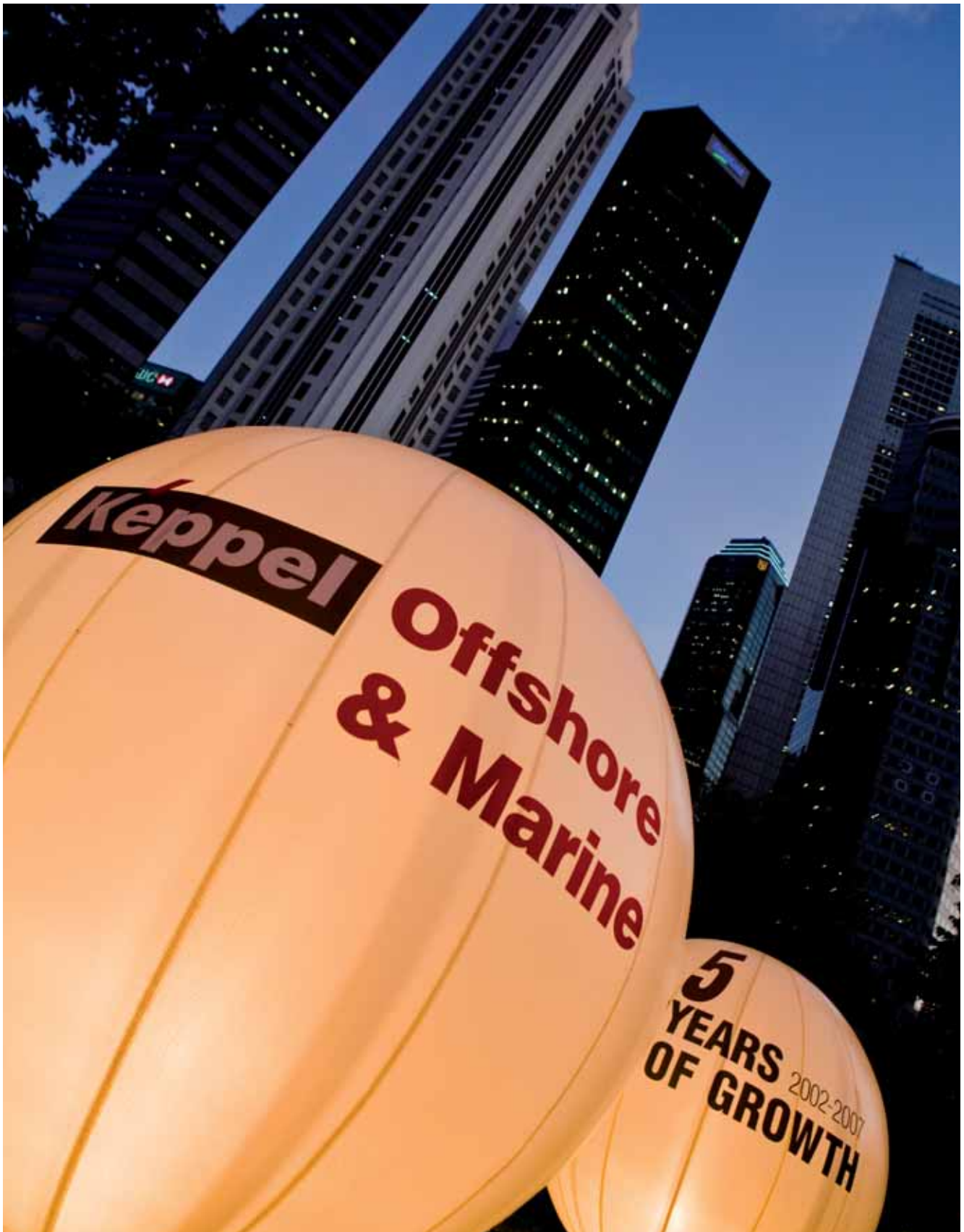
We also renewed our commitment to safety with a successful attempt to create the world's longest chain of safety helmets at the annual Keppel O&M Family Day event at Sentosa's Siloso Beach.

With the help of our employees, partners and subcontractors, a 5.8 km wall made of 18,000 safety helmets was erected with the safety message "Safety first! Our Yard, Our Home" emblazoned on it. This collaborative effort was topped off by Dr Ng Eng Hen, former Minister for Manpower and Second Minister for Defence, and honoured with titles in



“We have a results-driven workforce with a *Can Do!* spirit. Our commitment to uphold our core values has produced strong results that Keppelites worldwide can be proud of!”

**MR HOE ENG HOCK,
EXECUTIVE DIRECTOR, KEPPEL SINGMARINE**



Keppel O&M is poised to grow from strength to strength.



“We have established a strong reputation for our ability to execute quality projects on time, within budget and without incidents. We will continue to ensure that we maximise the efficiency of our operations to meet our customers’ needs.”

MR WONG KOK SENG
EXECUTIVE DIRECTOR (OPERATIONS), KEPPEL FELS

both the *Guinness World Records* and the *Singapore Book of Records*.

Our fifth anniversary culminated in a massive celebration on 3 December 2007 at the Asian Civilisations Museum, in the presence of over 400 Keppelites, partners, business associates and well-wishers.

Guest-of-Honour Mr George Yeo, Minister for Foreign Affairs, unveiled KOMtech and launched our commemorative book *More than Mettle: The Keppel Offshore & Marine Story*.

More than Mettle is a story of survival and resilience. It narrates our rapid growth in just five years to become a world leader in the key segments of the offshore and marine industry.

The book is a tribute to the *Can Do!* spirit and the strong bond and teamwork of our people who have enabled Keppel O&M and our predecessor companies to overcome tremendous challenges.

It is our hope that the book, along with our challenges and achievements in the last five years, will inspire our people to take the Company into the future.



Celebrating Keppel O&M's 5th anniversary, Mr George Yeo, Minister for Foreign Affairs, together with Keppel's senior management launched KOMtech as well as the book *More than Mettle: The Keppel Offshore & Marine Story*.

We seek to build a formidable workforce and to position ourselves as a choice employer.



Growing and developing a capable and committed workforce is essential to meet the needs of our operations worldwide. We are positioning ourselves as an employer of choice with a holistic approach towards recruiting, developing and motivating staff.

Since 2000, Keppel O&M has awarded more than 500 scholarships to tertiary students and staff. In 2007, we awarded a total of 91 scholarships in Singapore, 45 of which were granted to employees.

During the year, our global workforce expanded by about 11% to 27,000 people. In tandem with this rise, some \$17 million was invested on skills upgrading worldwide.

To further our talent development efforts, the Keppel O&M College was launched in November 2007. Through its wide spectrum of programmes, the College aims to groom employees with high potential to take on more senior positions in the Company.

SINGAPORE Attraction and recruitment

Keppel O&M has been a strong advocate of education and talent development in the offshore and marine sector. To this end, we have collaborated extensively with various professional bodies and institutions such as the Maritime and Port Authority of Singapore, Association of Singapore Marine Industries (ASMI), Singapore Maritime Foundation, as well as local universities and polytechnics to develop related training schemes.

Courses like the GAMP ensure that senior officers across the Group are trained in the latest strategic, financial and legal strategies to enhance their performance.

In 2007, we awarded a total of 46 scholarships locally to help propel aspiring students into the field.

Students of Ngee Ann Polytechnic and Singapore Polytechnic were awarded 15 Keppel O&M Diploma in Engineering Scholarships. Another 12 student bursaries were offered in association with ASMI.

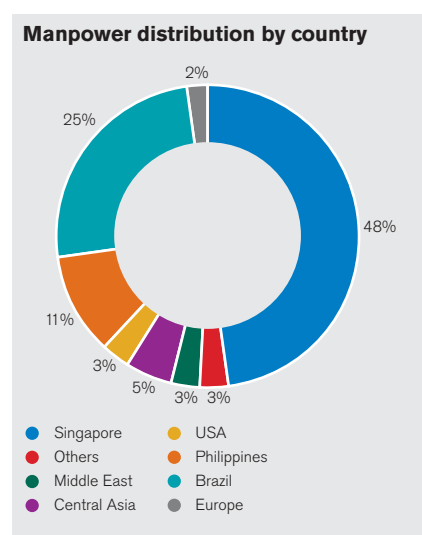
We also conferred four undergraduate scholarships for specialisations in Offshore Oil & Gas and Offshore Engineering.

\$70,000 was donated to establish three student endowment schemes at Nanyang Technological University (NTU).

To provide youths with added opportunities for job exposure, we took in a total of 163 student interns from various local and foreign educational institutes. Additionally, scholarships were offered to outstanding interns with good academic performance.

During the year, we participated actively in recruitment drives, career fairs and road shows in the polytechnics and at the National University of Singapore (NUS) and NTU. These provided good avenues to reach out to and recruit talented students into our fold.

Building on the University Outreach Programme launched in 2006 to attract quality engineering graduates, we conducted various recruitment talks and interviews at universities in Vietnam and China. Successful candidates were offered entry to the Management Trainee Scheme as well as scholarships for Master of Science degrees in Marine Technology.



Our sustained participation in the Super V Programme led by ASMI, the Workforce Development Agency and the National Trades Union Congress yielded good results. We recruited a total of 81 Singaporeans as yard supervisors since 2005.

To commemorate our fifth anniversary, *More than Mettle: The Keppel Offshore & Marine Story*, a book which chronicles the development of the Company was launched. The book is a valuable resource for students and professionals interested in the offshore and marine industry, and is available at bookshops and libraries.

Development

We embrace a systematic approach to groom employees to undertake greater roles and responsibilities. This includes encouraging job-rotations for key personnel across the Group's network of global yards to boost their overseas exposure and skills.

The Keppel O&M College, a key initiative of our Talent Development strategy, was

unveiled by Mr Choo Chiau Beng, Chairman and CEO of Keppel O&M in November 2007. Under the auspices of the College, the General Management Programme was launched to train local managers.

The College also introduced the Global Advanced Management Programme (GAMP) and Global Talent Management Symposium (GTMS) in the first quarter of 2008. GAMP is spearheaded with NTU's Nanyang Business School to develop the business and management skills and key competencies of our overseas managers as well as to create and motivate high performing teams. GTMS aims to rally and promote cross sharing amongst our global human resources teams, and to roll-out Keppel O&M's talent and succession management framework across the overseas yards.

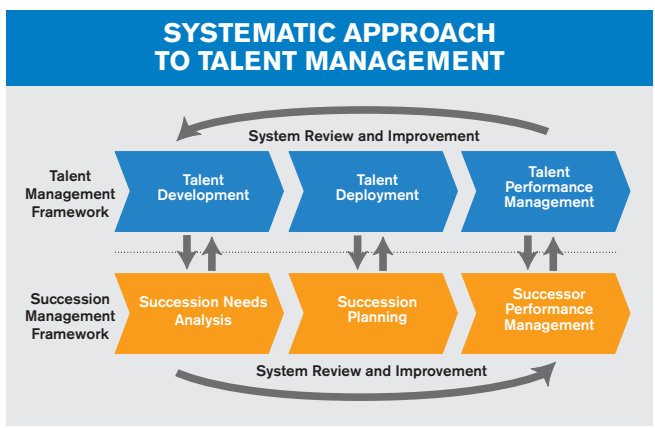
During the year, we have also groomed an in-house team of engineers and managers as champions for the Keppel Process Leader Training, the Keppel Specialist Development Programme and the Project Management Programme which was a collaboration with NUS.

We continued to sponsor outstanding employees for a variety of courses from specialised diplomas to graduate and postgraduate degrees in marine technology and engineering. Specialist training was also organised for our engineers who were involved in projects relating to Arctic technology.

Apart from academic curriculum, soft skills training in the areas of leadership, management, presentation and creative problem solving were also conducted with Outward Bound Singapore, NTU and NUS. Keppel O&M also fielded an



1. Michael Chia, Executive Director of Keppel FELS interacts with aspiring tertiary students on the possibilities of a career in the offshore and marine industry.
 2. The Keppel O&M College rallies the Group's global human resources teams to align policies and promote the sharing of best practices.



employee as a crew member of the *Uniquely Singapore* Clipper in the Clipper 07–08 Round-the-World Yacht Race.

More than 2000 supervisors, foremen and workers benefited from various training programmes in effective supervisory and planning skills, safety leadership, proper work co-ordination as well as the English language.

A total of 89 workers, supervisors and foremen took part in the part-time NITEC Programme offered to outstanding individuals. 26 supervisors and foremen were also bestowed the Certified Marine Supervisor Award by ASMI for their exceptional work performance.

Challenging employees to grow beyond their limitations – Keppel Ambassador Hizam Haiyon represented Keppel O&M in the Clipper 07–08 Round-the-World Yacht Race.

Retention

The turnover rate remained consistently below the national average for the past four years. During the year, a total of 257 employees from Keppel Shipyard, Keppel FELS and Keppel Singmarine received their Long Service Awards.

Notwithstanding this, the industry's tight employment situation calls for more creative schemes to retain staff.

In response, we adopted a performance-linked reward framework to recognise strong performers. We invested substantially in development and enrichment programmes for employees in addition to inter-departmental rotations and overseas postings. We also embarked on a scheme to retain employees aged 62 and above

who are contributing effectively. In the past five years, the Company rehired 115 retired employees.

Employee wellness

Employee wellness is a top priority at Keppel O&M. A series of health talks on cancer prevention and the importance of mental and physical well being were held at all Singapore yards. The National Kidney Foundation also conducted a free screening for workers at Keppel Shipyard.

Mini health bazaars were set up to offer employees healthy food alternatives at reasonable prices. Moreover, fruits were distributed throughout the year to promote healthy eating among employees.



ORGANISATIONAL CLIMATE SURVEY

Employees' voice

In 2007, we carried out our third annual Organisational Climate Survey designed to measure employees' concerns and identify areas for continuous improvement.

This year, in addition to Singaporean employees, we also obtained responses from Keppelites in Keppel FELS Offshore and Engineering Services Mumbai and Keppel FELS Engineering Shenzhen.

The overall response rate was 91.5%, an improvement of 15.7% from that of 2006.

This suggests that employees are taking a more active stake in the organisation's development, possibly due to the tangible improvements made as a result of their feedback in 2006.

Among the best scoring items on the 2007 survey included employees' pride in working for Keppel O&M, the opportunity to apply knowledge and skills in their work, the availability of personal protective equipment and a clear understanding of their job responsibilities.

With inputs culled through the annual survey, we will continue to review and propose improvements to current policies and programmes as we build the Company's position as an employer of choice in the offshore and marine industry.

Scope of survey

- Safety and environment
- Organisation culture and values
- Employee engagement
- Internal communication
- Attitude, motivation and morale
- Management-union relations
- Management-employee relations
- Management-general
- Work environment
- Training and development
- Recognition and job performance
- Human resource issues
- Health and work-life balance



The highly anticipated annual A.C.T.I.V.E. Day drew strong participation from all at Keppel O&M.



Keppelites showed their competitive spirit and camaraderie in the Jurong Island Dragon Boat Race.

The annual A.C.T.I.V.E. Day drew strong participation from all at Keppel O&M. In addition, employees also formed teams to take part in competitive dragon boating.

Industrial relations

Keppel has forged and sustained an amiable tripartite relationship with government bodies and unions through the years, anchored on mutual trust. With unrelenting support from the unions, management has been able to respond swiftly to market changes to attract, equip and retain workers.

In 2007, Management and the Union jointly conferred over 280 bursaries to employees and their children.

At the May Day Awards ceremony, both Keppel O&M management and staff were bestowed honours by NTUC for their exemplary attitude and efforts

to promote labour-relations. Mr Choo Chiau Beng, Chairman & CEO of Keppel O&M was awarded the Gold Medal of Commendation. Three employees were also recognised with the Model Workers' Award for their outstanding performance and self-upgrading efforts.

OVERSEAS

In our overseas yards, Keppel's Apprenticeship Scheme has been affirmed with good results. The programmes were created both to train new recruits for the various trades required in the offshore and marine industry and to enhance employability for the local community.

Apart from the Apprenticeship Scheme, Keppel AmFELS also contributed US\$60,000 to the Keppel AmFELS/ Brownsville Community Foundation Endowment Scholarship Fund among other bursaries for students to pursue

engineering and science degrees at the University of Texas at Brownsville.

A five-member offshore drilling consortium, of which Keppel AmFELS is a part, obtained a grant of US\$733,000 from the Skills Development Fund of the Texas Workforce Commission to offer training in welding, drafting, computer skills, blueprint reading and safety.

In Brazil, 39 apprentices trained in welding and piping under the Apprentice Scheme graduated and were employed by Keppel FELS Brasil. Together with customer Petrobras, Keppel FELS Brasil embarked on an accident-free campaign where new employees were inducted on Health, Safety and Environment best practices, and programmes such as fire fighting, flu vaccination and rescue simulations were carried out.

In the Philippines, our yards awarded six undergraduate scholarships to students pursuing courses in naval architecture as well as marine and mechanical engineering.

Meanwhile, Keppel Cebu continued to train high school graduates on skills in welding, cutting and fitting works.

During the year, Keppel Cebu also conducted a series of talks on hypertension and family planning to reinforce the message of healthy living to employees.

In 2007, Keppel Kazakhstan sent 11 individuals to Singapore for training. These included five university graduates on Keppel FELS's Management Trainee Scheme, and seven employees who underwent panel line system training. Meanwhile, Caspian Shipyard Company continued to train its workers to undertake more sophisticated offshore work.

Our core values are the bedrock of our commitment and collective strength to deliver on our promises.



From the Philippines to Brazil, Keppelites are connected through their shared core values.



Keppel O&M is a multinational organisation with a total workforce of 27,000 people, hailing from more than 40 nations, and speaking some 100 languages and dialects.

Anchored by a common set of values and attitudes, employees experience a heightened sense of belonging and *esprit de corps*.

One of our major challenges is aligning our global operations to produce the same high standards of timely, within budget and incident-free deliveries, consistent with the Keppel brand. We have to communicate and motivate our workforce to embrace a common set of core values that can drive such results.

VISUALISING OUR CORE VALUES

The core values were first introduced in 2003, and have been part of the corporate fabric for many years, driving our success. In November 2006, they took on a new appearance in the form of eight hand icons.

"Hands" are international symbols of harmony, productivity, unity and strength. Thus, the images of hands at work used to depict Keppel O&M's core values are apt, and can be accurately interpreted regardless of creed and culture. Moreover, manual and specialised manpower are the foundation of the Group's businesses, making "Hands" visually and psychologically important symbols.

The slogan "Strong Values, Strong Results" was coined to reinforce the messages of the icons.

ALIGNING OUR GLOBAL OPERATIONS

Good business and interpersonal relationships are crucial to our success. The icons convey the messages of the core values in a tangible way that employees worldwide can relate to and internalise.

The icons were introduced to our global offices with the aid of an Overseas Roll Out Implementation Kit and supporting team-building workshops. The results were encouraging; our employees in China, India, Bintan (Indonesia) and the Philippines reported strong buy-in and a heightened sense of belonging and *esprit de corps*.

The implementation of the core values icons was especially significant to the overseas offices that were undergoing

organisational changes. For instance, since Keppel FELS Mumbai's incorporation in 2005, it has seen a four-fold increase in projects and staff strength. The core values icons aided the integration of existing and new staff under a unified corporate culture, driven by a strong value system.

In Subic Shipyard in the Philippines, the messages were strongly endorsed by the heads of department who led the employees in modelling the hand gestures that represent each core value.

The core values icons were also introduced to associate companies of the Group. Through this exercise, joint venture companies such as Bintan Offshore in Indonesia, which is staffed by employees from Keppel O&M and our partners, were able to embrace our *Can Do!* spirit and passion to deliver.





Our vision to be the preferred solutions provider is what drives us to constantly innovate and adapt to meet customer needs.



Technology and Innovation

Technology advances have always been infused in our operations and products.

Innovation is vital to our ability to deliver better products and services in a competitive market. Our commitment to invest long term in the research, design and development of products and processes will enable us to address the changing needs of the offshore and marine industry.

The launch of the Keppel Offshore & Marine Technology Centre (KOMtech) in 2007 puts us in pole position to increase our research and development (R&D) capabilities and maintain the lead in our niche market areas.

In addition, we also leverage our global network to collaborate with business partners, academia and research institutions to develop new products and processes.

We are already the leader in the design and construction of drilling rigs. Our track record in the construction of deepwater production rigs, particularly in recent years, has strengthened our value propositions to operators.

As we pursue more deepwater product projects, we will build up a wider range of proprietary deepwater production solutions in concert with FloaTEC, our joint venture with J Ray McDermott.

Proprietary products such as the DSS™ 21 semi are the result of extensive R&D by DTG.

KEPPEL OFFSHORE & MARINE TECHNOLOGY CENTRE (KOMtech)

KOMtech was established early last year and officially launched on 3 December 2007. It underscores our commitment to enhance investments in long-term research. It started with an initial funding of \$150 million over five years.

KOMtech will complement and augment the work of the three technology units currently within Keppel O&M – Offshore Technology Development (OTD), which focuses on jackup rigs, rig components and critical equipment; Deepwater Technology Group (DTG), which specialises in semisubmersibles (semis) and other floating structures; and Marine Technology Development (MTD),

in specialised Offshore Support Vessels (OSV) and tugboats.

The Centre will research on areas that are presently not covered by the technology units, such as new technologies that will have long-term business impact. These will include design and development of rigs for the Arctic regions, subsea productions, critical equipment and miniaturisation of topsides.

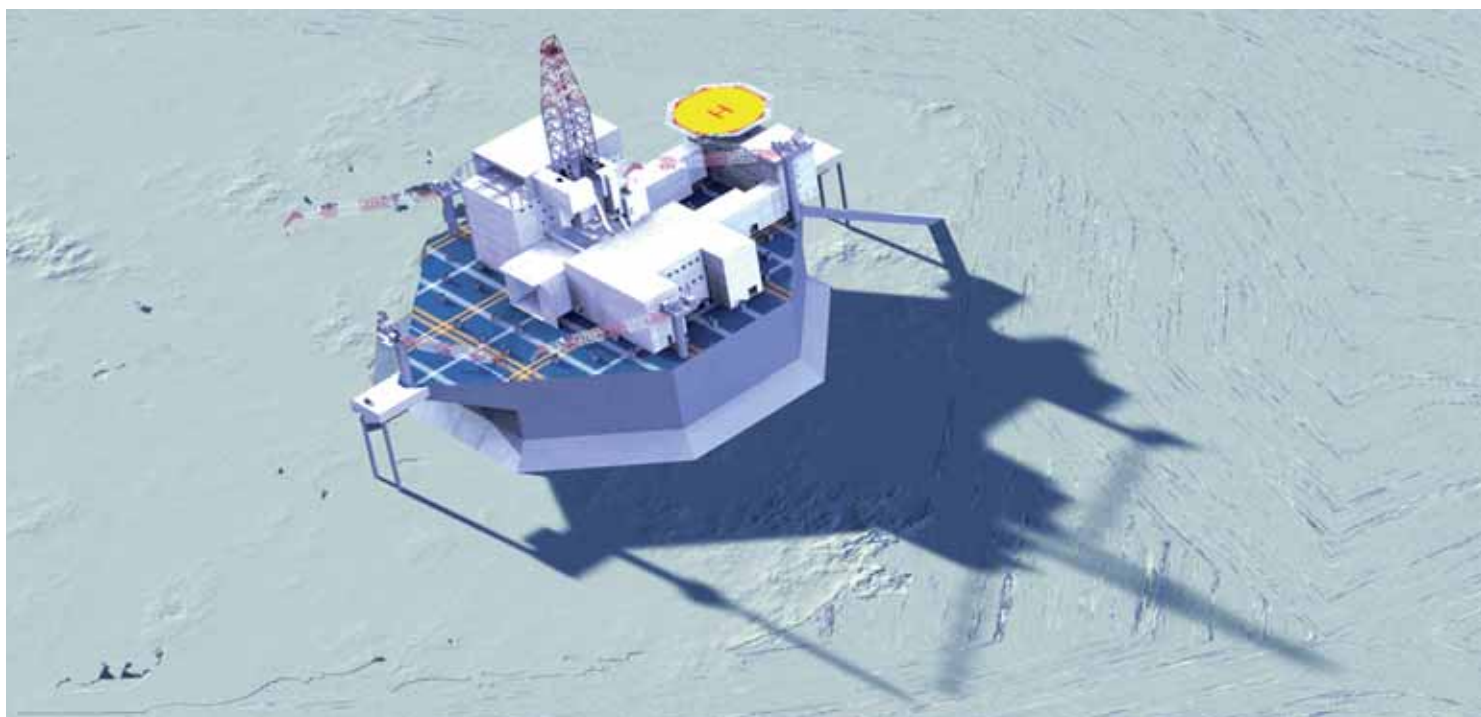
KOMtech will work closely with tertiary institutions in Singapore and abroad such as the National University of Singapore (NUS), Nanyang Technological University, University of Western Australia and Oxford University to tap the expertise of these centres of excellence.

It will also collaborate with Keppel O&M (USA), based in Houston, to strengthen its technology foresight capabilities, which is essential to KOMtech as it pursues technologies that could address future needs of drilling companies and operators.

Currently, developing competency is the top priority for the Centre. These competencies range from technologies that can enhance existing rig solutions to those that have the potential to disrupt the Group's existing businesses.

The staff strength of the Centre will be increased to around 100 highly qualified researchers, of whom 20% will comprise personnel seconded from various operation and engineering

KOMtech will bolster Keppel O&M's competitive edge by providing leading-edge technology.



departments for a couple of years. This allows for the injection of new ideas, fresh perspectives and customer requirements. The seconded personnel will also acquire new knowledge.

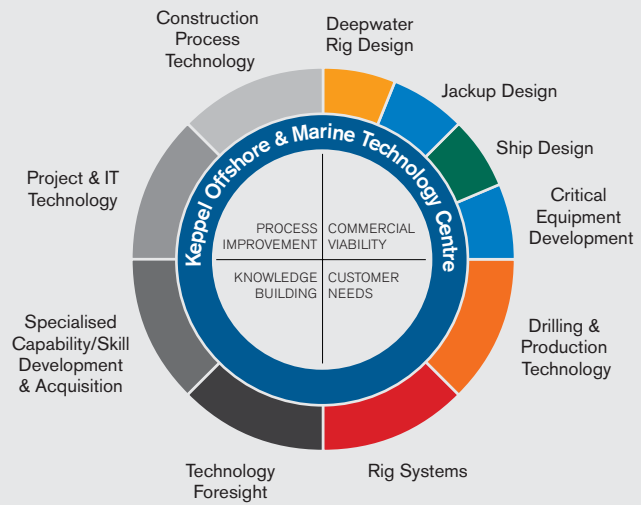
STRATEGY FOR TECHNOLOGY DEVELOPMENT

The launch of KOMtech has bolstered Keppel O&M's technology strategy, geared to enable Keppel O&M to provide reliable and affordable solutions. The strategy focuses on four inter-related aspects:

- **Commercial viability** – Providing our shipyards with competitive edge by offering proprietary designs of rigs and ships that have been identified to have commercial potential.
- **Customer needs** – Adapting, customising and optimising our designs to meet customer requirements.

KEPPEL OFFSHORE & MARINE TECHNOLOGY STRATEGY

We believe that our strategy provides a balanced approach towards technological leadership that will sustain us in the long run.



KEPPEL DTG – MSC DSS™ 20NS DP3 DESIGN

Deck size:	63.5 m x 64.5 m
Pontoon length:	90 m
Pontoon breadth:	14 m
Column:	12.5 m (length) x 14 m (breadth)
Operation draft:	18 m
Displacement:	29,180 MT
Total payload:	5,120 mt
Accommodation:	440 men
Thruster:	FPP with 6 X 3,200 kW



- **Knowledge building** – Developing and acquiring knowledge through technology foresight and market feedback.
- **Process improvement** – Improving our business processes through innovation and efficient use of materials.

ACCOMMODATION SOLUTIONS FOR HARSH WATERS

The need for high-specification accommodation semis, also known as floatels, to support Exploration and Production (E&P) work in the North Sea deepwater region

KEPPEL DTG – ESEMI RIG DESIGN

Deck size:	190 ft x 190 ft / 207 ft x 207 ft
Displacement:	168,888.5 kips / 177,189.6 kips
Topside weight:	35,437.1 kips / 40,475.1 kips
Maximum water depth:	4,300 ft / 8,000 ft
Accommodation:	120 men

gave DTG and its partner, Marine Structure Consultants, the opening to develop a harsh-environment semi design, an improvement over its first accommodation semi design created in 2005 for CONSAFE.

The innovative DSS™ 20NS Dynamic Positioning 3 (DP3) design is a combination of the tried-and-tested DSS™ 20 semi drilling rig design and the SSAU™ 3600 accommodation semi. A key feature of this design is the DP3 capability, which results in a unit that is safer, environment-friendly, more optimal and highly reliable.

Floatel International (Floatel) accepted this design and has contracted Keppel FELS to build one such rig that can house 440 men. When completed in 2010, it will be the first DP3 floatel. Floatel has since ordered a similar accommodation semi that has living quarters for 500 men. The six-column unit is cost effective and capable of operating alongside fixed platforms, with a fully redundant Dynamic Positioning System, high crane capacity and fire fighting capabilities.

TRAVERSING DRILLING AND PRODUCTION OPERATIONS

On top of its robust features to operate in extreme weather conditions, the main characteristic of the three KFELS N Class jackup rigs is its innovative transverse skidding system.

The system gives the operator the versatility to operate the rig in both “drilling” and “drilling and production” modes. The skidding system uses hydraulic cylinders located on the main deck and skidding beams integrated onto the cantilevered lower deck.

This feature is potentially a winner in marginal fields. The operator has the flexibility of deploying the unit first for drilling purposes and then switch to production. Capable of operating in water depths of up to 430 ft and drilling depths of down to 35,000 ft, this huge rig has features to readily accept process modules for production activities.

EXTENDING OUR DEPTH WITH THE EXTENDABLE DRAFT SEMI

E&P in the deep and ultra-deep water regions of the Gulf of Mexico, Offshore Brazil and Offshore West Africa requires more rigorous floating rigs.

DTG has developed a new drilling rig design called the Extendable Draft Semi or ESEMI, which is ideally suited for operation in areas with great water depths in excess of 5,000 ft. This floater is a cost-efficient alternative to the Spar which is the current concept available in the market.

The ESEMI II is a Semi Floating Production System installed with Top Tension Risers and Steel Catenary



The KFELS Super B Class rig is equipped with cantilever skid-off capabilities.

Risers intended for the Gulf of Mexico's environmental conditions.

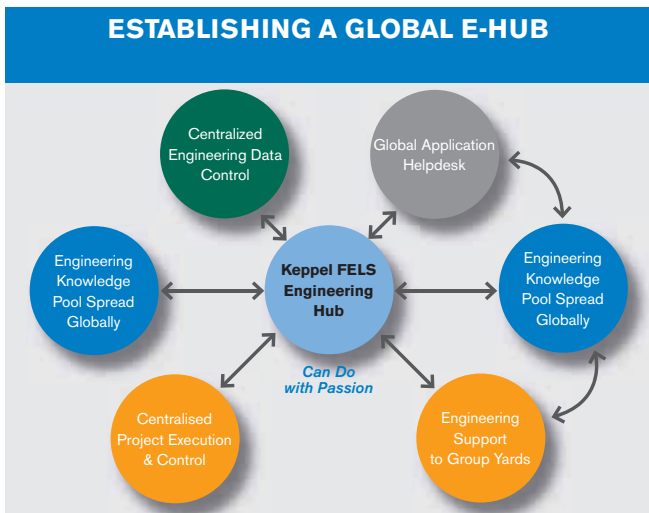
TUGGING AT TECHNOLOGY

With the introduction of new rules and regulations by International Maritime Organization and Classification Societies, there is a need for a new design approach to specialised ships.

MTD has been developing new propulsion concepts like the all-diesel electric marine

propulsion and hybrid-diesel electric marine propulsion, beyond the conventional-diesel mechanical marine propulsion.

In addition, it is collaborating with other research institutes and model testing facilities for the development of a high-thrust propeller-nozzle. It expects such propeller-nozzles to be used in Anchor Handling Tug/Supply (AHTS) vessels and tugs.



The MTD70130A-X design has achieved superior performance in speed and bollard pull, as well as exceptional manoeuvring and sea-keeping characteristics. Six such AHTS vessels were ordered by GulfMark Offshore.

Drawings are automatically extracted after engineers have reviewed and made changes. This enhances design accuracy, speeds up communications and prevents expensive revisions. Drawings can also be worked on round-the-clock by the engineering centres in different time zones. Lessons learnt can also be shared by its global workforce almost instantaneously.

KEPPEL O&M GLOBAL ENGINEERING HUB

With the expansion of Keppel O&M's global operations, language, time and cultural differences are not the only challenges. It is vital that accurate technical drawings by our engineers from our various engineering centres promptly get into the hands of our yard personnel anywhere in the world.

To achieve this, our engineering and IT divisions integrated advanced 3D design tools with a Web-based collaboration and data management solution. This is the first time an offshore and marine group is implementing such a system. This state-of-the-art "Smartmarine 3D" technology empowers engineers in Singapore to review engineering designs and drawings carried out by the Mumbai office.

INSAFE JOINT INDUSTRY PROJECT

For the first time in the offshore industry, we set up a collaborative research project in which corporations in the entire jackup value chain are working and sharing data with one another.

Their aim is to improve the existing guidelines and codes for jackup foundations. The importance of this subject

has encouraged OTD to promote a joint industry initiative in the last few years.

In 2007, KOMtech and OTD successfully garnered the support of more than 20 partners, including major oil companies, drilling contractors, shipyards, designers, classifications and universities, to co-operate and fund the project.

Called the “Improved guidelines for the prediction of geotechnical performance of spudcan foundations during installation and removal of jackup units” or InSafeJIP for short, the programme is managed by RPS Energy.

A kick-off meeting was held through a video conference attended by experts from the leading academic institutions and the InSafeJIP participants on 28 January 2008.

The InSafeJIP aims to improve the reliability of foundation bearing capacity prediction for use in assessing jackup foundation performance. It will be achieved by reviewing and calibrating state-of-the-art geotechnical predictive methods which have been established from recent research and development in the offshore geotechnics area.

The outcome of the programme is expected to form an industry guideline for geotechnical site assessments, which will help to enhance safety and reliability of jackup operations.

ENHANCING THE INDUSTRY IMAGE

Keppel O&M actively participates in industry forums and conferences. This not only keeps us abreast of latest technology and innovation, but also allows us to influence industry trends and contribute to the development of the offshore and marine industry.



The InSafeJIP project is the first collaborative research project to bring together companies in the entire jackup value chain to improve guidelines and codes for jackup foundations.

In 2007, we supported the following events:

- The 21st Chua Chor Teck Memorial Lecture was delivered by Mr Chris Horrocks on 24 January 2007. Mr Horrocks, former Secretary General of the International Chamber of Shipping and International Shipping Federation, spoke on “Raising the Profile of the Shipping Industry”.
- Keppel O&M participated in the launch of Offshore Technology Programme on 22 March 2008 at NUS University Hall. Keppel O&M also signed a bilateral agreement with the Centre of Offshore & Research Engineering of NUS.
- In June 2007, Keppel O&M and NUS appointed Prof Andrew Palmer to succeed Prof Torgeir Moan as the Keppel Chair Professor at NUS. Prof Palmer’s appointment is on a full-time basis. He will receive funds from the Keppel Professorship for his research in offshore pipelines, offshore engineering, geotechnics and ice.
- The 5th Keppel Lecture was delivered by Prof Palmer on 6 June 2007. He spoke on “Arctic Offshore Structures, Ice Engineering and Ice Mechanics”.
- The Semisubmersible / Floaters Asia 2007 conference took place from 11–12 September 2007. Organised by Petromin and DTG, together with ENSCO and Siemens, the conference saw a very high quality presentation by a broad segment of the industry ranging from design houses, classification societies, Floating Production Storage Offloading operators to academia, model test basins and subsea pipelines specialists.
- OSV Singapore 2007 was held in Singapore on 24–25 September 2007. Organised by the joint branch of RINA and IMarEST (Singapore) and sponsored by Keppel Singmarine, the conference was a very productive exchange of ideas and networking among the participants.



1



AKKU 2

2

3



KST Super

4



HA-KU-S

5



Raissa



West Atlas



6



Sea Cheyenne

7

8

9

10

11

12

13



Magnolia



West Berani



P-52



FPSO Polvo



Asian Hercules II



Ocean Endeavor



Safe Concordia



Keppel O&M has a comprehensive package of value-added design and engineering solutions. Our quality solutions to customers are enhanced by proprietary technology and vital engineering expertise.

1 SUBMERSIBLE (<30 FT)

- The entire mobile unit sits on the seabed during operation
- Designs: SBN1000N, SB2000I-C
 - Posted drilling barges: *Yani Rig 104* (2003), *Raissa* (2003)

2 TRANSPORTATION BARGE

- A flat-bottomed boat structure used to transport heavy products
 - Latest deliveries: *AKKU 1* (2007), *AKKU 2* (2007), *LASHIN 1* (2007), *LASHIN 2* (2007)

3 HARBOUR TUG

- A small powerful boat assisting ships in docking, tying up to the piers, and for departure
 - Latest deliveries: *KST Super* (2008), *KST Safe* (2008), *KST Sunrise* (2008), *KST Sphere* (2008), *KST Libra* (2007)

4 JACKUP (UP TO 500 FT)

- Self-elevating mobile drilling unit that stands on its legs on the seabed during operation
- KFELS MOD VI design for North Sea
 - Completed projects: *Galaxy I* (1991), *Galaxy II* (1998), *Galaxy III* (1999)
- KFELS A Class for harsh environment like the North Sea.
 - Latest delivery: *ENSCO 102* (2002)
 - 6 units in operation for the KFELS MOD VI and A Class
- KFELS B Class for worldwide operation
 - 19 units in operation
 - Latest deliveries: *WilBoss* (2008), *Al-Zubarah* (2008), *West Atlas* (2007), *West Prospero* (2007)
- KFELS Super B Class
 - Latest deliveries: *Deep Driller 2* (2006), *Deep Driller 3* (2006), *Deep Driller 5* (2007)
- KFELS N Class
 - Under construction: Three KFELS N Class rigs (2010)

5 FIXED PLATFORM (100 – 1,300 FT)

- Accommodation platforms
 - Latest deliveries: *HA-KU-M* and *HA-KU-S* platforms (2007)

6 FLOATING PRODUCTION STORAGE AND OFFLOADING FACILITY (>4,000 FT)

- Ship-shape production facility
- Floater, yields to wind and currents of the sea
- *Saga Varg* (1998), built by Keppel FELS
- More than 70 FPSO and FSO units converted and repaired by Keppel Shipyard

- Latest deliveries: *FPSO Ngujima Yin* (2008), *FPSO Armada Perkasa* (2008), *P-53* (2007), *FPSO Mondo* (2007), *FPSO Polvo* (2007), *Umuroa* (2007)

7 ANCHOR HANDLING TUG/SUPPLY VESSEL

- Offshore support vessel
- Emergency stand-by / rescue and oil recovery vessel
- Off-Ship fire fighting
 - Latest deliveries: *Smit Lumut* (2008), *Sea Apache* (2008), *M.V. VZMORYE* (2007), *Sea Cheyenne* (2007)

8 ASIAN HERCULES II (3,200 TONNES)

- One of the world's largest floating sheerleg cranes

9 EXTENDED TENSION LEG PLATFORM (UP TO 6,000 FT)

- Platform that uses tendons to firmly anchor it to seafloor
 - Units in operation: *Magnolia* and *Kizomba A*

10 SEMISUBMERSIBLE DRILLING RIG (UP TO 10,000 FT)

- Consists of two longitudinal lower hulls called pontoons, and operating upper deck is above water
- Floater, yields to wind and currents of the sea
- Designs: DSS™ 20, DSS™ 21, DSS™ 38, DSS™ 51
 - Latest delivery: *Mærsk Explorer* (2003)
 - Under construction: Nine units

11 SEMI-DRILLING TENDER (UP TO 8,000 FT)

- Operates with a TLP/Spar/Fixed Platform
- Consists of two longitudinal lower hulls called pontoons, and operating upper deck is above water
- Floater, yields to wind and currents of the sea
- Designs: KFELS SSDT™ 800, KFELS SSDT™ 3000, KFELS SSDT™ 3600
 - Latest deliveries: *West Setia* (2005), *West Berani* (2006)
 - Under construction: *West Berani II* (2009)

SEMI-ACCOMMODATION PLATFORM (UP TO 8,000 FT) (DYNAMICALLY POSITIONED)

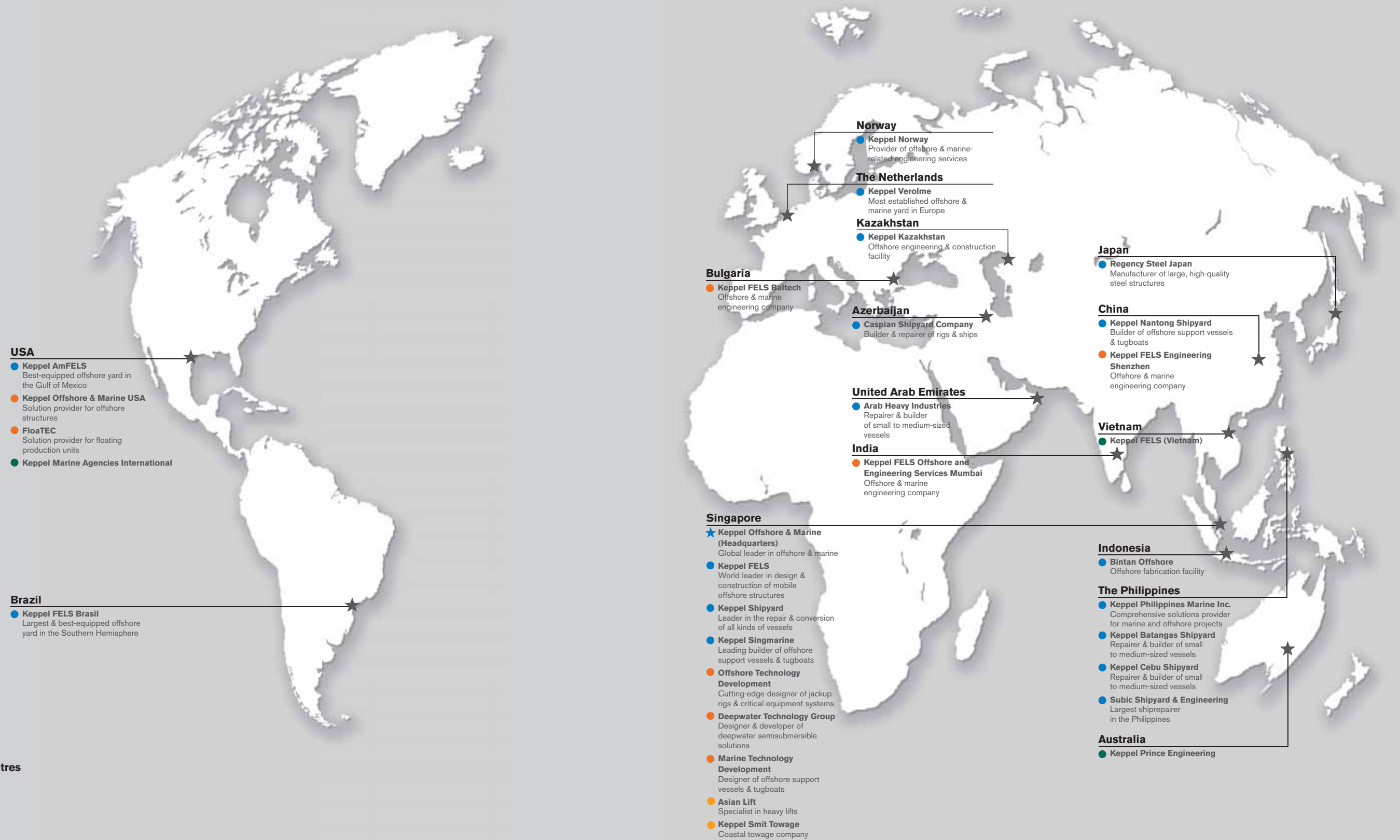
- Design: KFELS SSAU™ 3600
 - Latest delivery: *Safe Concordia* (2005)
 - Under construction: Two accommodation semis for Floatel International

12 SEMISUBMERSIBLE FPU (UP TO 10,000 FT)

- Latest design: DeepDraft Semi
 - Completed projects: *P-18* (1993), *P-27* (1998), *P-52* (2007)
 - Under construction: *P-51* and *P-56*

13 SPAR (UP TO 8,000 FT)

- Large cylinder supporting a typical rig platform, among the largest offshore structures. Uses cables and chains to anchor rig to seafloor



We continue to entrench our stalwart position in the global market with sound strategies and a strong commitment to safety.



2007 marked a significant year for all the business units of Keppel O&M which have posted steady growth and strong orderbooks amidst a buoyant yet competitive global market.

OFFSHORE

Keppel FELS

During the year, Keppel FELS had over 30 projects taking place concurrently in the yard. In addition, it secured seven newbuilding contracts for the year.

Keppel FELS is reaping the rewards of its investment in research and development (R&D) and product development. The yard secured contracts for its proven designs: a KFELS B Class drilling jackup for PetroVietnam Drilling (PV Drilling), an SSDT™ 3600E drilling tender for Seadrill, and a DSS™ 21 drilling semisubmersible (semi) for Mærsk Contractors. With the launch of a new production jackup that can undertake drilling and production activities concurrently, the company received three new orders from Skeie Drilling and Production (Skeie). Its new generation floatel rig design, DSS™ 20NS, has also helped Keppel FELS to clinch an order from Floatel International (Floatel). Both Skeie and Floatel are new clients from Norway.

The KFELS N Class rigs and DSS™ 20NS further strengthened the company's position in the North Sea market. Both designs will operate in full compliance to Norwegian North Sea Regulations. In particular, the new floatel, co-developed by Keppel's R&D arm, Deepwater Technology Group and Marine Structure Consultants, will be the industry's first for the North Sea in more than 20 years. It will also present an industry breakthrough as the first floatel to be equipped with



1. The successful upgrading of *Sedco 702* is testament to the offshore expertise of Keppel FELS.
2. *Deep Driller 5* is the third KFELS Super B Class rig delivered to Sinvest, a subsidiary of Aban, on time and within budget.

Dynamic Positioning 3 capabilities, yielding a safer, more environment-friendly and more optimal and reliable unit. Floatel followed up with another order for the SSAU™ 3600 accommodation semi in the latter half of the year.

Through these contracts, Keppel FELS has demonstrated its versatility to offer a variety of products to suit diverse offshore environments worldwide. Consequently, satisfied customers have also reaffirmed their confidence in the yard's proven ability to deliver quality projects on time by placing repeat orders. With these latest orders, Skeie has ordered a total of three KFELS N Class rigs, PV Drilling their second jackup and

Mærsk Contractors their third semi, in addition to four jackups ordered previously. Keppel FELS will also be building a sixth tender drilling rig for Seadrill.

Keppel FELS wrapped up 2007 with on-time, within-budget deliveries of five newbuild jackups, all of which are of its proprietary designs. All four KFELS B Class jackups were successfully delivered ahead of their respective schedules. In particular, *PV Drilling 1*, Vietnam's first fully-owned rig, was delivered two months ahead of schedule. A third Super B Class jackup, *Deep Driller 5*, was also delivered on time to Aban.



On the repair and conversion front, the yard continued work on major projects, namely Diamond Offshore's *Ocean Monarch*, Transocean's *Sedco 706* and *Trident XV*; while completing repair and upgrading works on *Sedco 702*, *ENSCO 104* and Seadrill's *West Larissa*. Keppel FELS' team of specialists also attended to urgent on-location repairs in the neighbouring regions of Malaysia, Indonesia and Vietnam.

In recognition of the yard's commitment towards safety, Keppel FELS was presented with safety awards from Mærsk Contractors, Seadrill, PV Drilling, Aban, Gulf Drilling International, Awilco, Transocean and Jindal, among others. For the year in total, nine projects achieved more than two million man-hours each without any lost-time incidents (LTI) and four projects clocked one million man-hours without LTI.

Despite the yard's heavy workload, Keppel FELS has stayed on track with timely deliveries and new innovations.

In 2008, the company is expected to sustain its positive performance underpinned by the yard's dedication and commitment to deliver on its promises.

Keppel AmFELS

Keppel AmFELS posted a revenue growth of 27% over 2006. This was mainly due to the increased number of new construction projects notwithstanding the reduction in repair activities.

The company successfully delivered two newbuilds and seven repair projects in 2007. Five contracts were secured, comprising one jackup for repeat customer Perforadora Central S.A de C. V. and four jackup contracts for first-time customer Rowan Drilling Companies.

2008 is expected to be another busy year with ongoing projects including a sludge vessel for New York City; a KFELS Super B Class jackup, *Ocean Scepter* for Diamond Offshore; three jackup rigs, *Offshore Resolute*, *Offshore Vigilant* and *Offshore Intrepid* for

Scorpion Offshore; and a jackup rig *Atwood Aurora* for Atwood Oceanics. The company is also concurrently performing repairs on a semi, *Ocean Yorktown* for Diamond Offshore.

Keppel FELS Brasil

Keppel FELS Brasil achieved several milestones in 2007. The *P-52* project sailed to the Roncador field in October 2007, achieved first oil in November and subsequently realised a 45,000-barrel per day (bopd) oil production in the first week of December 2007. With the delivery of the *P-52*, Keppel O&M's projects for Petrobras have contributed at production capacity, 990,000 bopd. This represents over 50% of Brazil's current production rate of 1.8 million bopd.

The *P-51* project construction progressed as planned with modules hook-up and integration carried out in August 2007. Prodep of Petrobras bestowed Keppel FELS Brasil an award for "Excellence in Management" in December 2007. This was the third consecutive year that *P-51* had



2



3

won this prestigious award. A sulphate removal module was also delivered to Veolia in June 2007 while the main steel construction for SBM CALM Buoys was completed in December 2007.

New orders secured in 2007 included a pipelaying derrick barge for Petrobras, repair work on Diamond Offshore's *Ocean Whittington* and a US\$1.2 billion contract for Petrobras' *P-56* Floating Production Unit (FPU).

Petrobras announced it would be spending US\$65.1 billion on Exploration and Production (E&P) activities from 2008 to 2012. Much of the focus would be on Campos Basin and Santos Basin. With the focus of Brazilian content being top of the government's policy, Keppel FELS Brasil is poised to meet Petrobras' demand for additional floaters and jackups in the coming years.

Keppel Verolme

Keppel Verolme's revenue grew by 61% in 2007, with contributions made mostly by the offshore division.

In 2007, the company continued to strengthen its relationships with long-term customers which helped to garner projects to outfit two cylindrical Floating Production Storage and Offloading (FPSO) facilities, namely *Sevan Hummingbird* and *Sevan Voyageur* for Sevan Production. Additional new orders include the construction of a Mobile Offshore Application Barge and maintenance work on the semi crane and pipelaying vessel *Saipem 7000*.

1. The two-month early delivery of *PV Drilling 1* has seen PV Drilling return to Keppel FELS with two repeat orders.
2. Keppel AmFELS delivered *Offshore Courageous*, first in a series of five premium jackup drilling rigs, to Scorpion Offshore on time and within budget.
3. With the on-track construction of the first semi, *ENSCO 8500*, Keppel and ENSCO further strengthen their partnership with a fourth semi order.





During the year, Keppel Verolme delivered the world's first cylindrical FPSO, *Sevan Piranema*. The second cylindrical FPSO, *Sevan Hummingbird*, was also delivered on schedule.

In 2008, the company expects to complete work on *Sevan Voyageur* and *Saipem 7000*. Meanwhile, construction of the concrete decommissioning vessel for MPU Offshore Lift of Norway is progressing as planned.

Further afield, exploration on the Norwegian Continental Shelf is expected to lead to an increase in demand for production and accommodation platforms in the next few years. Remotely located reserves will also require larger and more complex units. Keppel Verolme, with its comprehensive facilities, is well positioned to respond to these needs and is expected to be kept busy.

Caspian Shipyard Company

For much of 2007, Caspian Shipyard Company (Caspian Shipyard) continued to be involved in the fabrication of piperacks for Agip KCO. Other works included the installation of Fish-Protection devices for the semi *Mærsk Explorer* and the re-instatement of the wheelhouse on a Platform Supply Vessel (PSV) for BUE,

who has awarded Caspian Shipyard further contracts for the construction of cutting barges.

With the Kashagan Field development expected to be back on track and Shah Deniz discovering more oil and gas reserves, fabrication activities in the Caspian Sea region is set to pick up. Caspian Shipyard's current yard facility is being fully utilised and in order to grow, the company has started leveraging a part of SOCAR's Zyk Yard for the fabrication of the cutting barges. Plans are underway to expand Caspian Shipyard's yard to harness new opportunities, as it continues to work with Keppel Kazakhstan, Keppel FELS and Keppel Singmarine to meet market demand in the Caspian Sea region.

Keppel Kazakhstan

Keppel Kazakhstan won additional contracts from Agip KCO in 2007. All these projects were intended for deployment in the Kashagan Field in the Northern Caspian Sea. These contracts included the construction of piperacks, a pontoon and transportation barges. The pontoon was delivered ahead of schedule while construction for the rest is expected to be completed in the next 24 months.

To meet growing demand from the Caspian Sea region, expansion plans are underway. In 2008, new workshops and gantry cranes will be set up. Keppel Kazakhstan will continue to work in synergy with Caspian Shipyard to offer a cluster of solutions for customers in the Caspian Sea region.

1. Resources of sister yards in the Keppel O&M Group were tapped in the fast-track conversion of *Blackford Dolphin* with the installation of its derrick in Keppel Verolme.
2. As Keppel FELS Brasil delivers *P-52* (far end), it is also on track in the construction of *P-51* (foreground).
3. Director of Exploration and Production of Petrobras, Mr Guilherme Estrella, was present to witness *P-52* strike first oil.

NEW ORDERS

In 2007, we secured \$7.4 billion worth of new orders, breaking the record set last year. Expected deliveries will stretch into 2011.

February

KFELS: Repeat order of a KFELS N Class jackup rig from Skeie.

April

KS: Repair and conversion of *M/T Navarin*, into a Gas FPSO unit for Prosafe Production Services.

KFB: Repairs and upgrade of *BGL 1*, a 122-metre derrick-lay barge for Petrobras.

KV: Outfitting project for Sevan's second FPSO unit, *Sevan Hummingbird*.

KSM: Repeat AHT order for Seaways International.

KFELS: 440-men North Sea accommodation semi for Floatel.

KS: Tenth contract since 2000 from SBM, for the conversion of *FPSO Espirito Santo*.

KS: Conversion of a 127,533 MT shuttle tanker into *LEWEK FPSO 1* for Emas Offshore Construction and Production, a subsidiary of Ezra Holdings.

KN: Three 65-tbp twin-screw ASD tugboats for Keppel Smit Towage.

KPMI: Two units of 45-tbp tugboats for Keppel Smit Towage.

May

KFELS: Repeat order from PV Drilling to build another jackup drilling rig.

June

KFELS: Fourth order for an ultra-deepwater ENSCO 8500 series semi from ENSCO.

KFELS: Third KFELS N Class jackup rig for Skeie.

KFELS: An SSDT™ 3600E for repeat customer Seadrill.

July

KS: Installation of equipment packages on a new drillship for Frontier Drilling.

KSM: Derrick pipelay vessel for Global Offshore International.

KSM: Two PSVs for Greatship.

KSM: Repeat order from LUKOIL-Kaliningradmorneft for two Ice-Class multi-purpose standby and rescue vessels for the Caspian Sea.

August

KSM: Secured contracts for two additional PSVs for Greatship.

Keppel AmFELS: Received a contract from Diamond Offshore to modify and extend the life of the semi, *Ocean Yorktown*.

Keppel AmFELS: Secured order for Mexican company Perforadora Central SA de CV to build a jackup rig.

September

KS: Secured a FPSO conversion contract by Prosafe Production.

KS: FSO conversion for repeat customer, Perenco.

October

KN: Three contracts worth a total of \$110 million to build eight tugs for SMIT, Keppel Smit Towage and Maju Maritime.

KN: Two offshore support tugs for SMIT.

KN: Three ASD tugs, based on MTD 3265ST design, for Keppel Smit Towage.

KN: Awarded three ASD tugs, based on MTD 3265ST design, by Maju Maritime.

KFB: FPU for Petrobras. It is a repeat of the *P-51* which is currently being built at Keppel FELS Brasil's yard.

November

KAmFELS: Secured contract from Rowan Drilling Companies to build four jackup rigs.

KFELS: 500-men accommodation semi, the SSAU™ 3600 for Floatel.

KS: Conversion of the world's first tanker into a Floating, Drilling, Production, Storage and Offloading facility (FDPSO) for Prosafe Production.

December

KV: Repeat order for the outfitting of a FPSO facility, *Sevan Voyageur*, for Sevan Production.

KV: Maintenance works of *Saipem 7000*, a semi crane and pipelaying vessel for Saipem.

Legend:

- KFELS** – Keppel FELS
- KS** – Keppel Shipyard
- KFB** – Keppel FELS Brasil
- KeVe** – Keppel Verolme
- KSM** – Keppel Singmarine
- KN** – Keppel Nantong
- KPMI** – Keppel Philippines Marine Inc
- KAmFELS** – Keppel AmFELS
- KKL** – Keppel Kazakhstan

MARINE AND FPSO CONVERSION

Keppel Shipyard

2007 was another record year for Keppel Shipyard whose revenue rose 30% from 2006, as a result of higher value repair jobs as well as increased workload on projects related to FPSO and Floating Storage and Offloading (FSO) vessels.

Altogether, 360 vessels were repaired in 2007 with total revenue for the shiprepair division registering a healthy 25% increase from 2006. Tankers and containerships formed the majority of vessels repaired. For conversion, revenue increased by 51% from 2006. Keppel Shipyard's FPSO and FSO track record increased from 64 to 71 projects. By the end of 2007, seven FPSO and FSO projects were completed while 10 more FPSO, FSO and Floating Storage & Regasification Unit (FSRU) conversion projects were in progress.

Besides the multiple number of early delivery bonuses achieved for both shiprepair and conversion divisions, Keppel Shipyard also managed to win a number of prestigious recognitions such as the "Best Shiprepair Yard Award" at the ninth Lloyd's List Maritime Asia Awards for the third consecutive year.

Keppel Shipyard continued to build on its safety culture through safety initiatives such as the launch of Safety Leadership Programme in 2007, a behavioural-based programme that focuses on equipping supervisors, with observation and intervention skills. Keppel Shipyard's accident frequency rate improved significantly from 1.34 in 2006 to 0.24 in 2007.

Keppel Philippines Marine

Keppel Philippines Marine (KPMI) consolidated an increase in revenue of 73% from 2006. Newbuilding and offshore fabrication projects accounted for 52% of the revenue with shiprepair and conversion contributing the rest.

In 2007, Keppel Batangas Shipyard reported a 67% increase in revenue over 2006. During the year, the yard



Keppel Shipyard has the capacity to undertake a whole spectrum of shiprepair and conversion jobs.



1. Brunei Minister of Energy, HE Pehin Dato Yahya, previews the drillship *Peregrine II* at Keppel Shipyard with the ship's owners, Frontier Drilling.
 2. FPSOs *Polvo* and *Umuroa*, delivered in the first quarter of 2007, are the seventh and eighth vessels Keppel Shipyard has converted for Prosafe Production.

repaired and converted a total of 82 vessels including a major conversion work to convert a bulk supply vessel into a double-hull tanker. In offshore fabrication, the yard delivered two jobs to Keppel FELS on time and with zero LTI. It also secured four additional offshore contracts from Keppel FELS for the construction of hulls and pontoons for semis. To accommodate increasing yard activities in 2008 and beyond, investments to enhance capital assets were made such as assembly shops, blasting halls and an additional panel line system.

Wholly-owned subsidiary Keppel Cebu enjoyed a healthy 85% increase of revenue from the previous year due primarily to the addition of newbuilding activities. Shiprepair division contributed around 60% to total revenue. In 2007, two 50-tonne bollard pull (tbp) Azimuth Stern Drive (ASD) tugboats and one 45-tbp ASD tug were under construction. To cope with increasing workload,

a 60-tonne gantry crane was added to support the construction of more offshore support vessels.

Subic Shipyard and Engineering, an associate company, expanded its service portfolio by entering the FPSO conversion market in 2007 with Keppel Shipyard for the works on *FPSO Kudam* and *FPSO Lewek*. Total revenue increased by 72% with the FPSO projects contributing 24% of the revenue. Shiprepair did well due to good market demand especially from panamax and capesize bulk carriers and containerships. In the offshore fabrication business, the yard delivered to Keppel FELS two semi mid-section pontoons as well as secured a contract from Keppel FELS for a semi mid-section pontoon structure.

Arab Heavy Industries

Arab Heavy Industries (AHI) had a record year in 2007 with total revenue increase of 36% from 2006. With the healthy repair market in the Middle East, the



company repaired 271 ships, an increase of 22% from 2006. The increased business development activities, coupled with better cost control and productivity improvement efforts contributed positively to the company's growth.

As oil and gas E&P activities in the Middle East region escalate, marine and offshore activities are expected to remain strong. To accommodate the expected increase of workload in the near future, AHI has successfully upgraded two slipways to increase slipway capacity by 33%.

Complementing its sister yards, AHI and the three yards in the Philippines form an integral part of Keppel O&M, providing additional capacity to the Group. Leveraging each other's resources, Keppel's yards are able to reap synergistic benefits to deliver more value in this strong offshore and marine market.

SPECIALISED SHIPBUILDING

Keppel Singmarine/Keppel Nantong

Keppel Singmarine reported another exceptional year with a rise of 64% in revenue from 2006, achieving a total of \$454.0 million. Keppel Nantong, now operating at full capacity, augments Keppel Singmarine's ability to take on more projects, further entrenching Keppel Singmarine's position in the business of building large OSVs. Yard facilities have also undergone upgrading to allow for the building of bigger and more sophisticated vessels. These include the widening of the slipway, the addition of a new gantry crane and the purchase of a new block transporter.

Keppel Singmarine delivered five vessels and two jackup hulls during the year. Some of the deliveries include an Ice-Class Anchor Handling Tug/Supply (AHTS) vessel to LUKOIL-Kaliningradmorneft (LUKOIL), an AHTS for Hadi Offshore, an ASD tug for Keppel Smit Towage, a new 130-tbp AHTS design for Gulfmark and an AHT for Seaways International. The new 130-tbp AHTS design was developed by the company's technology arm, Marine Technology Development. Five more



vessels of the new AHTS design are currently being constructed. In addition, two ice-breakers for LUKOIL are scheduled to be delivered in 2008. The keel-laying of an Ice-Class FSO for LUKOIL took place in June 2007.

As of the end of 2007, Keppel Singmarine had an orderbook of 19 vessels, totalling \$1.0 billion. Part of this orderbook includes a major contract secured from Global Offshore International for the construction of a derrick pipelay vessel for delivery in 2010. Orders were also received from

1. Keppel Shipyard completed *FPSO Mondo* with a safety record of five million man-hours without LTI.
2. Keppel Singmarine delivered a second Ice-Class AHTS, *VZMORYE* to LUKOIL.



1. Mr Tong Chong Heong (left) shows Mr Shen Zhen Xin, Vice-Mayor of Nantong Municipal Government, around Keppel O&M on his visit to Singapore.
2. Mr Lee Tai Kwee, President of Keppel Nantong Shipyard (third from left) elaborates on the company's core expertise in specialised shipbuilding to Mr Ding Da Wei, Mayor of Nantong Municipal People's Government (centre) and Keppel O&M senior management.

Greatship Global Offshore Services (Greatship) for the construction of four units of PSVs with diesel-electric propulsion for delivery in 2009–10. Contracts were signed with Keppel FELS for the construction of two additional jackup hulls. There were also orders from repeat customers for the construction of two AHTS and two Ice-Class Multipurpose Rescue Vessels for delivery in 2009–10.

Keppel Nantong Shipyard was officially inaugurated on 2 August 2007 and has been fully operational since. During the year, a total of 14 contracts were secured. This included orders from customers such as Keppel Smit Towage, Maju Maritime and Smit Beheer BV (SMIT). At the end of 2007, the orderbook stood at 23 vessels valued at \$351.0 million. In 2007, the company delivered two 45-tbp tugs. With expectations of more contracts to be secured in the near future, Keppel Nantong is actively pursuing yard upgrading and capacity expansion plans.

OPERATIONAL SERVICES

Asian Lift

Asian Lift experienced a revenue increase of more than 85% from 2006. A majority of the projects involved lifting of FPSO and offshore platform modules. With the buoyant offshore market maintaining its run for the next few years, Asian Lift's fleet of cranes is expected to be utilised. Plans are also underway to expand the company's fleet to meet the surging demand for services.

Keppel Smit Towage

Keppel Smit Towage's revenue for 2007 posted a growth of 27% over the previous year. Higher usage of new vessels generated more revenue even while some of the older ones were sold during the year. The company will continue to increase its fleet size and replace older vessels to keep abreast of market demand. The company had 13 vessels on order as at end-2007.

Regency Steel Japan

Strong business performance in 2007

has seen Regency Steel Japan's (RSJ) revenue for both international and domestic sales increase by 60% from 2006.

RSJ's main business is producing the rack and chord for offshore leg structures. In addition to these offshore activities, steel structures such as furnace drums, cement kiln and heat treatment of special steel are also part of RSJ's product offerings. In 2007, five contracts for rack and chord were delivered and seven contracts were partially completed.

The company's facilities were upgraded in 2007, including the addition of a 10,000-tonne press, two furnaces and a cooling bath. These new facilities coupled with the increased manpower will enable RSJ to take on a larger number of projects in coming years.

Keppel Norway

Keppel Norway experienced a significant jump of 220% in revenue for 2007 from 2006. In 2007, the company successfully delivered Electric Power and Propulsion



The *Asian Hercules II* is a vital part of Keppel's operations.

Package systems for ice-breakers and completed the upgrading of *Safe Scandinavia*. Orders secured included additional Electric Power and Propulsion Package systems for drilling and upgrading of drilling facilities for StatoilHydro.

The company expects to increase staff capacity and extend its fabrication workshops to strengthen its position in the Automation and Drive market.

INDUSTRY OUTLOOK

Overall, the outlook of the offshore and marine sector remains healthy, underpinned by strong industry fundamentals.

Oil prices went beyond US\$100/bbl for the first time in 2007 and continued to climb in the first quarter of 2008. Demand for oil and gas is strongly fuelled by global economic development while supply is tight. Global oil reserves are shrinking despite increased E&P activities. E&P expenditure is expected to grow

by about 10%, and the industry will see new orders for rigs beyond 2010.

Market review

In Brazil, state-owned oil company, Petrobras, announced a major underwater oil field find in 2007 that has the potential to turn South America's largest country into a net oil exporter. The Tupi field could produce one million bopd.

In 2007, Petrobras also announced that they would be revising their investment plans for 2008–2012 to US\$112.4 billion, a 29% increase from the previous budget. Of this, US\$65.1 billion will be used for E&P. Further, with the national goal for Brazilian content and the aim to put Petrobras among the top five integrated energy companies by 2020, the offshore and marine market in South America is expected to be buoyant for the next five years.

In Russia, energy exports have become a major driver of the country's economic

growth over the last five years, as Russian oil production rose strongly and world oil prices improved. In 2007, Russia announced that it set aside a federal budget of US\$3.5 billion to boost civil shipbuilding from 2008 to 2015. The Russia Federation's new initiative to acquire new and more sophisticated vessels to replace their aging fleet is expected to result in more orders, and consequently, opportunities for Keppel O&M to secure more contracts to augment its orderbook.

Mexico, currently the largest offshore oil producer in the world, has also seen increasing capital expenditure by its state-owned petroleum company, Petróleos Mexicanos (PEMEX). While PEMEX invested US\$11.9 billion in E&P activities in 2006, the company has reported 2007 investments to be about 43% higher than the average of the past five years.

Keppel O&M has completed several projects for the Mexican sector of the



Keppel O&M's repeat contracts and long-term relationships with customers such as Mærsk Contractors is the result of our excellent track record and ability to provide solutions.

Gulf of Mexico. Through these projects, Keppel O&M is building up experience and local understanding of Mexican market requirements. With the expected intensification of E&P activities by PEMEX to serve the buoyant market, Keppel O&M intends to establish a presence in Mexico.

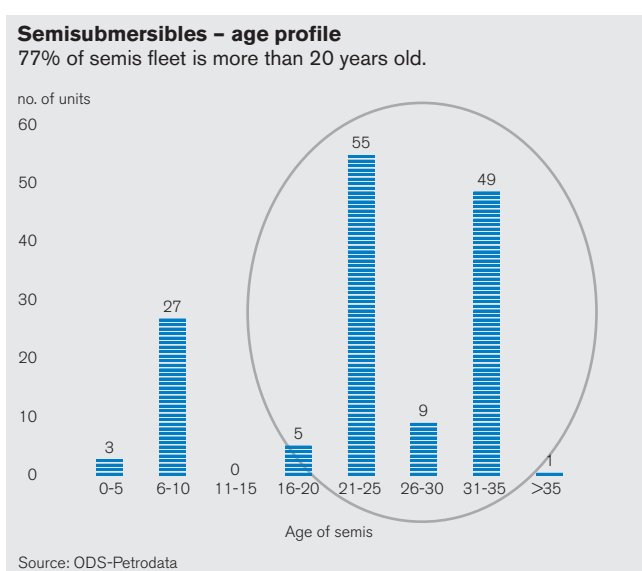
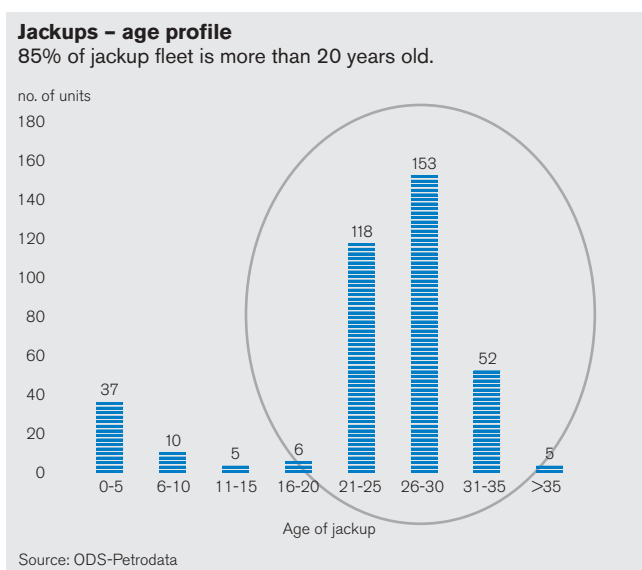
With depletion rates of oil fields outside the Organisation of Petroleum Exporting Countries running high, West Africa is seen to be a significant alternative source, with about 10% of the world's proven oil reserves. The region's oil is light and sweet, making it easier and cheaper to refine than that from other major oil exporters.

From a regional perspective, the "Golden Triangle" of West Africa, Gulf of Mexico and Brazil, will continue to be the focus for deepwater projects in the next five years. West Africa is expected to retain its status as the leader in deepwater capital expenditure up to 2012, with Brazil and Gulf of Mexico making up the other major players.

According to the Energy Information Administration, estimated proven oil reserves in the Caspian region range between 17 and 49 billion barrels. By 2010, it is expected that production would be between 2.9 and 3.8 million bopd, exceeding annual production from South America's largest oil producer, Venezuela.

Sizeable oil production growth has also come from the Caspian states of Kazakhstan and Azerbaijan. Development of the region's oil resources has been led by three major projects: Tengiz and Karachaganak (in Kazakhstan), Azerbaijan's Azeri Chirag and the deepwater Gunashli (ACG) field. Combined, these three projects produced an average of 693,000 bopd in 2006, roughly 30% of the regional total. Following these discoveries, major new finds were announced in Azerbaijan at Shah Deniz and in Kazakhstan at Kashagan.

Other findings include the V. Filanovskogo offshore field operated by LUKOIL, which plans to bring six fields in the Russian

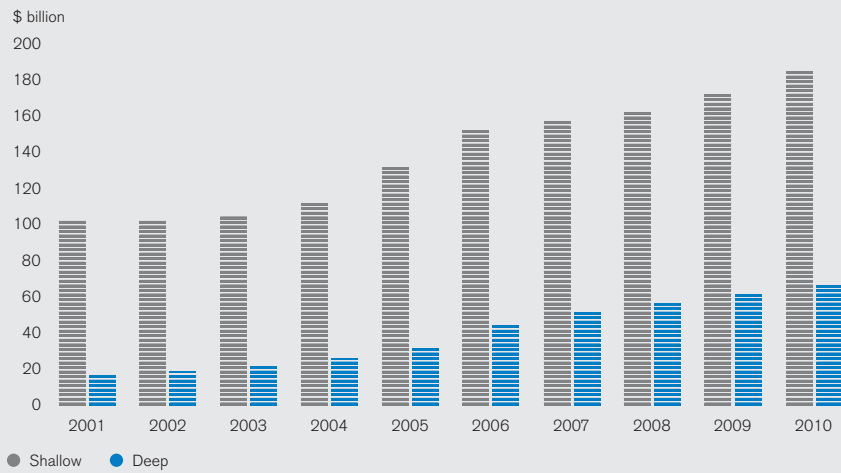


section of the Caspian Sea online. Another discovery is the Anaran exploration block at the Azar field in western Iran.

The Caspian Sea region's estimated proven natural gas reserves are at 232 trillion cu ft, comparable to those in Nigeria. European countries are paying special attention to the natural gas resources that could lie beneath the Caspian Sea as a way to diversify their sources of gas imports.

Closer to home, Australasia regions will continue to see strong interest by national oil companies and independents for offshore oil and gas E&P activities.

Market driver – growing industry expenditure



Deepwater will account for 27% of overall offshore industry expenditure by 2010

Source: The World Offshore Oil and Gas Forecast – Douglas-Westwood

Drilling rigs

In light of the favourable E&P business, drilling rig utilisation and charter rates remain healthy. Furthermore, the current jackups and semis on order only account for 19% and 27% of the global fleet – levels that are manageable considering the more advanced and complex drilling requirements that will favour the newer rigs.

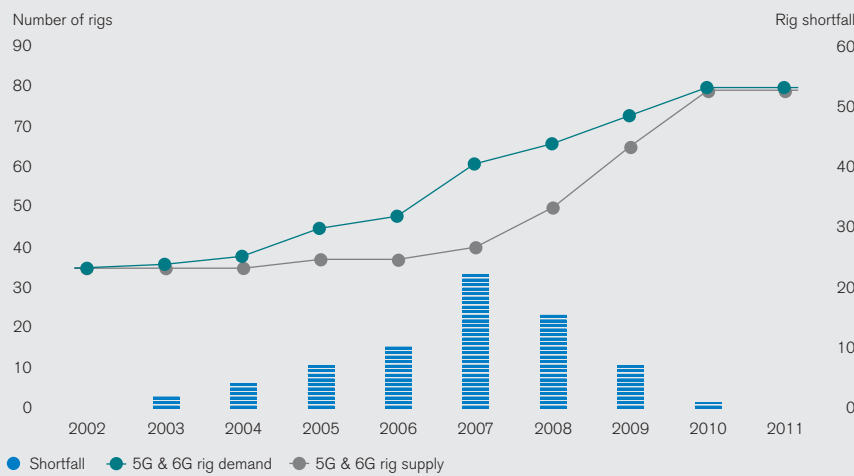
As the global rig fleet continues to age with 83% of the total above 20 years old, the need to replace some of these older rigs continues to drive demand for newbuilding.

FPSO/ FSO facilities

Demand for production assets, especially for FPSO and FSO facilities, is expected to increase with firm demand for these equipments. There are currently 69 deepwater production units under contract and 119 production projects either being planned, under bidding or under design.

FPSO vessels are the dominant type of FPU in the market and this trend is expected to continue over the next few years. Over the next five years, deepwater capital expenditure is expected to double as compared to the previous five years. The majority of the activities will involve the Golden Triangle. There are about 100 projects currently that require FPSO and FSO vessels. With the trend towards deeper water exploration and the possibility of developing arctic reserves in the near future, more sophisticated FPSO and FSO vessels will be needed to meet the harsh exploration environment.

Deepwater rig shortfall to continue



- New rigs entering market will gradually narrow the supply/demand imbalance
- Shortfall in the market will continue to exist until at least 2011

Sources: Citi Investment Research paper "Singapore Conglomerates 2008 Outlook" (4 Dec 2007) Douglas-Westwood presentation "World Offshore Drilling Business – \$62B market by 2011" (4 Oct 2007)

Offshore support facilities

Other segments of the offshore industry continue to see active enquiries for assets such as floatels, crane barges, OSVs and other related equipment.

The OSV market continued to flourish throughout 2007 due to unprecedented high oil prices and healthy offshore activities. As we enter 2008 and beyond, there is a shift of focus towards larger

sized OSVs in order to support deepwater activities and to replace the ageing fleet. In addition, there is growing interest in OSVs capable of operating in arctic or freezing climatic conditions.

Opportunities and challenges

Keppel O&M is currently the leader in FPSO conversions. By continuing to work closely with our customers, we strive to retain our position as the preferred partner in FPSO and FSO conversions. With our continuing efforts in R&D in arctic technology, we see huge potential to play a larger role in the OSV sector.

While there is possible slowdown in orders for shallow water drilling assets, the overall industry outlook remains positive as demand for other offshore facilities continue to be strong.

Globally, tightening credit and volatile foreign exchange fluctuations coupled with fears of a US recession pose risks and challenges. These macro-economic factors may affect overall risk appetite and lead to investments being scaled back for some oil and gas, as well as offshore and marine projects.

While this uncertain landscape poses challenges for the offshore and marine industry, there are opportunities for Keppel O&M to leverage as we continue to pursue our strategies of “Near Market, Near Customer” service, technology innovation and project excellence. Our customers can continue to rely on us to consistently deliver projects to them on time, within budget and without incidents which in turn helps them mitigate their execution risks.

Keppel O&M’s current product development efforts, with the Keppel O&M Technology Centre (KOMtech), will keep the Group on course in executing quality products and solutions to meet customer needs.

Harnessing shared resources in the Group, Keppel O&M ensures that efficiency is maximised across its operations.

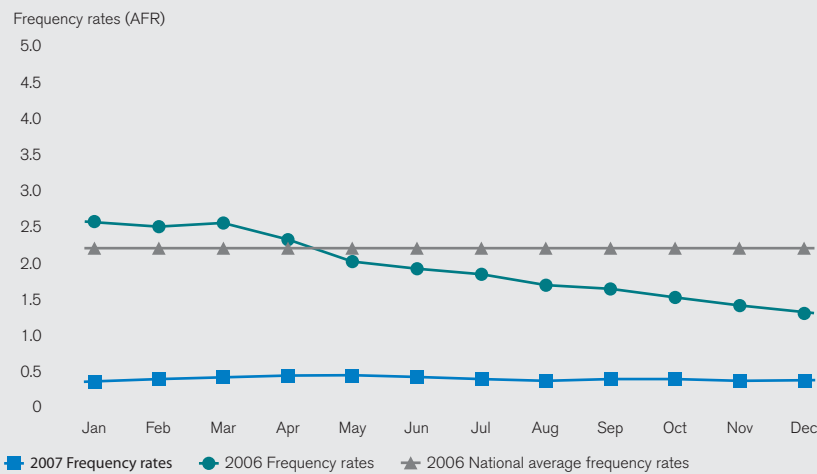


**We want to make our yards
a safe workplace for all.**



Safety is a collaborative effort – client representatives from ExxonMobil and SBM play an active role in Keppel Shipyard's Safety Steering Committee.

Cumulative accident frequency rates 2006/2007



SETTING NEW HSE BENCHMARKS

The Keppel O&M Group continued to make remarkable progress in safety even amidst the heavy work demands in the 20 yards worldwide.

The Group's Accident Frequency Rate (AFR) dropped to a low of 0.37 reportable cases per one million man-hours worked in 2007, a marked improvement over the AFR of 1.30 in 2006.

The Accident Severity Rate (ASR) was also reduced to 187 man-days lost per one million man-hours worked in 2007 from an ASR of 207 in the previous year.

The improved safety records were the result of a greater ownership of safety across the yards led by the management as well as stronger collaboration with customers and suppliers.

In the Singapore yards alone, in 2007, more than \$12 million were invested in safety equipment as well as the education

and promotion of Health, Safety and Environment (HSE) to enhance workplace safety.

As the workforce in our yards grows in tandem with the rising workload, we have made a concerted effort to ensure that new workers are properly inducted and assimilated into Keppel O&M's safety culture.

Similarly, newer yards in the Group such as Keppel Nantong are also equipped with the right set of HSE hardware and software to meet their operational requirements.

ENTRENCHING OUR SAFETY CULTURE

Keppel O&M's safety culture is rooted in close collaboration with the Company's stakeholders including employees, customers and suppliers.

Our safety efforts during the year were sustained through the four strategic thrusts of open communication, training

and development, empowerment and incentives and recognition.

The Group continued to further its safety initiatives through interdependent teams consisting of the Workforce Safety Councils in the Tuas, Benoi and Gul yards of Keppel Shipyard and Keppel Singmarine as well as the Contractors HSE Watch Groups formed by the subcontractors of these yards.

These HSE teams also work hand-in-hand with their counterparts from customers who share invaluable feedback and guidance. One such platform for collaboration and cross sharing is Keppel Shipyard's Safety Steering Committee, which involved client representatives from ExxonMobil Development Company (ExxonMobil), Single Buoy Mooring Inc (SBM) and Shell. There, incidents and near misses are openly discussed so that the lessons may be shared with other yards in the Group.





In addition, each yard within the Group has its own Annual HSE Plan, which rolls out different initiatives throughout the year, and ensures that various aspects of HSE receive sufficient attention and coverage. Apart from our employees, we have also reached out to subcontractors with targeted safety programmes. These include the Safety Induction Programme, Fire Watchman Training and Gas Meter Operations initiatives, which have helped to raise our subcontractors' safety standards as well as recognise and reward those with good HSE records.

In celebration of a joint commitment to safety, Keppel O&M's employees and stakeholders rallied to build the world's longest chain of safety helmets at Sentosa Island in October 2007. The wall of 18,000 helmets that spanned 5.8 km was emblazoned with the striking slogan, "Safety first! Our Yard, Our Home". This joint effort was honoured with titles in the *Guinness World Records* and *Singapore Book of Records*.

CHAMPIONING NEW INITIATIVES

The Group continued to make bold strides in the follow-through of initiatives to build ownership and leadership in safety.

Keppel O&M participated in the inaugural Keppel Group Annual Safety Convention held in November 2007. The convention aimed to share best practices, recognise efforts to enhance safety and spur employees to raise safety standards.

At this convention, Keppel Singmarine was awarded the Keppel Group Chairman Safety Challenge Trophy for its winning submission, the "Propeller Shaft Guide". Keppel FELS also won an award for their project, "T.I.M.E".

Keppel Shipyard, together with partners ExxonMobil and SBM, jointly launched the Safety Leadership Programme in April 2007. This initiative, which builds upon its Safety Plus Programme, seeks to instil effective observation and intervention skills at all levels, and to

1. At Keppel O&M, all projects are built on safety.
2. The joint commitment to safety demonstrated by Keppel O&M and its stakeholders was endorsed by former Minister for Manpower, Dr Ng Eng Hen, who topped off the wall of 18,000 helmets together with senior management and union representatives.



Workers learn the ropes of safety from their mentors.

SIGNIFICANT SAFETY MILESTONES AS AT END-2007

Yard	Project	No. of man-hours without LTI	Client
Keppel Shipyard	<i>P-53</i>	7,000,000	Petrobras
Keppel FELS	<i>Mærsk semi No.1</i>	6,000,000	Mærsk Contractors
Keppel Shipyard	<i>FPSO Mondo</i>	5,000,000	SBM
Keppel Shipyard	<i>FPSO Saxi Batuque</i>	6,000,000	ExxonMobil
Keppel FELS	<i>Mærsk jackup No.1</i>	3,000,000	Mærsk Contractors
Keppel FELS	<i>Mærsk jackup No.2</i>	3,000,000	Mærsk Contractors
Keppel FELS	<i>West Atlas</i>	2,500,000	Seadrill
Keppel FELS	<i>PV Drilling I</i>	2,500,000	Petro Vietnam
Keppel FELS	<i>Mærsk semi No.2</i>	2,000,000	Mærsk Contractors
Keppel FELS	<i>Al Zubarah</i>	2,000,000	Gulf Drilling International
Keppel FELS	<i>WilBoss</i>	2,000,000	Awilco
Keppel FELS	<i>Deep Driller 5</i>	2,000,000	Aban/Sinvest
Keppel FELS	<i>Sedco 702</i>	2,000,000	Transocean
Keppel Kazakhstan	<i>Kashagan Development</i>	1,500,000	Agip KCO
Keppel Shipyard	<i>FPSO Vincent</i>	1,000,000	Mærsk Contractors
Keppel Shipyard	<i>FPSO Front Puffin</i>	1,000,000	Sea Production
Keppel FELS	<i>West Ariel</i>	1,000,000	Seadrill
Keppel FELS	<i>Mærsk jackup No.3</i>	1,000,000	Mærsk Contractors
Keppel FELS	<i>Discovery 1</i>	1,000,000	Jindal
Keppel FELS	<i>Development Driller III</i>	1,000,000	GlobalSantaFe

align management and the workforce so as to ensure that safety is built into everyday work processes.

In the same month, Keppel FELS held its annual safety campaign with the aim of preventing hand and finger injuries among workers.

Overseas, Keppel Verolme appointed Safety Ambassadors to help promote safety awareness in the yard.

SAFEGUARDING THE ENVIRONMENT

Keppel O&M yards around the world continued to play their part in ensuring that their operations are conducted in a responsible manner with minimal impact on their communities and the environment.

Keppel AmFELS, for instance, carries out its activities strictly in accordance to the State Air Quality Permit and Federal Operating Permit requirements. Keppel Batangas is a member of

the Batangas Coastal Resources Management Foundation which conducts surveillance to ensure the sea water quality around the Batangas Bay Region where the yard operates is good.

In Singapore, Keppel Shipyard set up an Environmental Task Force in June 2007 to promote a safe and healthy working environment. Gritblasting is done in an enclosed chamber, otherwise nettings are erected over floating docks to prevent dust dispersion. Recycling bins are set up at various locations in the yards to facilitate the waste segregation process. Special attention is paid to ensure that the yard is free of potential breeding grounds for mosquitoes.

RAISING THE BAR

Despite the heavy workload across Keppel O&M's shipyards, the Group was able to boost its safety performance in 2007.

At the Ministry of Manpower Annual Safety & Health Performance Awards

2007, Keppel Singmarine won the Silver Award for Workplace Safety & Health. Both Keppel FELS and Keppel Shipyard won the Safety & Health Award Recognition for Projects (SHARP) for the *Mærsk Resilient* and Petrobras *P-53* projects respectively.

At the 10th Convention for Workplace Safety & Health Innovations Teams in Marine Industry organised by the Association of Singapore Marine Industries (ASMI), two teams from Keppel Shipyard (Gul) won the Gold and Silver Awards respectively.

Together, Caspian Shipyard and Keppel Kazakhstan chalked up an impressive safety record of 4.24 million man-hours without any lost-time incidents. Keppel Kazakhstan was awarded a trophy by Agip KCO for achieving 1.5 million man-hours without any lost-time incidents for its project.

We deliver greater value to customers by constantly improving our products, services, work processes and practices.





2



3

Our drive for excellent quality and competent processes was the impetus for a productive and innovative 2007.

VALUE CREATION

With every delivery, we seek to provide quality in the most efficient manner to enhance value for our customers. Our excellence in execution, experience, human resources and innovation has put us in good stead to achieve this goal.

Keppel O&M was conferred the “Offshore & Marine Engineering Award 2007” by Singapore’s Maritime and Port Authority for its distinguished contributions in innovation, safety and environmental protection, as well as operational success and efficiency.

For the third consecutive year, Keppel Shipyard was conferred the Lloyd’s List Maritime Asia Award on 15 November 2007 by a panel of industry specialists for being the best shiprepair yard in Asia.

During the fourth periodic audit conducted by Det Norske Veritas in March 2007, our newest yard in Singapore – Crescent Yard, was awarded ISO 9001:2000. A certified Quality Management System demonstrates Keppel FELS’ commitment to quality and customers’ satisfaction.

Keppel FELS will be taking part in the integrated assessment for its sixth

Singapore Quality Class (SQC) and third Innovation Class certification renewed in the first quarter of 2008. Meanwhile, Keppel Shipyard also successfully renewed its SQC and People Developer certification in 2007. These standards have propelled the Group towards achieving all-round business excellence.

INNOVATION AND LEARNING

We are driven to be at the forefront of technology to provide leading-edge solutions for customers and enhance our services through adaptation, improvement, education and innovation.

Embodying Keppel O&M’s pursuit of innovation and improvement were our employees who participated in our yards’ annual Innovation and Quality Circles (IQC) campaign in 2007 where more than 80 IQC projects were presented. Under the Continuous Improvement Team (CIT) initiative, participants saw their ideas implemented in the yards.

Some of these projects went on to clinch five golds and six silvers at the National IQC, one gold and one silver at the Association of Singapore Marine Industries (I-4-OSH) Convention and one gold at the Ministry of Manpower (I-4-OSH) Convention.

Focusing on wider employee participation in improvements to daily work, the SHiP (safety, health, innovation and processes) programme saw some 597 suggestions for improvement from employees. Reflecting the employees’ ever-ready commitment to improve work processes, staff suggestions have resulted in a safer environment at the workplace and stronger bonding between employees.

Keppelites who returned from visits to shipbuilding powerhouses in Korea and China on this programme, shared their experiences with their colleagues.

These and other quality and innovation programmes that take place across the Group throughout the year mark our commitment to consistently improve our products, services, work processes and practices to create value for our customers.

1. Projects undertaken by the various IQC teams in 2007 will help us to achieve projected cost savings of up to \$4.5 million per year.
2. Keppel O&M received the inaugural award for helping to develop Singapore into an International Maritime Centre.
3. Teams from the Keppel O&M Group earned 11 awards – five golds and six silvers – at the fourth annual National IQC Convention.

Our ERM framework provides a holistic and systematic process for managing significant risks.



ENTERPRISE RISK MANAGEMENT

The Keppel O&M Group employs a holistic and rigorous Enterprise Risk Management (ERM) framework which systematically identifies, evaluates and manages significant risks in the operating environment.

The top management reviews these significant risks in relation to the Company's corporate strategies, and formulates mitigating actions during the annual strategy meeting in Singapore.

These are then cascaded down to the individual business units and departments and applied consistently.

At the operational level, the risk management process is incorporated in the day-to-day operating procedures as well as all significant projects carried out by the Group.

A large proportion of the Group's operations is project-based, and runs over an extended period of time. Major risks for each significant project from tender through the execution stages, are addressed by means of a standardised and systematic approach.

During tender stage, the risk template consists of various factors grouped under pre-tendering, competition, project, contract, execution, people and safety. The robust risk assessment process was applied in the tender evaluation of the US\$1.2 billion Petrobras *P-56* semisubmersible (semi) production platform contract, awarded to the Keppel FELS Brasil/Technip consortium in October 2007.

At the execution stage, key risk factors being monitored include on-time on-budget delivery, quality control, meeting customers' specifications, and safety.

For the earlier semi production platforms *P-52* and *P-51*, certain portions such as lower hull and nodes were built in

Singapore and transported to Brazil for assembly. The challenge for P56 is that the semi will now be fully fabricated in Brazil. To ensure seamless quality control, the project will receive continued engineering and operational support from Keppel FELS in Singapore.

With a record orderbook, the Group's main challenge lies in the execution of projects to ensure on-time and within-budget delivery while meeting quality and safety standards. The major risks associated with this would largely be related to execution risks with stretched resources. A template has been developed for monitoring the schedule risk, cost risk and quality risk of all major works in progress.

In order to manage the execution risks with stretched resources, Keppel FELS made effective use of its expanded facilities at Shipyard Crescent in Singapore and Bintan in Indonesia. Keppel FELS continues to subcontract portions of its work to its other yards in Singapore, Keppel Batangas and Subic Shipyard in the Philippines, Arab Heavy Industries in the United Arab Emirates and Keppel Verolme in the Netherlands. Whilst carrying out specialised newbuilding activities, Keppel Nantong Shipyard in China is starting to take on offshore newbuilding work subcontracted from Keppel FELS. Keppel FELS has also leased a new piece of land on a short term basis at Tuas for fabrication work and to store project materials.

An equally important challenge to the Group during project execution is safety awareness and enforcement. In addition to the Keppel O&M Group Safety Committee, a Board Safety Committee in Keppel Corporation has been set up to review the effectiveness of the Group's safety management systems for added emphasis.

The system for internal control, established by the Group, is designed to manage and reduce the risk faced by the Group in the course of achieving its strategic goals.



BUSINESS CONTINUITY MANAGEMENT

To manage potential threats or disruptions to our operations arising from unforeseen factors such as SARS, bird flu and terrorism, a Business Continuity Management (BCM) framework has been incorporated as part of ERM.

A BCM Committee was set up to look into critical threats that could severely disrupt the yards' operations, and to develop action plans to mitigate these threats. Some of the critical threats identified are epidemics, terrorism, damage to critical physical assets such as buildings, IT infrastructure, drydocks and cranes, and loss of critical supply chains.

Championed by department heads, mitigating action plans addressing these critical threats have been developed to ensure business continuity. In addition, emergency plans have been drawn up to address possible epidemic outbreaks. Simulated temperature testing for the Avian flu was conducted at several yards

1. The yards simulate temperature testing to arrest possible outbreaks of the Avian flu.
2. Simulations of various hazards such as chemical spillage on-board vessels are an integral part of the BCM plans.

during the year. A disaster recovery plan for IT infrastructure was also implemented. Various evacuation and fire safety drills are conducted regularly to gauge the effectiveness of the emergency plans.

To counter terrorism threats, the Group's yards have implemented security procedures which comply with the International Ship and Port Security Code adopted by Maritime and Port Authority of Singapore. The detailed response plan covers various scenarios such as fire outbreaks and sea intrusions by terrorists which may affect the yards' security. Further to the intrusion response exercises, simulations of chemical slippage onboard vessels were conducted during the year to assess the effectiveness of the yards' security and safety procedures.

**We continue to be responsible
and active members
of our communities.**



In 2007, Keppel O&M sought to empower our communities through active participation in education and training, stimulating industry cross-sharing and trade, promoting cultural exchange and uplifting the less fortunate.

The Group contributed about \$1.6 billion to support various causes during the year.

SINGAPORE

Championing education and training

To help establish Singapore as an International Maritime Centre, Keppel O&M places strong emphasis in developing a strong talent pool and workforce in the local offshore and marine industry.

In 2007, a total of 91 scholarships were conferred by Keppel O&M in Singapore. These included scholarships for diploma studies in Engineering, as well as specialised undergraduate degrees in Offshore Engineering and Offshore Oil & Gas.

The Company contributed \$70,000 to the Nanyang Technological University to establish endowment schemes for mechanical and civil engineering students. It also took in 163 student interns from local and overseas institutions and offered outstanding individuals the Management Trainee Scheme or sponsorships for postgraduate degrees in Marine Technology.

Its yards continue to participate actively in the Super V Programme organised by the Association of Singapore Marine Industries and the Workforce Development Agency of Singapore and the National Trades Union Congress to build a pool of supervisors for the marine industry. Selected candidates embark on a two-year



training programme in Keppel yards, and upon completing the course, they assume supervisory roles for different trades such as welding, painting and scaffolding. Currently, 22 of our employees are on this training programme.

Continuing its support of Chung Cheng High School's efforts to promote "green" education for their students for the fifth year, Keppel Shipyard inducted the students with "green" initiatives at the yard and participated in the National Environment Agency's Annual Clean & Green Week Schools Carnival.

Fuelling industry dialogue

During the year, we continued our sponsorship of the Keppel Professorship, at the Centre for Offshore, Research and Engineering at the National University of Singapore (NUS). Professor Andrew Palmer who was appointed as the new Keppel Chair Professor, delivered the fifth Keppel Offshore & Marine Lecture, entitled Arctic Offshore Structures, Ice Engineering and Ice Mechanic. The annual lecture, jointly organised with NUS, serves as a forum for exchange between academia and the industry.

1. Minister for Foreign Affairs, Mr George Yeo, took time off to engage a child from Keppel O&M's beneficiaries at the Company's fifth anniversary celebrations.
2. Keppel O&M's new student endowment schemes will further enhance the attractiveness of NTU's engineering courses, as well as encourage more young graduates to join the offshore and marine industry.

The Group also supported the 21st annual Chua Chor Teck Memorial Lecture organised by the Society of Naval Architects & Marine Engineers Singapore. Held in honour of the late Mr Chua Chor Teck, the lecture equips the local maritime industry with insights on pertinent issues from prominent industry experts and personalities. Mr Chris Horrocks, the former Secretary-General of the International Chamber of Shipping delivered the 2007 lecture, which addressed the raising of the shipping industry's profile.

Keppel O&M was the main sponsor of the inaugural ASEAN Think Tank Forum, which drew over 150 experts and leaders from think tanks and academic institutions in the region to discuss ASEAN's achievements and challenges.

This event was organised by the Singapore Institute of International Affairs and the Institute of Policy Studies in conjunction with ASEAN's 40th anniversary.

The Group also sponsored several industry symposiums, which facilitated cross-sharing and trade amongst international business communities and governments. These included the annual Latin Asia Business Forum 2007, the inaugural *Sea Asia* shipping conference and the second International Maritime and Port Technology and Development Conference, among others.

Elevating cultural exchange

The arts have been effective channels through which we facilitate meaningful exchanges between Singapore and

Keppel is a strong supporter of the Super V programme which trains Singaporean supervisors for the marine industry.





1. Mr Tong Chong Heong receives a token of appreciation from Speaker of Parliament, Mr Abdullah Bin Tarmugi, for Keppel O&M's contribution towards the Society for the Physically Disabled.
2. Keppelites take to the street to raise funds for the SingHealth Foundation's Savemoney Savelives Campaign 2007.
3. Bossa nova queen Bebel Gilberto was brought back to Singapore by Keppel O&M to enthrall our business associates and customers.

Keppel O&M's host countries across the world. We joined hands with other members of the Keppel Group in fielding local arts productions, such as the Jeremy Monteiro jazz concert, alongside other international performances at the Singapore Arts Festival 2007.

As a presenting sponsor of Singapore Season in China, the Keppel Group worked in concert with the Ministry of Information, Communications and the Arts and the National Arts Council to bring the best of Singapore arts to Chinese audiences. Staged in Beijing and Shanghai from October to November 2007, the Season concluded with huge success, drawing more than 165,000 people to its series of 44 lifestyle, creative and business programmes. Extending its support for the Season's outreach, Keppel also presented the Singapore Dance

Theatre's inaugural performance in Tianjin, where the Group has a presence.

Raising the platform for world music, culture and the arts in Singapore, Keppel O&M returned to sponsor the Brazilian Samba group, Clube Do Balanço, at the highly popular WOMAD (World of Music, Arts and Dance) Singapore 2007 festival.

In October 2007, Brazil's reigning queen of bossa nova, Bebel Gilberto, was again brought back by Keppel O&M for another sell-out performance at the Esplanade Concert Hall following her Singapore debut in 2005.

Together with Brazil's Ministry of External Relations, Keppel presented the Brazilian design and architecture exhibition at the Singapore Design Festival 2007. The exhibition featured the works of prominent





1. Students from University of Tamaulipas, Mexico, enthralled guests with their folk ballet at the cocktail reception of the LatinAsia Business forum where Keppel played host to some 200 foreign delegates, partners and friends.
2. The local villages were among the many beneficiaries of Keppel FELS Brasil's Solidarity Christmas Campaign.

Brazilian architects and designers such as Oscar Niemeyer, João Filgueiras Lima and Hans Donner.

To deepen Singapore's cultural exchange with Latin America, Keppel O&M also sponsored the Tamaulipas Folk Dance as part of the Festival Mexicano organised by the Embassy of Mexico, and supported the International Festival Capoeira to promote the Brazilian martial arts dance movement locally.

Uplifting the community

To celebrate the Company's fifth anniversary, Keppel O&M and its employees contributed over \$1 million at its Family Day and anniversary celebrations to support various welfare organisations caring for the sick, handicapped and people with intellectual and psychiatric disabilities. Additional support was given to the fund-raising

efforts of other charitable groups such as the Relief Fund for victims of the Peru earthquake, the President's Challenge 2007, the Singapore Scouts Association and the Telok Blangah Community Club, and many more.

As part of the National Workplace Safety and Health campaign, our employees garnered pledge cards to help compile the "Biggest Book" in Singapore, which comprises over 700 A1-sized pages and weighs 93 kg.

We also took part in several of the SingHealth Foundation's fundraising campaigns, contributing \$150,000 towards medical research and development, education and training, and the provision of healthcare services in Singapore.

Corporate volunteerism was further encouraged through the Keppel Group's

Keppel Volunteers (KV) programme as well as the Keppelite Recreation Club. In 2007, KV continued to provide strong volunteer and financial support to its adopted charity, the Association of Persons with Special Needs (APSN). A pilot hydroponics farm project was launched to serve as a sheltered workshop and a revenue source for APSN's Centre for Adults. The Creative Arts Programme was also implemented to help APSN students develop their psychomotor abilities through movement, expression and dance.

The Keppel O&M Group has been a long-time supporter of the Community Chest with many of our employees involved in a monthly income contribution programme.

For its dedication to help the less fortunate, Keppel O&M received a series of awards from the Community Chest. Keppel Singmarine was bestowed the SHARE Platinum Award and the Outstanding SHARE Award for maintaining its employees' participation rate at the Platinum level for the past five years. Keppel Shipyard was conferred the SHARE Gold Award, whilst Keppel FELS received the SHARE Achiever Award.

INTERNATIONAL

Brazil

Doing its part for the environment and the less fortunate, Keppel FELS Brasil embarked on a creative recycling programme together with licensed environmental agencies. Waste materials such as paper, plastic and used oil were collected from the yard and exchanged for food hampers, which are then distributed to low-income families and selected charitable groups around



Angra dos Reis city. To date, more than 7.5 tonnes of food have been collected and distributed to 1,000 beneficiaries.

From November to December 2007, BrasFELS launched a "Solidarity Christmas Campaign" to collect non-perishable food donations by the workers and subcontractors. More than

3.5 tonnes of food was collected, repackaged into hampers and distributed to the needy before Christmas Eve.

In appreciation for their support of the government and the community, six of our local employees in Keppel FELS Brasil received commendations from the Mayor of Angra dos Reis.

Employees of Keppel Cebu marched to raise funds for underprivileged youths in the community.



The Philippines

During the year, our Philippine yards contributed actively towards environmental protection.

Keppel Batangas and Keppel Cebu took part in the 22nd Annual International Coastal Cleanup in September 2007. Volunteers from both yards joined hands with representatives from the local government and non-government agencies to gather trash that had washed up along the Batangas and Cebu coastlines.

Keppel Batangas and Keppel Cebu also contributed to the Tree for Life Project under the Department of Environment and Natural Resources to plant 20 million trees all over the archipelago from July to November 2007.

Keppel Batangas donated 1,400 seedlings of various fruit and non-fruit bearing trees for planting in the province of Batangas, while Keppel Cebu planted some 100 seedlings within its shipyard.

To raise funds for the less privileged youths in the province, Keppel Cebu returned in 2007 with a contingent of

33 employees for the annual Alay Lakad (Walk for a Cause).

USA

As a strong advocate of its community, Keppel AmFELS was publicly commended by the Brownsville Economic Development Council in a local newspaper. Keppel AmFELS was also one of two organisations in Brownsville to be recognised by United Way's Million Dollar Club for surpassing the million-dollar mark in contributions over the last seven years.

United Way is a reputable non-profit volunteer organisation that invests in programmes to meet the basic needs of families and children. In 2007, the employees of Keppel AmFELS contributed more than US\$236,000 to the Club.

As an added measure to support the education of local youths, Keppel AmFELS raised US\$60,000 through its annual charity golf event to establish the Keppel AmFELS/ Brownsville Community Foundation Endowment Scholarship Fund.

EMPOWERING YOUTHS IN BROWNSVILLE

Keppel AmFELS's zeal to empower the community is shared by its employees such as engineer Mr George Baldree, who was encouraged to start a welding programme at Brownsville's Los Fresnos High School (Los Fresnos) in 2007. The year-long programme trains students to become certified welders when they graduate.

With the full support of Keppel AmFELS, Baldree shared relevant information with the High School and adapted materials from state-certified textbooks for the programme. The Company also provided Baldree with guidelines for the course and supplemented training supplies such as electrodes.

The programme at Los Fresnos commenced in January 2007 with 64 participants. Eight of the high school

seniors were eventually employed by Keppel AmFELS upon graduation.

The success of the welding programme was later made known at an America Works conference in Las Vegas, Nevada. Since then, the school has been receiving enquiries on the course from all over the nation.

Other educational bodies such as the South Texas Independent School District (STISD) in Mercedes, Texas, have also taken keen interest in the programme. The STISD is adopting Los Fresnos's techniques to enhance its curriculum. Keppel AmFELS has been a strong advocate for the training of youth in industry trades such as welding. Apart from supporting the Los Fresnos programme, the Company is advising the Brownsville Independent School

District on the construction of welder training facilities at an upcoming technical high school.

Beyond donating basic materials, Keppel AmFELS has also shared the Company's proven training techniques and relevant information with several other educational institutes to help establish sustainable programmes.



1. George Baldree, a welding engineer at Keppel AmFELS with a passion for his job, took it upon himself to reach out to any school that would consider his proposal for a high-quality welding programme.
2. The Keppel AmFELS/Brownsville Community Foundation Endowment Scholarship Fund will enable aspiring youths in the community to pursue quality education.
3. Proceeds from the Keppel AmFELS Annual Charity Golf Tournament in 2007 were used to support a new community scholarship fund for Brownsville, Texas.

THE APPRENTICESHIP SCHEME

The Apprenticeship Scheme is a structured training programme that equips trainees with skills in welding, piping fabrication, steel fabrication, marine technology and marine electrical technology to enhance their employability. Upon graduation, most trainees go on to join Keppel's yards.

Started in the 1970s, the Scheme is aimed at creating a skilled workforce for our yards. Its contents and structure have since evolved to suit the needs of the Company.

With Keppel O&M's expansion into different parts of the world, the Apprenticeship Scheme has also been adapted by our overseas operations. The yards draw on marine traditions of their own countries and in most instances, tie up with local education and industrial training agencies to equip young school-leavers with relevant skills. Companies such as Keppel AmFELS and Keppel Verolme have developed similar programmes with good success.

In addition to the Apprenticeship Scheme, our shipyards also offer scholarships and internships for undergraduates and graduates. Together, these initiatives are the seedbeds for the respective countries' offshore and marine professionals, engineers and skilled workers.

Mr Chee Jin Kiong, Executive Director (Human Resources) of Keppel O&M, said, "Keppel is committed to being a partner for progress in the different communities by helping young people become productive members of their society."

USA

In 2007, the Apprenticeship Scheme produced 108 welders and provided skills training to 382 fitter and pipe fitter helpers at Keppel AmFELS. The company is collaborating with several technical schools and high schools in the vicinity to provide welder training programmes for their students.



Brazil

Keppel FELS Brasil introduced the first Young Apprenticeship Project in the South Fluminense region. This programme, organised in partnership with the Servico Social da Industria, is tailored to young adults aged between 18 and 22.

In 2007, 40 young apprentices were recruited from the Angra do Reis community to be trained in welding and piping trades.

Over the past seven years, Keppel FELS Brasil has trained about 5,400 youths in various technical disciplines, reinforcing its strong commitment to the formation of a skilled local workforce.



The Netherlands

Keppel Verolme's training facility accepts more than 10 youths annually for a two-year technical course. Trainees come with a primary school qualification and undergo their first year learning basic trade skills. In their second year, each trainee is attached to a specific department with a mentor to train him.

The course is supported by the European Social Foundation and each successful trainee receives a qualified steelworker, welder, pipe fitter or mechanical fitter certificate.

In 2007, five apprentices graduated from the scheme, three of whom were offered jobs with Keppel Verolme. In September 2007, 14 new apprentices were accepted into the programme.

Kazakhstan

Laying the groundwork for the development of locals in shipbuilding, Keppel Kazakhstan has worked with the Kazakhstan Industry & Education System to set up a Qualified Worker Apprenticeship Scheme.

The syllabus was offered by the Keppel O&M Training Centre in Singapore and incorporates local requirements and international shipbuilding best practices.

Classroom training is conducted by the Mangistau Polytechnic College, a local technical institute. In 2007, 154 apprentices graduated from the one-year programme and were employed by Keppel Kazakhstan. The programme is open to undergraduates and school-leavers.

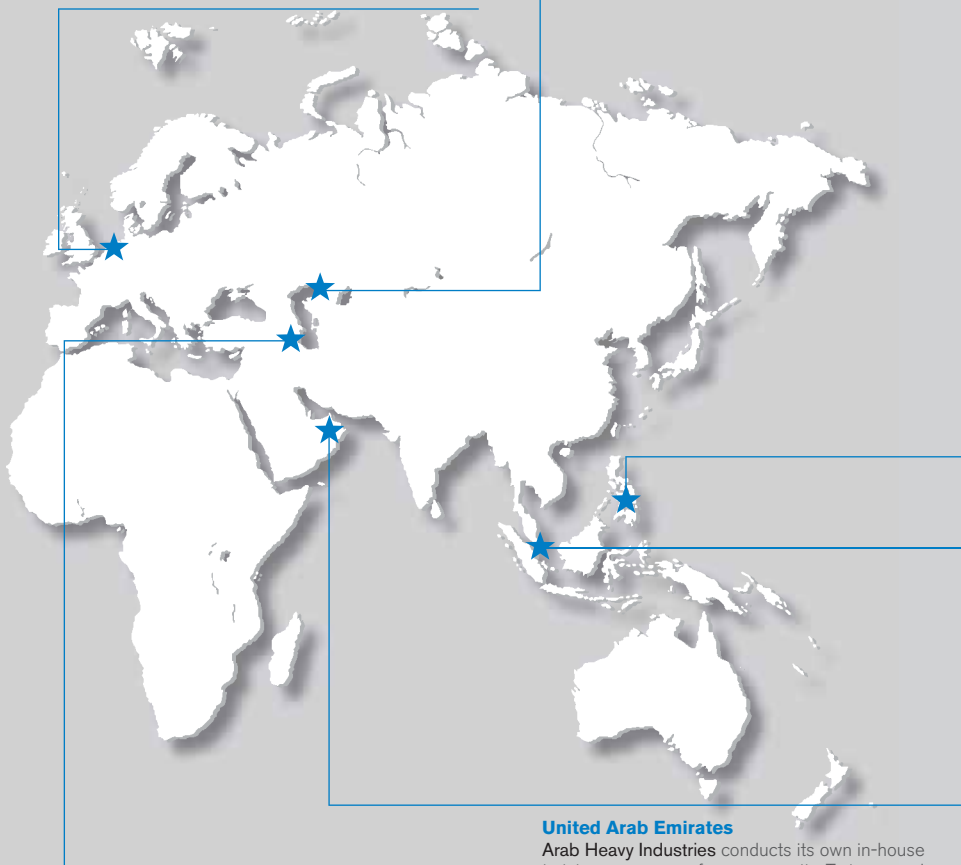
The Philippines

Our three yards in the Philippines offer apprenticeship programmes that are accredited by the Technical Education and Skilled Development Authority of the Philippines. Altogether, about 780 apprentices graduated from these programmes in 2007.

Out-of-school youths in Bauan, Batangas and other nearby municipalities have been offered apprenticeship training through the Keppel Batangas Training Centre at Keppel Batangas Shipyard since 2004. In 2007, 80% of 402 graduating apprentices were employed by the yard.

Keppel Cebu Shipyard runs an apprenticeship programme on various trade skills for youths living in the community. In 2007, 73 candidates were selected to take part in the yard's programme while 39 apprentices graduated as qualified steelwright welders and machinists.

Subic Shipyard, whose apprenticeship programme began in 1999, is similar to that of Keppel Batangas Shipyard and Keppel Cebu Shipyard. In 2007, over 66% of 337 graduating apprentices were employed by the yard.



Azerbaijan

Caspian Shipyard Company continues to provide in-house training to its workers to take on more sophisticated and complex work.



United Arab Emirates

Arab Heavy Industries conducts its own in-house training programme for new recruits. Trainees undergo a two-year on-the-job training programme in areas such as welding, mechanical outfitting, blasting, painting and fabrication. In 2007, 39 apprentices completed the two-year scheme while 76 have more joined it.



Singapore

At Keppel Shipyard, the Apprenticeship Scheme is administered by the Keppel O&M Training Centre, which is an approved training centre of the Institute of Technical Education.

The duration of the course is two years and includes both on-the-job and off-the-job training. A total of 82 employees were enrolled in the programme in 2007. The Centre offers the Modular Skill Training programmes for both its own workers and the subcontractors' workers.

Keppel Shipyard welcomed its third cohort of 12 Angolan trainees, as part of ExxonMobil's Kizomba C Training Initiative for employees of Angolan companies working on the project. Keppel Shipyard trained these apprentices as safety officers, crane operators, riggers, scaffolders, material controllers and logistics officers.



FACILITIES WORLDWIDE

	Type	Dock capacity		Berthage		Outfit quay				
		Capacity (dead weight tonnes)	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	6.6					
	Berthspace						840	6 – 10		
Pioneer Yard II										
	Berthspace						720	6 – 6.5		
Shipyard Road										
	Berthspace						500	4.5		
Crescent Yard										
	Berthspace						740	6		
Keppel Shipyard (Tuas)										
Tuas Dock	Drydock	360,000	350 x 66	2,437	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			350	9					
Finger Pier East	Berthspace			370	8.5					
Raffles Pier West	Berthspace			430	8.5					
Raffles Pier East	Berthspace			218	6.1					
West Quay	Berthspace			380	7.1					
South Quay	Berthspace			177	8					
Raffles Dock Entrance	Berthspace			220	6.6					
Keppel Shipyard (Benoi)										
Drydock No. 1	Drydock	300,000	350 x 60	1,163		225 x 40				
Drydock No. 2	Drydock	170,000	300 x 60							
Building Berth	Slipway									
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 Shipyard (Gul)										
FD No. 1	Floating Dock	14,000 lifting	190 x 32		531		6.5			
FD No. 2	Floating Dock	5,000 lifting	120 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	Drydock	7,000	106 x 18.5							
Building Berth in Benoi 15	Slipway						225	40		
Building Berth in Benoi 5	Slipway						100	24		
Dock Entrance	Berthspace						40	5.5		
Jetty	Berthspace						80	5.5		
Azerbaijan										
Caspian Shipyard 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		Berthage		Outfit quay		
		Capacity (dead weight tonnes)	Size (metres)	Length (metres)	Draft (metres)	Building berth (capacity)	Length (metres)	Depth (metres)
China								
Keppel Nantong Shipyard				400		3,000 T	70	6
The Philippines								
Subic Shipyard and Engineering								
Pacific Dock	Graving Dock	340,000	350 x 65					
C Quay				303	9			
E1 Quay				255	9			
E2 Quay				205	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			
Keppel Cebu Shipyard								
Drydock	Graving Dock	35,000	210 x 30					
Slipway No. 1	Slipway	*2,000	79 x 7.9					
Slipway No. 2	Slipway	*1,000	73 x 7.9					
Slipway No. 3	Slipway	*600	43 x 3.09					
Slipway No. 6	Slipway	*4,000	105 x 10.4					
Launching Way	Launching Way	*1,000	100 x 8.0					
Docking Quay 1				152	7			
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			
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 Drylock (Rtg mode)	Floating Drydock	35,000	94 x 110					
Floating Drylock (Ship mode)	Floating Drydock	35,000	37 x 190					
Launching Way				305	8.5			
West Dock Quay				152	9.75		152	9.75
East Dock Quay				198	7.5		198	7.5
Norway								
Keppel Norway								
Outfitting Quay	Outfit Quay						200	15

* Light Displacement Tonnage

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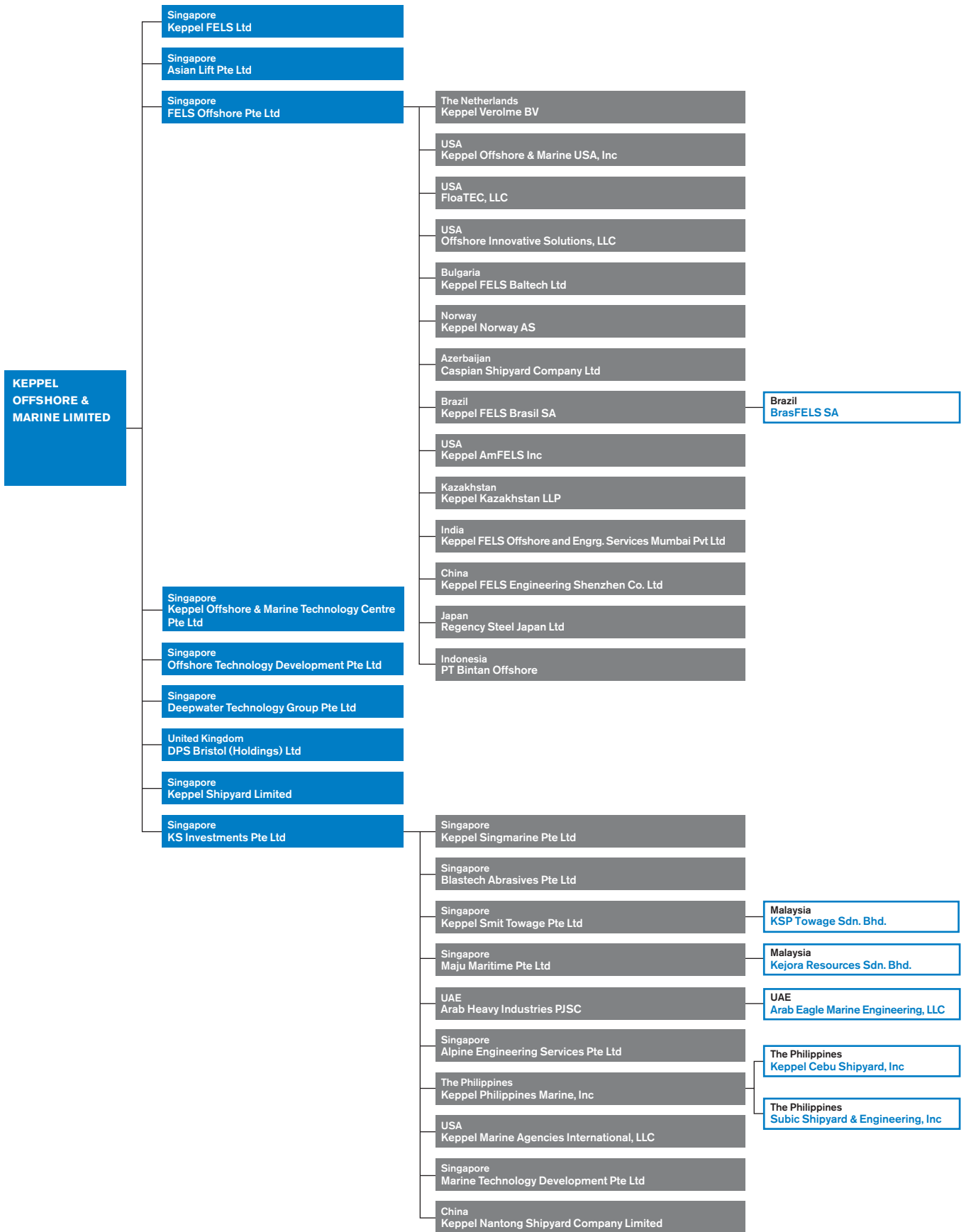
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