Keppel Corporation

Report to Shareholders 2009

Fortifying Fundamentals Sustaining Growth

To be the Provider of Choice for Solutions to the Offshore & Marine Industries, Sustainable Environment and Urban Living.

We will develop and execute our business profitably, with Safety and Innovation, guided by our three key business thrusts of Sustaining Growth, Empowering Lives and Nurturing Communities.

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Key Figures 2009

$12.2b

Revenue increased 4% from FY 2008's $11.8 billion.

$1,265m

PATMI increased 15% from FY 2008's $1,097 million.

23.9%

ROE increased 7% from FY 2008's 22.4%.

$1,026m

EVA increased 20% from FY 2008's $855 million.

79.4¢

EPS increased 15% from FY 2008's 69.0 cents per share.

61.0¢

Distribution per share increased 74% from FY 2008's 35.0 cents per share.

$1,094m

Free cash flow continued to be above $1 billion.

0.14x

Net cash ratio improved from FY 2008's 0.04x.

PATMI

Notwithstanding the unstable and difficult global economic conditions, our three key divisions delivered strong performances, bringing PATMI to a new high of $1,265 million.

ROE

Improving year on year, ROE has remained above 20% for the past three years, reaching a new record of 23.9% in 2009.

Distribution

Total distribution per share for 2009 comprises final dividend of 23 cents, special dividend *in specie* equivalent to approximately 23 cents and interim dividend of 15 cents already paid. This is about 77% of PATMI.

Group Financial Highlights 2009

Earnings Per Share
(cents)

Return On Equity
(%)

Distribution Per Share
(cents)

Economic Value Added
($ million)

	2009	2008	% Change
For the year ($ million)			
Revenue	**12,247**	11,805	+4
Profit			
EBITDA	**1,679**	1,377	+22
Operating	**1,505**	1,238	+22
Before tax & exceptional items	**1,856**	1,597	+16
Attributable before exceptional items	**1,265**	1,097	+15
Attributable after exceptional items	**1,625**	1,098	+48
Operating cash flow	**670**	2,047	-67
Free cash flow	**1,094**	1,876	-42
Economic Value Added (EVA)			
Before exceptional items	**1,026**	855	+20
After exceptional items	**1,379**	692	+99
Per share			
Earnings (cents)			
Before tax & exceptional items	**98.9**	84.2	+17
Attributable before exceptional items	**79.4**	69.0	+15
Attributable after exceptional items	**102.0**	69.0	+48
Net assets ($)	**3.75**	2.89	+30
Net tangible assets ($)	**3.70**	2.84	+30
At year-end ($ million)			
Shareholders' funds	**5,985**	4,596	+30
Minority interests	**2,728**	2,153	+27
Capital employed	**8,713**	6,749	+29
Net cash	**1,177**	275	+328
Net cash ratio (times)	**0.14**	0.04	+250
Return on shareholders' funds (%)			
Profit before tax & exceptional items	**29.8**	27.3	+9
Attributable profit before exceptional items	**23.9**	22.4	+7
Shareholders' value			
Distribution (cents per share)			
Interim dividend	**15.0**	14.0	+7
Final dividend	**23.0**	21.0	+10
Special dividend *in specie**	**23.0**	–	n.m.
Total distribution	**61.0**	35.0	+74
Share price ($)	**8.23**	4.33	+90
Total Shareholder Return (%)	**100.8**	(64.4)	n.m.

n.m. not meaningful
* This special dividend *in specie* is conditional upon certain approvals being obtained as set out in paragraph 7 of the announcement dated 26 January 2010.

	2009					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Group quarterly results ($ million)										
Revenue	**2,978**	**3,202**	**3,038**	**3,029**	**12,247**	2,211	2,643	3,217	3,734	11,805
EBITDA	**356**	**400**	**455**	**468**	**1,679**	295	294	360	428	1,377
Operating profit	**315**	**357**	**420**	**413**	**1,505**	262	261	325	390	1,238
Profit before tax & exceptional items	**400**	**466**	**487**	**503**	**1,856**	366	434	400	397	1,597
Attributable profit before exceptional items	**285**	**318**	**319**	**343**	**1,265**	262	299	273	263	1,097
Earnings per share (cents)	**17.9**	**19.9**	**20.1**	**21.5**	**79.4**	16.5	18.8	17.1	16.6	69.0

Our Track Record from 2000 to 2009

From Strength to Strength
Over the last decade, the Keppel Group has grown steadily, delivering and enhancing shareholder value through the strengthening of its core competencies and the expansion of its global footprint. Moving into the future, we continue to fortify our fundamentals to achieve sustainable growth.

Revenue ($ million)

2009	**12,247**	**97%**
2000	6,218	

Attributable Profit Before Exceptional Items ($ million)

2009	**1,265**	**434%**
2000	237	

Earnings Per Share (cents)

2009	**79.4**	**416%**
2000	15.4	

Distribution Per Share (cents)

2009	**61.0**	**838%**
2000	6.5	

Return On Equity (%)

2009	**23.9**	**178%**
2000	8.6	

Shareholders' Funds ($ million)

2009	**5,985**	**123%**
2000	2,679	

Net Cash/(Gearing) Ratio (times)

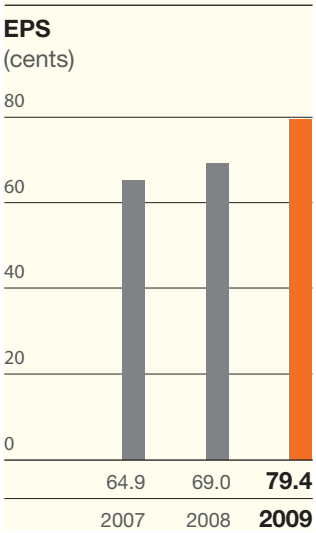
2009	**0.14**	**114%**
2000	(1.00)	

Growing Shareholder Returns
Distribution per share grew 838% over the last decade, from 6.5 cents per share in 2000 to 61.0 cents per share in 2009, in tandem with the over 400% increase in attributable profits.

Net Cash Position
The improvement of our gearing position from 1x to a net cash position of 0.14x is attributable to strong financial discipline over the years.

Chairman's Statement

Earnings per share rose to 79.4 cents from FY 2008's 69.0 cents.



Dear Shareholders,

Early last year we faced a rather gloomy and pessimistic future caused by the global financial crisis. The September 2008 collapse of major US financial institutions was still reverberating around the world. The world economy came under severe pressures and there were many predictions of deep recession, massive business failures and mass unemployment. Indeed there was widespread recession and markets fell worldwide. Governments around the world, including the Singapore Government, launched prompt and wide-ranging measures to arrest the loss of confidence and stimulate economies. These counter-recessionary measures including unprecedented massive fiscal and monetary stimulus succeeded to pull the global economy back from the brink, averting a Great Depression-style meltdown.

The global economy began to stabilise in the second half. The US, Japan and the Eurozone countries emerged from the doldrums in the third quarter of the year, although problems such as unemployment and high fiscal debt continue to hinder a steady recovery. Oil demand picked up and prices recovered from the below US$40 a barrel level seen during the depths of the financial crisis and reached the US$70 a barrel level by mid-2009. Developing countries, especially those in Asia, led the global recovery. China and India, in particular, were able to sustain their growth throughout the crisis, proving to be important locomotives for growth and recovery.

The general mood for 2010 is certainly much more upbeat and optimistic. While business conditions remain fragile amidst an uncertain transition from public sector-led support to private sector-driven demand, there is general expectation that the global recovery can be sustained. However, it will take time for markets to work out the excesses of recent years, so growth is likely to remain subdued for the next few years. Nevertheless, we can be cautiously confident that the worst is over.

Amidst these tough and uncertain operating conditions, I am particularly pleased to report that Keppel has turned in yet another outstanding set of results. Keppel's 2009 performance had even surpassed the previous record results achieved in 2008. Excluding exceptional gains, profits after tax and minority interests (PATMI) exceeded the $1 billion threshold for a third successive year, rising 15% to a new high of $1.27 billion. Earnings per Share rose in tandem to 79.4 cents from 69.0 cents in FY 2008. Return on Equity remained well above 20%. For the first time, our three Divisions – Offshore & Marine, Infrastructure and Property - all reported positive Economic Value Added (EVA), increasing the Company's EVA by $171 million to a record $1.03 billion.

To reward shareholders for your continued support and confidence in Keppel, the Board has recommended a full year total distribution of 61 cents per share, comprising an ordinary dividend of 38 cents (including 15 cents interim dividend) and a special dividend *in specie* of 23 cents. This is almost double the 35 cents per share payout for 2008. The dividend *in specie* of units in the proposed K-Green Trust will, subject to shareholder and regulatory approvals, allow Keppel shareholders to directly participate in our growth portfolio of environmentally friendly urban infrastructure assets for long-term, regular and predictable distributions.

$1.27b

PATMI rose 15% to a new high from FY 2008's $1.1 billion.

"Leveraging the Group's resources, synergies and brand equity, Keppel will actively pursue opportunities to drive sustained, broad-based growth and enhance shareholder value across its businesses."

Dr Lee Boon Yang, Chairman

"Our '*Near Market, Near Customer*' strategy has served us well. We will continue to build on this strategy."

Dr Lee Boon Yang with the Keppel management engaging the local community during the Brazil stopover of the Clipper Round the World Yacht Race.

Fortifying Fundamentals

Keppel's sterling performance through the financial maelstrom is a testament to our robust business strategy, diversified businesses and operating fundamentals. Our firm commitment to execution excellence backed by disciplined financial management, Group capabilities and cohesiveness have long been Keppel's defining traits. These deeply entrenched corporate values enabled the Group to rise to the occasion and to vigorously deal with the adverse business climate as we had done in previous global crises through the years. As a well-managed company with strong financials and execution capabilities, Keppel was very well-placed to ride out the economic storm. The excellent results of 2009 bear testimonial to our resilience. We are also poised to seize new opportunities which will spring up with the upturn. I believe Keppel will continue to provide shareholders with a sound investment prospect and healthy returns.

Today, our broad portfolio of sustainable businesses harnesses the Group's strengths in project management, technology innovation, market focus and collective networks. We will continue to sharpen our focus in the next phase of growth, further building on our strengths and capabilities to hone our competitive edge and exploit opportunities to create and realise value for shareholders.

Keppel's strategic vision is to build a leading position in businesses which will fulfill fundamental needs of communities worldwide seeking a better quality of life. We recognise that there will be increasing demand for sustainable energy, living and environmental solutions in a rapidly urbanising world. The Group's three core Divisions will have key roles in crystallising our vision of becoming a provider of choice for solutions to make the world a better place.

Offshore & Marine

Despite the slowdown in order momentum in 2009, Keppel Offshore & Marine's (Keppel O&M) relentless focus on execution and project management excellence has reaped rewards and strengthened its track record. Last year Keppel O&M delivered 34 projects, including a record 14 rigs, safely, on time and within budget.

Keppel O&M's suite of leading-edge proprietary designs backed by an extensive network of 20 yards and offices worldwide has yielded operating and cost efficiencies. At the same time, prudently managed project financials, stringently tracked progress payments and diversified customer base comprising established drilling contractors, as well as national oil companies with long-term exploration and production programmes, mitigated project risks and enabled Keppel to maintain its market leader position.

Our '*Near Market, Near Customer*' strategy has served us well. We will continue to build on this strategy. Keppel O&M will explore calibrated expansion in strategic markets. This will include strengthening our existing leading position in Brazil's offshore and marine segment to further support the country's aggressive plans to grow its oil and gas industry. We will also seek additional capacity in the Caspian region to maximise opportunities from potential exploitation of the Kashagan Field.

Infrastructure

The acceleration of urbanisation worldwide brings immense environmental challenges. Sustainable energy sources, clean water and waste management are high priorities for urban development. We anticipate the growing demand for environmentally friendly urban solutions will become a growth driver for our environmental engineering business.

Keppel Integrated Engineering (KIE) will leverage its core competencies in water and waste-to-energy (WTE) technologies and the Group's extensive network to become a world leader in environmental solutions, whether through organic growth or acquisitions. It is already a significant global player, with a creditable track record that includes two landmark projects – an integrated solid waste management facility and a wastewater treatment and reuse plant – in Doha, Qatar, a market leader position for imported WTE solutions in China and a key role in the EU's largest waste and renewable energy privatisation project, in the Greater Manchester energy-from-waste plant. At home, KIE, with its two incineration plants, is already handling almost half the solid waste in Singapore. The recent acquisition of Singapore's largest district cooling systems provider will expand KIE's slate of eco-friendly and energy-efficient solutions. Together with Keppel O&M, KIE is also looking at possibilities in the offshore wind energy sector to tap into the global demand for clean wind power.

The planned listing of the K-Green Trust, with the Senoko and Tuas WTE plants and the Ulu Pandan NEWater facility as underlying assets, will offer a new value-creating earnings platform for the Group.

Property

Against the background of rebounding sentiments in key Asian markets, Keppel Land's strategic positioning in the niche market segments of large-scale townships and integrated lifestyle developments holds great potential. Demand from an expanding middle class in the region's economies is rising while quality supply in choice locations across key and second-tier cities in regional markets is

Warm ties for a successful Tianjin Eco-City
(from left)
Mr Choo Chiau Beng, Chief Executive Officer of Keppel Corporation, Dr Lee Boon Yang, Chairman of Keppel Corporation, and Mr Zhang Gaoli, Party Secretary of the Communist Party of China Tianjin Municipal Committee.

increasingly scarce. Keppel Land brought Evergro Properties into its fold, to capitalise on growth opportunities in China and amalgamate competencies and networks across key and second-tier Chinese cities. With a pipeline of more than 70,000 prime homes in the region, Keppel Land is poised to meet the homeownership aspirations of a rapidly urbanising Asia.

We are able to synergise our competencies in environmental engineering and property development to develop large-scale integrated eco-friendly townships in the region, such as the landmark 30-sq km Sino-Singapore Tianjin Eco-City. Keppel is leading the Singapore Consortium for this joint venture project with a Chinese Consortium. The project is making good progress. A sustainable urban showcase for China, the Tianjin Eco-City has secured investments of around $6.7 billion in just 15 months, attracting leading developers from China, Taiwan, Japan and Malaysia to collaborate in a variety of integrated eco-driven residential, commercial, industrial, and cultural-leisure developments. Featuring a green central business district, eco-transport networks, intelligent urban lighting and other eco-friendly features, the Tianjin Eco-City will stand out as a harmonious and eco-friendly live-work-play environment. Keppel has broken ground on a 35.4-ha site within the Eco-City's Start-Up Area to develop both quality homes and commercial space.

Sustaining Growth

Keppel continues to believe that strong corporate governance is essential to the sustainability of our businesses and performance. We remain firmly committed to maintaining high standards in corporate governance as part of our accountability to all our stakeholders.

Prudent capital and financial management coupled with proactive risk management have kept the Group on even keel even in the midst of turbulent times. Stringent project selection, close progress payment monitoring and carefully phased project launches are all part of our robust capital, human resource and risk management systems.

Keppel places the highest value on a safe workplace for all our employees and workers. A safe work environment translates into superior operating performance. This is why safety has long been enshrined as one of Keppel's core values. Keppel Corporation was also the first company in Singapore to establish a Safety Committee at Board level in 2006. The Group's Accident Frequency Rate has continued to improve reaching a low of 0.43 reportable incidents per million man-hours worked, down from 0.49 for 2008. Keppel O&M is also pioneering the first integrated safety training complex in Singapore. We will continue to step up these efforts to implement best safety practices to ensure that our employees and workers will be able to return home safely to their families and loved ones at the end of each day of hard and productive work.

Our people are our primary resource. Keppel will continue to nurture our employees. We will provide opportunities for employees to maximise their potential, develop their talents and capabilities to contribute to the Group's competitiveness and business success. We will continue to upgrade the capabilities of our employees to become more productive. We continue to place great emphasis on grooming our people to ensure smooth and effective succession for key management positions. In 2009, we established the Keppel College to identify, develop and

nurture young and high potential talents and to grow them into future generations of Keppel leaders and valuable additions to our human capital.

Striving for Success

Today we continue to face an external business environment that remains volatile. The Board will work closely with Management to manage risks and ensure the Group remains flexible and robust to overcome the multiple challenges in the different countries and regions where we operate. Leveraging the Group's resources, synergies and brand equity, Keppel will actively pursue opportunities to drive sustained, broad-based growth and enhance shareholder value across its businesses.

Acknowledgements

I take this opportunity to acknowledge the following changes as part of the Board's proactive self-renewal and governance process. Most significantly, it is my honour and privilege to assume the role of non-executive Chairman from Mr Lim Chee Onn, who facilitated the transition up to last June after handing over the Chief Executive baton to Mr Choo Chiau Beng in January 2009. We are indeed much indebted to Mr Lim for his 25 years of sterling service to the Group at both the Board and executive levels, helming Keppel's transformation into a dynamic global enterprise with a solid reputation for excellence. We are grateful that Mr Lim had agreed to continue as our Senior Advisor so as to share with us his extensive and diverse business experience as well as business networks.

We also record our appreciation to Dr Lee Tsao Yuan, who stepped down and did not seek re-election at the last Annual General Meeting, for her many years of sound advice and loyal service to the Board and its Nominating, Remuneration and Safety Committees. We also thank Mr Yeo Wee Kiong, who stepped down from the Board last August, for his wise counsel and dedicated service, particularly as Board Safety Committee Chairman guiding our safety initiatives. We wish Mr Lim Chee Onn, Dr Lee Tsao Yuan and Mr Yeo Wee Kiong all the best in their future endeavours.

We are pleased to welcome to the Board two new members, Mr Tong Chong Heong, Chief Executive Officer of Keppel O&M, and Mr Alvin Yeo, Senior Counsel and distinguished legal practitioner. Mr Tong will, as Executive Director, support the Board with his 40 years of experience in steering Keppel O&M into a world leading offshore and marine group, while Mr Yeo's experience in the corporate legal sector will contribute to the Board's corporate governance.

Last but not least, I wish to thank Directors, Management, employees, partners, customers, and all stakeholders for their unstinting support through this tumultuous period. The Group shall spare no effort and shall endeavour to chart new growth paths so as to achieve even greater success in the years ahead. Thank you.

Yours sincerely,

Lee Boon Yang
Chairman
1 March 2010

Interview with the CEO

Q: Describe 2009 for the Keppel Group.

A: 2009 was a challenging yet fruitful year for Keppel. It was a record year for the Company despite the gloom across the globe, especially in the first half.

At Keppel, we were not immune to the impact of the downturn caused by the tight credit situation. Fortunately, we could count on our experiences in past crises to guide us in what we needed to do.

At the start of 2009 when I took over as Chief Executive Officer, my priority for the Group was to make the Group leaner and stronger with profitable businesses. Over the past year, we worked towards this goal by systematically reviewing, consolidating and rationalising our businesses, processes and resources.

The Group enhanced its efficiency, raised productivity and stepped up its training and development of its workforce. The sale of our stake in Singapore Petroleum Company and the rights issues at our property subsidiaries further strengthened our balance sheet, positioning the Group well for the necessary operational capital expenditure and possible acquisitions.

We continued to leverage our core competencies to execute our projects well, delivering with excellence a record 14 rigs, as well as six major conversions/upgrades/completions and 14 specialised vessels. We secured a major environmental engineering contract in the UK, and in Singapore, acquired the Senoko Waste-to-Energy (WTE) Plant and successfully completed the construction of the Tuas WTE Plant. On the property front, we sold a total of about 3,500 homes in Singapore and other parts of Asia.

I'm happy that our efforts in the past year have paid off, and we ended 2009 on a high note with record profits before exceptional gains for the Group at $1.265 billion. For the first time in Keppel's history, all businesses achieved positive Economic Value Added, while Return on Equity was at 23.9%. To mark this achievement, we are rewarding shareholders with a proposed total distribution of 61 cents per share.

Q: What will be Keppel's focus for the next few years?

A: Keppel has emerged stronger from this last crisis and with our firm fundamentals, we are in a good position to ride the economic upturn and to capture more value for the Group's sustainable growth.

Keeping Keppel fighting fit remains my top priority. We have outlined a collective vision for the Group – to be the Provider of Choice for Solutions to the Offshore & Marine Industries, Sustainable Environment and Urban Living. We aim to achieve this through developing and executing our businesses profitably, with safety and innovation, and will be guided by our three key business thrusts of Sustaining Growth, Empowering Lives and Nurturing Communities.

In the near term, we will be focused on growing the Group further and we remain committed to build up our three key pillars. In the past year, we have started to strengthen the synergy among our businesses, and we will continue to do so. This enables the Group to better meet the growing demand arising from the need for a more sustainable environment and the increasing trend of urbanisation in Asia. I see opportunity particularly in marrying our competencies in environmental engineering and property to develop integrated townships in China, Vietnam, Indonesia and India.

Mr Choo Chiau Beng,
Chief Executive Officer

Meanwhile, we will also continue to focus on what we do best. Our competitive advantages, like our execution excellence and technology edge, will be further strengthened. In 2009, we benefited from the enhanced productivity and operational efficiencies, and this is an area we will continue to hone.
In addition, I am intent on raising the next generation of Keppelites to lead and grow the Company further. During the year, Keppel College was set up to identify, develop and nurture young and high potential talents. Efforts are being stepped up to groom the next set of leaders to ensure that the Group continues to have smooth leadership transitions, another hallmark of Keppel.

Q: Will you grow Keppel's key businesses organically, or are you more focused on seeking M&A opportunities?

A: I would like to do both, sticking, of course, to our core competencies. We will continue to have a firm foundation in our core talents, skill sets and technology for organic growth. Apart from this, we will also acquire assets, technology or skill sets which we currently may not have but are necessary to help us broaden and deepen our core competencies to capture future demand in our businesses.

Acquisitions must fit into our strategy, providing us our desired returns of around 12% and more importantly, contributing to the sustained growth of Keppel. We are ready to seize opportunities to buy businesses that offer the right fit. The acquisition of Singapore's largest district cooling systems provider, now named as Keppel DHCS Pte Ltd, helped to broaden the suite of solutions offered by our environmental engineering business, while the purchase of the Senoko WTE Plant from the Singapore Government served as seed asset to our "green" infrastructure trust. This trust will provide us and its investors with a steady recurring income stream.

Q: What is your outlook of the offshore and marine industry in the near term?

A: The slowdown in new orders in 2009 has allowed us to focus on delivering on our order backlog to our customers on time, within budget and with a good safety record. I am pleased that Keppel FELS was awarded $2 million for the early deliveries of 13 rigs in 2009.

In a difficult market, I must say we did relatively well to secure $1.7 billion worth of new orders with $1.2 billion secured in the last quarter, extending our $5.6 billion net orderbook into 2013.

We expect 2010 to be better than 2009, due to the recovery in global Exploration and Production (E&P) spending brought on by the turnaround in global economic outlook. However, we are unlikely to see the level of orders of 2007 and 2008. So far, we have secured about $1.3 billion worth of new orders in the first two months of 2010. Enquiries are at a healthy level, and we are working to convert them into firm orders.

Looking ahead, the key thrust will be in deepwater production in Brazil, the Gulf of Mexico, West Africa and possibly Australia. These regions saw major oil and gas discoveries in 2009, adding to the deepwater reserves. Industry expert Douglas Westwood has forecasted that deepwater expenditure will reach US$137 billion over the next five years and deepwater subsea wells are set to account for over 60% of all subsea wells by 2015, compared to less than half in 2009. Deepwater oil production is therefore expected to rise steadily, from slightly over seven million barrels of oil per day (bopd) in 2009 to more than 10 million bopd in 2015.

With our proven technology and capabilities, we are ready to clinch orders in this segment. The P-61 Tension Leg Wellhead Platform contract awarded by Petrobras and Chevron to FloaTEC, LLC, our joint venture with J. Ray McDermott, will contribute towards building up our track record in this area.

Q: How about the longer term outlook?

A: Over the longer term, the industry fundamentals remain sound. According to the International Energy Agency, global energy demand is set to resume its long-term upward trend once the economic recovery gathers pace. Oil demand is expected to rise 24% from 85 million bopd in 2008 to 105 million bopd in 2030. While demand for renewable energy is expected to increase, fossil fuel remains the dominant source of energy worldwide in the foreseeable future, accounting for 77% of the overall demand increase in energy. This translates into the need for continued significant investment in E&P activities in the longer run.

In addition, expected increases in capital spending in oil and gas infrastructure and technology will help boost production rates to meet the rising consumption from the industrial and transportation sectors. Douglas Westwood has predicted offshore production expenditure per year to reach US$360 billion by 2013, compared to an estimated US$260 billion spent in 2009.

The deepwater market remains the highest growth prospect in the medium to long term. E&P activities are slowly but surely shifting towards deepwater to replace the fast depleting shallow water reserves.

Q: 2009 was a record year for Keppel Offshore & Marine (Keppel O&M). How are you going to sustain Keppel O&M's growth momentum?

A: Moving forward, we will continue to leverage our established competencies in execution, project and cost management, our technology advantage, as well as our network of global yards to help sustain the growth momentum of our offshore and marine business.

As a premier offshore and marine group, we offer our customers a complete range of products and solutions, ranging from jackups and semisubmersibles to Floating Production Storage and Offloading vessel conversions, shiprepair and specialised shipbuilding. Our yard in Singapore is currently outfitting two drillships, while our yard in Brazil has just won contracts to upgrade and repair three drillships.

We believe what stands us apart is our keen sense of what works in the offshore and marine business. We know the business better than others, and we understand the cycles and the risks associated with the business. We have very close relationships with our customers, and we anticipate their needs even before they are made known to the public. Another important element of good project and cost management is the ability to forge close ties with the suppliers. At Keppel, we have a reliable pool of suppliers whom we can count on.

To ensure we continue to meet the needs of our customers, we are seeking opportunities to advance our '*Near Market Near Customer*' strategy, mainly in Brazil, the Caspian region and the Gulf of Mexico, so that we can selectively net the orders as and when they occur in the next few years.

Apart from Brazil, the activity in the Caspian region continues to be high and we expect more investments in E&P activities. To help us meet future demand in this region and to complement our Caspian Shipyard, we have signed an agreement with the State Oil Company of Azerbaijan and the Azerbaijan Investment Committee to invest in a new shipbuilding and repair yard in Baku.

In the Gulf of Mexico, there are capacity expansion opportunities in Mexico but it will take time to realise. We are in a good position there with our yard in Brownsville, Texas, near the border of Mexico.

Q: How much of the upcoming orders from Petrobras can Keppel get?

A: Petrobras has announced a massive five-year E&P spending plan of around US$174 billion, which includes ordering an additional 28 drilling rigs to be built in Brazil between 2013 and 2018.

With our established yard, long-term relationships and sound track record of deliveries in Brazil, we are confident of our ability to build some of these rigs for Petrobras. A number of our customers, the drilling contractors, are discussing with us on how to partner them in meeting the orders.

We will seek orders which are meaningful to us. We know that apart from cost, customers like Petrobras value execution capability, experience and track record. This is where we have an edge.

Currently, Brazil is facing a shortage of yard capacity. We are working hard to raise our productivity in Brazil and manage our costs there to stay competitive. We are expanding the capacity of our yard in Angra, and at the same time considering a possible acquisition of another yard in Brazil.

Q: How do you intend to continue to grow the earnings contribution from Infrastructure Division?

A: On the whole, we are happy with the progress made by our Infrastructure Division. For 2009, the Division has once again doubled its profit after tax and minority interests from $63 million in 2008 to $126 million. This Division is now contributing a healthy 10% to the Group's bottom line, and I am hoping that this will grow.

All businesses in our Infrastructure Division are making concerted efforts to boost their earnings base by strengthening their existing businesses, seeking and moving into earnings-accretive adjacent businesses.

In environmental engineering, we are leveraging renewed global efforts to combat climate change to secure more projects with our proven WTE and water treatment technologies. Over the years, we have built up a sizeable portfolio of assets and projects and these serve as a valuable track record for us to secure new jobs. With the recent acquisition of a new capability to provide district heating and cooling systems, Keppel Integrated Engineering (KIE) is working to expand its slate of products and solutions with the aim of becoming a world leader in environmental solutions.

The offshore wind business is another area which poses potential for KIE, where our offshore and marine expertise and technology can be transferred selectively and innovatively to offshore wind farm installation and maintenance.

We are delivering on our promise to expand our infrastructure growth platforms and to extract value from our assets. We have announced the proposed listing of the K-Green Trust by 2Q 2010, with our three Singapore assets – Senoko WTE Plant, Ulu Pandan NEWater Plant and the Keppel Seghers Tuas WTE Plant, as seed assets. When listed, the Trust will offer Keppel, its shareholders and other like-minded investors with long-term, regular and predictable distributions. The Trust is expected to provide growth in distributions through future investments in green infrastructure assets.

Keppel Energy's 500 MW clean gas-fired co-generation plant, which began operations in 2007, has produced good performance. To meet the growing demand for clean energy, we are planning to expand the capacity of this plant by an additional 900 MW.

Through Keppel Telecommunications & Transportation, we are also capitalising on rising demand in logistics outsourcing and data centres.

Q: With the improved balance sheets at companies in your Property Division, where do you see opportunities to grow this Division further?

A: For 2009, our Property Division recorded a better-than-expected performance, thanks to the easing of liquidity and credit conditions in the second half of the year. Both the Singapore and regional residential markets rebounded, resulting in the sale of 3,500 homes, with the bulk being from our townships in China.

Our downtown prime office portfolio was also off to a good start this year. Nomura signed a 12-year lease for 102,000 square feet of space at our one-third-owned Marina Bay Financial Centre (MBFC) Tower Two. This brought the overall pre-commitment level at MBFC to 68%, with Phase One's pre-commitment level reaching 79%.

With a healthy gearing level and a good brand name, our Property Division is well-positioned to build on the existing portfolio while meeting growing demand for homes across an urbanising Asia.

The immediate near-term goal will be to seek development and acquisition opportunities in Singapore, China, India, Vietnam and Indonesia, with continued focus on developing quality residential, office and township projects.

Q: How is the progress of the Tianjin Eco-city project? When will it start contributing to Keppel's earnings?

A: The 30-sq km Sino-Singapore Tianjin Eco-City project, where we are spearheading the Singapore Consortium, is progressing well. We expect contributions to flow in by first half of 2011.

In just two years, the Eco-City has raised more than 30 billion yuan (approximately $6.7 billion) worth of investment commitments from leading developers in China, Taiwan, Japan and Malaysia. Apart from eco-friendly residential developments, the Eco-City is featuring a first-of-its-kind eco-central business district, eco-transport networks, intelligent urban lighting and waste management systems, and an international school.

We have also started construction of Keppel's 35.4-ha site in the Eco-City. Phase 1, comprising 1,700 homes, will be launched in the second half of 2010.

The Eco-City is well on its way to become a sustainable urban showcase for China, with its integrated eco-friendly residential, commercial, industrial and cultural-leisure developments.

Q: How do you intend to maximise synergy in all your businesses?

A: As the urbanisation trend and the growing demand for energy continue unabated, the world's oceans and seas will be more extensively and intensively used. Together with a heightened sense of the threat of climate change, all of us are challenged to hand over to the next generation a more developed, yet greener and cleaner world with a lower carbon footprint.

At Keppel, we see good potential in combining the strengths of all our businesses to meet this urgent need for a cleaner environment. To kickstart this effort, we enhanced resources at KIE with the expertise and experience from Keppel O&M last year. The two companies are also collaborating to seek commercially viable opportunities in offshore wind energy.

Eco-friendly township development is another area of strength which we are tapping into. With proven competencies of Keppel Land in developing townships and green buildings, KIE in environmental solutions and Keppel Energy in providing clean energy, we believe we are well-placed to offer one-stop-eco-solutions in a world facing the increasing twin challenges of urbanisation and environmental protection.

Q: What does it take for Keppel to realise the Group Vision which you have articulated in 2009?

A: We will need lots of courage, commitment and a sustained *Can Do!* spirit from the current and next generation of Keppelites, bound together by our common core values of passion, integrity, customer focus, people-centredness, safety, agility and innovativeness, collective strength and accountability. We should also continue to know our business better than others and to take calculated risks to ensure that all our engines of growth are firing away.

With the strong support from our Chairman, Board and all Keppelites, I believe we are well on track to realise the Keppel Group Vision of being the Provider of Choice in all our selected businesses.

Strengthen

With a robust financial position and entrenched core competencies, we are on track to strengthen the breadth and depth of our businesses.

$1.18b

Our strong net cash position enables us to judiciously seize opportunities for value creation.

68%

Return on Equity of our Offshore & Marine Division rose to a record level of 68% on the back of strong operating performance.

70,000 homes

With a total of 70,000 homes in the pipeline, our Property Division stands to benefit from the rising demand for quality residential developments in Asia's growth cities.

Synergise

We are maximising the synergy among our businesses to meet the growing global demand for a cleaner urban living environment.

$6.7b

A showcase of Keppel's synergistic strengths in township development and environmental solutions, the Sino-Singapore Tianjin Eco-City project attracted $6.7 billion worth of investments.

$750m

The K-Green Trust, with initial assets of $750 million, offers eco-conscious investors the opportunity to invest in a pipeline of 'green' infrastructure assets, including renewable energy and other energy efficiency initiatives.

47.6%

As the only private operator of waste-to-energy plants in Singapore, we treat almost half of Singapore's waste for incineration.

Optimise

The prudent and effective use of Group resources, together with the harnessing of collective strength, place us in a good position to optimise value creation for sustainable growth.

+20%

Our Economic Value Added (EVA) grew 20% to cross the $1 billion mark for the first time, with all businesses generating positive EVA.

$24m

Strong human capital is essential for our sustainable growth into the future. In 2009, we invested $24 million in the training and development of our global workforce.

27%

Over the past nine years, our Total Shareholder Return grew at a Compounded Annual Growth Rate of 27%, significantly outperforming the Straits Times Index over the same period.

Group Strategic Directions

Keppel Corporation

To be the Provider of Choice for Solutions to the Offshore & Marine Industries, Sustainable Environment and Urban Living

$1,265m

PATMI increased 15% from FY 2008's $1,097 million.

Revenue
($ million)

Strategic Directions

Fortifying Core Competencies

- Ensure continued focus on execution excellence to produce top quality products and solutions for customers.
- Sharpen competitive edge by investing in R&D for long-term growth.
- Maximise talent development and knowledge sharing to enhance productivity.

Expanding Global Footprint

- Build on the Group's strong global network for new business opportunities.
- Leverage the Keppel brand equity to enhance its presence in existing markets and enter new markets.

Leveraging Growth Platforms

- Maximise synergy and collective strength among businesses.
- Seize value enhancing opportunities when they arise.

Offshore & Marine

To be the choice provider and solutions partner in its selected segments of the offshore and marine industry

$810m

PATMI increased 15% from FY 2008's $705 million.

Revenue
($ million)

Focus for 2010/2011

- Deliver value through excellent project management and execution.
- Enhance R&D initiatives to strengthen position as market leader in selected segments.
- Explore opportunities in new markets and adjacent businesses.
- Maximise and realise operational efficiencies.
- Sustain prudent cost management.
- Focus on Health, Safety and the Environment.

Infrastructure

To grow further with its robust portfolio of environmental engineering, power generation, logistics and data centres businesses

$126m

PATMI increased 100% from FY 2008's $63 million.

Revenue
($ million)

2009	**2,427**
2008	2,232

Focus for 2010/2011

- Keppel Integrated Engineering (KIE) to continue building its environmental engineering business, with the aim of becoming a world leader in environmental solutions.
- KIE to expand its slate of products and solutions, as well as moving into adjacent businesses such as renewable energy.
- Keppel Energy to grow its power generation business by planting additional capacity in Singapore.
- Keppel Telecommunications & Transportation to continue growing its logistics and data centre footprint.

Property

To provide urban living solutions through the twin core businesses of property development and property fund management

$210m

PATMI increased 34% from FY 2008's $157 million.

Revenue
($ million)

2009	**1,508**
2008	950

Focus for 2010/2011

- Selectively seek acquisitions with continued focus on developing quality residential, office and township projects.
- Capitalise on market recovery to launch more township projects in key and secondary cities in China.
- Time launches of remaining units of Marina Bay Suites and Reflections at Keppel Bay with the opening of the integrated resorts.
- K-REIT Asia and Alpha Investment Partners to explore potential acquisitions of quality assets in Singapore and overseas.
- Unlock value from non-core assets at appropriate time.

Investments

To deliver good value to shareholders while seeking growth opportunities presented by the global economic recovery

$119m

PATMI decreased 31% from FY 2008's $172 million.

Revenue
($ million)

2009	**39**
2008	54

Focus for 2010/2011

- k1 Ventures will identify investment opportunities while continuing to focus on the management of existing investments with the aim of enhancing shareholder value.
- MobileOne will continue to strengthen its position in the market and capitalise on new growth opportunities from the commercial launch of the Next Generation Nationwide Broadband Network.

Keppel Around the World

Offshore & Marine
Azerbaijan
Brazil
Bulgaria
China
India
Indonesia
Japan
Kazakhstan
Norway
Qatar
Singapore
The Netherlands
The Philippines
United Arab Emirates
United States
Vietnam

Infrastructure
Algeria
Argentina
Australia
Belgium
Brazil
China and Hong Kong
Ecuador
France
Germany
Honduras
Indonesia
Ireland
Malaysia
Mexico
Qatar
Singapore
Spain
Sweden
Thailand
The Philippines
United Kingdom
United States
Vietnam

Property
China
India
Indonesia
Japan
Korea
Malaysia
Saudi Arabia
Singapore
Thailand
The Philippines
Vietnam

Investments
China and Hong Kong
Singapore
United States

We have a global presence spanning more than 30 countries with overseas customers as our earnings mainstay.

TOTAL FY 2009 REVENUE
$12,247m

NORTH AMERICA
$1,532m

CENTRAL AMERICA
$262m

SOUTH AMERICA
$1,377m

EUROPE
$3,837m

MIDDLE EAST
$893m

CHINA AND HONG KONG
$344m

JAPAN AND KOREA
$91m

INDIA
$293m

ASEAN
$3,545m

AUSTRALIA
$73m

"The Group shall spare no effort and shall endeavour to chart new growth paths..."

Lee Boon Yang, 62

Chairman and Independent Director
Member, Nominating Committee
Member, Remuneration Committee
Member, Board Safety Committee

Lim Hock San, 63

Deputy Chairman and Independent Director
Chief Executive Officer,
United Industrial Corporation
Chief Executive Officer,
Singapore Land
Chairman, Audit Committee
Chairman, Remuneration Committee
Member, Board Risk Committee

Choo Chiau Beng, 62

Chief Executive Officer
Member, Board Safety Committee

Sven Bang Ullring, 74

Independent Director
Chairman, Board of The Fridtjof Nansen Institute, Oslo, Norway
Chairman, Board Safety Committee
Member, Nominating Committee
Member, Remuneration Committee

Tony Chew Leong-Chee, 63

Independent Director
Executive Chairman,
Asia Resource Corporation
Chairman, Nominating Committee
Member, Audit Committee

Oon Kum Loon, 59

Independent Director
Chairman, Board Risk Committee
Member, Audit Committee
Member, Nominating Committee
Member, Remuneration Committee

Tow Heng Tan, 54

Non-Independent and Non-Executive Director
Chief Investment Officer,
Temasek Holdings
Member, Nominating Committee
Member, Remuneration Committee
Member, Board Risk Committee

Alvin Yeo Khirn Hai, 48

Independent Director
Senior Partner, Wong Partnership LLC
Member, Audit Committee
Member, Board Risk Committee

Teo Soon Hoe, 60

Senior Executive Director and Group Finance Director

Tong Chong Heong, 63

Executive Director

Keppel Group Boards of Directors

Keppel Offshore & Marine

Choo Chiau Beng
Chairman
Chief Executive Officer,
Keppel Corporation

Tong Chong Heong
Chief Executive Officer

Charles Foo Chee Lee
Managing Director (Special Projects)
Centre Director, Keppel Offshore &
Marine Technology Centre

Sit Peng Sang
Chief Financial Officer

Bjarne Hansen
Senior Partner, Wing Partners I/S,
Denmark

Prof Neo Boon Siong
Director, Asia Competitiveness
Institute, Lee Kuan Yew School
of Public Policy, National University
of Singapore

Stephen Pan Yue Kuo
Chairman, World-Wide Shipping
Agency Limited

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

Dr Malcolm Sharples
President, Offshore Risk &
Technology Consulting, US

Teo Soon Hoe
Senior Executive Director
and Group Finance Director,
Keppel Corporation

Tan Ek Kia
Chairman of City Gas Pte Ltd
Board member of SMRT
Corporation Ltd

Po'ad Bin Shaik Abu Bakar Mattar
Independent Director of
Hong Leong Finance Limited

Keppel Integrated Engineering

Tong Chong Heong
Chairman
Chief Executive Officer,
Keppel Offshore & Marine

Michael Chia Hock Chye
Deputy Chairman and
Chief Executive Officer
Managing Director (Offshore),
Keppel Offshore & Marine

Wong Boon Kong
Director

Loh Ah Tuan
Director

Quek Boon Sing
Director

Dr Ong Tiong Guan
Managing Director,
Keppel Energy

Keppel Telecommunications & Transportation

Teo Soon Hoe
Chairman
Senior Executive Director
and Group Finance Director,
Keppel Corporation

Dr Tan Tin Wee
Associate Professor of Biochemistry,
National University of Singapore

Prof Bernard Tan Tiong Gie
Professor of Physics,
National University of Singapore

Reggie Thein
Independent Director

Wee Sin Tho
Vice President, Endowment
and Institutional Development,
National University of Singapore

Tan Boon Huat
Chief Executive Director,
People's Association

Keppel Energy

Choo Chiau Beng
Chairman
Chief Executive Officer,
Keppel Corporation

Dr Ong Tiong Guan
Managing Director

Teo Soon Hoe
Senior Executive Director
and Group Finance Director,
Keppel Corporation

Khoo Chin Hean
Executive Director,
Energy Studies Institute

Koh Ban Heng
Chief Executive Officer
and Executive Director,
Singapore Petroleum Company
Limited (a member of PetroChina)

Foo Jang See
Senior Vice President,
Singapore Petroleum Company
Limited (a member of PetroChina)

Nelson Yeo Chien Sheng
Managing Director (Marine),
Keppel Offshore & Marine

Michael Chia Hock Chye
Deputy Chairman and
Chief Executive Officer,
Keppel Integrated Engineering
Managing Director (Offshore),
Keppel Offshore & Marine

Keppel Land

Choo Chiau Beng
Chairman
Chief Executive Officer,
Keppel Corporation

Kevin Wong Kingcheung
Group Chief Executive Officer

Khor Poh Hwa
Advisor in Township and Infrastructure
Development to Keppel Corporation

Lim Ho Kee
Chairman, Singapore Post

Prof Tsui Kai Chong
Provost and Professor of Finance,
SIM University

Lee Ai Ming (Mrs)
Senior Partner,
Rodyk & Davidson

Tan Yam Pin
Former Managing Director,
Fraser and Neave Group

Niam Chiang Meng
Permanent Secretary,
Ministry of Community Development,
Youth and Sports

Heng Chiang Meng
Former Managing Director,
First Capital Corporation
Executive Director,
Far East Organisation Group

Edward Lee
Former Ambassador to Indonesia

Koh-Lim Wen Gin
Former URA Chief Planner and
Deputy Chief Executive Officer

Teo Soon Hoe
Senior Executive Director
and Group Finance Director,
Keppel Corporation

K-REIT Asia Management

Prof Tsui Kai Chong
Chairman
Provost and Professor of Finance,
SIM University

Kevin Wong Kingcheung
Deputy Chairman
Group Chief Executive Officer,
Keppel Land

Ng Hsueh Ling
Chief Executive Officer

Tan Swee Yiow
Chief Executive Officer
(Singapore Commercial),
Keppel Land International

Lee Ai Ming (Mrs)
Senior Partner,
Rodyk & Davidson

Dr Chin Wei-Li, Audrey Marie
Chairman, Vietnam Investing
Associates – Financials (S) Pte Ltd

Keppel Technology Advisory Panel

The Group promotes a culture of innovation with guidance from eminent business leaders, professionals and industry experts.

(From left)
First row: Dr Yeo Ning Hong, Professor Cham Tao Soon (Chairman, Keppel Technology Advisory Panel) and Professor Sir Eric Ash

Second row: Professor Minoo Homi Patel, Professor James Leckie, Professor Tom Curtis and Dr Malcolm Sharples

Absent from photo:
Dr Brian Clark and Tan Gee Paw

Professor Cham Tao Soon
Chairman
BEng (Civil), 1st Class Honours, University of Malaya; BSc (Maths), University of London; PhD (Fluid Mechanics), University of Cambridge.

He was the founding President of Nanyang Technological University (Singapore) in 1981 and had relinquished the post in 2002 and is now its President (Emeritus). Presently, he is the Chancellor and Chairman of SIM University. He has received several honorary doctorates and foreign academy awards including the International Medal of the British Royal Academy of Engineering.

Professor Sir Eric Ash
BSc and PhD, Imperial College London; CBE FREng FRS.

He is presently an Advisor to Tata Consulting Engineers Ltd in Mumbai. A past president of the Institution of Electrical Engineers (now Institution of Engineering and Technology), he is a Foreign Member of the US National Academy of Engineering. He was Rector of Imperial College 1985–93, Vice President of the Royal Society 1997–2002. He has several honorary doctorates including one from Nanyang Technological University (Singapore).

Dr Brian Clark
Schlumberger Fellow; B.S. Ohio State University; PhD, Harvard University (1977).

He holds 58 patents related to the exploration and development of oil and gas, primarily in wireline logging and logging while drilling. He was recognised as the *Outstanding Inventor of the Year for 2002*, by the Houston Intellectual Property Law Association and as the *Texas Inventor of the Year for 2002*, by the Texas State Bar Association. Dr Clark is also a member of US National Academy of Engineering and The Academy of Medicine, Engineering and Science of Texas.

Dr Yeo Ning Hong
BSc (Chemistry), First Class Honours, MSc, University of Singapore; Master of Arts and PhD, University of Cambridge (1970).

Dr Yeo is Advisor to Far East Organisation and formerly Advisor to Temasek Holdings (Pte) Ltd and Hyflux Ltd. He is also Chairman of SQL View Pte Ltd and Universal Gateway International (Pte) Ltd, and serves as a Director of Singapore Press Holdings Ltd. Dr Yeo was a Cabinet Minister in the Singapore Government from 1981 to 1994 holding appointments as Minister for Communications, Information, National Development and Defence.

Professor Minoo Homi Patel
Fellow of the Royal Academy of Engineering, the Institution of Mechanical Engineers and the Royal Institution of Naval Architects; Chartered Engineer; BSc (Eng) and PhD, University of London and an Honorary Member of the Royal Corps of Naval Constructors.

He is Head of the School of Engineering at Cranfield University and a Founder Director of the science park company BPP Technical Services Ltd.

He also sits on the Boards of Keppel Offshore & Marine, Cranfield Aerospace, Cranfield Engineering Innovations and Pipestream Engineering Inc.

Dr Malcolm Sharples
President, Offshore Risk & Technology Consulting Engineering Inc.; B. E. Sc Engineering Science, University of Western Ontario; PhD; University of Cambridge; Athlone Fellow; Fellow of the Society of Naval Architects; Registered Professional Engineer.

His company provides consulting on offshore-related projects including project technical risk, project safety cases and health & safety quality systems, financial due diligence on acquisitions, regulatory advice, business development assistance, and he has been involved as an expert witness in a number of legal proceedings. He is an active member of the Canadian Standards Association on offshore wind farms. He is a Director of Keppel Offshore & Marine.

Professor James Leckie
BS (Honours), San Jose State University; SM, PhD, Harvard University (1970); The C. L. Peck, Class of 1906 Professor of Environmental Engineering and Applied Earth Sciences, Stanford University; Director of the Stanford Centre for Sustainable Development & Global Competitiveness; Director, Stanford-China Executive Leadership Programme; Director, Singapore Stanford Partnership.

He has appointments in both Civil and Environmental Engineering, and Geological and Environmental Sciences at Stanford. He is a member of the National Academy of Engineering. He holds five patents related to water treatment technology and over 300 publications. His areas of teaching and research are in environmental chemistry and human exposure analysis.

Tan Gee Paw
BEng (Civil), First Class Honours, University of Malaya; MSc (Systems Engineering), University of Singapore; Doctor of Science (Honorary), University of Westminster; Doctorate in Engineering (Honorary), University of Sheffield.

He is the Chairman of Public Utilities Board, the national water agency of Singapore, since 1 April 2001. He is a member of the Presidential Council for Religious Harmony, as well as the Chairman of the Boards of First DCS Pte Ltd, OpenNet Pte Ltd and Exploit Technologies Pte Ltd. Mr Tan is also a Director of the Singapore Millennium Foundation Ltd, and Ascendas Pte Ltd. He is the Advisor for the Centre for Water Research, and Adjunct Research Professor of the Division of Environmental Science & Engineering, Faculty of Engineering, National University of Singapore (NUS).

Mr Tan co-chairs the Environmental & Water Technologies International Advisory Panel, Ministry of the Environment & Water Resources. He is Chairman of the International Advisory Panel of the Institute of Water Policy, Lee Kuan Yew School of Public Policy, NUS, and chairs the Nominating Committee of the Lee Kuan Yew Water Prize, Singapore International Water Week. He is also a Member of the Advisory Board of the Centre for Liveable Cities, Chairman of the Governing Board for the Earth Observatory of Singapore, Nanyang Technological University, and Member of the Steering Group on Water & Climate Change for the Asia-Pacific Water Forum.

Professor Thomas (Tom) Curtis
BSc (Hons) Microbiology, University of Leeds; M.Eng and PhD Civil Engineering, University of Leeds.

He is a professor of Environmental Engineering of the University of Newcastle upon Tyne, as well as a recipient of the Royal Academy of Engineering Global Research Fellowship and the Biotechnology and Biological Sciences Research Council (BBSRC) Research Development Fellowship. Before entering academia, he worked in construction and public health policy and has worked in the US, Brazil, Bangladesh and Jordan. His major areas of research include microbial ecology, engineered biological systems in general and wastewater treatment in particular. His research is supported by an Engineering Physical Science Research Council Platform Grant.

Senior Management

Keppel Corporation

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Senior Executive Director and Group Finance Director

Tong Chong Heong
Executive Director

Corporate Services

Chee Jin Kiong
Director (Group Human Resources)

Paul Tan
Group Controller

Wang Look Fung
General Manager (Group Corporate Communications)

Lynn Koh
General Manager (Group Treasury)

Lai Ching Chuan
General Manager (Corporate Development / Planning)

Magdeline Wong
General Manager (Group Tax)

Tina Chin
General Manager (Group Risk Management)

Caroline Chang
General Manager (Group Legal)

Tan Eng Hwa
General Manager (Group Internal Audit)

Cindy Lim
General Manager (Group Human Resources)

Offshore & Marine

Tong Chong Heong
Chief Executive Officer
Keppel Offshore & Marine

Sit Peng Sang
Chief Financial Officer
Keppel Offshore & Marine

Charles Foo Chee Lee
Managing Director (Special Projects)
Keppel Offshore & Marine
Centre Director
Keppel Offshore & Marine Technology Centre

Michael Chia Hock Chye
Managing Director (Offshore)
Keppel Offshore & Marine

Nelson Yeo Chien Sheng
Managing Director (Marine)
Keppel Offshore & Marine

Chee Jin Kiong
Executive Director (Human Resources)
Keppel Offshore & Marine

Chow Yew Yuen
President (The Americas)
Keppel Offshore & Marine

Wong Kok Seng
Executive Director
Keppel FELS

Hoe Eng Hock
Executive Director
Keppel Singmarine

Infrastructure

Michael Chia Hock Chye
Deputy Chairman and
Chief Executive Officer
Keppel Integrated Engineering

BG (NS) Pang Hee Hon
Chief Executive Officer
Keppel Telecommunications
& Transportation

Ong Tiong Guan
Managing Director
Keppel Energy

Property

Kevin Wong
Group Chief Executive Officer
Keppel Land

Ang Wee Gee
Executive Director and
Chief Executive Officer
(International)
Keppel Land International

Choo Chin Teck
Director (Corporate Services)
Keppel Land International
Group Company Secretary
Keppel Land

Lim Kei Hin
Chief Financial Officer
Keppel Land International

Tan Swee Yiow
Chief Executive Officer
(Singapore Commercial)
Keppel Land International;
Chief Executive Officer/Director
K-REIT Asia Management
(January 2009 to 16 August 2009)

Augustine Tan
Chief Executive Officer
(Singapore Residential)
Keppel Land International

Ng Hsueh Ling
Chief Executive Officer/Director
K-REIT Asia Management
(from 17 August 2009)

Loh Chin Hua
Managing Director
Alpha Investment Partners

Goh Toh Sim
Chief Executive Officer
Evergro Properties
(till 31 December 2009)
Chief Representative (China)
Keppel Corporation
(from 1 November 2009)

Investments

Steven Jay Green
Chairman and
Chief Executive Officer
k1 Ventures

Karen Kooi
Chief Executive Officer
MobileOne

Unions

Keppel FELS Employees Union
Muhamad Shah Bin Md Sahid
President

Atyyah Hassan
General Secretary

Keppel Employees Union
Mohd Yusop Bin Mansor
President

Mohd Yusof Bin Mohd
General Secretary

Shipbuilding & Marine
Engineering Employees' Union
Wong Weng Onn
President

Lim Chin Siew
Executive Secretary

Singapore Industrial
& Services Employees' Union
Tan Peng Huat
President

Lim Kuang Beng
General Secretary

Josephine Teo
Executive Secretary

Union of Power
& Gas Employees
Tay Seng Chye
President

S. Thiagarajan
Executive Secretary

Nachiappan RKS
General Secretary

Investor Relations

The economic uncertainties in 2008 and 2009 presented challenges for businesses worldwide. In 2009, our dedicated Investor Relations team stepped up its communications with investors, analysts, fund managers and the media, to address the concerns of the investing community on the impact of the downturn on the Keppel Group. The team provided assurance with balanced insights into the Group's strategic directions, performance, key developments and plans for sustainable growth amidst the economic slowdown.

In both good times and bad, our Investor Relations efforts are guided by the principle of achieving best practices in corporate governance and disclosure. Clear, consistent and regular communication is a hallmark of Keppel's relationships with analysts and investors worldwide.

Proactive Outreach

In 2009, despite the volatile economic environment, we continued to see a strong level of interest among institutional investors and analysts on the prospects of the Group. In all, we held 152 face-to-face investor meetings and conference calls in Singapore and overseas. Such meetings provided a useful platform for investors and analysts to engage our management and better understand our business dynamics and direction. This also contributed towards the strengthening of our relationships with our long-term shareholders.

During the year, we also arranged meetings with management of key subsidiaries. Tours of the facilities aided in the better understanding of our businesses and operations.

With our Offshore & Marine Division as the key contributor to Group earnings, institutional investors continued to show keen interest in our rigbuilding operations and facilities. Apart from our yards in Singapore, there is growing interest in our established and wholly-owned yard in Brazil, due to the aggressive Exploration & Production programme of Petrobras, Brazil's national oil company. In December 2009, a group of nine fund managers and analysts had a meaningful and fruitful visit to Keppel FELS Brasil. Senior management there gave them insights into the yard's capabilities in meeting Petrobras' local content requirements for its rigbuilding programme.

With a record 14 rig deliveries in 2009, investors and analysts were invited to all the key naming and delivery ceremonies in Singapore to understand what it takes to complete a rig or vessel on time, within budget and with no incidents, through mingling with our key management, customers and suppliers.

Some of Keppel's retail shareholders are equally interested in our business operations as the institutional investors. In response to a request made by a group of retail shareholders, we organised a tour of our rigbuilding yard in Singapore for them in September 2009.

Apart from the Offshore & Marine business, we also organised visits to facilities in our Infrastructure Division. In October 2009, a group of research analysts was invited to visit one of the Group's growth engines in the Infrastructure Division, Keppel Energy's 500 MW clean gas-fired co-generation plant on Jurong Island in Singapore. The visit provided them with a first-hand understanding of the operational and business aspects of the plant.

During the year, we complemented our outreach efforts with participation in selected investor conferences. For a third consecutive year, top executives from Keppel Offshore & Marine made a presentation and shared our strengths at the Annual Oil & Offshore Conference organised by Pareto Securities in Norway. At the inaugural DnB NOR Bank investor conference in Singapore, Mr Teo Soon Hoe, our Senior Executive Director and Group Finance Director, spoke on Keppel's strategy in achieving sustainable growth for the Group.

Regular Communication

To reach stakeholders in a timely and effective manner, we continued 'live' webcasts of our quarterly results presentations. These webcasts allow viewers from around the world to listen to senior management and post questions online for them to respond to in real time.

We are also committed to keep our communication channels accessible and information timely so as to serve the interests of the investing community. Market sensitive news is promptly posted on our website, www.kepcorp.com, at the end or beginning of each market day, in addition to the Singapore Exchange website.

Focus on Shareholder Value

We are committed to deliver sustained value to our shareholders. In 2009, we continued to improve on our returns to shareholders.

Our Return on Equity increased from 2008's 22.4% to a new high of 23.9%. Our Total Shareholder Return (TSR) improved from a negative 64% in 2008 to 101% in 2009. This was 30% above the benchmark Straits Times Index's (STI) TSR of 71%. Over the past nine years, Keppel's Compounded Annual Growth Rate (CAGR) TSR of 27% was also significantly higher than STI's CAGR TSR of 5%.

In terms of share price performance, Keppel Corporation's share price gained 95% over the year to close at $8.23 at the end of 2009, outperforming STI's gain of about 64% during the same period.

To reward shareholders for the record profits achieved in 2009, we will be

proposing a total distribution of 61 cents per share for the year, which is 75% higher than the 2008 total dividend of 35 cents per share. The proposed payout for 2009 will exceed $970 million which is about 77% of Group PATMI.

Recognition

Our proactive investor relations approach and commitment to corporate transparency was again recognised by the investing community in 2009.

At the 10th Investors' Choice Awards organised by the Securities Investors Association of Singapore, Keppel Corporation entered the Hall of Fame for the category of the Most Transparent Company. This was in recognition of the Company winning the coveted Golden Circle Award for being the best in transparency across all categories for three consecutive years.

In January 2009, Keppel Corporation was ranked among the best in corporate governance in Asia by *The Asset*, a financial publication headquartered in Hong Kong. The Company was ranked Second in the Singapore country category in *The Asset* Corporate Governance Awards 2008.

In Issue 2 of the Governance and Transparency Index, published in November 2009 by Singapore's *The Business Times* and the Corporate Governance & Financial Reporting Centre of the National University of Singapore, Keppel Corporation was ranked third out of more than 700 Singapore-listed companies.

1

Keppel's senior management engages the investing community through diverse channels, including the Company's results presentations and webcasts.

2, 3

Visits to our yards and the Keppel Merlimau Co-generation Plant provide fund managers, analysts and retail shareholders a better understanding of our operational capabilities.

1

2, 3

Awards and Accolades

Award recipients at the Securitites Investors Association of Singapore 10th Investors' Choice Awards:
(from left)
Mr Teo Soon Hoe, Senior Executive Director and Group Finance Director of Keppel Corporation,
Mr Choo Chiau Beng, Chief Executive Officer of Keppel Corporation, and
Mr Lim Kei Hin, Chief Financial Officer of Keppel Land.

Corporate Governance and Transparency

The Asset Corporate Governance Awards

Keppel Corporation

- Second, Singapore Category

Singapore Corporate Awards

Keppel Land

- Gold, Best Annual Report (Market capitalisation more than $1 billion)

K-REIT Asia

- Silver, Best Annual Report (REITs and Business Trusts)
- Silver, Best Investor Relations (Market capitalisation between $300 million and $1 billion)

Securities Investors Association of Singapore 10th Investors' Choice Awards

Keppel Corporation

- Excellence Award, Hall of Fame in the Most Transparent Company Award
- Merit, Singapore Corporate Governance Award

Keppel Land

- Runner-Up, Most Transparent Company Award (Property)

Governance and Transparency Index (Issue 2 November 2009)

Keppel Corporation, Keppel Telecommunications & Transportation, Keppel Land and MobileOne were ranked third, sixth, 10th and 40th respectively out of more than 700 companies assessed.

Other accolades that Keppel Corporation achieved include being named one of the top 10 winners of the Wall Street Journal Asia 200 Awards for the most admired companies in Singapore and listed as one of UBS's regional top 10 corporate governance picks.

Business Excellence

- Keppel Offshore & Marine (Keppel O&M) was bestowed the Offshore & Marine Engineering Award at the Singapore International Maritime Awards.
- Keppel Gas received the Sales/Turnover Growth Excellence Award at the 22nd Annual Singapore 1000 & SME 500 Awards.
- Keppel FELS garnered the Intergraph 3D Design Award at the Intergraph Golden Valve Awards Competition for showcasing its proprietary semisubmersible drilling tender created with SmartMarine 3D design software.
- For the third consecutive year, Keppel Logistics clinched the Retail & Fast Moving Consumer Goods Logistics Service Provider of the Year (Singapore) Award in Frost & Sullivan's 2009 Asia Pacific Transportation & Logistics Awards – Voice of the Customer. It also secured the Domestic Logistics

Service Provider of the Year (Singapore) title.

- Keppel Shipyard added the fifth consecutive win of the Best Shiprepair Yard Award to its track record at the 11th Lloyd's List Asia Awards 2009.
- The KFELS B Class rig and KFELS SSDT™ 3600E won the Prestigious Engineering Achievement Award 2009 from Institution of Engineers Singapore for their environmentally friendly features.
- Keppel's KFELS SSDT™ 3600E design was conferred the ASEAN Outstanding Engineering Achievement Award for its eco-friendly features and sustainable operations.
- Keppel Land was named the Best Office Developer in Singapore at the Euromoney-Liquid Real Estate Awards 2009.
- Keppel Land's Sustainability Report 2008 was bestowed the Merit Award by the Association of Chartered Certified Accountants in the Singapore Awards for Sustainability Reporting 2008.

At the CNBC Asia Pacific Property Awards, six of Keppel Land's projects garnered awards comprising:

- Reflections at Keppel Bay, Singapore – Best High-Rise Development, Residential
- 8 Park Avenue, China – Best Development, Residential
- The Arcadia, China – Best Property, Residential
- Villa Riviera, Vietnam – Best Development, Residential
- Saigon Centre, Vietnam – Best Mixed-Use Development, Commercial
- Elita Promenade, India – Best Development, Residential

The following Keppel Land projects were awarded Green Mark Awards by Singapore's Building and Construction Authority:

- Marina Bay Financial Centre Phase 2 (Commercial), Singapore – Gold PLUS
- Marina Bay Suites, Singapore – Gold
- One Raffles Quay, Singapore – Gold
- Sixth Avenue Residences, Singapore – Gold
- The Promont, Singapore – Gold
- Spring City (La Quinta), China – Gold
- Residential development in Pudong, Shanghai (Plots 1 and 3), China – Gold
- The Arcadia, China – Gold
- Riviera Cove, Vietnam – Gold

KOM Tower, a new office block in Keppel O&M's Singapore headquarters, also achieved a Green Mark Award.

Keppel Land bagged Golden Dragon Awards for the following developments:

- The Estella, Vietnam
- Riviera Cove, Vietnam
- Sedona Suites Ho Chi Minh City (HCMC), Vietnam
- Sedona Suites Hanoi, Vietnam

Keppel Land also garnered recognition for its projects as follows:

Ocean Financial Centre, Singapore

- Named Best Green Development (Future) at the Cityscape Asia Real Estate Awards
- Achieved the Platinum level LEED-CS Precertification

Jakarta Garden City, Indonesia

- Won the Best Middle-Class Residential Development title at the International Real Estate Federation (FIABCI) Indonesia – BNI Prix d'Excellence Award Ceremony
- Accorded the Well-Planned, Environmentally Friendly and Technologically Modern Township Award at the Indonesia Property and Bank Awards

Marina at Keppel Bay, Singapore

- Accorded the SIA-Hunter Douglas Award 2008 in the Completed Projects category
- Inaugural winner for the PUSH Award which honours institutes and associations for their contributions to Singapore as a brand of design excellence

Sedona Hotel Yangon, Myanmar

- Named Myanmar's Leading Hotel for the second consecutive year at the World Travel Awards

Sedona Suites HCMC, Vietnam

- Voted the Best Business Serviced Apartment by *The Guide Magazine* for the sixth consecutive year

Corporate Citizenry

- Keppel Corporation was conferred the Distinguished Patron of the Arts Award for its contributions towards the promotion and organisation of arts activities in Singapore.
- In recognition of its support and contribution to national defence, Keppel Shipyard was conferred the Meritorious Defence Partner Award.
- Keppel Shipyard received the May Day Model Partnership Award from the National Trades Union Congress for its active promotion of labour relations at the individual and national level.
- For outstanding contributions to the Community Chest, Keppel FELS and Keppel Singmarine received the Social Help and Assistance Raised by Employees Platinum Awards while Keppel Shipyard received the Gold Award.
- Keppel O&M was conferred the Community Chest Silver Award for donating $50,000 to the Heartstrings Walk in 2008.

Safety

- The Keppel Group garnered 18 safety accolades, the largest number for a single entity, at this year's Annual Workplace Safety and Health (WSH) Awards held by the WSH Council and the Ministry of Manpower.
- Keppel Singmarine clinched the Silver and Bronze Awards for two of its safety innovations at the 12th Workplace Safety and Health Innovations in the Marine Industry Convention.
- Marina at Keppel Bay is the first marina to be an award recipient at the inaugural National Safety and Security Watch Group Award 2009.

OPPORTUNITIES IN THE ENVIRONMENTAL BUSINESS

Environmental Challenges
The world is paying more attention to climate change largely due to the 2007 assessment report by the Intergovernmental Panel on Climate Change (IPCC), which warned of global warming effects threatening communities worldwide.

Changes in sea levels and global average temperature, as well as an increasing frequency and intensity of extreme weather such as storms, floods and droughts directly endanger humankind.

Many have suggested that greenhouse gases (GHG) produced by human activities, such as the combustion of fossil fuels, have led to the observed increase in global average temperatures since the mid-20th century. Indeed, this opinion finds support from the fact that carbon dioxide has increased by 35% and methane concentrations in the atmosphere have more than doubled.[1]

Many countries see the need and are accelerating their actions to mitigate the most damaging impacts of climate change. Coupled with the gravity of the problems caused by pollution, demand for green infrastructure is expected to grow in tandem with the world's population growth and urbanisation.

Today, more than half the world's population live in urbanised areas. In Asia, we expect even more rapid urbanisation. By 2030, Asia is projected to have 54% of the world's urban population. Over the next 20 years, China's cities will be home to another 350 million. This is more than the entire population of the US today. Similarly, in India, a projected 40.76% of its population will live in urban centres by 2030[2].

Large cities are at risk to climate hazards and face multi-fold environmental challenges. Without sustainable and practical solutions to these challenges, our quality of life and even survival will be seriously threatened.

Meeting Challenges through Investment and Innovation
Communities worldwide will have to invest significantly to meet the demands of the growing population and also manage the environmental

DO YOU KNOW...
Despite the global financial crisis, 34% of China's stimulus package is directed towards green measures.

1 Waste and Climate Change: ISWA White Paper, International Solid Waste Association (ISWA), 2009.
2 "State of the World Population 2007", United Nations Population Fund (UNFPA), 2007.

Modern Waste-to-Energy Facilities and Air Pollution Control

Typically, a Waste-to-Energy (WTE) plant uses the following methods to remove pollutants from its emissions:

- **A "Selective Non-Catalytic Reduction" or "SNCR" converts nitrogen oxides and water to harmless nitrogen by spraying ammonia or urea into the hot furnace.**
- **A "scrubber" sprays a mixture of lime and water mixture into the hot exhaust gases. The lime neutralises acid gases.**
- **A "carbon injection" system blows powdered carbon into the exhaust gas to absorb mercury. Carbon injection also reduces emissions of trace organics such as dioxins.**
- **A "bag house" works like a giant vacuum cleaner with hundreds of fabric filter bags that clean the air of soot, smoke and metals.**

Hence, modern WTE facilities that are well-managed and regulated do not pose a significant threat to public health. These facilities are required to monitor emissions to ensure that they comply, as a minimum, with the limits in the EU Waste Incineration Directive (2000/76/EC), which sets strict emission limits for pollutants.

According to research published by the British government-backed Health Protection Agency, incineration of municipal solid waste accounts for less than 1% of UK emissions of dioxins. Therefore, the contribution of WTE emissions to direct respiratory exposure of dioxins is a negligible component of the average human intake.[3]

problems posed by economic development. Clean drinking water, sanitary sewerage, efficient waste disposal and access to electricity have a direct impact on standards of living.

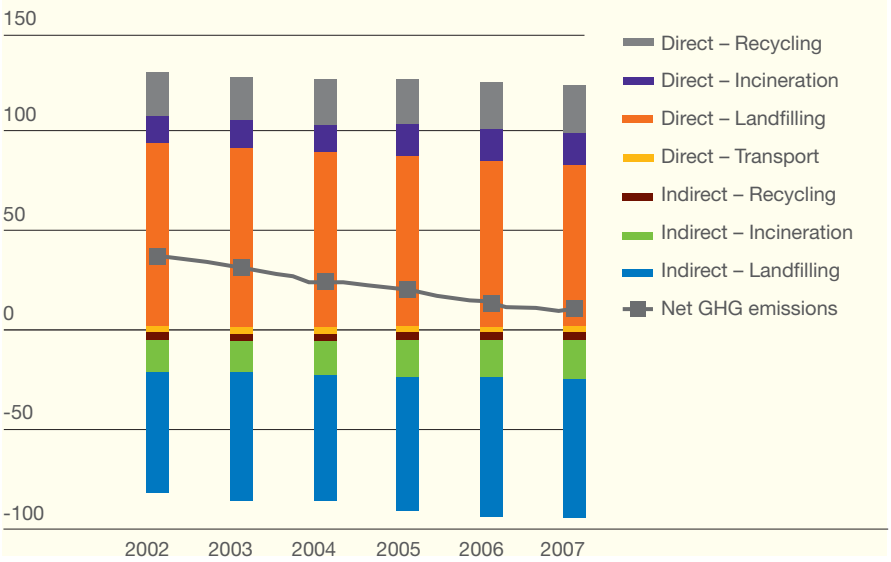
The UN Framework Convention on Climate Change (UNFCCC) views "[e]nvironmentally sound technologies (ESTs) for mitigation and adaptation as central to mitigate climate change and increase resilience to climate change impacts. ESTs are able to provide win-win solutions, allowing global economic growth and climate change mitigation to proceed hand in hand."[4]

Despite the global financial crisis, countries could meet the twin goals of economic growth and environmental protection. Many economic stimulus packages employed incorporate large green elements. For instance, 34% of China's stimulus package is directed towards green measures (about US$218 billion), for the US, 12% (about US$117 billion) and for Germany, 13%.[5]

Governments are searching for newer and better approaches to water-saving, wastewater treatment, water reuse, as well as solid waste reuse and recycling, to tackle the challenges that come with urbanisation, population growth and economic development. While this trend poses many challenges, they also offer opportunities to improve the lives of citizens and promote sustainable development.

3 The Impact on Health of Emissions to Air from Municipal Waste Incinerators, Health Protection Agency, 2009.
4 United Nations Framework Convention on Climate Change (UNFCCC), Fact sheet: Why technology is so important, 2009.
5 Keynote speech by Yvo de Boer, Executive Secretary, "Sustainable development in times of crises: Opposition or Opportunity," Bonn Symposium, UNFCCC, 23 November 2009.
6 OECD Environmental Outlook to 2030, 2008.
7 Waste and Climate Change: ISWA White Paper, ISWA, 2009.
8 ibid.

Figure 1: GHG Emissions from Municipal Waste in the EU (2002–2007)



Source: Waste and Climate Change: ISWA White Paper, International Solid Waste Association, 2009.

Keppel's Solutions for a Cleaner Future

Keppel Integrated Engineering (KIE) is the environmental technology and engineering division of Keppel Corporation.

The Keppel Seghers Group of companies (Keppel Seghers Group), which are owned by KIE, are leading providers of comprehensive environmental solutions ranging from consultancy, design and engineering, technology and construction to operation and maintenance of facilities.

Its advanced technology solutions address a wide spectrum of environmental issues such as solid waste, wastewater, drinking and process water, and biosolids and sludge.

Keppel Seghers Group has an established track record of participation in waste-to-energy (WTE) projects in Europe, the Americas and the Asia Pacific for more than 40 years. To date, Keppel Seghers has executed more than 350 water and wastewater projects and more than 100 WTE projects in more than 25 countries.

Waste: Problems and Solutions

Global population growth and urbanisation are producing increasing volumes of waste. The conventional method of dealing with solid waste is through landfills. However, the shrinking number of potential disposal sites in many countries is resulting in the replacement of landfill disposal with more advanced technology in waste management solutions.

According to an OECD (Organisation for Economic Co-operation and Development) report, by 2030, with some 60% of Chinese population living in urban areas, waste generation is expected to be at least 485 tonnes, representing a 214% increase from 2004.

Furthermore, by 2030, the non-OECD countries are expected to produce about 70% of the world's municipal solid waste. OECD also projects that in 2020, about 45% of municipal waste within the OECD would be disposed of in landfills, with only 25% incinerated and 30% recycled or composted.[6]

Due to growing landfill costs, increasing demand for energy and concerns about climate changes, WTE is gaining acceptance in many countries as a proven, practical and cost-effective technology, which can also mitigate GHG emissions. Rising electricity rates and tax, and renewable energy incentives in many countries have also increased the value of power generated at WTE plants.

Waste can be a significant source of renewable energy as they can help secure significant global GHG emission savings.

Studies show there is an inverse correlation between net GHG emissions and volume of waste that is incinerated and recycled. Therefore, by diverting waste from landfill to recycling or incineration, we are able to achieve significant savings in GHG emissions (see Figure 1).[7]

WTE offers several advantages. Firstly, it is able to effectively reduce the volume of waste going to the landfills by more than 90%. Secondly, energy is produced during waste treatment, thereby reducing dependency on fossil fuels.

Now, with the advancement in technology, emissions from WTE facilities are able to pass the most stringent standards (see page 42). Therefore, we are seeing an increasing acceptance of WTE in many countries. Globally, more than 130 million tonnes of waste are incinerated each year at over 600 WTE plants, producing over 7,600 MW of power.[8]

Public-Private Partnerships
A Public-Private Partnership (PPP) involves a contract between a public sector authority and a private party, in which the private party provides a public service or project. PPPs have been used to develop and deliver all manner of infrastructure, from schools, waste and water treatment to defence facilities.

There are advantages to PPPs. It allows the costs of the investment to be spread over the lifetime of the asset and thus can allow infrastructure projects to be brought forward by years to address the urgent needs of the communities. Driven by commercial viability, PPPs also often have a solid track record of on-time, within budget delivery and can lower cost by reducing both construction costs and overall lifecycle costs.

DO YOU KNOW...
Globally, more than 130 million tonnes of waste are incinerated every year at over 600 WTE plants, meeting the electrical energy demand of the equivalent of 10 million European consumers.

Keppel's Leadership in Waste Technology
Keppel Seghers is the only private operator of WTE plants in Singapore. Owning and operating two of four WTE plants in Singapore, Keppel Seghers can treat up to 47.6% of the total volume of waste[9] in Singapore. It also commands 60% of market share for imported WTE technology in China.

KIE acquired the Senoko WTE Plant from the Singapore Government in August 2009. This plant has the capacity to treat 2,400 tonnes per day of waste and will provide incineration services to the National Environment Agency for 15 years.

KIE's other WTE plant, Keppel Seghers Tuas WTE Plant, has the capacity to treat 800 tonnes a day of solid waste to generate more than 20 MW of green energy, contributing to Singapore's electricity supply. Keppel Seghers Tuas is the first plant in Singapore that is built under the Public-Private Partnership (PPP).

It is also the first to showcase WTE technology from a local company, incorporating in-house technology such as the air-cooled tumbling grates, boiler, rotary atomiser and flue gas treatment system. Occupying only 1.6 ha, it is also one of the most space-efficient WTE plants in the world.

Keppel is also executing Qatar's first integrated waste management facility, the Domestic Solid Waste Management Centre (DSWMC). The DSWMC will handle and treat domestic solid waste for the whole of Qatar. As a Design-Build-Operate project, Keppel Seghers will subsequently operate DSWMC for 20 years.

DO YOU KNOW...
The 10 largest water users (in volume) are India, China, the US, Pakistan, Japan, Thailand, Indonesia, Bangladesh, Mexico and Russia.[15]

It is designed to treat up to 2,300 tonnes of mixed domestic solid waste and up to 5,000 tonnes of construction and demolition waste per day. The facility will also include waste sorting and recycling facilities, landfill, a composting plant and a 1,500 tonnes per day WTE plant.

Keppel Seghers' WTE technology will be used for several key projects, for instance, the $518 million Engineering, Procurement and Construction (EPC) project for an Energy-from-Waste Combined Heat and Power Plant. The project was awarded by Greater Manchester Waste Disposal Authority in April 2009.

Keppel's WTE technology will also be used for what would be China's largest WTE plant in Shenzhen, Guangdong for Shenzhen Energy Environmental Engineering Company Ltd. When completed in 2011, the WTE plant will have an eventual capacity to treat 4,200 tonnes per day of municipal waste.

Keppel Seghers also has an in-principle approval for the development of Vietnam's first WTE plant in Ho Chi Minh City.

Water: Problems and Solutions

Only 2.5% of the total water on Earth is freshwater. A study showed that 85% of the world's population resides in the drier half of the Earth. This would imply that more than 1 billion people are living in arid and semi-arid parts of the world and have access to little or no renewable water resources. By 2030, 47% of the world population will be living in areas of high water stress.[10]

The issue of access to water, therefore, is expected to be increasingly critical in the future. Not only is water a basic necessity for survival, it is intricately tied to all aspects of human activity. Agriculture accounts for 70% of freshwater withdrawals from rivers, lakes and aquifers – up to more than 90% in some developing countries.[11]

Water also has a direct impact on energy as it is needed for production of energy of all types. Industry and energy together account for 20% of water demand.[12] In the EU, energy production accounts for 44% of water demand.[13]

A shortage of water will, therefore, have a direct impact on the supply of energy. Similarly, an increase in energy demand will also increase the strain on water resources. Taking into account the projection by the International Energy Agency that the world will need almost 60% more energy in 2030 than in 2020,[14] the water shortage is expected to worsen.

It is also clear that increasing population growth, rapid urbanisation and economic development with discharge of chemicals, have led to the worldwide decline of water quality, as well as water shortage. Coupled with climate change, which brings about longer periods of droughts for some areas, water is becoming a serious issue for many countries.

9 According to Singapore's Ministry of Environment and Water Resources, 2.45 million tonnes of waste were sent for incineration in 2008.
10 OECD Environmental Outlook to 2030, OECD, 2008.
11 "Facts and Figures", Water in a Changing World, World Water Assessment Programme, United Nations World Water Development Report 3, 2009.
12 ibid.
13 Water resources across Europe — confronting water scarcity and drought, European Environment Agency, 2009.
14 "Facts and Figures", Water in a Changing World, World Water Assessment Programme, United Nations World Water Development Report 3, 2009.
15 ibid.

Faced with the prospect of water scarcity, governments worldwide are starting to look at ways of managing their water resources more carefully and efficiently. Other than precipitation, desalination is one of the ways communities can get water. However, conventional desalination is energy-intensive.

Fortunately, technology advancement has made water reuse a feasible option. Through microfiltration and reverse osmosis, wastewater can be treated such that it is clean enough for non-potable use and even direct potable use. Therefore, water reuse is often regarded as a more sustainable and viable alternative to desalination.

Although the demand for water is clear and technology has made it economically feasible for water to be reused, there is still a gap in investments. For governments around the world, funding is an issue. PPPs are emerging as one of the most important models governments use to close the gap for the financing of such infrastructure projects.

PPPs offer immense opportunities for companies with good track record to participate in key infrastructure projects. According to the World Bank, there has been an increasing number of water projects offering PPP participation globally. But notably, we also see an ongoing shift towards water treatment plants[16] (see Figure 2). This suggests that the demand for water treatment is accelerated by an increasing need for wastewater treatment, as well as increasing acceptance of water reuse.

Keppel's Track Record

Keppel Seghers designed, built and is operating one of Singapore's largest NEWater plants, the Keppel Seghers Ulu Pandan NEWater Plant, which produces 148,000 m^3/day of NEWater. NEWater is treated used water that has undergone a stringent purification and treatment process which ensures its quality and purity. It is ultra-clean because it goes through a multi-barrier water reclamation process that comprises three stages: microfiltration, reverse osmosis and ultraviolet disinfection.

Occupying just 2.6 ha, the plant was built on a fast-track schedule of 20 months and is entirely developed, designed, constructed and operated by Keppel Seghers.

In Qatar, Keppel Seghers is developing the largest wastewater treatment and reuse and sludge treatment facility, the Doha North Sewage Treatment Works. The facility will treat up to 439,000 m^3/day and the water will be used for irrigation.

Keppel Seghers will design, build and subsequently operate the facility for 10 years. The facility will be the first wastewater treatment facility to use advanced membrane and ultraviolet treatment technologies to reclaim high-quality water for non-potable purposes, feature comprehensive odour control system to minimise impact on surrounding environment, and treat sludge from all sewage treatment works in Qatar.

Opportunities for Change

According to OECD, by combining specific policy actions, some of the key environmental challenges can be addressed at a cost of just over 1% of world GDP in 2030 or about 0.03 percentage point lower than average annual GDP growth to 2030.[17] It is also clear that we now have the technology to mitigate the impact of climate change.

While communities worldwide are still grappling with the various viewpoints and perspectives on how best to answer the environmental challenges, they all see eye-to-eye on the urgency. Fortunately, as technology continually innovates, we will have newer and more efficient technical solutions to combat these challenges. Beyond technology, governments and communities worldwide are also finding other ways to tackle the problem of climate change.

According to a 2007 UNFCCC report, "the fact that total investment in new physical assets is projected to triple between 2000 and 2030 provides a window of opportunity to direct the financial and investment flows into new facilities that are more climate friendly and resilient."[18]

Businesses, governments, authorities and communities are recognising one another's relevance and roles in addressing these issues, whether it is policies, funding gaps, technology, or R&D. What is clear is that more international co-operation and transparency are needed, and for any solution to work, it has to be sustainable.

[16] World Bank and Public-Private Infrastructure Advisory Facility (PPIAF), PPI Project Database.
[17] OECD Environmental Outlook to 2030, 2008.
[18] Investment and Financial Flows to address Climate Change, UNFCCC, 2007.

The Future is Green

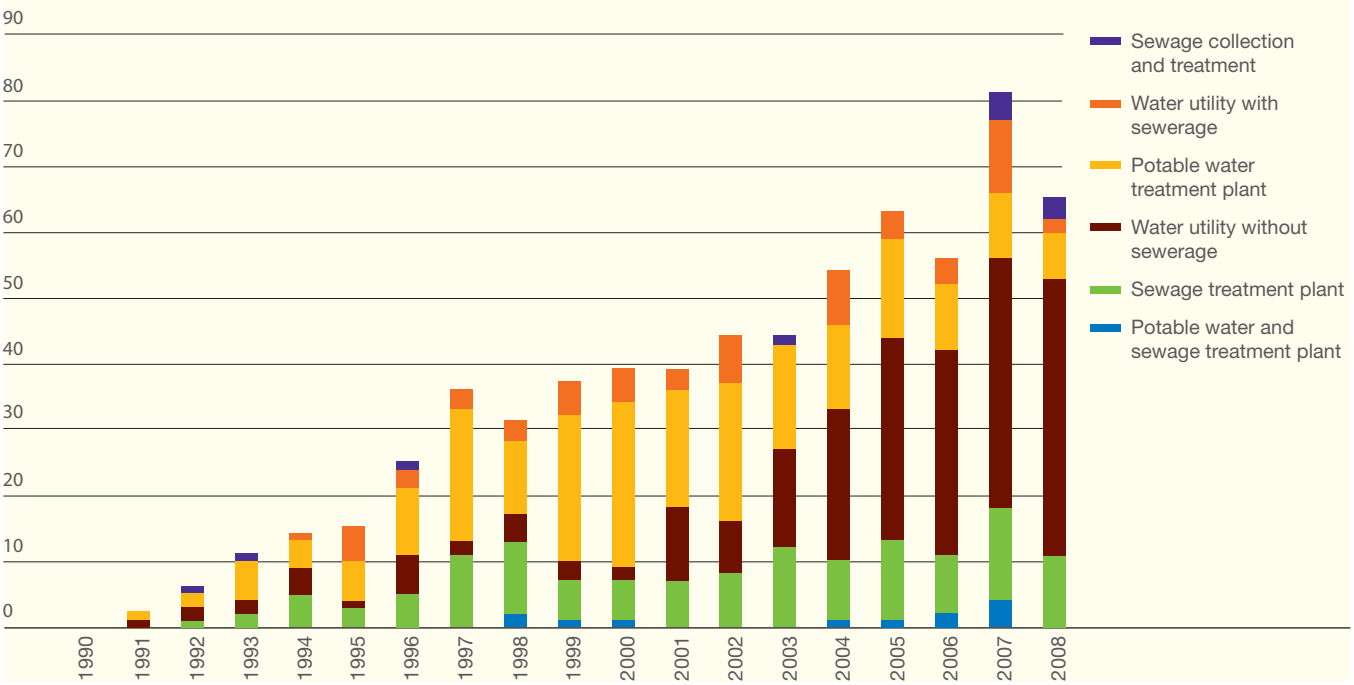
KIE will be sponsoring the listing of Units of a business trust, known as K-Green Trust (KGT), on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) by way of an introduction.

The investment objective of KGT is to invest globally in "green" infrastructure assets in Singapore, Asia, Europe and the Middle East. The Senoko WTE Plant has been transferred into KGT as seed asset. KIE will further transfer two assets – the Keppel Seghers Tuas WTE Plant and the Ulu Pandan NEWater Plant – into KGT prior to the listing.

Aiming to provide Unitholders with long-term, regular and predictable distributions, KGT will offer eco-conscious investors the opportunity to invest in and benefit from "green" infrastructure assets, such as waste management plants, water and wastewater treatment plants, and renewable energy or energy-efficient infrastructure assets.

Trading of the Units is expected to commence in the second quarter of 2010, subject to regulatory and shareholder approvals.

Figure 2: Water projects with private participation in developing countries by type of business, 1990–2008



Source: World Bank and PPIAF, PPI Project Database.

Operating & Financial Review

The Keppel Group is in the Offshore & Marine, Infrastructure and Property businesses to deliver sustainable earnings growth. With total assets of $17.3 billion as at end-2009, the Group serves a global customer base through its business units strategically located in more than 30 countries.

Some of the key factors influencing our businesses are global and regional economic conditions, oil and gas exploration and production activities, real estate markets, threats, currency fluctuations, capital flows, interest rates, taxation and regulatory legislation. As the Group's operations include providing a range of products and services to a broad spectrum of customers in many geographic locations, no one factor, in management's opinion, determines the Group's financial condition or the profitability of our operations.

In this section on the operating and financial review, we seek to provide a strategic, market and business review of the Keppel Group's operations and financial performance. In describing the key activities of our businesses and their impact on Keppel Group's performance, we have also discussed the challenges in our operating environment, and how we balance the short-term pressures and longer-term strategies.

This discussion and analysis is based on the Keppel Group's consolidated financial statements as at 31 December 2009.

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Group Structure

Keppel Corporation Limited

Offshore & Marine
- Offshore rig design, construction, repair and upgrading
- Ship conversions and repair
- Specialised shipbuilding

Keppel Offshore & Marine Limited	**100%**
Keppel FELS Limited	**100%**
Keppel Shipyard Limited	**100%**
Keppel Singmarine Pte Ltd	**100%**
Keppel Nantong Shipyard Company Limited *China*	**100%**
Offshore Technology Development Pte Ltd	**100%**
Deepwater Technology Group Pte Ltd	**100%**
Marine Technology Development Pte Ltd	**100%**
Keppel AmFELS Inc *United States*	**100%**
Keppel Verolme BV *The Netherlands*	**100%**
Keppel FELS Brasil SA *Brazil*	**100%**
Keppel Norway AS *Norway*	**100%**
Keppel Philippines Marine Inc *The Philippines*	**96%**
Caspian Shipyard Company Limited *Azerbaijan*	**45%**
Arab Heavy Industries PJSC *UAE*	**33%**
Keppel Kazakhstan LLP *Kazakhstan*	**50%**

Infrastructure
- Environmental engineering
- Power generation
- Logistics and data centres

Environmental Engineering

Keppel Integrated Engineering Ltd	**100%**
Keppel Seghers Engineering Singapore Pte Ltd	**100%**
Keppel FMO Pte Ltd	**100%**
Keppel DHCS Pte Ltd	**100%**
K-Green Trust[1]	**100%**
Keppel Seghers Belgium NV *Belgium*	**100%**

Power Generation

Keppel Energy Pte Ltd	**100%**
Keppel Merlimau Cogen Pte Ltd	**100%**
Keppel Electric Pte Ltd	**100%**
Keppel Gas Pte Ltd	**100%**

Logistics and Data Centres

Keppel Telecommunications & Transportation Ltd	**80%**
Keppel Logistics Pte Ltd	**100%**
Keppel Logistics (Foshan) Pte Ltd *China*	**70%**

Property
- Property development
- Property fund management
- Property trusts

70%

Keppel Bay Pte Ltd	**100%**

30%

Keppel Land Limited	**52%**

31% 45%

K-REIT Asia	**76%**
Keppel Land International Limited *China/ Southeast Asia/ India and Middle East*	**100%**
K-REIT Asia Management Limited	**100%**
Alpha Investment Partners Ltd	**100%**

Investments
- Investments
- Telco

k1 Ventures Limited	**36%**
MobileOne Ltd[3]	**20%**

[1] To be listed in 2Q 2010

[2] Owned by Singapore Consortium, which is 90%-owned by the Keppel Group – Keppel Corporation (45%), Keppel Land (35%) and Keppel Integrated Engineering (20%)

[3] Owned by Keppel Telecommunications & Transportation Ltd, an 80%-owned subsidiary of the Company

Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd[2] **50%**
China

Group Corporate Services

Control & Accounts | Corporate Communications | Corporate Development/ Planning | Human Resources | Legal | Risk Management | Audit | Tax | Treasury

The complete list of subsidiaries and significant associated companies is available on Keppel Corporation's website www.kepcorp.com

Management Discussion and Analysis

Key Performance Indicators

	2009 $ million	09v08 % +/(-)	2008 $ million	08v07 % +/(-)	2007 $ million
Revenue	**12,247**	+4	11,805	+13	10,431
Profit after Tax & Minority Interests (PATMI)	**1,265**	+15	1,097	+7	1,026
Exceptional items	**360**	n.m.	1	n.m.	105
Attributable profit after exceptional items	**1,625**	+48	1,098	-3	1,131
Operating cash flow	**670**	-67	2,047	+21	1,697
Free cash flow	**1,094**	-42	1,876	+63	1,151
Economic Value Added (EVA)	**1,026**	+20	855	+10	779
Earnings per Share (EPS)	**79.4 cts**	+15	69.0 cts	+6	64.9 cts
Return on Equity (ROE)	**23.9 %**	+7	22.4%	+3	21.8%
Total distribution per share	**61.0 cts**	+74	35.0 cts	-45	64.0 cts

Group Overview

The Group performed well in 2009 despite the contraction and volatility in the global and domestic economy. PATMI increased by 15% to reach a new high of $1,265 million. The compounded annual growth rate for PATMI from 2004 to 2009 was 22%. Attributable profit after exceptional items was $1,625 million.

EPS of 79.4 cents were 10.4 cents above 2008 and 14.5 cents above 2007. EPS growth kept pace with PATMI growth. ROE increased from 22.4% to 23.9%. EVA before exceptional items rose $171 million to $1,026 million, the highest ever attained by the Group.

Net cash from operating activities was a healthy $670 million, despite negative working capital changes resulting from the rundown of our offshore and marine orderbook. During the year, the Group spent $1.2 billion on acquisitions and operational capital expenditure. This comprised mainly the acquisition of Senoko Waste-to-Energy Plant and further development of our investment buildings. After taking into account dividend income and divestment proceeds of approximately $1.6 billion, net cash from investing activities was about $400 million. The resultant free cash flow was a robust $1,094 million.

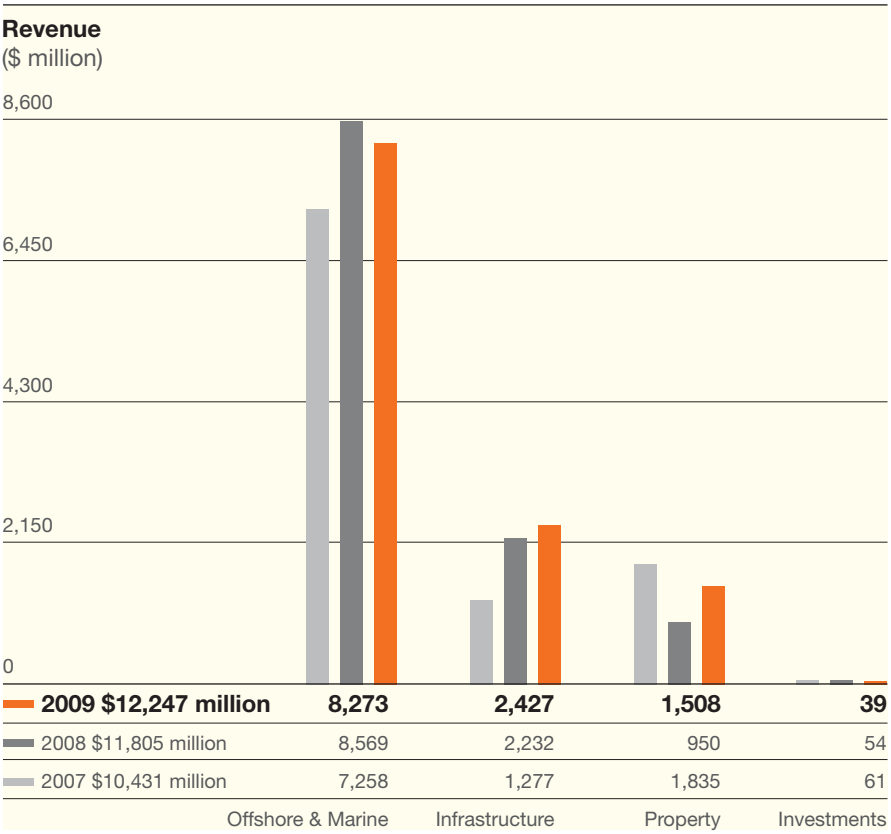
With the strong performance, the Board recommended that shareholders be rewarded with a total distribution of 61 cents per share for 2009. This comprised a proposed final dividend of 23 cents per share, a proposed special dividend *in specie* of K-Green Trust units equivalent to approximately 23 cents per share and the interim dividend of 15 cents per share paid in August 2009. The total payout for 2009 exceeds $970 million which is about 77% of Group PATMI.

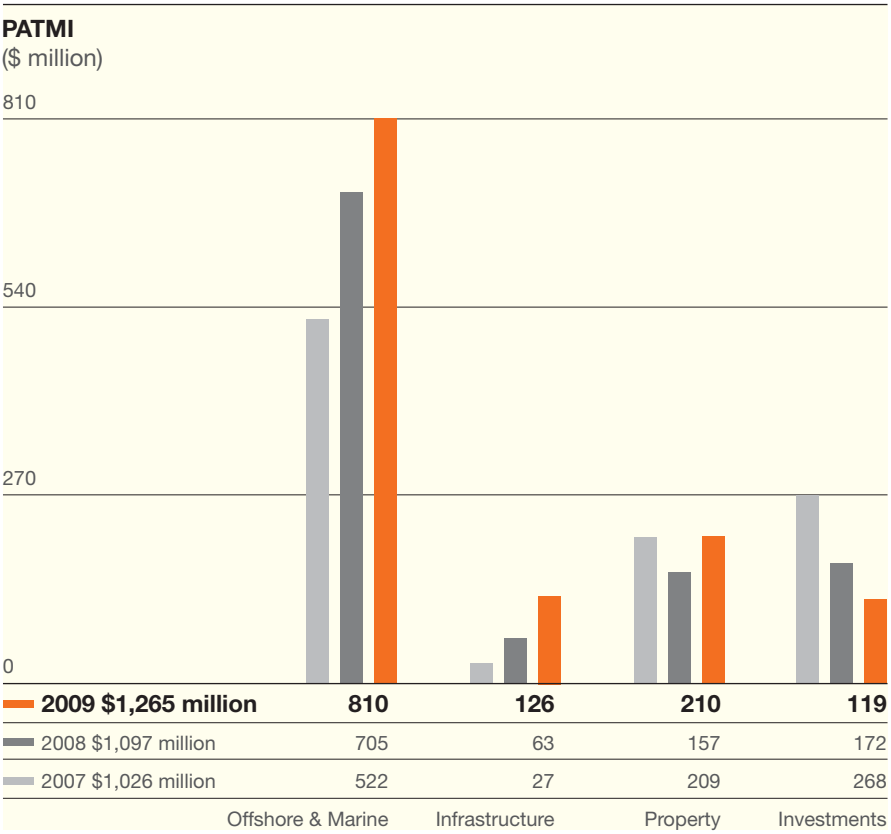
Segment Operations

Group revenue of $12,247 million was $442 million or 4% higher than that of the previous year. Revenue from Offshore & Marine Division of $8,273 million was $296 million or 3% lower, and this accounted for 68% of Group revenue. The decline in revenue was due to lower value of the new contracts secured. Revenue from Infrastructure Division increased $195 million or 9% to reach $2,427 million, which accounted for 20% of Group revenue. Higher revenue from Engineering, Procurement and Construction (EPC) contracts undertaken by Keppel Integrated Engineering was partly offset by lower revenue earned from the electricity and gas businesses of Keppel Energy. Revenue from Property Division of $1,508 million was $558 million or 59% higher and accounted for 12% of Group revenue. This was mainly attributable to higher sales recognition from the residential properties of Keppel Land and Keppel Bay.

Group PATMI of $1,265 million was $168 million or 15% higher than that of the previous year. Profit from Offshore & Marine Division of $810 million was 15% higher because of improved operating margins. The Division remains the largest contributor to Group PATMI with 64% share. Profit from Infrastructure Division was $126 million, which was double the earnings of last year, due to contribution from EPC contracts in Qatar and better performance by Keppel Energy. Profit from Property Division was $210 million or 34% higher due to increased revenue recognition from the sale of residential properties and share of profit of associated companies developing Marina Bay Residences in Singapore and The Botanica in Chengdu, China. PATMI from Investments was $119 million, a decrease of $53 million from the previous year. This was mainly due to lower contribution from our stake in Singapore Petroleum Company, which was disposed of in June 2009.

Keppel achieved record results in 2009 despite the contraction and volatility in the global and domestic economy.

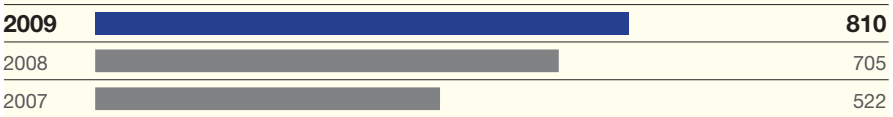




Offshore & Marine

Keppel Offshore & Marine aims to be the choice provider and solutions partner in its selected segments of the offshore and marine industry.

PATMI
($ million)



Earnings Highlights

	2009 $ million	2008 $ million	2007 $ million
Revenue	**8,273**	8,569	7,258
EBITDA	**1,129**	932	648
Operating profit	**1,004**	837	570
Profit before tax	**1,081**	943	700
PATMI	**810**	705	522
Manpower (number)	**24,275**	27,437	24,448
Manpower cost	**983**	956	802
ROE	**68%**	61%	46%

$1,081m

Profit before tax increased 15% from FY 2008's $943 million.

$810m

PATMI increased 15% from FY 2008's $705 million.

Major Developments in 2009

- Record delivery of 14 newbuild rigs.
- Secured $1.7 billion of contracts with deliveries into 2013.
- Building Vietnam's first semisubmersible drilling tender.
- Awarded Letter of Intent for FloaTEC, LLC to build P-61 Tension Leg Wellhead Platform for Petrobras and Chevron.
- Constructing Singapore's first dedicated safety training complex.
- Achieved good operating profit margins due to productivity improvements.

Focus for 2010/2011

- Deliver value through excellent project management and execution.
- Enhance R&D initiatives to strengthen position as market leader in selected segments.
- Explore opportunities in new markets and adjacent businesses.
- Maximise and realise operational efficiencies.
- Sustain prudent cost management.
- Focus on Health, Safety and the Environment.

The Offshore & Marine Division achieved higher operating margins in 2009 due to higher productivity.

Earnings Review

Offshore & Marine Division secured $1.7 billion of new orders in 2009. The net orderbook at the end of the year was $5.6 billion, with deliveries extending through to 2013. Profit before tax increased from $700 million in 2007 to $943 million in 2008, and further increased by 15% to reach $1,081 million in 2009. Operating margins for the year improved to 12.1% due to better productivity. PATMI of $810 million was $105 million or 15% higher than that of 2008, and $288 million more than in 2007. The Division remains the largest contributor, at 64%, to the Group's overall earnings.

Market Review

2009 continued to be a volatile year for the offshore and marine industry, with some signs of recovery towards the end of the year. In the first quarter, crude oil prices dropped to US$35 per barrel, continuing its steep decline from over US$100 per barrel since late 2008. However, as global markets staged a rebound in the second quarter, the demand for oil bottomed out and began to grow again. Over the remaining months of 2009, oil prices more than doubled to end the year at nearly US$80 per barrel.

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

Significant Events

January
Mr Tong Chong Heong, formerly Managing Director and Chief Operating Officer of Keppel O&M, succeeded Mr Choo Chiau Beng as Chief Executive Officer of Keppel O&M.

Keppel FELS delivered the first jackup rig of 2009, Maersk Resolve, to Maersk Drilling (Maersk), while Keppel AmFELS completed a series of five jackups with its delivery of Offshore Intrepid to Scorpion Offshore.

Igniting bright beginnings for Greatdrill Chetna are Lady Sponsor Mrs Archana Mitta and Keppel Corporation Chief Executive Officer and Keppel O&M's Chairman, Mr Choo Chiau Beng, at the rig's naming ceremony.

February
Delivery of jackup Deep Driller 8 to Aban Singapore Pte Ltd (Aban) marked the completion of a series of five rigs. Built to its proprietary DSS™ 51 semi design, Keppel FELS also completed Development Driller III for Transocean.

March
The 20-day early delivery of jackup Greatdrill Chetna earned Keppel FELS $1 million bonus from Mercator Offshore Limited.

Keppel O&M was awarded projects worth $300 million to build a derrick lay barge, modify a FPSO vessel and complete a deep drilling semi.

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

Operating Review

Keppel Offshore & Marine (Keppel O&M) saw another record year in 2009 with the delivery of a total of 14 rigs, six major conversions/upgrades, one semisubmerible (semi) completion and 14 specialised vessels safely, on time and within budget. The company secured a number of major contracts with deliveries through to 2013, including three drillship upgrades for Noble Corporation, a newbuild semisubmersible drilling tender (SSDT) for PetroVietnam Drilling (PV Drilling), and a Letter of Intent for a newbuild Tension Leg Wellhead Platform (TLWP) for Petrobras and Chevron.

Offshore

Despite the uncertain market conditions, Keppel FELS improved on its 2008 performance and achieved a new record of 13 deliveries in 2009. The company was awarded a total of $2 million for early deliveries of most of these newbuilds, which included eight jackup rigs, four semi drilling rigs and one SSDT.

Six of the jackup rigs were built according to Keppel FELS's flagship design specifications, the KFELS Super B Class and the KFELS B Class. The company also delivered three proprietary DSS Series semis and completed the second of seven

Keppel FELS Brasil will leverage its strong local presence, experience and track record to strengthen its leadership position in the Brazilian offshore market.

ENSCO 8500 series ultra deepwater semis, built exclusively for Ensco International (Ensco). When the ENSCO 8500 series is completed, Keppel-built rigs will make up 30% of Ensco's drilling fleet. The last rig delivered for the year was the sixth of seven KFELS SSDTs to be constructed for Seadrill Limited (Seadrill), built to the award-winning KFELS SSDT™ 3600E design.

During the year, Keppel FELS continued its yard expansion to entrench its leadership position and to gear up for a possible market rebound. A new 300-metre (m) pier extension at Pioneer Yard was completed in October 2009, enabling Keppel FELS to take on a larger number of projects, such as larger rigs and drillships.

Several contracts were secured by Keppel FELS in 2009, including a KFELS SSDT™ 3600E for PV Drilling, the first SSDT for Vietnam. Other upgrading and repair projects secured during the year include semis from Transocean and Korea National Oil Corporation.

Overseas, the yards were also busy. Keppel AmFELS successfully delivered a newbuild jackup rig. Repair and modification works on one jackup and one semi were also completed. 2010 will be a busy period for the yard with major ongoing work on five newbuild jackups scheduled to be delivered from 2010 to 2012.

Keppel FELS Brasil completed seven repair, conversion and upgrading projects in 2009. Its orderbook was boosted in 2009 with the successful bids for several high-value contracts stretching into 2013, including the upgrade and repair of three drillships from Noble Corporation. The yard was also awarded a Letter of Intent for the construction of the P-61 TLWP for Petrobras and Chevron. These are in

Significant Events

May
Keppel FELS achieved an early delivery of jackup COSLSTRIKE to China Oilfield Services Limited.

Singapore's Senior Minister of State for National Development, Ms Grace Fu, at the naming of ENSCO 8501, accompanied by Mr Choo Chiau Beng, Chief Executive Officer of Keppel Corporation and Chairman of Keppel O&M, and Mr Tong Chong Heong (extreme left), Chief Executive Officer of Keppel O&M.

June
Keppel Shipyard unveiled plans to build a training complex dedicated to equip its workforce with safety knowledge and competencies, the first of its kind in Singapore.

Keppel FELS delivered the second 8500 Series® semi, ENSCO 8501, to Ensco, incident free.

Keppel O&M secured contracts worth $30 million for the upgrade and repair of three semis in Keppel Verolme and Keppel FELS Brasil. All three vessels were delivered to their owners by end-2009.

(opposite)
The successful delivery of Deep Driller 8 completed the series of five KFELS Super B Class jackup rigs built by Keppel FELS for Aban.

addition to the ongoing work on Petrobras' BGL-1 pipelay barge, the P-56 semi floating production unit and Single Buoy Moorings' (SBM) P-57 Floating Production Storage and Offloading (FPSO) vessel. To cope with the increased workload, Keppel FELS Brasil is in the midst of expanding and upgrading its BrasFELS yard.

In the Netherlands, Keppel Verolme enjoyed higher efficiency and productivity after a series of process improvements and streamlining exercises. The yard carried out eight major projects including newbuilds, upgrades and repair works. Keppel Verolme also secured a contract from Saipem S.p.A involving the repair and modification of a semi pipelay vessel.

Over in the Caspian region, Keppel Kazakhstan achieved record revenue in 2009, with deliveries of 14 pipe rack modules and an Ice Breaking Emergency Evacuation Vessel pontoon. It will continue to work on its ancillary steelwork procurement and fabrication contract with Agip KCO in 2010, as part of the experimental phase of the Kashagan field development programme.

Marine
Despite the slowdown in demand for shiprepair and conversion projects in 2009, Keppel Shipyard matched its record turnover in 2008. Conversions of FPSOs, Floating Storage and Offloading (FSO) vessels and Floating Storage and Re-Gasification Units (FSRU) again contributed to the good performance, accounting for almost 70% of total revenue while shiprepair contributed about 24%.

During the year, Keppel Shipyard completed 361 vessel repairs and seven conversion/upgrade projects, bringing its track record for conversions to 86. Three FPSO/FSO conversion projects were delivered in 2009. In addition, Keppel Shipyard completed the world's first Floating Drilling Production Storage and Offloading


Keppel FELS
L4

Significant Events

July

Keppel Singmarine delivered Kogalym, an Ice-Class rescue vessel, and LANGEPAS, an OSV to LUKOIL-Kaliningradmorneft (LUKOIL). It also handed over an OSV, Sea Commanche, to GulfMark Offshore, Inc.

Conversion of FPSO Armada Perdana was completed for repeat customer Bumi Armada Berhad at Keppel Shipyard.

Keppel FELS completed an outstanding collection of four jackup rigs for Maersk with the delivery of Maersk Reacher.

LANGEPAS is the sixth vessel Keppel Singmarine has delivered to LUKOIL since 2003.

August

Keppel Shipyard was on course to complete the conversion of FSO vessel, Ratu Songkhla, for M3nergy JDA Sdn Bhd.

Keppel O&M yards secured contracts worth $85 million from repeat customers GOLAR LNG, Four Vanguard Serviços E Navegaçao Lda, Keppel Smit Towage, Seadrill and Diamond Offshore.

Keppel FELS delivered the second of three DSS™ 21 deepwater semis, Maersk Discoverer, to Maersk.

Keppel Singmarine completed Ice-Class FSO YURI KORCHAGIN on time and with no incidents, for LUKOIL in the Caspian region.

vessel. Major upgrade works completed include modification and upgrading as well as refurbishment and life extension for two FPSOs, and the jumboisation of a trailing suction hopper dredger. At the end of 2009, the yard had eight ongoing conversion projects and a further five major projects involving a derrick lay barge newbuilding, a lay barge completion, turret fabrication and integration of new drillships.

Seven new major contracts were secured in 2009 by Keppel Shipyard from both repeat and new customers in 2009, further enhancing its position as a global leader in shiprepair and conversions. For the fifth consecutive year, the company was conferred the Shiprepair Yard of the Year Award by Lloyd's List Maritime Asia Awards.

In the Philippines, Keppel Batangas Shipyard saw a 20% increase in shiprepair activities in 2009. It delivered a newbuild fuel oil tanker-barge and also completed block fabrication works for two semi units. Keppel Cebu Shipyard went through a rationalisation exercise, where all shiprepair work was transferred to Keppel Batangas.

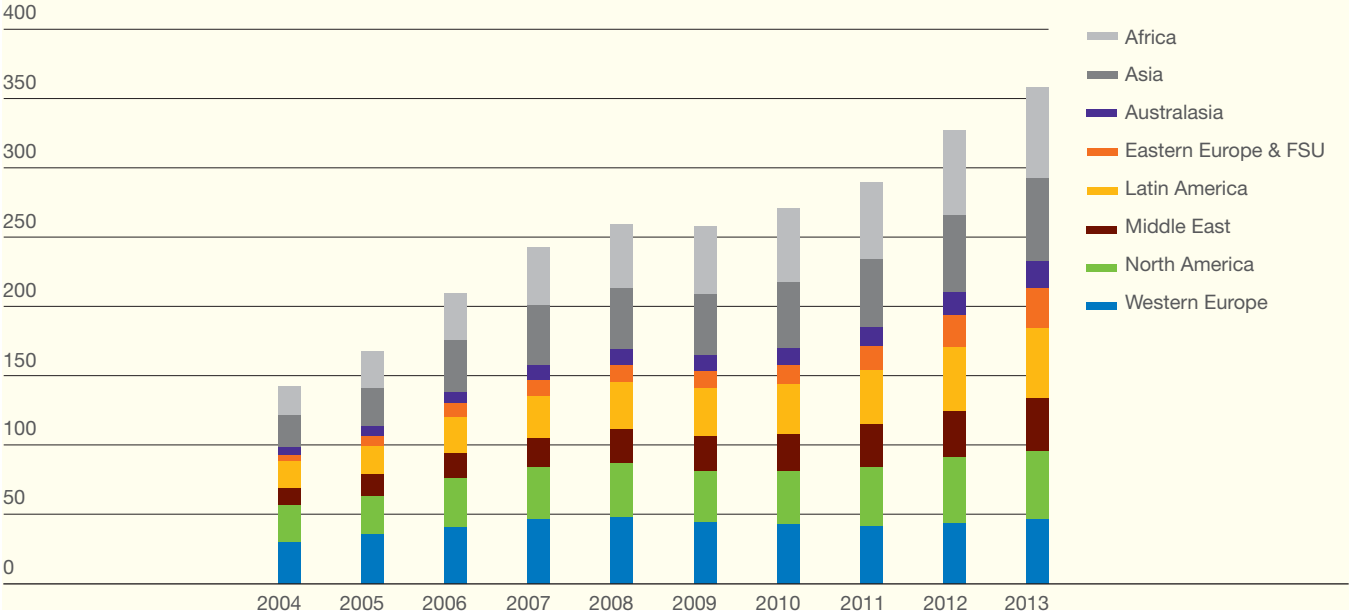
Subic Shipyard completed its yard expansion during the year, allowing the yard to accommodate the new generation of super large container vessels, VLCCs, containerships, bulk carriers, and increase operational efficiency in servicing double-banked Panamax and Capesize vessels. In all, Subic Shipyard repaired 47 vessels in 2009.

Arab Heavy Industries PJSC, our joint venture yard in Ajman, UAE, repaired a total of 266 ships in 2009, achieving strong results through high productivity and cost-cutting measures.

Specialised Shipbuilding

Keppel Singmarine continued to perform well in 2009. It delivered a total

Global Offshore Expenditure by Region 2004–2013
Capex & Opex ($ billion)



Source: Energyfiles/Douglas-Westwood

of four vessels, including the first ever newbuild FSO project undertaken by Keppel O&M. The Ice-Class FSO was deployed in the Russian Federation sector of the Caspian Sea. A new design by Keppel Singmarine's technology arm, Marine Technology Development, the FSO was first built in two halves in Singapore, before being towed to Caspian Shipyard Company in Azerbaijan for completion. At the end of 2009, Keppel Singmarine's orderbook includes four platform supply vessels, two heavylift pipelay vessels, three anchor handlers and five tugboats for a global clientele.

Keppel Nantong Shipyard in China delivered 10 vessels in 2009 and is expected to deliver another five in 2010. It is also increasing its newbuilding capacity to include offshore fabrication capabilities in the near future.

Industry Outlook

The International Energy Agency has projected oil and gas demand to continue its upward trend over the next few years as industries begin their recovery from the economic crisis. Oil consumption is projected to rise from 84.9 million barrels per day (bpd) in 2009 to 105 million bpd in 2030, and expected increases in capital spending in oil and gas infrastructure and technology will help boost production rates. Douglas Westwood has predicted offshore production expenditure per year to reach US$360 billion by 2013, compared to an estimated US$260 billion in 2009.

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

Offshore Deepwater Prospects

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

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

The deepwater market is an important area of development for Keppel O&M. Our proprietary deepwater solutions are designed to address the changing

The naming of twin jackups, PV Drilling II and PV Drilling III, was a first in rig history and marked another milestone in the deepening relationship between Singapore and Vietnam.

needs of the industry and have been gaining worldwide market acceptance. Our DSS™ semis, jointly designed and owned with Marine Structure Consultants, which we have delivered to our customers, are operating well. To meet future demands for deeper water E&P activities, we have introduced the Extendable Draft Semisubmersible, an ultra deepwater dry tree drilling and production design for harsh environmental conditions.

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

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

Drilling Rigs, Production Units, Specialised Ships

Although the jackup environment will be challenging in the medium term, with utilisation and day rates facing pressure from newbuilds scheduled to be delivered in 2010, overall demand for jackups is estimated to remain at current levels with the Middle East, Southeast Asia and the North Sea markets expected to hold firm. Keppel FELS will continue to set the industry benchmark with its powerful KFELS B Class rigs. According to ODS-Petrodata, over 40% of the rigs delivered in the past 10 years were built to Keppel FELS designs. Prospects for the drilling floater market looks positive over the next few years. Despite the economic downturn, deepwater floaters are forecasted to command increasing rates through to 2011 on long-term fixed contracts. We remain optimistic on the drilling floater market and will be looking to expand our technology offerings to meet the increasing demands of the industry.

The Floating Production Systems (FPS) market is set to continue its recovery into 2010. After a quiet first half in 2009, the FPS market was boosted by news of a number of FPSO contract awards in the second half and this trend is expected to continue with oil prices stabilising.

According to Douglas Westwood estimates, FPSOs are expected to dominate the sector, accounting for about 80% of the US$50 billion FPS market from 2009 to 2013. Keppel O&M will continue to develop its key competencies in FPSO conversions and topside modules to capture this market.

With increasing emphasis towards operations in harsh environments, specialised vessels such as icebreakers, pipelay vessels and construction vessels are better positioned to withstand fluctuating market conditions and provide greater resilience to the declining day rates.

According to EIA projections, global natural gas consumption is set to grow 1.6% per year to 153 trillion cubic feet in 2030. E&P activities for natural gas are slated to grow significantly in the Middle East, Latin America, Africa and the Asia Pacific. With many large re-gasification plants and import terminals scheduled to come online in 2010, offshore LNG supply looks set to increase considerably and floating LNG vessels are expected to play a greater role in providing a cleaner energy source. According to Douglas Westwood, US$74 billion will be invested in floating LNG solutions from 2009 to 2014. With its strong track record of FSRU conversions, Keppel O&M will continue to develop and provide a wide range of solutions for the natural gas industry.

New Growth Area

The European Wind Energy Association predicts that 40 gigawatts of offshore wind energy in the European Union will be installed by 2020 with an annual growth rate of 28%.

Keppel O&M, together with Keppel Integrated Engineering, has introduced a new generation wind turbine installation vessel to meet this growing demand. This purpose-built vessel will be able to handle the largest wind turbines of up to 6 megawatts and operate at water depths of up to 65 m. It will also provide a far larger installation weather window than conventional vessels due to its unique handling mechanism. We will continue to look at possibilities for our offshore technology and expertise to be applied innovatively to the offshore wind energy industry.

Significant Events

September

On track for early deliveries, Keppel FELS and PV Drilling named identical twin rigs PV Drilling II and PV Drilling III together, a first in rig history.

October

A Letter of Intent for the P-61 TLWP was awarded to FloaTEC, LLC, a joint venture between Keppel O&M and J. Ray McDermott, Inc.

Keppel Shipyard was on track to deliver the first FPSO for the Gulf of Mexico, BW Pioneer, to BW Pioneer Ltd.

Keppel FELS delivered Greatdrill Chitra and Gold Star, ahead of schedule, within budget and with no incidents, to Greatship Global Energy Services Pte Ltd and Queiroz Galvão Óleo e Gás respectively.

BW Pioneer will be the first FPSO to be deployed in the Gulf of Mexico and turret moored at the deepest waters ever for an FPSO.

Significant Events

November
Keppel O&M secured contracts to upgrade and repair two Noble Corporation drillships for US$304 million in Brazil.

In addition, two contracts worth about $165 million – pre-conversion of FPSO P-58, and repair and modification of a semi pipelay vessel – were awarded by Petrobras and Saipem S.p.A to Keppel Shipyard and Keppel Verolme respectively.

The upgrading of Noble Corporation's drillships will create a baseload of work stretching into 2013 for the BrasFELS yard.

December
Keppel FELS won a contract to build Vietnam's first SSDT for about US$200 million.

Contracts worth $160 million were awarded to Keppel O&M for a FPSO conversion, a derrick lay barge completion and life extension of a semi.

Marking the last delivery of the year, Keppel FELS handed over West Vencedor, the sixth of seven KFELS semi drilling tenders, to Seadrill.

Adding on to the earlier Noble drillship jobs, Keppel FELS Brasil won the third contract to upgrade and repair a drillship for US$152 million.

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

While the market may not see a return to the high volume of newbuild rig orders seen in the five years before 2009, there continues to be a healthy level of enquiries for our products and solutions.

Keppel O&M has continued to invest to improve and expand its production facilities to meet customer needs. Furthermore, to meet the local content requirements of a growing group of customers who are national oil companies, Keppel O&M is actively pursuing meaningful acquisitions that will undergird our *'Near Market, Near Customer'* strategy.

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

Despite the economic uncertainty, Keppel O&M continues to focus heavily on Research and Development to provide innovative solutions that can be brought to market quickly. Our proprietary designs are refined constantly with inputs from field operators, allowing us to develop products that are commercially viable and relevant to the market's needs.

1

Keppel FELS is constructing a highly efficient fleet of seven ultra deepwater semis for Ensco.

2

Keppel Shipyard's expertise in Liquefied Natural Gas (LNG) carriers repair has enabled it to capture a major market share of LNG carriers in Singapore.

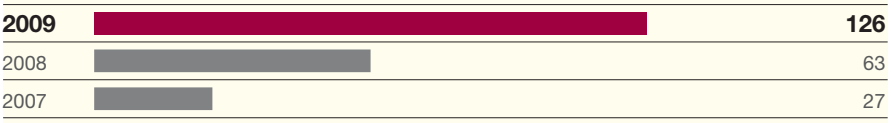
1

2

Infrastructure

The Infrastructure Division is poised to grow further with its robust portfolio of environmental engineering, power generation, logistics and data centres businesses.

PATMI
($ million)



Earnings Highlights

	2009 $ million	2008 $ million	2007 $ million
Revenue	**2,427**	2,232	1,277
EBITDA	**161**	82	45
Operating profit	**127**	50	11
Profit before tax	**150**	70	51
PATMI	**126**	63	27
Manpower (number)	**4,574**	5,064	4,392
Manpower cost	**213**	219	180

$150m

Profit before tax increased 114% from FY 2008's $70 million.

$126m

PATMI was doubled that of FY 2008's $63 million.

Major Developments in 2009

- KIE completed the acquisition of the Senoko WTE Plant from the Singapore Government.
- Keppel Seghers Tuas WTE Plant began commercial operations.
- KIE secured four new contracts to maintain its market leader position in imported WTE solutions in China.
- Keppel Seghers clinched an EPC contract worth around $518 million for an Energy-from-Waste Plant serving Greater Manchester in UK.
- KIE acquired First DCS Pte Ltd, the largest district cooling systems provider in Singapore.
- Keppel T&T expanded warehousing and data centre capacity.

Focus for 2010/2011

- KIE to continue building its environmental engineering business, with the aim of becoming a world leader in environmental solutions.
- KIE to expand its slate of products and solutions, as well as moving into adjacent businesses such as renewable energy.
- Keppel Energy to grow its power generation business by planting additional capacity in Singapore.
- Keppel T&T to continue growing its logistics and data centre footprint.

Earnings Review

Infrastructure Division's revenue in 2009 increased by $195 million, due largely to the Doha North Sewage Treatment Works project in Qatar. This was partly offset by lower revenue from the Keppel Merlimau Co-generation Plant.

In all, 2009 saw good progress made by the Division, which continued its steady growth and more than doubled its pre-tax profit from $70 million to $150 million. This was due to higher contribution from environmental engineering projects and better performance by Keppel Energy. PATMI of $126 million was double the level achieved in 2008. The Division accounted for 10% of the Group's PATMI.

Environmental Engineering

Market Review

Demand for effective solutions to treat solid waste and wastewater continues to grow in the Middle East and North Africa. The Gulf Co-operation Council countries rank among the highest in the world in waste generated. Rapid increases in population and economic activities in this region have also led to a surge in the volume of sewage water produced. Despite the prevalence of wastewater reuse in agriculture, wastewater treatment plants in most countries in this region are not operated and maintained adequately. According to World Bank estimates, tens of billions of dollars will be invested in the waste management and environmental sectors in the Middle East over the next 10 years.

1

KIE is building the Middle East's first integrated solid waste management centre in Qatar.

2

Keppel Energy has improved on the reliability and availability of the Keppel Merlimau Co-generation Plant since operations in 1H 2007.

3

The Keppel Seghers Ulu Pandan NEWater Plant continues to contribute to the Infrastructure Division's earnings stream since commencing operations in 2007.

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Environmental Engineering

Keppel Integrated Engineering aims to be a world leader in environmental solutions for water/wastewater and solid waste treatment, and make a significant contribution to a cleaner future.

(opposite)
Featuring Keppel Seghers' design and technology, the Greater Manchester EFW CHP Plant will be one of the largest waste management facilities in the UK when completed in 2012.

Keppel Integrated Engineering's (KIE) environmental technology arm, Keppel Seghers, will continue to expand its foothold in this emerging market.

The market for waste-to-energy (WTE) solutions remains strong in Europe. The European Union (EU) Landfill Directive, which requires a reduction in municipal solid waste being disposed of to landfills and the treatment of municipal solid waste to reduce biological content prior to landfilling, will drive demand for WTE and municipal solid waste pre-treatment solutions. KIE is actively pursuing waste management Private Finance Initiatives (PFI) in the UK.

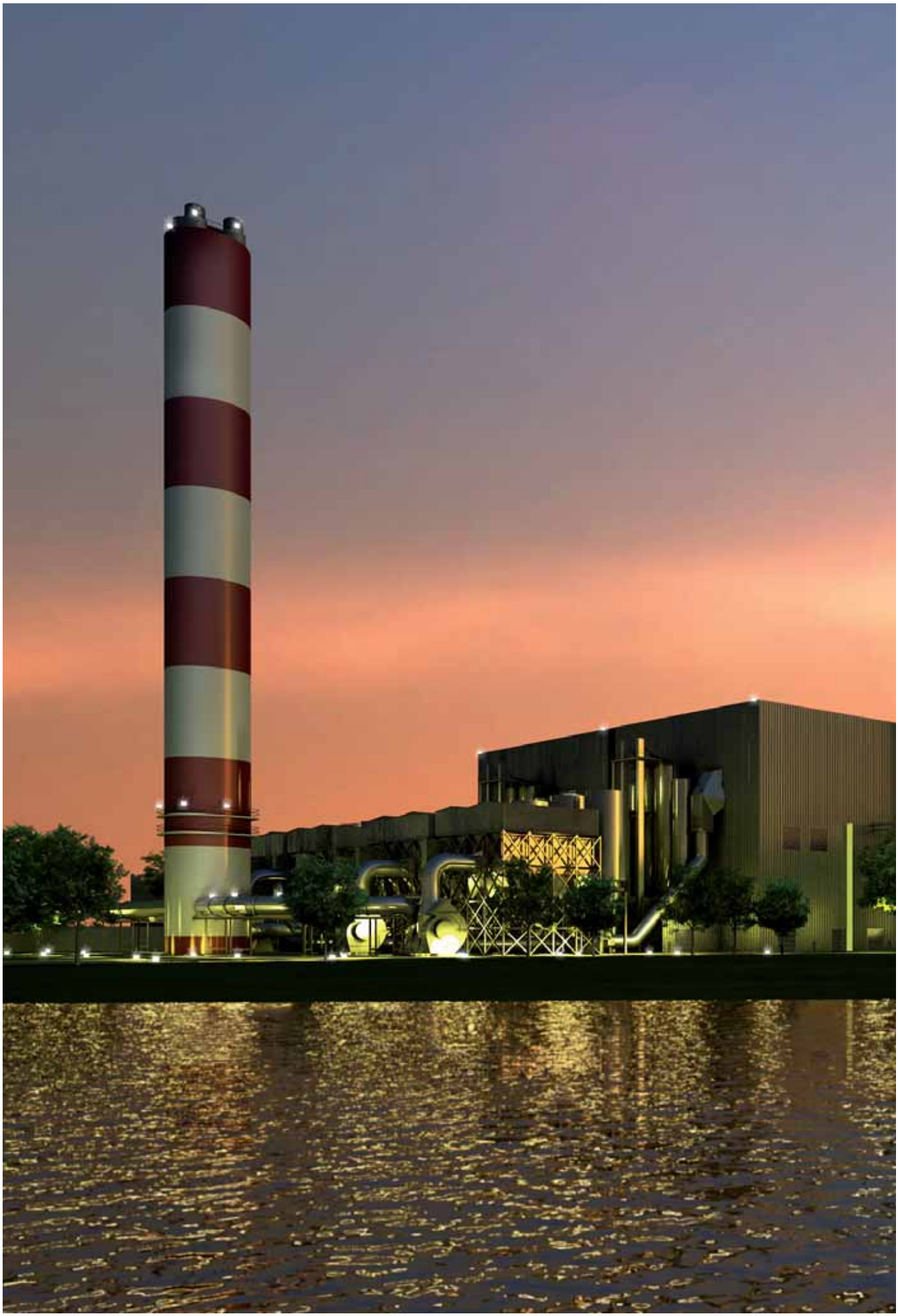
Europe, in particular the UK, represents the most mature of the renewable energy market, with strong national and EU policies driving the growth of renewable energy. The EU's Renewables Directive stipulates a binding target of 20% of final energy consumption to be from renewable sources by 2020. In particular, the UK government wants renewable energy to supply 10% of the country's electricity requirement by 2010, and has put in place polices to further promote the use and development of renewable energy.

In Latin America, Peru and Mexico have become notably more open to foreign investment in the sanitation sector, with a healthy list of concessions to foreign participants to support the incumbent state-run service providers. In recent years, the Brazilian government has also started to take steps to improve on the weak regulatory legislation hindering private sector participation in the country's sanitation sector.

In China, the latest figures from megacities such as Beijing and Shanghai show the urgency of the country's waste problem. Beijing's municipal administration commission warned that at the current rate of waste production, the city's 13 landfills will be full in "four to five years". The Chinese government is expected to allocate even more funding towards environmental protection in its next five-year development plan from 2011 to 2015.

More low carbon eco-cities are emerging in China, giving KIE the opportunity to replicate the experience it is gaining from its involvement in the Sino-Singapore Tianjin Eco-City project.

Project	Capacity	Operational Date	Tenure
Ulu Pandan NEWater Plant	148,000 m^3/day	2007	2007–2027
Senoko Waste-to-Energy Plant	2,400 tonnes of solid waste a day	Acquired in 2009	2009–2024
Keppel Seghers Tuas Waste-to-Energy Plant	800 tonnes of solid waste a day to generate more than 20 MW of green energy	2009	2009–2034
Domestic Solid Waste Management Centre	2,300 tonnes of mixed solid waste and 5,000 tonnes of construction and demolition waste a day, and a 1,500 tonnes a day waste-to-energy incineration plant	1H 2010	2009–2029
Doha North Sewage Treatment Works	439,000 m^3/day	1H 2011	2010–2020
Greater Manchester Energy-from-Waste Combined Heat and Power Plant	420,000 tonnes of solid waste per year, generating about 270,000 MW of electricity and 500,000 tonnes of steam per year	2012	–
Amotfors Energi Combined Heat and Power Waste-to-Energy Plant	70,000 tonnes of solid waste per year	1H 2010	–
Technology packages to Waste-to-Energy plants in Shandong, Chengdu, Yangzhou and Tianjin	2,000 tonnes, 1,800 tonnes, 1,000 tonnes and 1,500 tonnes of solid waste per day respectively	2010–2011	–



There is also a trend in Southeast Asian cities such as Bangkok, Ho Chi Minh City, Hanoi, Jakarta, Bandung and Surabaya, towards incineration solutions to solve their waste issues.

Australia's increasingly dry climate and population pressure has threatened the existing water supplies. As its water and wastewater treatment market is at the maturity phase, opportunities generally exist through upgrades, improvements and retrofits of existing plants, with more advanced technologies and competitively priced products. Keppel Seghers is monitoring this market closely.

Operating Review

KIE is strengthening its home ground presence in Singapore, as well as growing its sources of recurring income streams. In addition to the acquisition of the Senoko WTE Plant from the Singapore Government in August 2009, Keppel Seghers Tuas WTE Plant also commenced its 25-year operations and maintenance contract with Singapore's National Environment Agency in November. With these two plants, KIE is now the sole private operator of WTE plants treating general waste in Singapore.

In the Middle East, KIE is making steady progress in its construction of the Middle East's first integrated solid waste management centre in Qatar. When completed, the facility will be able to treat 2,300 tonnes of waste per day.

Also making satisfactory progress is the construction of the Doha North Sewage Treatment Works, a greenfield wastewater treatment and water reuse facility. With peak design capacity to treat wastewater of up to 439,000 m^3/day, this will be the largest wastewater treatment and reuse facility in Qatar, more than triple the capacity of the next largest wastewater treatment plant.

In China, KIE secured five WTE projects in 2009 and 2010, reinforcing its position in that country as the market leader for imported WTE solutions with 60% of the market share.

In Europe, Keppel Seghers secured an Engineering, Procurement and Construction (EPC) contract worth around $518 million, to build an Energy-from-Waste Combined Heat and Power (EFW CHP) Plant to serve the Greater Manchester region. This will be one of the largest waste and renewable energy projects in the UK. Keppel Seghers also established its UK representative office in London to pursue UK PFI projects.

Mr He Lifeng (left), Deputy Party Secretary of the Communist Party of China Tianjin Municipal Committee, touring Keppel DHCS's facilities with the Chief Executive Officer Mr Joseph Ng.

In November 2009, KIE acquired First DCS Pte Ltd from SLI Holdings Pte Ltd, a wholly-owned subsidiary of JTC Corporation. The renamed Keppel DHCS is the largest district cooling systems provider in Singapore. Apart from providing an additional recurring income stream, Keppel DHCS will allow KIE to explore more opportunities arising from the drive for more environmentally friendly and energy-efficient solutions in Singapore and the region. Keppel DHCS has also signed a Memorandum of Understanding with Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd to jointly study the feasibility of introducing district heating and cooling systems to support the energy requirements of the Eco-Business Park in the Sino-Singapore Tianjin Eco-City.

The MEMSTILL® project, a novel desalination process utilising low-grade heat, completed its third pilot testing in the Netherlands and a demonstration plant will be constructed in Singapore in 2010. At the same time, a new design to significantly improve the price performance of the process was tested in a pilot plant in Belgium, as well as in Spain.

Business Outlook

With the world confronting complex climate change issues, countries need to look into creating sustainable environments and developing a "Green Concept". This would translate into more stringent discharge requirements and greater emphasis on recycling and reusing. The general trend of the environmental industry is also moving towards providing total environmental solutions based on the Design, Build, Own, Operate or Build, Own, Operate, Transfer model.

In addition, there is increasing global awareness of environmental issues and a growing movement towards a "zero waste" approach. The future of landfills is now in question, with their long-term

Significant Events

March

Keppel Seghers was awarded a $30 million technology contract for a WTE plant in Shandong, China.

April

An EPC contract worth about $518 million to build an Energy-from-Waste plant in Greater Manchester, UK, was clinched by Keppel Seghers.

July

Keppel Seghers won a techology contract of $22.3 million to a WTE plant in Tianjin, China.

August

Mr Tong Chong Heong, CEO of Keppel O&M, assumed the role of Chairman of KIE, while Mr Michael Chia, MD (Offshore) of Keppel O&M, was appointed Deputy Chairman.

KIE acquired the Senoko WTE Plant, establishing itself as the only private operator of incineration plants in Singapore.

The Senoko WTE Plant can treat 2,400 tonnes of waste per day.

November

The Keppel Seghers Tuas WTE Plant commenced commercial operations.

Keppel T&T and Al Rajhi Holding Group formed the world's first Shariah-compliant data centre fund.

December

KIE acquired Singapore's largest district cooling systems service provider First DCS for $88 million.

KIE appointed Mr Michael Chia as CEO with effect from 13 January 2010.

Keppel T&T appointed BG (NS) Pang Hee Hon as CEO with effect from 4 January 2010.

Power Generation

Keppel Energy aims to be a power company with innovative fuel solutions in Singapore and beyond.

Logistics and Data Centres

Keppel Telecommunications & Transportation (Keppel T&T) aims to leverage core competencies to enhance existing businesses.

potential threat to the environment. Governments are now looking to reduce or avoid landfilling, as well as transforming open dumps into sustainable landfills, and more cities are turning to harnessing energy from waste as a single solution for the dual objectives of rubbish disposal and electricity generation.

A report published by the World Bank's International Financial Corporation showed that the demand for water withdrawals from nature is expected to grow from 4,500 km^3 in 2009 to 6,900 km^3 in 2030. However, many water basins are already in deficit, and some are drying up. By 2030, this water deficit would have grown to 2,700 km^3 and this gap will have to be bridged by improvements in water productivity, increased supply, conservation and development of non-traditional water supplies such as water reuse.

Water reuse is considered more environmentally friendly than desalination due to lower energy consumption and global water reuse capacity is expected to triple from 2008 to 2016. This trend will allow KIE to pursue more opportunities to provide its water treatment solutions based on water reuse technology, to countries and regions around the world.

The wastewater treatment and water reuse market is also moving towards membrane-based solutions. Keppel Environmental Technology Centre has two ongoing research initiatives in membrane distillation (MEMSTILL®) and membrane bioreactor technologies.

The gradual thawing of the credit markets will help to revive projects that were put on hold due to lack of liquidity. KIE aims to pursue the opportunities to continue building a robust global track record in WTE and water treatment solutions.

Power Generation

Market Review

Singapore's electricity demand in 2009 had been volatile. Average electricity demand shrunk by 2.4% in the first half of 2009 due to the global economic slowdown. Electricity demand picked up substantially in the second half of 2009 with a growth of 3.1%. For the full year 2009, average electricity demand grew approximately 0.3%.

Operating Review

2009 has been a challenging yet rewarding year for Keppel Energy. The company continues to harness and deliver value from its integrated power and gas businesses in Singapore whilst ensuring risks are well-managed during the economic downturn. The Keppel Merlimau Co-generation Plant has improved on its reliability and availability. Keppel Gas achieved an important milestone as it started its supply of gas to ExxonMobil Asia Pacific Pte Ltd in the last quarter of the year.

As part of its Safety Excellence commitment, Keppel Energy achieved more than one million man-hours without any lost-time incident as of 31 December 2009. There were also no lost-time incidents in the year.

Keppel Energy successfully divested its power plant in Nicaragua in 2009, while the power barges operations in Ecuador contributed positively in 2009. The company will continue to enhance the performance of its assets and look for options to unlock value.

Business Outlook

Keppel Energy's power and gas businesses in Singapore are expected to continue to deliver sustainable earnings in 2010.

With a secured generation licence of 1,400 MW, Keppel Energy has started to develop the expansion of its existing 500 MW Keppel Merlimau Co-generation Plant. This strategic

planting will allow Keppel Energy to grow its market share in the Singapore power market and further enhance its integrated platform in the power and gas businesses.

Logistics

Market Review

In Singapore, the logistics market was slow in tandem with the economy. Consequently, general occupancy and warehousing rates softened. Activities picked up in the second half of the year as economic sentiments turned positive.

In China, overall cargo throughput was hit by reduced exports to developed countries. The situation improved in the last quarter of 2009 when the economy returned to double-digit growth.

Operating Review

Despite the tough economic environment in 2009, occupancy rates at the Singapore warehouses of both Keppel Logistics and its subsidiary, Transware Distribution Services, remained high at above 90%.

During the year, Keppel Logistics renewed several key contracts in Singapore including those with Kraft, Carrefour and MobileOne.

For the third consecutive year, Keppel Logistics was awarded the Best Retail & Fast Moving Consumer Goods Logistics Service Provider (Singapore) by Frost & Sullivan, the Domestic Logistics Service Provider of the Year (Singapore) title.

It also successfully obtained the certification for Good Distribution Practices for Medical Devices as well as the ISO 13485 Quality Standard, which will allow the company to handle and store higher value biomedical products.

In Malaysia, the logistics division continued to perform well, ending the year with high occupancy rates at both its warehouses in Shah Alam and Klang.

In China, Keppel Logistics Foshan (KLF) continued to operate at maximum capacity, with its Lanshi Port maintaining high throughputs against a challenging environment. KLF also expanded its warehouse capacity during the year, through the construction of a new distribution centre in Nanhai. The distribution centre will be fully operational in late 2010.

Keppel Logistics' associate companies – Wuhu Annto Logistics Company (Annto) and Indo-Trans Keppel Logistics Vietnam (ITKL Vietnam) – continued their growth momentum in 2009. Annto extended its logistics network in the second- and third-tier cities of China and expanded into the cold-chain logistics business. In the meantime, ITKL Vietnam, 40% owned by Keppel T&T, expanded its warehousing presence in Hanoi and Ho Chi Minh City with the construction of two new warehouses.

Business Outlook

Logistics activities are expected to pick up in 2010. Keppel T&T is optimistic about the industry's growth potential in Asia, especially in developing countries such as Vietnam. The company will continue to extend its footprint in these locations while looking out for opportunities to expand its capacity.

Data Centres

Market Review

The data centre market remained relatively buoyant despite the global financial crisis. Demand for data centre space continued to grow, underpinned by strong fundamentals such as rapid global digitalisation and tightening regulations on data storage. There is an increasing move by companies to outsource their data centre operations. Demand is also growing due to tighter financial data regulations. On the supply side, the crisis has led to a slowdown in the construction of new data centres. As such, the global demand for data centres has continued to surge ahead of supply.

Operating Review

Based in Dublin, Ireland, the 50%-owned associate, Citadel 100 Datacenters Limited (Citadel100), serves blue-chip customers. Its occupancy remained firm at 100%. During the year, Citadel100 signed a new power contract with Airtricity to supply "green" electricity to the data centre. With this, Citadel100 will reduce its annual carbon emissions by almost 30,000 tonnes – the equivalent of taking 5,500 cars off the road.

To further tap the growing data centre market, Keppel T&T reconfigured one of its existing buildings in Singapore into a Tier III++ data centre. Keppel Datahub began operations since January 2010 and has secured several blue-chip clients.

During the year, Keppel T&T signed a joint venture agreement with AEP Investment Management, a member of Saudi Arabia-based Al Rajhi Holding Group, to form Securus Partners Pte Ltd, which will provide fund and asset management services for the world's first Shariah-compliant data centre fund to be established.

Business Outlook

The data centre market continues to be backed by strong demand fundamentals. As demand for quality data centre continues to outstrip supply, co-location and utilisation are expected to increase. Against this backdrop, Keppel T&T continues to evaluate possibilities to expand its data centre footprint globally.

Property

Keppel Land is committed to provide urban living solutions through the twin core businesses of property development and property fund management.

PATMI
($ million)

Earnings Highlights

	2009 $ million	2008 $ million	2007 $ million
Revenue	**1,508**	950	1,835
EBITDA	**385**	337	453
Operating profit	**371**	326	440
Profit before tax	**476**	365	471
PATMI	**210**	157	209
Manpower (number)	**2,791**	2,955	2,918
Manpower cost	**100**	89	90

$476m

Profit before tax increased 30% from FY 2008's $365 million.

$210m

PATMI increased 34% from FY 2008's $157 million.

Major Developments in 2009

- Sold more than 3,500 homes across Asia.
- Keppel Land raised about $708 million from a rights issue.
- Phases 1 and 2 of Marina Bay Financial Centre achieved pre-completion commitments of 79% and 55% respectively.
- Acquired waterfront township site in Shenyang.
- Commenced work on Phase 1 of the Keppel development in the Sino-Singapore Tianjin Eco-City.
- Successfully delisted Evergro Properties.
- K-REIT Asia's rights issue raised about $620 million.

Focus for 2010/2011

- Selectively seek acquisitions with continued focus on developing quality residential, office and township projects.
- Capitalise on market recovery to launch more township projects in key and secondary cities in China.
- Time launches of remaining units of Marina Bay Suites and Reflections at Keppel Bay with the opening of the integrated resorts.
- K-REIT Asia and Alpha to explore potential acquisitions of quality assets in Singapore and overseas.
- Unlock value from non-core assets at appropriate time.

With its first phase targeted for completion by 2010, landmark development Marina Bay Financial Centre will benefit from its proximity to the upcoming integrated resort.

Earnings Review

Revenue of $1,508 million was $558 million above that of the previous year due to higher sales of homes in Singapore, China, Vietnam, Indonesia and India. Progressive revenue recognition from Reflections at Keppel Bay and other projects in Singapore and overseas were also higher. Pre-tax profit increased by 30% to $476 million due to higher revenue recognition from the sale of residential properties and share of profit of associated companies developing Marina Bay Residences in Singapore and The Botanica in Chengdu, China. With PATMI of $210 million, the Division contributed 17% to the Group's overall earnings.

Market Review

The worst of the recession which threatened a global financial meltdown in 2008 appears to have passed, largely due to the concerted efforts of governments around the world. Asia's resilient economies have turned the corner and property markets have rebounded.

Singapore emerged from recession in the third quarter of 2009, following two consecutive quarters of strong growth. Overall, the economy contracted by 2.1% in 2009, significantly lower than earlier forecasted. Residential prices surged in the second half of 2009, ending the year with an overall increase of 1.8%. Total take-up for the year was 14,688 units, second to the record of 14,811 units in 2007. The monthly sales volume slowed down after the government scrapped the interest absorption scheme and interest-only housing loans in September. Looking

ahead, the near-term demand for quality homes remains positive as Singapore rolls out its plans to restructure the economy to one which creates more jobs and quality growth from higher productivity.

Similarly, the office market was dampened by sliding rents and decreased demand at the start of the year. The rate of rental decline started to ease in the third quarter of 2009 on the back of improved economic sentiments. According to CB Richard Ellis (CBRE), Grade A and prime office rents averaged $8.10 psf and $6.75 psf respectively in the fourth quarter of 2009, reflecting an 8% and 10% quarter-on-quarter decline. The drop was lower than the previous quarter's contraction of 13.3% for Grade A rents and 12.8% decline for prime office rents. Take-up of office space turned positive in the last two quarters of 2009. Although the full-year take-up for 2009 remained negative, CBRE expects the take-up to be positive at about 1 million sf and 2 million sf in 2010 and 2011 respectively.

The recovery in Asia has been more pronounced compared to the Western economies. The roll-out of huge stimulus packages totalling about US$1 trillion contributed greatly to restoring confidence in key Asian economies. With improved market sentiments, consumer spending has increased and residential demand has picked up across the region.

China has benefited from a record stimulus package. With a robust GDP growth of 8.7% in 2009, China experienced a property boom, with residential prices surging in pace with sustained economic growth. Prices across 70 major cities rose at their fastest pace in 16 months in November 2009, leading the government to impose cautionary measures such as restricting sales tax exemptions, raising the reserve requirements on its banks, and ensuring a steady supply of affordable housing. Despite this, strong growth fundamentals continue to underpin demand in China and the economy is expected to achieve double-digit growth in 2010.

Vietnam's economy grew by 5.3% in 2009 and is expected to grow further by 6.5% in 2010. Government spending has propped up business activities and consumer spending. In addition, the liberalisation of conditions for Viet Kieus to own residences in Vietnam may further increase demand for quality homes. Together with a growing middle-class and increasing affluence, this bodes well for sustained residential demand in the longer term.

Indonesia's economy grew at 4.6% in 2009 and the country has enjoyed broad-based growth as low interest rates boosted consumer spending. Lower mortgage rates have played a key role in the increased sales of residential estates in 2009 and the central bank is likely to keep key interest rates low to boost economic recovery.

In India, property prices have bottomed out and the residential market is recovering well. The second half of 2009 saw price increases in many cities, particularly for the premium and lower-end segments. The Indian economy is expected to expand by about 7.2% in FY 2009.

Operating Review

Singapore

Supported by the strong rebound in the residential market and improved sentiments, Keppel Land sold a total of 384 homes in Singapore in 2009.

Capitalising on the strong market demand, Keppel Land held a private preview of Marina Bay Suites in November 2009 and achieved a positive take-up of 89 of the 90 units launched. The Tresor and Park Infinia at Wee Nam were fully sold during the year, while strong sales were achieved at Madison Residences, The Promont, and at both waterfront developments, Reflections and Caribbean at Keppel Bay.

The commercial segment continued to show signs of bottoming out. Marina Bay Financial Centre (MBFC), a new Grade A commercial development jointly developed with Cheung Kong (Holdings) and Hongkong Land, has secured strong pre-commitments of about 79% and 55% for Phases 1 and 2 respectively, ahead of their scheduled completions in 2010 and 2012.

The redevelopment of the former Ocean Building into the ecologically-conscious Ocean Financial Centre (OFC) is expected to be completed in mid-2011. The 43-storey office building has secured commitments of about 140,000 sf or about 16% of the development.

During the year, Keppel Land carried out a nine-for-10 rights issue and raised gross proceeds of about $708 million to position itself for opportunities to acquire attractive assets in Singapore and overseas.

Overseas

Keppel Land's overseas residential launches continued to do well, with over 3,100 homes sold in 2009, of which about 2,600 homes were sold in China, mostly from its residential townships in Chengdu and Wuxi.

Capitalising on the demand for township and waterfront homes in China, Keppel Land acquired a second township site along the Hun River in

Reflections at Keppel Bay will offer its residents a world-class waterfront lifestyle coupled with environmentally friendly features when completed in 2013.

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Dr Lee Boon Yang (second from left) and Mr Choo Chiau Beng (extreme left), Chairman and CEO of Keppel Corporation respectively, reaffirm the Group's commitment to grow with Vietnam during a visit to Singapore by H.E. Nguyen Minh Triet (second from right), the President of Vietnam.

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K-REIT Asia owns 73% of Prudential Tower, one of the few office developments in Singapore to win a FIABCI Award.

Shenyang. This development is expected to yield a total of 6,000 waterfront apartments.

Keppel is the leading partner in the Singapore consortium for the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City), a landmark co-operation project between Singapore and China to create a model for sustainable urban living. The Tianjin Eco-City project is making good progress (see page 79).

Keppel Land also strengthened its growth platform in China with the delisting of Evergro Properties from the Singapore Exchange in 2009. Combining the operational expertise, industry knowledge and extensive networks allows Keppel Land to maximise the potential of its existing portfolio to be the choice developer of homes in China.

Residential sales in Indonesia and India continued to make favourable progress, with higher sales achieved in 2009.

Fund Management

Keppel Land's fund management business has performed well in 2009 and is well-positioned to pursue further growth opportunities.

In November 2009, K-REIT Asia completed a one-for-one rights issue and raised about $620 million in gross proceeds. The rights issue provided K-REIT Asia with additional debt headroom to fund acquisitions and asset enhancement initiatives. Part of the proceeds was utilised to acquire six additional strata floors of Prudential Tower. This has increased K-REIT Asia's interest in Prudential Tower to a controlling 73.4% stake, thereby enabling more efficient management of the

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asset's income. This yield-accretive acquisition has enlarged K-REIT Asia's portfolio by 5.5% in terms of net lettable area.

Keppel Land's private equity fund management vehicle, Alpha Investment Partners (Alpha) has also capitalised on the competitive environment with strategic investments. In 2009, Alpha invested in four deals across Tokyo, Seoul and Hong Kong.

As at end-December 2009, the assets under management under K-REIT Asia and Alpha will be about $9.8 billion, when all the funds under Alpha are fully leveraged and invested.

Business Outlook

Singapore

Singapore's economy is expected to pick up in 2010 with the government forecasting a positive economic growth of 3% to 5% for 2010. Residential sales and the office market in Singapore have gradually recovered, encouraged by signs of economic recovery.

Capitalising on the positive sentiments and sustainable demand for quality homes, Keppel Land will be releasing the remaining units of Marina Bay Suites and Reflections at Keppel Bay in 2010, as they are well-positioned to benefit from the opening of the two integrated resorts.

The commercial segment continues to show signs of bottoming out as the rate of rental decline for Grade A and prime offices continued to ease further. As business outlook turns positive, financial institutions which have previously halted their expansion plans are beginning to look for office space to grow. Leasing activity is expected to pick up further in 2010, in line with market recovery. The government's focus on creating a legal arbitration hub is likely to benefit the office sector in the mid- to long-term when legal advisory services gains momentum in Singapore.

Significant Events

May

A Director of Keppel Land since 1985, Mr Choo Chiau Beng became Chairman of the company.

June

Keppel Land raised gross proceeds of $708 million through a nine-for-10 renounceable rights issue.

July

Keppel Corporation and Keppel Land took up interests of 45% and 55% respectively in a 35.4-ha site located in the 4-sq km Start-Up Area (SUA) of the Tianjin Eco-City.

Keppel Land strengthened its presence in China with the acquisition of a second waterfront township in Shenyang.

August

Ms Ng Hsueh Ling joined K-REIT Asia as CEO and Director.

November

K-REIT Asia completed the acquisition of six strata floors at Prudential Tower, increasing its stake from 44% to 73%. It also issued about 666 million new units in a one-for-one rights issue to raise $620 million.

December

Delisting of Evergro Properties was completed.

Keppel Land acquired a 30.3-ha site for RMB884 million ($180 million) in Shenyang for a township comprising about 6,000 waterfront apartments.

Keppel commenced work on its 35.4-ha site in the SUA of the Tianjin Eco-City.

The ecologically-conscious Ocean Financial Centre will be a Singapore landmark when completed in mid-2011.

Keppel Land will continue to step up its leasing activity at MBFC and OFC to improve overall commitments ahead of their completion. The company will remain a dominant landlord in Singapore's business and financial districts.

Backed by a healthy balance sheet after its rights issue, Keppel Land is well-positioned to capitalise on opportunities for acquisitions in Singapore and overseas. Similarly, its fund management vehicles have substantial room for acquisition.

Following its rights issue, K-REIT Asia has an additional debt headroom of $440 million to $650 million should it gear up to between 30% and 40%. Alpha's two funds focusing on Japan and Asia's macro trends are in a strong financial position for further acquisitions in Asia, with just 46% and 22% invested as at end-December 2009.

Overseas

With most Asian economies posting positive growth, demand for quality housing across Asia continued to remain favourable on the back of strong economic growth and rising homeownership aspirations. The demographic fundamentals of the countries where Keppel Land operates remain strong.

Leveraging the recovery in Asia, Keppel Land plans to launch more than 5,000 homes overseas in 2010, mostly in China. In line with its strategy to tap on rising demand for quality housing in Asia's growth cities, Keppel Land will continue to pursue selective acquisitions in Asia with continued focus on developing quality residential and township developments.

Creating a Model for Sustainable Urban Living

The Sino-Singapore Tianjin Eco-City made significant progress in 2009, attracting leading regional developers and top global technology companies into the landmark co-operation project between Singapore and China.

Keppel is committed to create a harmonious and eco-driven live-work-play environment, integrating homes and commercial developments.

Sino-Singapore Tianjin Eco-City Investment and Development, Co., Ltd. (SSTEC) has attracted many partners to participate in the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City) this year, securing investments of more than $6.7 billion as at end-December 2009.

The master developer for the Tianjin Eco-City, SSTEC is a 50/50 joint venture between the Singapore Consortium led by the Keppel Group and Chinese partners.

Overall development in the Tianjin Eco-City is progressing well. SSTEC has secured partnerships with leading regional developers – Taiwan's Farglory Group, Japan's Mitsui Fudosan Co., Ltd., China's Shimao Group and Malaysia's Sunway City Berhad – to develop integrated residential, commercial and cultural-leisure developments.

Construction of the first development in the Keppel Group's 35.4-ha site in the Start-Up Area of Tianjin Eco-City has started and is expected to yield a total of more than 5,000 homes.

In commercial developments, SSTEC co-founded a greenfield international school with the world's largest K-12 (kindergarten to grade 12) education company, GEMS Education. In addition, it also signed a Memorandum of Understanding (MOU) with Samsung C&T Corporation to explore creating the first-of-its-kind eco central business district.

SSTEC also signed an MOU with STSE Engineering Services Pte Ltd to explore collaboration to provide pneumatic waste collection private connection systems.

Through partnership with leading Singapore transport organisations, SSTEC is laying the foundation for an effective green transport system in the Eco-City.

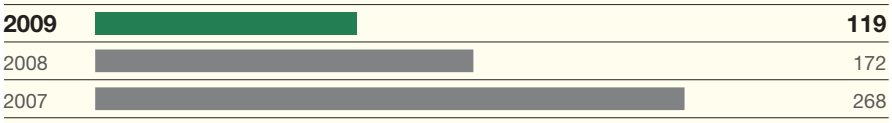
In addition, the 30-ha Eco-Business Park (EBP) and 130-ha Eco-Industrial Park (EIP) also broke ground in June and December respectively. Collectively, the EBP and EIP are expected to create more than 25,000 jobs opportunities and create a 24/7 vibrant and self-sustaining business community.

Located in the Tianjin Binhai New Area, the 30-sq km Tianjin Eco-City is envisioned to create a harmonious and sustainable community that meets the needs of an urbanising China and will be a modern township where 350,000 residents can live, work and play.

Investments

Our investments are committed to deliver good value to shareholders while seeking growth opportunities presented by the global economic recovery.

PATMI
($ million)



Earnings Highlights

	2009 $ million	2008 $ million	2007 $ million
Revenue	**39**	54	61
EBITDA	**4**	26	30
Operating profit	**3**	25	30
Profit before tax	**149**	219	334
PATMI	**119**	172	268
Manpower (Number)	**135**	165	156
Manpower (Cost)	**76**	65	60

$149m

Profit before tax decreased 32% from FY 2008's $219m.

$119m

PATMI decreased 31% from FY 2008's $172m.

Major Developments in 2009

- Sale of 45.5% stake in SPC to PetroChina for $1.47 billion.
- Knowledge Universe Education, a k1 Ventures investee company, acquired Busy Bees in the UK.
- M1 enhanced its service offerings to the corporate and residential segments, as well as upgraded its 3G and HSPA networks for better connectivity nationwide.

Focus for 2010/2011

- k1 Ventures will identify investment opportunities while continuing to focus on the management of existing investments with the aim of enhancing shareholder value.
- M1 will continue to strengthen its position in the mobile market and capitalise on new growth opportunities arising from the commercial launch of the NGNBN.

1

M1 partners operators globally to provide its customers coverage and roaming services in over 230 countries and territories.

2

In June 2009, KUH acquired Busy Bees, the largest provider of early childhood education in the UK.

1, 2

Earnings Review
Pre-tax profits from Investments of $149 million was $70 million below that of 2008 due to the divestment of our stake in Singapore Petroleum Company (SPC) in June 2009. PATMI of $119 million was $53 million or 31% lower compared to the previous year. Investments currently contribute 9% to the Group's PATMI, a decrease from 16% in 2008.

k1 Ventures
k1 Ventures is invested in companies across key diverse sectors of transportation leasing, education, oil and gas exploration, and automotive retail to maximise shareholder returns. Its major investments are in Helm Holding Corporation (Helm), the largest independent locomotive and railcar leasing company in North America, and Knowledge Universe Holdings (KUH), a leading global education service provider.

For the financial year ended 30 June 2009, the company recorded total revenue of $99.1 million and operating profit of $4.5 million from continuing operations compared to $350.2 million and $166.7 million respectively in the prior year. This decrease in revenue and operating profit was mainly attributable to the prior year's sales of approximately 2.38 million shares of McMoRan Exploration Company and Helm's sale of its investment in Dakota, Minnesota & Eastern Railroad Corp, in addition to a decrease in operating results at Helm. For 2009, the company distributed 0.75 cent per share to shareholders and has distributed a cumulative 21.81 cents per share to shareholders since 2005.

KUH, through its operating subsidiaries, acquired Busy Bees, the largest provider of early childhood education in the UK in June 2009. This followed the expansion of the company's international platform into the Singapore market in 2008, making it the largest preschool education services provider in Singapore.

China Grand Auto, the company's investment in automotive retail, has performed well.

The US decline in economic output and growth has resulted in a reduction of freight shipped by rail, which has negatively impacted k1 Ventures' investment in Helm. The company continues to proactively manage its investments with the goal to maximise shareholder value, and will continue its patient and discipline approach to the investment of capital.

MobileOne (M1)
M1 is a leading integrated communications provider in Singapore, providing a full range of voice and data communications services. M1 is 20%-owned by Keppel Telecommunications & Transportation (Keppel T&T).

M1 remains a significant contributor to Keppel T&T's earnings and cash flow. For FY2009, M1 contributed pre-tax profits of $35.5 million to Keppel T&T, making up 54% of Keppel T&T's pre-tax profits. M1 also contributed total dividends of $24 million to Keppel T&T.

The Next Generation Nationwide Broadband Network (NGNBN), which is scheduled to be launched in the second quarter of 2010, will enable M1 to offer a more comprehensive suite of communications services to customers. As part of the strategy to transform the company into a dynamic multi-play operator, M1 embarked on several key initiatives to capture new opportunities during the year.

In 2009, M1 acquired a corporate Internet Service Provider to offer integrated solutions to enterprises and expanded its fixed broadband offerings through the introduction of ADSL service plans. Looking ahead, M1 will continue to enhance its mobile and fixed service offerings for both the retail and corporate segments in Singapore.

Financial Review and Outlook

$12,247m
+4%

Singapore 23%
Overseas 77%

Revenue by Market 2009
(%)

Singapore	**23**
ASEAN	**6**
Rest of Asia-Pacific	**4**
Middle East / India	**10**
Europe	**31**
North America	**13**
South America	**11**
Central America	**2**
Total	**100**

$11,805m
+13%

Singapore 26%
Overseas 74%

Revenue by Market 2008
(%)

Singapore	26
ASEAN	5
Rest of Asia-Pacific	4
Middle East / India	8
Europe	30
North America	15
South America	11
Central America	1
Total	100

$10,431m
+37%

Singapore 25%
Overseas 75%

Revenue by Market 2007
(%)

Singapore	25
ASEAN	2
Rest of Asia-Pacific	7
Middle East / India	6
Europe	29
North America	25
South America	5
Central America	1
Total	100

1

Keppel's 35.4-hectare development in the Sino-Singapore Tianjin Eco-City is located strategically along the Eco-Valley, the Eco-City's ecological spine linking major transport nodes, residential areas and commercial centres. Phase 1 of the development is expected to yield about 1,760 homes and commercial space of about 40,000 sm.

2

Keppel Shipyard's competencies in FPSO conversions and topside modules will help it capture a growing share of the improving floating production systems market in 2010.

1

2

Prospects

The global recession appears to be over, but some still believe that the recovery is volatile and tepid. The Group has weathered the storm well and reported record earnings for FY2009. With a net cash balance of $1.2 billion and a healthy balance sheet, we are well-positioned to seize opportunities as the economy recovers and capture value in our key businesses so as to deliver sustainable returns to shareholders.

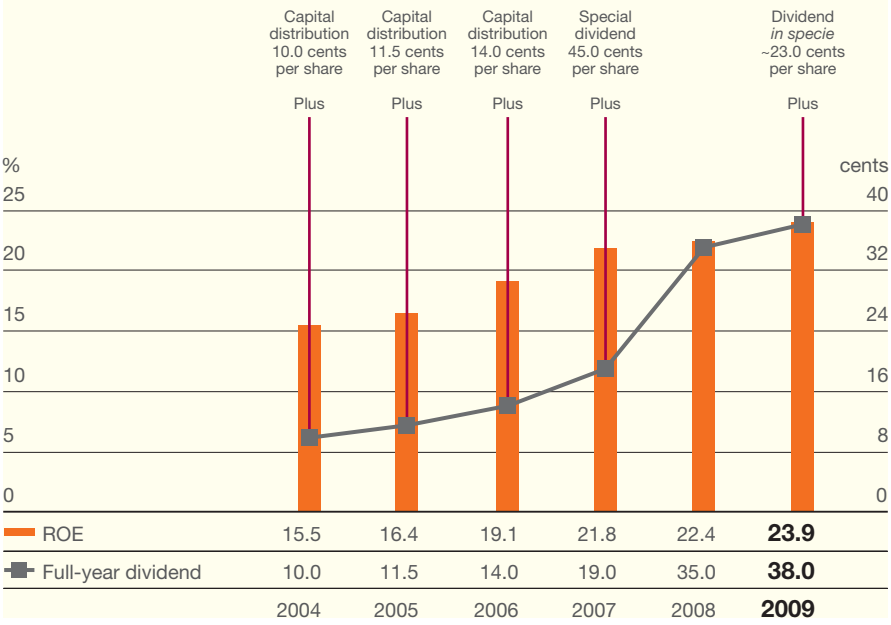
Our Offshore & Marine Division secured $1.7 billion of new orders for the year sustaining the net orderbook at about $5.6 billion at the end of the year. With the pick-up of orders in the last quarter of 2009, the outlook for new orders in 2010 is better. There have been increased enquiries from both drilling contractors and oil companies.

The fundamentals of the industry remain sound, with projected higher energy consumption in the longer term. Exploration and production spending by oil companies is also expected to increase in 2010 after falling in 2009. The Division will continue to broaden its technology base to develop products to meet the needs of its customers.

In the Infrastructure Division, the Group has built up a sizeable pool of environmental infrastructure projects. It intends to list the K-Green Trust (KGT), with the initial assets comprising Senoko Waste-to-Energy (WTE) Plant, Keppel Seghers Tuas WTE Plant and Keppel Seghers Ulu Pandan NEWater Plant. The Group expects to distribute approximately 51% of KGT units to shareholders of the Company.

The two Qatar projects and Greater Manchester Energy-from-Waste project are making progress. The acquisition of a company providing district heating and cooling systems will provide an additional recurring income stream and new opportunities for the Division. The Keppel Merlimau Co-generation Plant is expected to continue generating good returns for the Group.

Shareholder Returns



During the year, the Property Division sold 384 homes in Singapore, 2,600 homes in China and 500 homes in Vietnam, Indonesia and India. The Division will ride the economic recovery and time its launches of existing and new projects. In Singapore, the Group expects to launch more units of Marina Bay Suites and Keppel Bay projects, which are both strategically located close to the upcoming integrated resorts. In China, we expect to launch our project in the Start-Up Area of the Sino-Singapore Tianjin Eco-City and projects in Shanghai. We also intend to launch Riviera Point and the remaining units of Riviera Cove in Ho Chi Minh City.

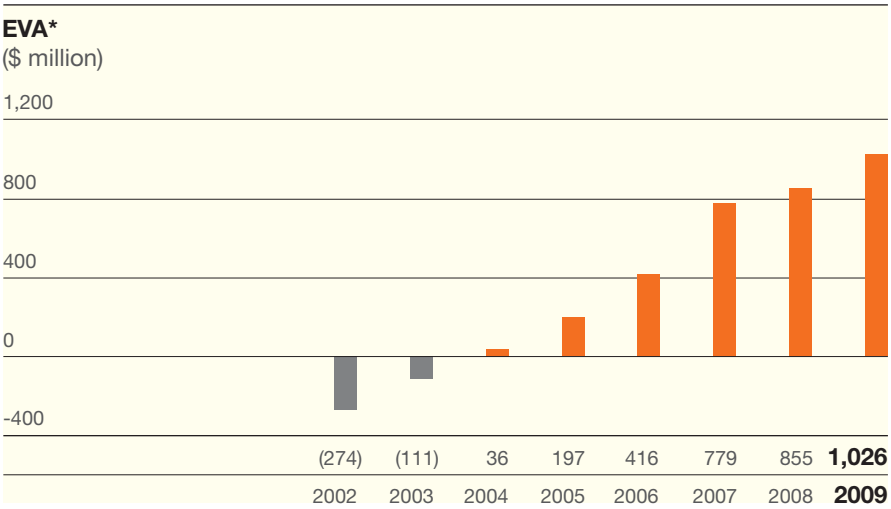
The pace of office rental decline in Singapore has continued to ease as business confidence returns. The Group's significant portfolio of new office buildings in the new downtown is expected to benefit from the recovery.

Shareholder Returns

Return on Equity increased from 22.4% in 2008 to 23.9% in 2009, reflecting our effort to pursue higher returns for our shareholders.

The Company will be paying a total distribution of 61 cents per share. This comprises a proposed final dividend of 23 cents per share, a proposed special dividend *in specie* of K-Green Trust units equivalent to approximately 23 cents per share and the interim dividend of 15 cents per share paid in August 2009. Total payout for 2009 represents 77% of Group PATMI. This is equivalent to a gross yield of 7.4% on the Company's last transacted share price as at 31 December 2009.

The distribution to shareholders is paid on account of increased profitability and strong operational cash flow. We are committed to reward shareholders with generous payouts as we achieve healthy year-on-year improvement in earnings growth.



* Excluding exceptional items

Economic Value Added (EVA)

In 2009, EVA excluding exceptional items rose by $171 million to $1,026 million. This was attributable to higher operating profit, partially offset by higher capital charge.

Capital charge rose by $20 million as a result of higher Average EVA Capital, partly offset by lower Weighted Average Cost of Capital (WACC). Average EVA Capital increased by $1.01 billion from $8.85 billion to $9.86 billion. WACC decreased from 6.75% to 6.26% mainly due to decrease in risk-free rate and lower pre-tax cost of debt.

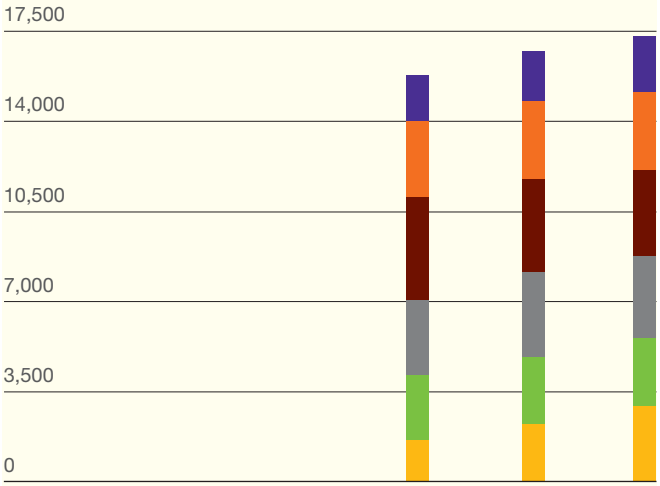
EVA excluding exceptional items of $1,026 million in 2009 is the highest ever attained by the Group. The Group's effective deployment and

Economic Value Added (EVA)

	2009 $ million	09v08 +/(-)	2008 $ million	08v07 +/(-)	2007 $ million
Profit after tax & exceptional items	**1,837**	+688	1,149	+87	1,062
Adjustment for:					
Interest expense	**89**	-16	105	-29	134
Interest expense on non-capitalised leases	**21**	+1	20	-	20
Tax effect on interest expense adjustments[1]	**(15)**	+3	(18)	+1	(19)
Provisions, deferred tax, amortisation & other adjustments	**64**	+31	33	+1	32
Net Operating Profit after Tax (NOPAT)	**1,996**	+707	1,289	+60	1,229
Average EVA Capital Employed[2]	**9,861**	+1,013	8,848	-102	8,950
Weighted Average Cost of Capital[3]	**6.26%**	-0.49%	6.75%	-0.24%	6.99%
Capital Charge	**(617)**	-20	(597)	+28	(625)
Economic Value Added	**1,379**	+687	692	+88	604
Comprising:					
EVA excluding exceptional items	**1,026**	+171	855	+76	779
EVA of exceptional items	**353**	+516	(163)	+12	(175)
	1,379	+687	692	+88	604

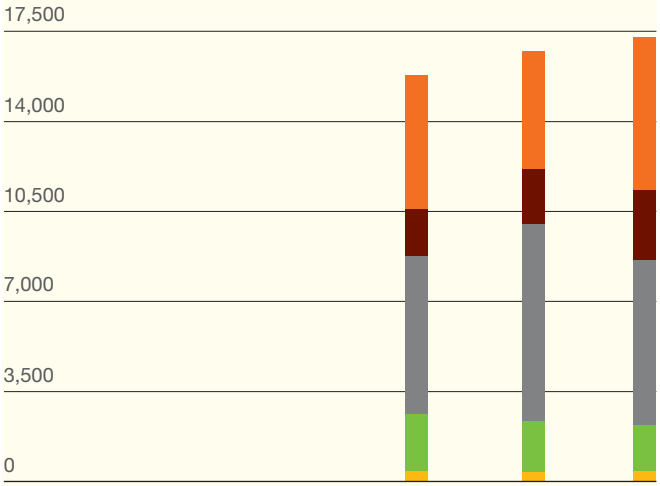
1 The reported current tax is adjusted for statutory tax impact on interest expenses.
2 Average EVA Capital Employed is derived from the quarterly averages of net assets plus interest-bearing liabilities, provision and present value of operating leases.
3 Weighted Average Cost of Capital is calculated in accordance with the Keppel Group EVA Policy as follows:
a Cost of Equity using Capital Asset Pricing Model with market risk premium set at 6% (2008: 6%);
b Risk-free rate of 2.1949% (2008: 2.7797%) based on yield-to-maturity of Singapore Government 10-year Bonds;
c Unlevered beta at 0.72 (2008: 0.72); and
d Pre-tax Cost of Debt at 3.13% (2008: 3.43%) using five-year Singapore Dollar Swap Offer Rate plus 100 basis points (2008: 40 basis points).

Total Assets Owned
($ million)



	2007	2008	2009
Fixed assets	1,772	1,947	**2,157**
Properties	2,960	3,030	**3,051**
Investments	4,024	3,633	**3,332**
Stocks & work-in-progress	2,890	3,318	**3,178**
Debtors & others	2,550	2,574	**2,653**
Bank balances, deposits & cash	1,601	2,245	**2,936**
Total	15,797	16,747	**17,307**

Total Liabilities Owed and Capital Invested
($ million)



	2007	2008	2009
Shareholders' funds	5,205	4,596	**5,985**
Minority interests	1,830	2,153	**2,728**
Creditors	6,139	7,647	**6,423**
Term loans & bank overdrafts	2,234	1,970	**1,759**
Other liabilities	389	381	**412**
Total	15,797	16,747	**17,307**

management of resources to enhance shareholder value is reflected in the positive and growing EVA that we have been achieving since 2004.

Financial Position

Group total assets of $17.31 billion at 31 December 2009 were $560 million or 3.3% higher than the previous year-end. Fixed assets increased as a result of capital expenditure and acquisition of Keppel DHCS Pte Ltd.

Higher long-term receivables was due to the acquisition of Senoko Waste-to-Energy Plant and expenditure on the Tuas Waste-to-Energy plant. These were partly offset by the decrease in associated companies as a result of the divestment of our stake in Singapore Petroleum Company (SPC) and lower receivables in the Offshore & Marine Division.

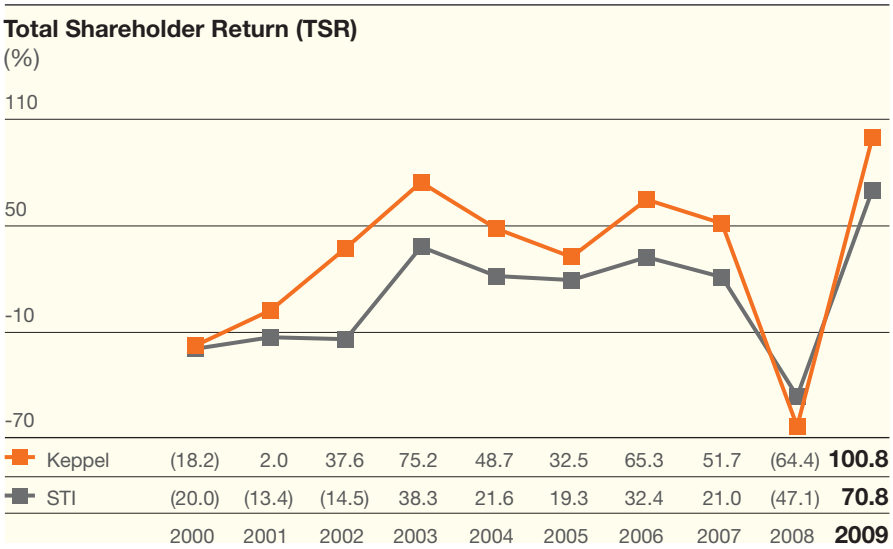
Group shareholders' funds increased from $4.60 billion at 31 December 2008 to $5.99 billion at 31 December 2009. The increase was mainly attributable to retained profits for the year and higher fair value and hedging reserves, partially offset by payment of final dividend of 21 cents per share for the financial year 2008 and interim dividend of 15 cents per share for current financial year 2009. Minority interests were higher because of share of profits and subscription to the rights issue of Keppel Land and K-REIT Asia.

Group total liabilities of $8.59 billion at 31 December 2009 were $1.40 billion or 14% lower than the previous year-end. Reduction in billings on work-in-progress in excess of related costs was mainly due to project cost incurred and project completion for Offshore & Marine jobs. Amount due to associated companies was lower because of repayment of advances.

Group net cash of $1,177 million at 31 December 2009 was an increase of $902 million from $275 million at 31 December 2008. This was mainly attributable to the proceeds from the disposal of our stake in SPC, the rights issues of Keppel Land and K-REIT Asia, and operational cash inflow.

Total Shareholder Return (TSR)

In 2009, our Total Shareholder Return (TSR) was at 101%, a significant improvement from the negative 64% in 2008. Our 2009 TSR was 30% above the benchmark Straits Times Index's (STI) TSR of 71%. Over the past nine years, our Compounded Annual Growth Rate (CAGR) TSR of 27% was also significantly higher than STI's CAGR TSR of 5%.



We are committed to deliver value to shareholders through earnings growth. We will continue to identify, develop and build growth platforms for our businesses, sharpen our strategic focus, streamline our businesses, launch new products, strengthen customer relationships and penetrate new markets.

Cash Flow

Net cash from operating activities was $670 million compared to $2,047 million in the previous year. This was mainly due to increased working capital and reduced advances from associated companies, partly offset by higher operating profit.

Net cash from investing activities was $424 million. The Group spent $1,221 million on acquisitions and operational capex. This comprised principally acquisition of Senoko WTE Plant, Keppel DHCS Pte Ltd and additional floors of Prudential Tower, equity injection into the Sino-Singapore Tianjin Eco-City project, further investments in Marina Bay Financial Centre and Ocean Financial Centre, and other operational capital expenditure. Proceeds from disposal, mainly from the sale of SPC, amounted to $1,645 million.

Free cash flow was $1,094 million as compared to $1,876 million in the previous year.

Total distribution to shareholders of the Company and minority shareholders of subsidiaries for the year amounted to $661 million.

Financial Risk Management

The Group operates internationally and is exposed to a variety of financial risks, including market risk (foreign currency exchange rates, interest rates and commodity/equity prices), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines.

These policies and guidelines are established by the Group Central Finance Committee and are updated

Cash Flow

	2009 $ million	09v08 +/(-)	2008 $ million	08v07 +/(-)	2007 $ million
Operating profit	**1,505**	+267	1,238	+187	1,051
Depreciation, amortisation & other non-cash items	**204**	+46	158	+19	139
Cash flow provided by operations before changes in working capital	**1,709**	+313	1,396	+206	1,190
Working capital changes	**(911)**	-1,763	852	+214	638
Interest receipt and payment & tax paid	**(128)**	+73	(201)	-70	(131)
Net cash from operating activities	**670**	-1,377	2,047	+350	1,697
Investments & capital expenditure	**(1,221)**	-658	(563)	+278	(841)
Divestments & dividend income	**1,645**	+1,253	392	+97	295
Net cash from investing activities	**424**	+595	(171)	+375	(546)
Free cash flow	**1,094**	-782	1,876	+725	1,151
Dividend paid to shareholders of the Company & subsidiaries	**(661)**	+540	(1,201)	-690	(511)

to take into account changes in the operating environment. This committee is chaired by the Group Finance Director and comprises Chief Financial Officers of the Group's key operating companies and Head Office specialists.

The Group's financial risk management is discussed in more detail in the notes to the financial statements. In summary:

- The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. Foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against Singapore dollar, which is the Group's measurement currency. The Group utilises forward foreign currency contracts to hedge its exposure to specific currency risks relating to receivables and payables. The bulk of these forward foreign currency contracts are entered into to hedge any excess US dollars arising from Offshore & Marine contracts based on the expected timing of receipts. The Group does not engage in foreign currency trading;

- The Group hedges against price fluctuations arising on purchase of natural gas. Exposure is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to a benchmark fuel price index, High Sulphur Fuel Oil 180-CST;

- The Group maintains a mix of fixed and variable rate debt/loan instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks. This may include interest rate swaps and interest rate caps;

- The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time; and

- The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk.

Borrowings

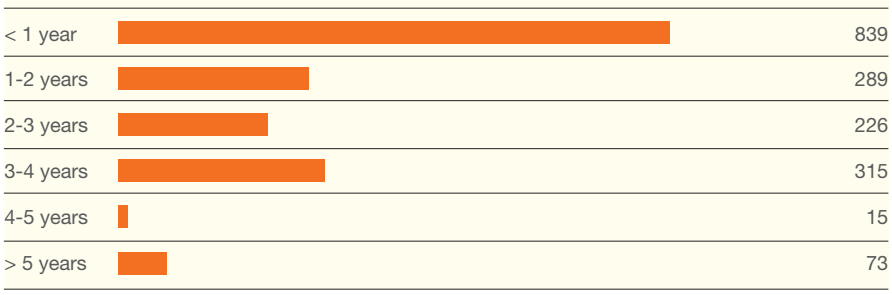
The Group borrows from local and foreign banks in the form of short-term and long-term loans, project loans and bonds. At the end of 2009, 48% (2008: 10% and 2007: 22%) of Group borrowings were repayable within one year with the balance largely repayable between two and five years.

Unsecured borrowings constituted 64% (2008: 69% and 2007: 70%) of total borrowings with the balance secured by properties and assets. Secured borrowings are mainly for finance of investment properties and project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to $2.41 billion (2008: $2.81 billion and 2007: $1.83 billion).

Fixed rate borrowings constituted 39% (2008: 29% and 2007: 21%) of total borrowings with the balance at floating rates. The Group has interest rate swap agreements with notional amount totalling $367 million whereby it receives variable rates equal to SOR and pays fixed rates of between 2.55% and 4.42% on the notional amount. The Group also has interest rate cap agreements to hedge the interest rate risk exposure arising from its US dollar and Singapore dollar variable rate term loans. As at the end of the financial year, the Group has outstanding interest rate cap agreements of $49 million. Details of these derivative instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 96% (2008: 94% and 2007: 76%) of total borrowings. The balances were in other Asian currencies. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables, which were denominated in foreign currencies.

Debt Maturity
($ million)



Capital Structure & Financial Resources

The Group maintains a strong balance sheet and an efficient capital structure to maximise return for shareholders. The strong operational cash flow of the Group and divestment proceeds from low yielding and non-core assets will provide resources to grow the Group's businesses.

Every new investment will have to satisfy strict criteria for return on investment, cash flow generation, EVA creation and risk management. New investments will be structured

with an appropriate mix of equity and debt after careful evaluation and management of risks.

Capital Structure

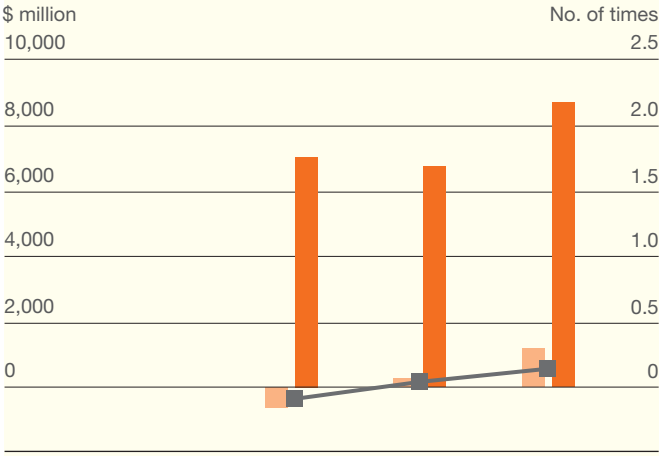
Capital employed at the end of 2009 was $8.71 billion, an increase of $1.96 billion over 2008 and $1.68 billion over 2007. The Group is in a net cash position of $1.18 billion at the end of 2009 compared to net cash of $275 million in 2008 and net borrowings of $634 million in 2007. With strong cash flow, the Group's net gearing was negative 0.14 times at the end of 2009.

Interest coverage improved from 13.96 times in 2007 to 28.44 times in 2009. This was achieved on increasing EBIT and lower cost of funds.

Cash flow coverage increased from 15.63 times in 2007 to 22.32 times in 2008 and decreased to 11.00 times

Net Cash / (Gearing)

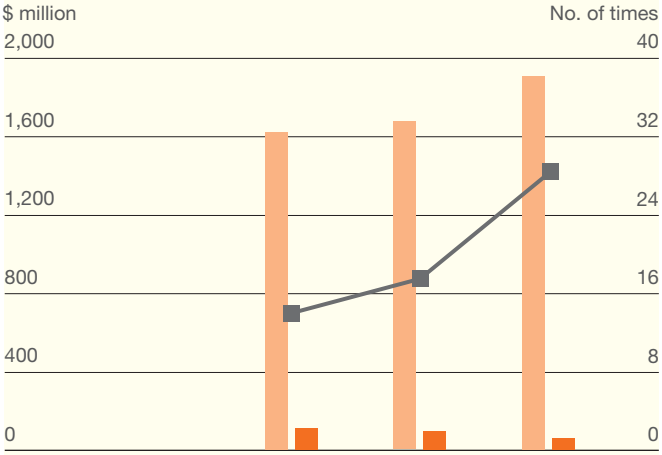
$$\text{Net Gearing} = \frac{\text{Borrowings} - \text{Cash}}{\text{Capital Employed}}$$



	2007	2008	2009
Net Cash / (Debt)	(634)	275	**1,177**
Capital Employed	7,035	6,749	**8,713**
Net Cash / (Gearing)	(0.09)	0.04	**0.14**

Interest Coverage

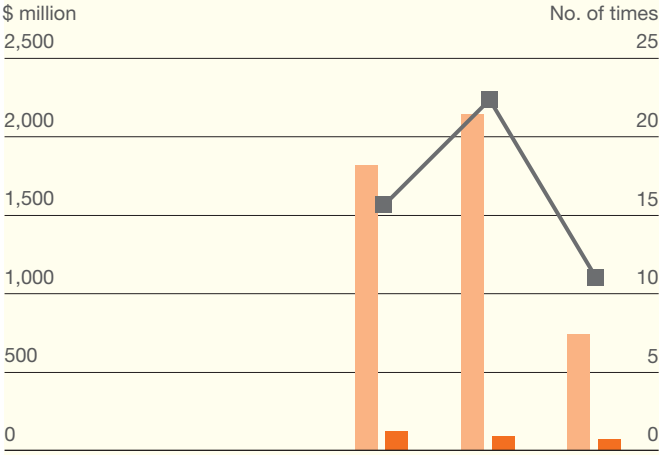
$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$



	2007	2008	2009
EBIT	1,619	1,676	**1,905**
Total Interest Cost	116	96	**67**
Interest Cover	13.96	17.46	**28.44**

Cash Flow Coverage

$$\text{Cash Flow Coverage} = \frac{\text{Operating Cash Flow} + \text{Interest Cost}}{\text{Interest Cost}}$$



	2007	2008	2009
Operating Cash Flow + Interest	1,813	2,143	**737**
Total Interest Cost	116	96	**67**
Cash Flow Coverage	15.63	22.32	**11.00**

in 2009. Despite lower interest expense, cash flow coverage has reduced because of decrease in operating cash flow.

At the Annual General Meeting in 2009, shareholders gave their approval for mandates to issue and buy back shares. The Company did not exercise these mandates.

Financial Capacity

	$ million	Remarks
Cash at Corporate Treasury	1,526	52% of total cash of $2.94 billion
Credit facilities extended to the Group	4,056	Credit facilities of $5.42 billion, of which $1.36 billion was utilised
Total	**5,582**	

Financial Resources

As part of its liquidity management, the Group has built up adequate cash reserves and short-term marketable securities as well as sufficient undrawn banking facilities and capital market programme. Funding of working capital requirements, capital expenditure and investment needs is made through a mix of short-term money market borrowings and medium/long-term loans.

Due to the dynamic nature of its businesses, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Cash flow, debt maturity profile and overall liquidity position is actively reviewed on an ongoing basis.

The Group has further strengthened its financial capacity during the year. As at end of 2009, total funds available and unutilised facilities amounted to $5.58 billion.

Critical Accounting Policies

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements.

The preparation of financial statements requires management to exercise its judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting estimates and judgement are described below.

Impairment of Loans and Receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Impairment of Available-for-Sale Investments

The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment of Non-Financial Assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

Revenue Recognition

The Group recognises contract revenue based on the stage of completion method which is measured by reference to the proportion of contract work completed. Significant assumption is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Income Taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumption is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different

Keppel intends to list the K-Green Trust with three initial assets from the Infrastructure Division.

from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Claims, Litigations and Reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations or reviews from the contractual parties and/or government agencies. These can arise for various reasons, including changes in the scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claims, litigations or reviews will result in liabilities and whether any such liabilities can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

SUSTAINABILITY REPORT

SustainingGrowth
EmpoweringLives
NurturingCommunities

We aim to achieve sustainable business growth by contributing to the well-being of the environment, society and community.

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Despite a volatile year in 2009, Keppel stayed focused on its fundamental mission. We renewed our pledge to be the choice solutions provider in our businesses guided by our three strategic thrusts of *Sustaining Growth*, *Empowering Lives,* and *Nurturing Communities*.

As the Group expands its reach to all corners of the world, we aim to ensure that we have a positive impact on the communities where we operate.

For years, we have put in place initiatives and programmes which dovetail with our drive to be a global corporate citizen. This report describes our activities in 2009 directed at this effort.

Looking ahead, we hope to do more, and so we have started building a Group-wide corporate social responsibility framework. This will help us improve co-ordination of our existing efforts, better strategise and implement even more effective programmes across the Group to benefit our stakeholders and reinforce the long-term sustainability of our businesses.

1

Keppelites from across the Group share the passion and positive *Can Do!* attitude to overcome challenges with an open and flexible mindset.

2

Product and technology development and innovation are important for Keppel to sustain its competitive edge and meet customer needs.

3

Students from the Centre for Adults, a learning institute under APSN, benefit from increased profitability as gardeners trained at hydroponics farms sponsored by Keppel.

Sustainable Development Principles

Contributing to sustainable development is an integral part of our business strategy. It helps us to be a more competitive and profitable company with growing shareholder value.

1

2, 3

PROMOTING GOOD CORPORATE GOVERNANCE

Strong corporate governance enables us to achieve our goal of growing sustainable businesses with greater confidence and efficacy.

Code of Corporate Governance 2005
Specific Principles and Guidelines for Disclosure

Relevant guideline or principle	Page reference in this report
Guideline 1.3	
Delegation of authority, by the board to any board committee, to make decisions on certain board matters	Pages 96 and 97
Guideline 1.4	
The number of board and board committee meetings held in the year, as well as the attendance of every board member at these meetings	Page 96
Guideline 1.5	
The type of material transactions that require board approval under internal guidelines	Page 97
Guideline 2.2	
Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed	Page 98
Guideline 3.1	
Relationship between the Chairman and CEO where they are related to each other	Not Applicable
Guideline 4.1	
Composition of nominating committee	Page 100
Guideline 4.5	
Process for selection and appointment of new directors to the board	Page 100
Guideline 4.6	
Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent	Pages 225 to 228 and 233
Guideline 5.1	
Process for assessing the effectiveness of the board as a whole and the contribution of each individual director to the effectiveness of the board	Pages 100, 101, 112 and 113
Principle 9	
Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to directors and key executives, and performance	Pages 102 to 105
Guideline 9.1	
Composition of remuneration committee	Page 102
Guideline 9.2	
Names and remuneration of each director. The disclosure of remuneration should be in bands of $250,000. There will be a breakdown (in percentage terms) of each director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives Names and remuneration of at least the top five key executives (who are not also directors). The disclosure should be in bands of $250,000 and include a breakdown of remuneration	Pages 104 and 105
Guideline 9.3	
Remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceed $150,000 during the year. The disclosure should be made in bands of $250,000 and include a breakdown of remuneration	Page 105
Guideline 9.4	
Details of employee share schemes	Pages 156, 175 to 177
Guideline 11.8	
Composition of audit committee and details of the committee's activities	Pages 105 to 109
Guideline 12.2	
Adequacy of internal controls, including financial, operational and compliance controls, and risk management systems	Pages 108 to 109

The board and management of Keppel Corporation Limited ("KCL" or the "Company") firmly believe that a genuine commitment to good corporate governance is essential to the sustainability of the Company's businesses and performance, and are pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance 2005[1] (the "2005 Code").

The following describes the Company's corporate governance practices with specific reference to the 2005 Code.

Board's Conduct of Affairs
Principle 1: Effective Board to lead and control the Company

The principal functions of the board are to:

- decide on matters in relation to the Group's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of the Company, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- assume responsibility for corporate governance.

All directors are expected to exercise independent judgment in the best interests of the Company. This is one of the performance criteria for the peer and self assessment on the effectiveness of the individual directors. Based on the results of the peer and self assessment carried out by the directors, all directors have discharged this duty consistently well.

To assist the board in the discharge of its oversight function, various board committees, namely the Audit Committee, Board Risk Committee, Nominating Committee, Remuneration Committee, and Executive Committee, have been constituted with clear written terms of reference. All the board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. In addition, a Board Safety Committee was formed in January 2006. The terms of reference of the respective board committees are disclosed in the Appendix to this report.

The board meets six times a year and as warranted by particular circumstances. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's Articles of Association. The number of board and board committee meetings held in FY 2009, as well as the attendance of each board member at these meetings, are disclosed below:

[1] The Code of Corporate Governance 2005 issued by the Ministry of Finance on 14 July 2005.

		Board Committee Meetings						Non-executive Directors' meeting (without presence of management)
	Board Meetings	Audit	Executive[1]	Nominating	Remuneration	Safety	Risk	
Lee Boon Yang[2]	5 of 5	–	1	4 of 4	5 of 5	2 of 2	–	1 of 1
Lim Chee Onn[3]	6 of 8	–	–	–	–	–	–	2 of 3
Lim Hock San	14	6	1	–	5 of 5	–	6	4
Choo Chiau Beng	14	–	1	–	–	2	–	–
Sven Bang Ullring	15	–	–	8	11	3	–	4
Tony Chew Leong-Chee	15	6	1	4 of 4	–	–	–	4
Oon Kum Loon	14	6	1	8	10	–	6	4
Tow Heng Tan	11	–	1	3 of 3	9	–	5	3
Alvin Yeo Khirn Hai[4]	5 of 5	1 of 1	–	–	–	1 of 1	1 of 1	1 of 1
Tsao Yuan Mrs Lee Soo Ann[5]	9 of 10	–	–	3 of 4	4 of 5	1 of 1	–	3 of 3
Yeo Wee Kiong[6]	11 of 13	–	–	–	–	1 of 2	4 of 5	3 of 3
Teo Soon Hoe	15	–	1	–	–	–	–	–
Tong Chong Heong[7]	2 of 2	–	–	–	–	–	–	–
No. of Meetings Held	**15**	**6**	**1**	**8**	**11**	**3**	**6**	**4**

[1] With effect from 1 January 2010, the Executive Committee was dissolved.
[2] Dr Lee Boon Yang was appointed as non-executive director with effect from 1 May 2009 to 30 June 2009, assumed the role of non-executive Chairman with effect from 1 July 2009, Chairman of the Executive Committee with effect from 1 July 2009, member of the Remuneration Committee, Nominating Committee and Board Safety Committee with effect from 1 July 2009.
[3] Lim Chee Onn resigned as non-executive Chairman and Chairman of the Executive Committee with effect from 30 June 2009.
[4] Alvin Yeo was appointed as non-executive director with effect from 1 June 2009, member of the Audit Committee with effect from 1 October 2009, member of the Board Risk Committee with effect from 23 July 2009 and member of the Board Safety Committee with effect from 1 July 2009. He resigned as member of the Board Safety Committee with effect from 30 September 2009.
[5] Tsao Yuan Mrs Lee Soo Ann resigned as non-executive director, member of the Remuneration Committee, Nominating Committee and Board Safety Committee with effect from 24 April 2009.
[6] Yeo Wee Kiong resigned as non-executive director, member of the Board Risk Committee and Board Safety Committee with effect from 1 August 2009.
[7] Tong Chong Heong was appointed as executive director with effect from 1 August 2009.

The Board consists of executive and independent directors who share their wealth of experience and expertise with the Group.

The Company has adopted internal guidelines setting forth matters that require board approval. Under these guidelines, new investments or increase in investments and divestments exceeding $100 million[1] by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the board. Further, any investment of $100 million[2] and below but which does not have strategic fit with any of the Company's core businesses, is not EVA positive, or does not generate Return on Equity of at least 12% on a standalone basis, would require specific board approval. Each board member has equal responsibility to oversee the business and affairs of the Company. Management on the other hand is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategy set by the board.

A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the Group's businesses and strategic plans and objectives, and site visits.

The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters

[1] With effect from 1 January 2010, this financial threshold has been lowered to $30 million with the dissolution of the Executive Committee.
[2] See footnote 1 above.

that affect or may enhance their performance as board or board committee members. By way of an example, some directors attended the courses organised by the Singapore Institute of Directors to reinforce Audit, Remuneration and Nominating Committee members' understanding of their respective roles and responsibilities and how they can better discharge them.

Board Composition and Guidance
Principle 2: Strong and independent element on the Board

To carry out its oversight function well, the board must be an effective board which can lead and control the business of the Group. The directors believe that, in view of the many complex businesses that the Company is involved in, the board should comprise executive directors, who have intimate knowledge of the business, and independent directors, who can take a broader view of the Group's activities and bring independent judgment to bear on issues for the board's consideration.

The Nominating Committee determines on an annual basis whether or not a director is independent, bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. The Nominating Committee also deems a director who is directly associated with a substantial shareholder as non-independent, although such a relationship has not been expressly identified in the Code as one that would deem a director not to be independent. Mr Tow Heng Tan, who is Chief Investment Officer, Temasek Holdings, is therefore deemed non-independent by the Nominating Committee.

The Nominating Committee is of the view that, taking into account the nature and scope of the Company's businesses, the board should consist of 9 to 11 members. The board currently has majority independent directors with a total of 10 directors, of whom 6 are independent.

The nature of the directors' appointments on the board and details of their membership on board committees are set out in the Appendix hereto.

The Nominating Committee is satisfied that the board comprises directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the board to be effective. There is nonetheless an ongoing exercise by the Nominating Committee and the board to source for suitable potential board members who are able to further strengthen the board and board committees.

The board and management fully appreciate that fundamental to good corporate governance is an effective and robust board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the board, in particular, the non-executive directors, must be kept well-informed of the Company's businesses and affairs and be knowledgeable about the industry in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well-supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and the circulation of relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates. A two-day off-site board strategy meeting is organised every two years for in-depth discussions on strategic issues and direction of the Group, to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the board's review of the Group's succession planning and leadership development programme. In this connection, a board strategy meeting was held in Bintan over two days on 17 and 18 July 2009. The Company has also made available on the Company's premises an office for the use by the non-executive directors at any time to facilitate direct access to management.

The board's non-executive directors meet regularly without the presence of management to discuss matters such as board processes, corporate governance initiatives, matters which they wish to cover during the board off-site strategy meeting, succession planning and leadership development, and remuneration matters.

Chairman and Chief Executive Officer
Principle 3: Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making

Mr Lim Chee Onn relinquished his role as Chief Executive Officer and served as Chairman of the Company for the period 1 January 2009 to 30 June

Keppel's board members visit the Group's various facilities to gain insights and updates on the operational performance and capabilities.

2009. Mr Choo Chiau Beng assumed the role of Chief Executive Officer of the Company with effect from 1 January 2009. During this period, Mr Lim had continued with his efforts to expand and strengthen Keppel's geographical footprint in China, Vietnam, India and the Middle East. The board had considered it important that, besides ensuring the effective operation of the board, Mr Lim should be available to continue to perform these services so that the Company could continue to benefit from his business network and relationships for a period of time and so as to ensure a smooth transition in executive leadership. Dr Lee Boon Yang was appointed non-executive director from 1 May 2009 to 30 June 2009 and thereafter served as non-executive and independent Chairman with effect from 1 July 2009.

The Chairman, with the assistance of the Company Secretary, schedules meetings and prepares meeting agenda to enable the board to perform its duties responsibly having regard to the flow of the Company's operations.

The Chairman sets guidelines on and monitors the flow of information from management to the board to ensure that all material information are provided timeously to the board for the board to make good decisions. He also encourages constructive relations between the board and management, and between the executive directors and non-executive directors.

The Chairman also ensures effective communication with shareholders.

The Chairman takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretary and management.

Board Membership

Principle 4: Formal and transparent process for the appointment of new directors to the Board

Nominating Committee

The Company has established a Nominating Committee to, among other

things, make recommendations to the board on all board appointments and oversee the Company's succession and leadership development plans. The Nominating Committee comprises entirely non-executive directors, 4 out of 5 of whom (including the Chairman) are independent; namely:

- Mr Tony Chew Leong-Chee
  Independent Chairman
- Dr Lee Boon Yang
  Independent Member
- Mr Sven Ullring
  Independent Member
- Mrs Oon Kum Loon
  Independent Member
- Mr Tow Heng Tan
  Non-Executive and
  Non-Independent Member

The terms of reference of the Nominating Committee are disclosed in the Appendix hereto.

Process for appointment of new directors

The Nominating Committee has put in place a formal process for the selection of new directors to increase transparency of the nominating process in identifying and evaluating nominees for directors. The Nominating Committee ("NC") leads the process and makes recommendations to the board as follows:

a. NC evaluates the balance of skills, knowledge and experience on the board and, in the light of such evaluation and in consultation with management, determines the role and the desirable competencies for a particular appointment.
b. External help (for example, Singapore Institute of Directors, search consultants, open advertisement) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
c. NC meets with the short-listed candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required.
d. NC makes recommendations to the board for approval.

Criteria for appointment of new directors

All new appointments are subject to the recommendation of the NC based on the following objective criteria:

1. Integrity
2. Independent mindedness
3. Diversity – Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing directors on the board
4. Able to commit time and effort to carry out duties and responsibilities effectively – proposed director is on not more than six principal boards
5. Track record of making good decisions
6. Experience in high-performing companies
7. Financially literate

The NC is also charged with the responsibility of re-nomination having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers for the previous financial year.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's Articles of Association, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.

As a matter of policy, a non-executive director would serve a maximum of two three-year terms of appointment. However, the board recognises the contribution of directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contribution to the board as a whole. In such cases, the board would exercise its discretion to extend the term and retain the services of the director rather than lose the benefit of his contribution.

The NC is also charged with determining the "independence" status of the directors annually. Please refer to page 98 on the basis of the NC's determination as to whether a director should or should not be deemed independent.

The NC also determines annually whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. The NC took into account the results of the assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the board, in making this determination, and is satisfied that all the directors have been able to and have adequately carried out their duties as director notwithstanding their multiple board representations.

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. As a guide, directors should not serve on more than six principal boards.

Nominee Director Policy

At the recommendation of the NC, the board approved the adoption of the KCL Nominee Director Policy in January 2009. For the purposes of the policy, a "Nominee Director" is a person who, at the request of KCL, acts as director (whether executive or non-executive) on the board of another company or entity ("Investee Company") to oversee and monitor the activities of the relevant Investee Company so as to safeguard KCL's investment in the company.

The purpose of the policy is to highlight certain obligations of a person while acting in his capacity as a Nominee Director. The policy also sets out the internal process for the appointment and resignation of a Nominee Director. The policy would be reviewed and amended as required to take into account current best practices and changes in the law and stock exchange requirements.

Key information regarding directors
The following key information regarding directors are set out in the following pages of this Annual Report:

Pages 225 to 228 and 233: Academic and professional qualifications, board committees served on (as a member or Chairman), date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive, whether considered by the NC to be independent; and

Pages 155: Shareholding in the Company and its subsidiaries.

Board Performance
Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

The board has implemented formal processes for assessing the effectiveness of the board as a whole, the contribution by each individual director to the effectiveness of the board, as well as the effectiveness of the Chairman of the board.

To ensure that the assessments are done promptly and fairly, the board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the board members. Mrs Fang Ai Lian, former Chairman, Ernst & Young and currently Chairman, Great Eastern Holdings Ltd, was appointed for this role.

The evaluation processes and performance criteria are disclosed in the Appendix to this report.

The board assessment exercise provided an opportunity to obtain constructive feedback from each director on whether the board's procedures and processes allowed him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the board as a whole. The assessment exercise also helped the directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view to raising the quality of board members. It also assisted the NC in determining whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

Access to Information
Principle 6: Board members to have complete, adequate and timely information

As a general rule, board papers are required to be sent to directors at least seven days before the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary.

The Company fully recognises that the flow of relevant information on an accurate and timely basis is critical for the board to be effective in the discharge of its duties. Management is therefore expected to provide the board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

Management also provides the board members with management accounts on a monthly basis. Such reports keep the board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by major divisions compared against the budgets, together with explanation given for significant variances for the month and year-to-date.

The Company Secretary administers, attends and prepares minutes of board proceedings. She assists the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the board and board committees, and between senior management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the board, and that the Company's memorandum and articles of association and relevant rules and regulations, including requirements of the Companies Act, Securities &

Futures Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), are complied with. She also assists the Chairman and the board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. She is also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretary are subject to the approval of the board.

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Remuneration Matters

Principle 7: The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent
Principle 8: Remuneration of directors should be adequate but not excessive
Principle 9: There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

Remuneration Committee

The Remuneration Committee (RC) comprises entirely non-executive directors, 4 out of 5 of whom (including the Chairman) are independent; namely:

- Mr Lim Hock San
  Independent Chairman
- Dr Lee Boon Yang
  Independent Member
- Mr Sven Ullring
  Independent Member
- Mrs Oon Kum Loon
  Independent Member
- Mr Tow Heng Tan
  Non-Executive and
  Non-Independent Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. The RC recommends to the board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits in kind) and the specific remuneration packages for each director and the Chief Executive Officer. The RC also reviews the remuneration of senior management and administers the KCL Share Option Scheme.

The RC has access to expert advice in the field of executive compensation outside the Company where required.

Annual Remuneration Report
Policy in respect of non-executive directors' remuneration

The directors' fees payable to non-executive directors is paid in cash and/or a fixed number of KCL shares as follows:

i. ***Cash Component:*** Each non-executive director is paid a basic fee and if applicable (as explained below), attendance fee. In addition, non-executive directors who perform additional services in board committees are paid an additional fee for such services. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. Executive Directors are not paid directors' fees.

Basic Fee: The RC conducted a review of the directors' fee structure in 2009, and the board, after due deliberation, approved (subject to shareholders' approval at each annual general meeting) the RC's proposed revised directors' fee structure as follows:

		Basic Fee
Chairman		$125,000 per annum
Deputy Chairman		$70,000 per annum
Director		$50,000 per annum
Audit and Executive Committees	Chairman	$40,000 per annum
	Member	$20,000 per annum
Board Risk, Remuneration, Nominating and Board Safety Committees	Chairman	$25,000 per annum
	Member	$15,000 per annum

Making safety an integral part of business operations, the Board Safety Committee assists in enhancing safety awareness and culture within the Keppel Group.

Attendance Fee: Further, the board approved (subject to shareholders' approval at each annual general meeting) the recommendation of the RC that in the event that in a financial year, a non-executive director attends more than 6 board meetings and/or (as the case may be) more than 4 meetings of a board committee of which he is a member, he shall be paid an attendance fee as set out below from the 7th board meeting onwards and/or (as the case may be) the 5th meeting of the board committee onwards which he attended in that financial year:

	In-Country	Out-Country
Board Meeting	$3,000	$5,000
Committee Meeting	$1,500	$3,000

ii. Share Component: At an extraordinary general meeting of the Company held in 2007, the shareholders approved the board's recommendation to amend Article 82 of the Company's Articles of Association relating to the remuneration of directors to permit the Company to award a fixed number of KCL shares, as shall from time to time be determined by an Ordinary Resolution of the Company, to the non-executive directors as part of their remuneration. The Company is therefore able to remunerate its non-executive directors in the form of KCL shares by the purchase of KCL shares from the market for delivery to the non-executive directors. The incorporation of an equity component in the total remuneration of the non-executive directors is intended to achieve the objective of aligning the interests of the non-executive directors with those of the shareholders and the long term interests of the Company.

The directors' fees payable to non-executive directors is subject to shareholders' approval at the Company's annual general meetings.

Remuneration policy in respect of Executive Directors and other Key Executives

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market. Company's, business unit's and individual employee's performance.

The total remuneration mix comprises 3 key components; that is, annual fixed cash, annual performance incentive and long-term incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance[1]. The long-term incentive is in the form of share options which are granted based on the individual's performance and contribution.

The compensation structure is designed to enable the Company to stay competitive and relevant. The Company benchmarks its annual fixed salary at the market median with the variable compensation being performance-driven. More emphasis is placed on the 'pay-at-risk' compensation as an employee moves up the corporate ladder. This allows the Company to better align executive compensation towards shareholders' value creation.

The Executive Directors participate in a long-term incentive scheme in the form of the KCL Share Option Scheme, details of which are set out in pages 156, 175 to 177.

Level and mix of remuneration of Directors and Key Executives (who are not also Directors) for the year ended 31 December 2009

The level and mix of each of the directors' remuneration in bands of $250,000 are set out below:

	Base/ Fixed Salary	Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses)		Directors' Fees	Directors' Allowance	Benefits-in-Kind	Options Granted[2]	Remuneration Shares[3]
		Paid	Deferred & at risk[1]					
Remuneration Band & Name of Director								
Abv $11,500,000 to $11,750,000								
Choo Chiau Beng*	9%[4]	43%	37%	–	–	n.m.[7]	11%[8]	–
Abv $7,750,000 to $11,500,000								
Nil	–	–	–	–	–	–	–	–
Abv $7,500,000 to $7,750,000								
Teo Soon Hoe	10%	42%	36%	–	–	n.m.	12%[9]	–
Abv $7,000,000 to $7,500,000								
Nil	–	–	–	–	–	–	–	–
Abv $6,750,000 to $7,000,000								
Tong Chong Heong*	12%[5]	41%	36%	–	–	n.m.	11%	–
$500,000 to $6,750,000								
Nil	–	–	–	–	–	–	–	–
$250,000 to $500,000								
Lim Chee Onn	–	–	–	89%[6]	–	–	–	11%
Below $250,000								
Lee Boon Yang	–	–	–	55%	5%	–	–	40%[10]
Lim Hock San	–	–	–	87%	1%	–	–	12%
Sven Ullring	–	–	–	82%	5%	–	–	13%
Tony Chew Leong-Chee	–	–	–	84%	1%	–	–	15%
Oon Kum Loon	–	–	–	87%	2%	–	–	11%
Tow Heng Tan	–	–	–	83%	1%	–	–	16%
Alvin Yeo Khirn Hai	–	–	–	73%	3%	–	–	24%
Tsao Yuan Mrs Lee Soo Ann	–	–	–	83%	–	–	–	17%
Yeo Wee Kiong	–	–	–	82%	–	–	–	18%

Notes:

1. A portion of the executive's annual performance incentive is tied to EVA performance. With effect from FY2009, instead of one-half payout from the current year's EVA bonus, the current year's EVA bonus is added to the accrued EVA bank balance of the preceding year and thereafter one-third (1/3) is paid out provided the total EVA balance is positive. The other two-third (2/3) of the total EVA balance is credited to the executive's EVA Bank(a) for payment in future years, subject to the continued EVA performance of the Company.

   (a) EVA Bank: The EVA bank concept is used to defer incentive compensation over a time horizon to ensure that the executive continues to generate sustainable shareholder value over the longer term. The EVA bank account is designated on a personal basis and represents the executive's contribution to the EVA

performance of the Company. Monies credited into the EVA bank are at risk in that the amount in the bank can decrease should EVA performance be adversely affected in the future years.

(*) In accordance with the Company's EVA bank policy, an Executive Director is allowed to draw down his EVA bank balance over 3 tranches when he reaches the statutory retirement age. Each of the 3 tranches is payable consecutively on the respective annual bonus payment dates following the date he reached the statutory retirement age, subject to the continued EVA performance of the Company.

If the Executive Director continues in service after the statutory retirement age, a separate EVA bank account is set up for him and the policy as outlined in paragraph (1) above will apply. If he subsequently ceased service with the Company, he would be allowed to draw down his EVA bank balance over 3 tranches. Each of the 3 tranches is payable consecutively on the respective annual bonus payment dates following the date of his cessation of service, subject to the continued EVA performance of the Company.

In line with this policy, Mr Choo Chiau Beng who reached the statutory retirement age in December 2009 was paid the first tranche from his EVA bank balance as at 31 December 2009 on the annual bonus payment date in February 2010. The balance 2 tranches will be payable on the respective annual bonus payment dates thereafter, subject to the continued EVA performance of the Company.

Further, with effect from 22 April 2009, this policy (which was previously applicable to Executive Directors) was extended to all senior management officers. As Mr Tong Chong Heong reached the statutory retirement age of 62 in January 2009 prior to this change, his total EVA bank balance as at 31 January 2009 has been fully paid out to him.

2. Based on the fair value of Options granted in August 2009 and February 2010 using Black Scholes valuation model.
3. Estimated value based on KCL shares' closing price of $8.23 on the last trading day of FY2009.
4. Includes the sum of $194,100, being payments made pursuant to Mr Choo Chiau Beng's contract of employment. The Company entered into a new contract of service with Mr Choo Chiau Beng for a term of 3 years with effect from 1 January 2010.
5. Includes the sum of $153,000, being payments made pursuant to Mr Tong Chong Heong's contract of employment. The Company entered into a new contract of service with Mr Tong Chong Heong for a term of 3 years with effect from 1 February 2009.
6. Includes the special remuneration of $250,000 (see Resolution 10 of the Company's Notice of Annual General Meeting).
7. n.m. – not material
8. In addition to the abovementioned Options granted, Mr Choo Chiau Beng also received 14,500 Singapore Petroleum Company Restricted Shares.
9. In addition to the abovementioned Options granted, Mr Teo Soon Hoe also received 5,000 Singapore Petroleum Company Restricted Shares.
10. Includes the award of additional 4,500 Remuneration Shares (See Resolution 11 of the Company's Notice of Annual General Meeting).

The level and mix of each of the key executives (who are not also directors) in bands of $250,000 are set out below:

	Base/ Fixed Salary	Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses)		Benefits-in-Kind	Options Granted[2]
		Paid	Deferred & at risk[1]		
Remuneration Band & Name of Key Executive					
Abv $2,250,000 to $2,500,000					
Wong Kingcheung, Kevin	33%	42%	16%	n.m.	9%[11]
Abv $2,000,000 to $2,250,000					
Yeo Chien Sheng, Nelson	17%	30%	26%	n.m.	27%
Chia Hock Chye, Michael	18%	29%	26%	n.m.	27%
Abv $1,750,000 to $2,000,000					
Nil	–	–	–	–	–
Abv $1,500,000 to $1,750,000					
Loh Chin Hua	40%	60%	–	n.m.	–
Abv $1,250,000 to $1,500,000					
Ong Tiong Guan	21%	20%	21%	n.m.	38%

11. Received Keppel Land Limited Share Options.

Remuneration of employees who are immediate family members of a director or the Chief Executive Officer

No employee of the Company and its subsidiaries was an immediate family member of a director or the Chief Executive Officer and whose remuneration exceeded $150,000 during the financial year ended 31 December 2009. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

Details of the KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by shareholders of the Company, is administered by the Remuneration Committee. Please refer to pages 156, 175 to 177 for details on the Scheme.

Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

Principle 11: Establishment of Audit Committee with written terms of reference

The board is responsible for providing a balanced and understandable

assessment of the Company's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators (if required). Management provides all members of the board with management accounts which present a balanced and understandable assessment of the company's performance, position and prospects on a monthly basis.

The board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXnet to the SGX, press releases, the Company's website, and public webcast and media and analyst briefings. The Company's Summary Financial Report is sent to all shareholders and its Annual Report is available on request and accessible on the Company's website.

Management provides all board members with management accounts on a monthly basis. Such reports keep the board members informed of the Group's performance, position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by major divisions compared against the respective budgets, together with explanations for significant variances for the month and year-to-date.

Audit Committee

The Audit Committee comprises the following non-executive directors, all of whom are independent:

- Mr Lim Hock San
  Independent Chairman
- Mr Tony Chew Leong-Chee
  Independent Member
- Mrs Oon Kum Loon
  Independent Member
- Mr Alvin Yeo
  Independent Member

Mr Lim Hock San and Mrs Oon Kum Loon have accounting and related financial management expertise and experience. The board considers Mr Tony Chew as having sufficient financial management knowledge and experience to discharge his responsibilities as a member of the Committee. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the Audit Committee and practical experience and knowledge of the issues and considerations affecting the Committee from serving on the audit committee of other listed companies.

The Audit Committee's primary role is to assist the board to ensure integrity of financial reporting and that there is in place sound internal control systems. The Committee's terms of reference are set out on pages 110 and 111 herein.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. The Company has an internal audit team and together with the external auditors, report independently their findings and recommendations to the Audit Committee.

The Audit Committee met with the external auditors 3 times and with the internal auditors 6 times during the year, and at least one of these meetings was conducted without the presence of management.

During the year, the Audit Committee performed independent review of the financial statements of the Company before the announcement of the Company's quarterly and full-year results. In the process, the Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a great impact on the financials.

The Audit Committee also reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, and operational and compliance controls. All audit findings and recommendations put up by the internal and the external auditors were forwarded to the Audit Committee. Significant issues were discussed at these meetings.

In addition, the Audit Committee undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.

The Committee also reviewed the adequacy of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company.

The Committee has reviewed the **"Keppel: Whistle-Blower Protection Policy"** (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place

1

Board members sharing their views during the Company's strategic review sessions.

2

The annual general meeting provides shareholders with an update of the Company's financial performance and milestones, as well as a platform for them to interact with board members and senior management.

1

2

for the independent investigation of such matters and for appropriate follow-up action. Following the launch of the Policy, a set of guidelines which was reviewed by the Audit Committee and approved by the board, was issued to assist the Audit Committee in managing allegations of fraud or other misconduct which may be made pursuant to the Policy, so that:

- investigations are carried out in an appropriate and timely manner;
- administrative, disciplinary, civil and/or criminal actions that are initiated following completion of investigations, are appropriate, balanced, and fair; and
- action is taken to correct the weaknesses in the existing system of internal processes and policies which allowed the perpetration of the fraud and/or misconduct, and to prevent a recurrence.

On a quarterly basis, management reported to the Audit Committee the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPT. The IPTs were reviewed by the internal auditors. All findings were reported during Audit Committee meetings.

Internal Controls and Risk Management
Principle 12: Sound system of internal controls

The Company's approach to risk management and internal control is set out in the "Operating and Financial Review" and the "Risk Management" sections on pages 87 to 91 and 114 to 115 of this Annual Report.

The Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

During the year, the Audit Committee reviewed the effectiveness of the Company's internal control and risk management procedures and was satisfied that the Company's risk management and internal control processes are adequate to meet the needs of the Company in its current business environment.

Board Risk Committee
The Board Risk Committee assists the board in examining the effectiveness of the Group's risk management system to ensure that a robust risk management system is maintained. The Committee reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, and discusses risk management strategies with management. The Committee reports to the board on material findings and recommendations in respect of significant risk matters. The detailed terms of reference of this Committee is disclosed on page 111 herein.

The Board Risk Committee is made up of 3 independent directors (including the Chairman) and a non-executive director who is independent of management. Mrs Oon Kum Loon was appointed Chairman of the Committee because of her wealth of experience in the area of risk management. Prior to serving as Chief Financial Officer in the Development Bank of Singapore (DBS), she was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a Group-wide integrated risk management framework for the DBS Group. Mrs Oon is a member of the Company's Audit Committee. Mr Lim Hock San, who is the Chairman of the Audit Committee, has in-depth knowledge and experience in finance accountancy, business and management and is the second member of the Board Risk Committee. The third member is Mr Tow Heng Tan, who has deep management experience from his extensive business career spanning the management consultancy, investment banking and stock-broking industries. Mr Tow is currently the Chief Investment Officer of Temasek Holdings. The fourth member is Mr Alvin Yeo who is a Senior Partner in Wong Partnership LLP, a leading law corporation in Singapore. Mr Yeo sits on the boards of several companies (listed and non-listed) and has in-depth knowledge and experience in the area of risk management.

Internal Audit
Principle 13: Independent internal audit function

The role of the internal auditors is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee, and conducting regular in-depth audits of high risk areas. The Company's internal audit functions are serviced in-house ("Group Internal Audit").

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the Audit Committee. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the Audit Committee, although she reports administratively to the Chief Executive Officer of the Company.

As a corporate member of the Singapore branch of the Institute of Internal Auditors Incorporated, USA ("IIA"), Group Internal Audit is guided by the

Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute standards, performance standards and implementation standards.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Audits were carried out on all significant business units in the Company, inclusive of limited review performed on dormant and inactive companies. All Group Internal Audit's reports are submitted to the Audit Committee for deliberation with copies of these reports extended to the Chairman, Chief Executive Officer and the relevant senior management officers. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the Audit Committee meetings.

Communication with Shareholders
Principle 14: Regular, effective and fair communication with shareholders
Principle 15: Greater shareholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Company's Group Corporate Communications Department (with assistance from the Group Finance and Group Legal Departments, when required) regularly communicates with shareholders and receives and attends to their queries and concerns.

Material information are disclosed in a comprehensive, accurate and timely manner via SGXnet and the press. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information are not selectively disclosed, and on the rare occasion when such information are inadvertently disclosed, they are immediately released to the public via SGXnet and the press.

Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution.

The Chairmen of each board committee are required to be present to address questions at the Annual General Meeting. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the board and management. These minutes are available to shareholders upon their requests.

Securities Transactions
Insider Trading Policy
The Company has a formal Insider Trading Policy and Disclosure of Dealings in Securities Policy on dealings in the securities of the Company and its listed subsidiaries, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Group's directors and officers. In compliance with Rule 1207(18) of the Listing Manual on best practices on dealing in securities, the Company issues circulars to its Directors and officers informing that the Company and its officers must not deal in listed securities of the Company one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

Appendix

Nature of Current Directors' Appointments and Membership on Board Committees

Director	Board Membership	Committee Membership				
		Audit	Nominating	Remuneration	Risk	Safety
Lee Boon Yang	Chairman	–	Member	Member	–	Member
Lim Hock San	Deputy Chairman	Chairman	–	Chairman	Member	–
Choo Chiau Beng	Chief Executive Officer	–	–	–	–	Member
Sven Bang Ullring	Independent	–	Member	Member	–	Chairman
Tony Chew Leong-Chee	Independent	Member	Chairman	–	–	–
Oon Kum Loon	Independent	Member	Member	Member	Chairman	–
Tow Heng Tan	Non-Independent & Non-Executive	–	Member	Member	Member	–
Alvin Yeo Khirn Hai	Independent	Member	–	–	Member	–
Teo Soon Hoe	Executive Director & Group Finance Director	–	–	–	–	–
Tong Chong Heong	Executive Director	–	–	–	–	–

Board Committees – Terms Of Reference

A. Executive Committee

1. Consider and, if deemed fit, approve investments, acquisitions and disposal of assets of the Company and its subsidiaries which are above $30 million but less than $100 million.
2. Consider and recommend to the board proposed investments, acquisitions and disposal of assets of the Company and its subsidiaries which are $100 million or above.
3. Consider and recommend to the board proposed investments and acquisitions of the Company and its subsidiaries which do not fall within the Company's core businesses but which are considered strategic investments for the long-term prospects of the Company.
4. Consider and, if deemed fit, approve capital equipment purchases and leases of the Company and its subsidiaries which are above $30 million but less than $100 million.
5. Consider and recommend to the board on proposed capital equipment purchases and leases of the Company and its subsidiaries which are above $100 million.
6. Consider and, if deemed fit, approve performance bonds and guarantees to be furnished by the Company or its subsidiaries which are above $30million but less than $100 million.
7. Consider and recommend to the board on proposed performance bonds and guarantees to be furnished by the Company or its subsidiaries which are above $100 million.
8. Consider and, if deemed fit, approve loans to companies within the Keppel Group of an amount exceeding $30 million but up to $100 million.
9. Consider and, if deemed fit, approve foreign exchange transactions for companies within the Keppel Group of an amount exceeding $100 million but up to $200 million.
10. In relation to matters which require the approval of this Committee pursuant to other provisions of these terms of reference, approve the affixation of the Common Seal onto any legal document in accordance with the Company's Articles of Association.
11. Approve the banks in Singapore and overseas with which the Company may transact.
12. Approve the establishment and registration of local and foreign offices of the Company.
13. Carry out such other functions as may be delegated to it by the board.
14. Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

Matters arising at meetings of the Executive Committee shall be decided by a simple majority of votes including the affirmative vote of at least one member who is an independent director.

B. Audit Committee

1. Examine the effectiveness of the group's internal control system, including financial, operational and compliance controls, to ensure that a sound system of internal controls is maintained.
2. Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.
3. Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, to ensure integrity of such

statements and announcements.
4. Review the independence and objectivity of the external auditors annually.
5. Review the nature and extent of non-audit services performed by the auditors.
6. Meet with external auditors and internal auditors, without the presence of management, at least annually.
7. Make recommendations to the board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.
8. Review the effectiveness of the Company's internal audit function.
9. Ensure that the internal audit function is adequately resourced and has appropriate standing within the company, at least annually.
10. Review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.
11. Review interested person transactions.
12. Investigate any matters within the Audit Committee's purview, whenever it deems necessary.
13. Report to the board on material matters, findings and recommendations.
14. Perform such other functions as the board may determine.
15. Sub-delegate any of its powers within its terms of reference as listed above from time to time as this Committee may deem fit.

C. Board Risk Committee

1. Review and guide the Group in formulating its risk policies.
2. Discuss risk mitigation strategies with management.
3. Examine the effectiveness of the Group's risk management system to ensure that a robust risk management system is maintained.
4. Review and guide in establishing a process to effectively identify, evaluate and manage significant risks.
5. Review risk limits where applicable.
6. Review the Group's risk profile periodically.
7. Provide a forum for discussion on risk issues.
8. Report to the board on material matters, findings and recommendations.
9. Perform such other functions as the board may determine.
10. Sub-delegate any of its powers within its terms of reference as listed above from time to time as this Committee may deem fit.

D. Nominating Committee

1. Recommend to the board the appointment/re-appointment of directors.
2. Annual review of skills required by the board, and the size of the board.
3. Annual review of independence of each director, and to ensure that the board comprises at least one-third independent directors.
4. Decide where a director has multiple board representation, whether the director is able to and has been adequately carrying out his duties as director of the Company.
5. Decide how the board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the board as a whole and the contribution of each director.
6. Annual assessment of the effectiveness of the board as a whole and individual directors.
7. Review succession and leadership development plans.
8. To review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:
   i. listed on the Singapore Exchange

or any other stock exchange (that is, as at the date hereof, Keppel Land Limited, Keppel Telecommunications & Transportation Ltd, K-REIT Asia Management Limited, Keppel Philippines Holdings Inc, Keppel Philippines Marine Inc, Keppel Philippines Properties Inc, Keppel Thai Properties Public Co Ltd, Singapore Petroleum Company Limited, k1 Ventures Limited, Evergro Properties Ltd and MobileOne Limited);

ii. managers or trustee-managers of any collective investment schemes, business trusts, or any other trusts which are listed on the Singapore Exchange or any other stock exchange (that is, as the date hereof, K-REIT Asia Management Limited and Keppel Infrastructure Fund Management Pte. Ltd.); and

iii. parent companies of the Company's core businesses (that is, as at the date hereof, Keppel Offshore & Marine Ltd, Keppel Integrated Engineering Ltd, and Keppel Energy Pte Ltd), (hereinafter referred to as "Nominee Director Nominations").

9. To review all Nominee Director Nominations annually.
10. Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

E. Remuneration Committee

1. Recommend to the board a framework of remuneration for board members and key executives, and the specific remuneration packages for each director and the chief executive officer (if the chief executive officer is not an executive director).
2. Decide the early termination compensation (if any) of directors.
3. Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme)
4. Review the terms, conditions and remuneration of the senior management.
5. Administer the Company's employee share option scheme (the "KCL Share Option Scheme") in accordance with the rules of the scheme.
6. Grant share options under the KCL Share Option Scheme as this Committee may deem fit.
7. Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

F. Board Safety Committee

1. Review and examine the effectiveness of the Keppel Group companies' safety management system, including training and monitoring systems, to ensure that a robust safety management system is maintained.
2. Review and examine the Keppel Group companies' safety procedures against industry best practices, and monitor its implementation.
3. Provide a discussion forum on developments and best practices in safety standards and practices, and the feasibility of implementing such developments and best practices.
4. Assist in enhancing safety awareness and culture within the Keppel Group.
5. Ensure that the safety functions in Keppel Group companies are adequately resourced (in terms of number, qualification, and budget) and has appropriate standing within the organisation.
6. Consider management's proposals on safety-related matters.
7. Carry out such investigations into safety-related matters as the Committee deems fit.
8. Report to the board on material matters, findings and recommendations.
9. Perform such other functions as the board may determine.
10. Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

Board Assessment

Evaluation Processes

Board

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire direct to the Independent Co-ordinator ("IC") within five working days. An "Explanatory Note'" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee ("NC") and the Board Chairman on the report. Thereafter, the IC presents the report for discussion at a meeting of the non-executive directors ("NEDs"), chaired by the Board Chairman. The IC will thereafter present the report to the board together with the recommendations of the NEDs for discussion on the changes which should be made to help the board discharge its duties more effectively.

Individual Directors

The board differentiates the assessment of an executive director from that of a non-executive director ("NED").

In the case of the assessment of the individual executive director, each NED is required to complete the executive director's assessment form and send

the form directly to the IC within five working days. It is emphasised that the purpose of the assessment is to assess each of the executive directors on their respective performance on the board (as opposed to their respective executive performance). The executive directors are not required to perform a self, nor a peer, assessment. Based on the returns from each of the NEDs, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report for discussion at a NED meeting, chaired by the Board Chairman. The Chairman of the NC will thereafter meet with the executive directors individually to provide the necessary feedback on their respective board performance with a view to improving their board performance and shareholder value.

As for the assessment of the performance of the NEDs, each director (both NEDs and executive directors) is required to complete the NED's assessment form and send the form directly to the IC within five working days. Each NED is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report for discussion at a meeting of the NEDs, chaired by the Board Chairman. The IC will thereafter present the report to the board together with the recommendations of the NEDs. The Chairman of the NC will thereafter meet with the NEDs individually to provide the necessary feedback on their respective board performance with a view to improving their board performance and shareholder value.

Chairman

The Chairman Evaluation Form is completed by each director (both non-executive and executive) and sent directly to the IC within five working days. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report for discussion at a meeting of the NEDs, chaired by the Board Chairman. The IC will thereafter present the report to the board together with the recommendations of the NEDs.

Performance Criteria

The performance criteria for the board evaluation are in respect of the board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions, board committee performance in relation to discharging their responsibilities set out in their respective terms of reference, and financial targets which include return on capital employed, return on equity, debt/equity ratio, dividend pay-out ratio, economic value added, earnings per share, and total shareholder return (i.e; dividend plus share price increase over the year).

The individual director's performance criteria are categorised into 5 segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts, are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his role of director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes, etc. are considered); and (5) overall contribution, bearing in mind that each director was appointed for his/her strength in certain areas which taken together provides the board with the required mix of skills and competencies.

The assessment of the Chairman of the board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the board, whether he ensured that the time devoted to board meetings were appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision-making by the board, whether he ensured that information provided to the board was adequate (in terms of adequacy and timeliness) for the board to make informed and considered decisions, whether he guided discussions effectively so that there was timely resolution of issues, whether he ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation, and whether he ensured that board committees were formed where appropriate, with clear terms of reference, to assist the board in the discharge of its duties and responsibilities.

MANAGING RISKS FOR OPERATIONAL RESILIENCE

Concerted risk management efforts ensure the Group remains well-placed to protect the interests of and add value to shareholders.

A robust risk management framework underpins the Group's overall business performance and day-to-day operations. Sound risk management policies, practices and guidelines provide a robust platform to prudently and effectively steer our business operations in today's challenging macro-economic environment.

Managing Risks Proactively

The Board, assisted by the Board Risk Committee (BRC), is fully committed to a robust risk management system to safeguard and enhance stakeholders' interests. To support the Group in executing its business strategies to sustain growth, BRC reviews and guides the Group in the formulation of its risk policies, risk limits and effective risk management system. Its terms of reference are disclosed on page 111 of this Report.

Strong commitment by top management in driving Group-wide risk management systems and processes over the years has equipped the Group well to face the challenging business environment and to capitalise on opportunities that arise.

The global financial crisis has reinforced the importance of risk management, in particular, the management of liquidity risks and counterparty credit risks. Strong emphasis has been placed on formalising various risk mitigation strategies to improve financial discipline in cash management and in preparing the Group to seize investment opportunities. Impact assessment and review of the Group's exposure to changing market situations, as well as stress testing analysis were carried out to enable informed decision-making and timely mitigation actions. In addition, the continuous scanning and close monitoring of political, economic and regulatory issues also enable management to have a better insight on impending developments in the span of countries where the Group operates.

Fortifying Fundamental Practices

While there are signs of a global economic recovery, managing risks in the respective businesses and countries of operations remains challenging. The Enterprise Risk Management framework provides a holistic and systematic approach in risk management to better prepare the Group to respond to the dynamic business environment and leverage business opportunities.

The Group's risk-related policies and limits are subjected to periodic reviews to ensure that they continue to support business objectives, address business risks adequately and effectively, and take into consideration the prevailing economic climate and risk appetite of the Group.

Standardised risk management methodology is adopted across all business units to streamline processes. Guidelines and templates are tools used to provide guidance in the identification, assessment, mitigation and monitoring of risks. Operational risk management is embedded in the day-to-day business operations across all functions, allowing early risk detection for effective management and control. Risk management also forms an integral part of the Group's strategic and budget review exercise, policy formulation and revision, project and investment evaluation, and performance evaluation process.

With its strong financial position, the Group has greater room to explore investment opportunities. Management is vigilant in evaluating any investment opportunities, and decisions are made after taking into consideration the risks and returns. All investments and divestments are subject to due diligence processes and are approved by an investment and major projects committee comprising key senior management, and subsequently by the Board based on established thresholds.

Prudent risk management practices, including effective management of market risks (currency risks, interest rate risks and price risks), credit and liquidity risks, lay the Group's financial management foundation. Further details can be found on pages 90 and 91 in this Report.

Strengthening Risk Management Culture

The Group has intensified its efforts to strengthen its risk-centric culture. Continuous education and regular communications through various forums and in-house publications on risk management-related topics are essential in inculcating risk awareness among employees. In-house workshops are programmed to train key project personnel and management staff to strengthen risk assessment discipline. Embedding risk management processes in the daily operations across functions also helps to reinforce a risk-centric culture in the Group.

Enhancing Operational Readiness

Business Continuity Management (BCM) increases the resilience of the Group to potential business disruptions and minimises the impact of a crisis on business operations, people and assets. Emphasis is placed on establishing robust business continuity plans to ensure that the Group can respond seamlessly to external events while minimising operational disruptions. During the year, the BCM focus was on building the Group's resilience against pandemic flu adversities. Various simulation exercises were conducted at selected business units and locations to enhance operational preparedness.

The Group continues to scan for possible threats and establish plans to enhance operational preparedness. These plans are tested and refined regularly to ensure that premeditated responses are workable and effective.

DEVELOPING A SUSTAINABLE ENVIRONMENT

Running our operations responsibly and with focus on the environment makes good business sense for the Group.

With the need for concerted global efforts to tackle the environmental challenges brought on by rapid economic growth and urbanisation, we are doing our part to contribute to the preservation and protection of the environment as part of our business operations.

Mitigating environmental issues forms the fundamental backbone of many of our businesses. Our environmental engineering business is a leading player in the provision of waste-to-energy and water treatment plants. Our property business has expertise in developing integrated townships incorporating green elements. A key contributor to our energy business is a natural gas-fired co-generation plant, providing an efficient and clean energy source which helps to reduce emissions. We are also looking for opportunities in renewable energy such as offshore wind.

At the operational level, our businesses are continually seeking ways to use less energy, reduce wastage and emissions, and to recycle more.

Harmonising with the Living Environment

Guided by the philosophy that properties should be developed to harmonise and improve the environment, as well as enhance the quality of life of the people who use them, Keppel Land takes a proactive environmental management approach and has an Environment Management Committee to develop and implement strategies and programmes relating to the environment. The company aims to minimise its environmental impact through energy-efficient measures, water conservation, recycling programmes and preserving biodiversity.

As part of its commitment to establish and maintain high standards of environmental protection and continually innovate to improve its environmental performance, Keppel Land invests up to 4% of the construction cost of a development on green design and features. The company believes that the long-term benefits far outweigh the higher cost in the development of green buildings.

Commercial developments such as Ocean Financial Centre (OFC) and Marina Bay Financial Centre (MBFC) are distinguished by efficient intelligent features geared towards housing the world's leading corporations, while incorporating environmentally friendly initiatives such as green havens. OFC will feature a roof photovoltaic system, an energy-efficient hybrid-chilled water system and an integrated paper recycling facility. MBFC will have an energy-efficient curtain-wall glass cladding system for an overall building envelope design that delivers low-energy thermal transfer value and a high-energy efficiency index.

Keppel Land has set as a benchmark for all its projects in Singapore and overseas the goal of achieving at least the Green Mark Gold standard by the Building and Construction Authority of Singapore (BCA) or its equivalent overseas, such as the Leadership in Energy and Environmental Design of the US and the Building Research Establishment Environmental Assessment Method of the UK. To date, the company has garnered a total of 18 BCA Green Mark awards.

KEY ECO PRINCIPLES

Ecollaboration

Work with stakeholders, policy-makers and decision-makers to build a 'greener' future

Economy

Balance commercial viability and environmental sustainability

Ecommitment

Promote environmental awareness and support green initiatives

Ecommunity

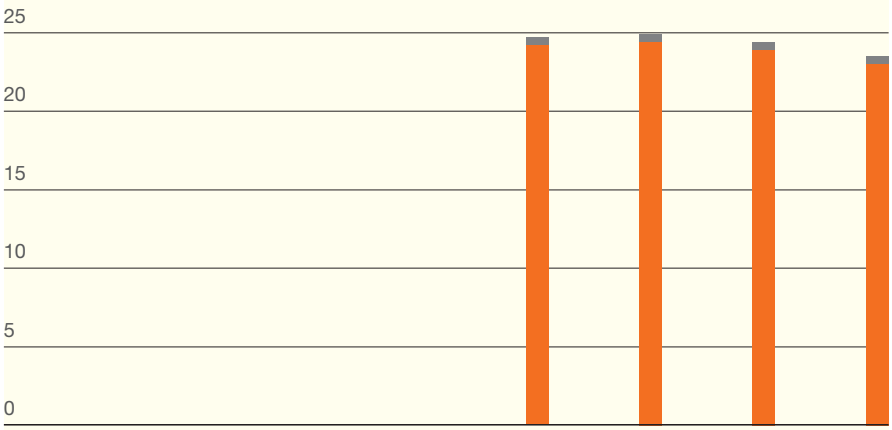
Create sustainable developments for future generations

In addition, Keppel Land applies a set of stringent criteria on the selection of contractors and suppliers it works with, to ensure that they share the company's commitment to high quality, environmental, health and safety standards. It is also building up a core of in-house green building specialists. To date, Keppel Land has successfully trained close to 35 Project Managers as Green Mark Managers. Of these, three are also Green Mark Professionals and another, a Singapore Certified Energy Manager.

From China to Indonesia, Keppel Land's golf courses achieved certification by Audubon International, an environmental organisation shaping wildlife protection, and providing education and conservation assistance in responsible management of land, water and wildlife. Tianjin Pearl Beach International Country Club was the first in the world to be certified a Classic Sanctuary by Audubon International.

In terms of environmental performance, in 2009, the total energy consumption at Keppel Land's corporate office and six investment buildings reduced by almost 4% to 23.5 million kWh from 24.4 million kWh in 2008. This was due mainly to the implementation of key initiatives such as energy audits and the eco-office programme to conserve energy and improve energy efficiency. As a result of the reduced energy usage, the company's total carbon emissions, which are indirect emissions, fell by 10.8% in 2009 compared to 2008.

Keppel Land's Total Energy Consumption
(million kWh)



	2006	2007	2008	**2009**
Corporate Office	0.5	0.5	0.5	**0.5**
Investment Buildings	24.2	24.4	23.9	**23.0**
Total	24.7	24.9	24.4	**23.5**

Eco-Friendly Rigs

Keppel Offshore & Marine (Keppel O&M) is known for its market-proven rig designs which are technologically advanced and environmentally friendly. The KFELS Semisubmersible Drilling Tender (SSDT) and the KFELS B Class jackup were acknowledged by the Institution of Engineers Singapore Prestigious Engineering Achievement Awards 2009 for their contributions to sustainable operations.

Apart from its outstanding performance, the KFELS SSDT™ is a zero discharge vessel. As part of a stringent drilling waste management system, drilling cuttings which contain hydrocarbon contents are separated by the solid control equipment and stored in containers on the KFELS SSDT™'s large deck. This system eliminates the dumping of solid waste into the ocean and reduces the need for frequent supply boat trips to offload the waste.

The KFELS B Class jackup is designed for maximum uptime with reduced emissions. The main generators at the heart of the rig meet the stringent Engine International Air Pollution Prevention requirements, while the air-conditioning units also employ non-ozone depleting refrigerants. Quiet and energy-efficient AC drives are used for all drilling motors and mooring winches. In addition, the three legs of the jackup rig are designed in a way which is less bulky and obstructive underwater. This causes minimal disruption to the eco-system and allows marine life to co-exist with exploration and drilling activities.

Energy-Reducing Initiatives

Keppel Logistics continually seeks to streamline its warehousing operations spanning about 1.5 million square feet in Singapore to improve resource-efficiency. In 2008, it audited the energy consumption of its operations centres and then embarked on energy-saving initiatives aimed at reducing the usage of electricity, water, paper, packing materials and fuel. In less than six months, energy consumption at its top five centres reduced by 12%.

Harnessing the year-round sunlight available in Singapore, Keppel O&M Technology Centre (KOMtech) has installed two photovoltaic power plants on the rooftop of its building in Singapore to convert solar energy into electricity. Each plant has an average lifespan of about 25 years and can generate energy savings of 30,000 kWh annually. With the two plants, the Centre can potentially save as much as 1.5 million kWh, thereby avoiding

With the installation of PV power plants on its rooftop, KOMtech is able to generate energy savings and minimise carbon dioxide emissions for over two decades.

carbon dioxide emissions of 1,300 tonnes. This green feature also helps the Centre reduce its energy costs in the longer run.

Keppel Shipyard has embarked on several energy-saving initiatives in daily operations since December 2007. In workshops around the yards, fibreglass sheets were installed on rooftops to let the natural sunlight in to help reduce the use of lighting. Conventional lightbulbs in offices and tower gangways were also replaced with energy-saving lightbulbs. During daily operations, travelling motors in level luffing cranes were replaced with inverter drivers.

As the world observed Earth Hour on 28 March 2009, companies in the Keppel Group also participated in this World Wildlife Fund initiative by turning off non-essential lights for an hour from 8.30pm to 9.30pm. Lights were turned off at Keppel O&M's yards and workers' dormitories, the Keppel Seghers Ulu Pandan NEWater Plant, Keppel Land's seven office buildings and Marina at Keppel Bay in Singapore. Keppel Land's overseas developments such as Saigon Centre in Vietnam, The Seasons in Beijing as well as properties under Sedona Hotels International also participated in this initiative.

Water Saving and Recycling Efforts

For Keppel Integrated Engineering (KIE), its environmental engineering solutions are meant not just for customers, but are also applied in its civil work processes in the construction of waste-to-energy or water treatment plants.

In Qatar, Keppel Seghers is developing the largest wastewater treatment and reuse and sludge treatment facility, the Doha North Sewage Treatment Works. The facility will treat up to 439,000 m^3/day and the water will be used for irrigation. This will be the first wastewater treatment facility in Qatar to use advanced membrane and ultraviolet treatment technologies to reclaim high-quality water for non-potable purposes, feature a comprehensive odour control system and treat sludge from all sewage treatment works in Qatar.

In the construction of this facility, Keppel Seghers deployed its Potabloc system to treat recycled water. Potabloc is a mobile water production unit that produces high-quality water from unconventional sources including seawater or brackish water, through separation techniques such as ultra-filtration and reverse osmosis. Ashgal, the Public Works Authority of Qatar, hailed this as an example of green construction practice and is looking into implementing the system in other infrastructure and construction projects in Doha.

At Keppel Shipyard, NEWater is used for hull washing and toilet flushings. NEWater is treated used water that has undergone stringent purification and treatment process. This initiative has effectively reduced the consumption of potable water at the yards, thereby reducing the strain on the already scarce water resources in Singapore.

Recycling of paper is another green initiative actively pursued by companies in the Keppel Group. Keppel Land has put in place a paper-recycling programme for tenants of its office buildings in Singapore, while Keppel Shipyard inculcated a culture of recycling among its employees, resulting in a significant increase in the amount of paper recycled since the effort started in 2006.

DRIVING PRODUCT AND TECHNOLOGY EXCELLENCE

Product and technology excellence and innovation are key in strengthening our core competencies and developing new growth drivers.

Product and technology development and innovation are vital in sustaining Keppel's competitive edge across its markets, constantly enabling us to offer advanced as well as cost-efficient solutions that address present and future customer needs.

Keppel Technology Advisory Panel

Established in 2004, the Keppel Technology Advisory Panel (KTAP) is envisioned to be a key platform for sustaining the Group's technology leadership. In addition to providing strategic leadership for our Research and Development (R&D) efforts, KTAP also mentors and challenges the robustness of initiatives in research, development, testing and commercialisation of new products and services in our various businesses.

With Board and senior management participation, KTAP convenes twice a year and has met 11 times since its inception. Chaired by Professor Cham Tao Soon, President Emeritus of Nanyang Technological University (NTU) and Chancellor of UniSIM, KTAP comprises eight other academic and industry experts from both the local and international arena.

At its meeting in Singapore in December 2009, KTAP deliberated a broad spectrum of topics ranging from offshore wind energy, mini-LNG solution for offshore associated gas, future trends of waste management, forward osmosis for desalination, to the setting up of an R&D centre for environmental, water and sustainable development in the Sino-Singapore Tianjin Eco-City.

Looking ahead, KTAP will continue to play a catalytic role in fostering a vibrant R&D culture within the Group, as a strategic, forward-looking platform to identify areas to sustain our competitive edge.

Offshore and Marine Technology Development

Launched at end-2007, Keppel Offshore & Marine Technology Centre (KOMtech) underscores Keppel Offshore & Marine's (Keppel O&M) commitment to long-term R&D. Housed under one roof since November 2008, KOMtech consists of six groups, namely, the Offshore Structures Group, Marine Group, Technology Foresight Group, Shipyard Process Improvement Group, FPSO/Process Group and the Drilling Equipment Group.

With its emphasis on technologies with strategic and commercial impact, KOMtech augments the work of Keppel O&M's three existing technology units – Offshore Technology Development, Deepwater Technology Group and Marine Technology Development – which focus on design and engineering.

With an initial $150 million funding for its first five years providing reasonable financial visibility, KOMtech researchers can focus on longer-term innovation and projects. To date, KOMtech has filed 14 patents.

Keppel O&M also actively participates in industry forums and events, keeping abreast of latest technology trends and innovations while playing an active role in the development of solutions for the offshore and marine industry.

Driving Environmental Technology Solutions

Increasing urbanisation and climate change presents environmental challenges. Demand for sustainable water and energy will be the primary driver for our environmental business, as we leverage our competencies in water treatment and thermal waste technology to carve a niche for innovative yet cost-efficient environmental solutions.

Spurring Innovation in Environmental Technology

Our environmental engineering business focuses its innovation strategy on competency building and technology commercialisation in our efforts to align leadership in water and wastewater treatment and solid waste management technologies with the needs of the global market.

Keppel Environmental Technology Centre (KETC) is the Group's centre of excellence spearheading innovation in the environmental sphere. Established in 2007, KETC augments existing R&D initiatives and strategic alliances with leading academic and industry partners, harnessing both internal and external resources and collaborations to complement its technology development activities.

KETC continued to undertake active R&D to propel technological innovation for Keppel Seghers in 2009 despite the slowdown in the global economy. In line with the new economic reality, our focus was directed on a number of high impact studies while maintaining vigilance on evolving technologies around the world.

Throughout the year, significant progress was achieved in various pilot and testbedding initiatives in our key areas of focus:

- The MEMSTILL® project, a novel desalination process utilising low-grade heat, completed its third pilot testing in the Netherlands. Tech Pioneering Funding was secured for a demonstration plant to be constructed in Singapore in 2010. A new design to significantly improve the cost effectiveness of the process was also tested in Belgium and Spain.

- The REDOXAN® pilot study, to seek a more effective way to treat and recycle sludge, was largely completed and promising results of

sludge destruction and biogas production were obtained.

- Collaborated with Toray Industries to design, construct and operate a Membrane Bioreactor (MBR) pilot plant in the Ulu Pandan Water Reclamation Plant.

- Continued to modify and upgrade the interstage turbochargers for the Reverse Osmosis (RO) system in the Ulu Pandan NEWater Plant to reduce power consumption.

- Tested and approved new anti-scalants for wastewater RO treatment in the Ulu Pandan NEWater Plant.

- Co-ordinated research efforts with KOMtech and collaborated on a number of new project proposals, including offshore RO, shipyard waste treatment and shipboard MBR.

- Collaborated with NTU to submit research proposals to the National Research Foundation (NRF) and the National Environmental Agency for both solid waste and water treatment research projects. KIE's project with NTU, entitled Sustainable Urban Waste Management for 2020, was one of five projects selected by NRF for funding. The proposal aims to achieve an increase in biogas yield and flexibility of municipal sludge digester by co-digesting with other waste, improved sludge quality, and a reduction in solid mass and sludge disposal costs.

1

Dutch Economic Minister H.E. Mrs Maria Vander Hoeven leading a delegation to meet Keppel management at the Keppel Seghers Ulu Pandan NEWater Plant and discuss water technologies and solutions.

2

With the reverse osmosis process, treated water can easily be further purified for industrial processes and potable use.

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2

RIG DESIGN

ANOTHER MOTION WINNER

Gaining recognition after several years of research and continual enhancements, Keppel FELS won two prestigious awards in 2009 – the ASEAN Outstanding Engineering Achievement Award 2009 and the Institution of Engineers Singapore's Engineering Achievement Award – for its semisubmersible drilling tender (SSDT) design, KFELS SSDT™.

The KFELS SSDT™ design revolutionised drilling tender operations, because it became the world's first drilling tender to operate against a floating platform in deep waters up to 2,000 metres. In the past, conventional drilling tenders could only be deployed next to fixed platforms in shallow waters.

Prior to the introduction of this design, it was virtually impossible for two floating units to operate side by side in deep sea. The turbulence caused by strong waves and the floating units would surely lead to collisions. The KFELS SSDT's™ ability to synchronise random motion between the ocean waves and the floating platform to which it is attached, makes this design truly award-winning.

The Deepwater Technology Group (DTG) used model testing, as well as various simulation methods such as computer fluid dynamics and diffraction analysis to come up with the best methods of preventing collisions. Throughout the entire R&D process, customer input was actively sought, resulting in an extraordinary solution, which literally allows two floating bodies to move as one.

This SSDT was successfully deployed in 2003, in more than 1,000 metres of water in the West Seno field, offshore Indonesia. It was later installed alongside a deepwater Spar platform in the Kikeh field, offshore Malaysia.

The use of Keppel FELS's trendsetting drilling tender has gained momentum across international markets in recent years. It has proven its suitability to operate in challenging offshore environments, including the deepwater 'Golden Triangle' of Brazil, West Africa and the Gulf of Mexico.

The development process on this winning rig design has not ceased. DTG continues to explore ways to improve the KFELS SSDT's™ ability to handle hurricane seasons in the Gulf of Mexico, as well as increasing the rig's deck load to 5,000 tonnes from the current 3,600.

The KFELS SSDT™ design has established a proven track record for strong operational performance over the past 15 years.

BUILDING A FORMIDABLE & COMPETENT TEAM

Growing a pool of innovative individuals, diverse talents, passionate team players and responsible citizens is core in our mission to build enduring and value-creating businesses.

With people as a core asset, Keppel continues to actively grow the capabilities and capacities of its worldwide manpower and talent pool.

Manpower by Segment
(number)

Offshore & Marine	24,275
Infrastructure	4,574
Property	2,791
Investments	135
Total	31,775

Manpower by Country
(number)

Singapore	16,932
China / HK	1,507
Asia	4,631
USA	881
Brazil	6,173
Others	1,651
Total	31,775

Executives / Non-Executives
(number)

Executives	6,789
Non-executives	24,986
Total	31,775

To lead the Group into future phases of growth, Keppel adopts a holistic approach towards hiring, developing and motivating our employees, and aligning our workforce with a common set of core values to influence behavior and shape the corporate culture of our operations across the globe.

At the same time, Keppel seeks to identify areas for continuous improvement. To garner employee feedback, a Group-wide organisational climate survey was conducted, building on an annual exercise by Keppel Offshore & Marine (Keppel O&M) since 2005. A near 90% response was achieved out of 3,000 representative sample of employees, in which Keppel scored well in the categories of Safety & Environment, Attitude, Motivation and Morale, and Employee Engagement. The Company will continue to review and refine current policies and programmes to reinforce its position as an employer of choice.

Attracting Talent
Keppel attracts talent through scholarships, internships, exchange programmes and recruitment exercises. In 2009, we continued our efforts to attract the best and brightest to the Group. The Keppel Group Scholarship is an important constituent of our human capital development strategy. Our scholars inject new ideas, drive and an entrepreneurial spirit. Each scholar inherits not only Keppel's history and values but also the exciting opportunity to shape its future. In 2009, four dynamic youths were offered the Keppel Group Scholarship and the chance to pursue the dream of a quality education and a challenging career.

Keppel offers internships for tertiary students keen to glean valuable work experience before considering and starting a career with the Group. In 2009, a total of 188 internships were offered to students from various local and foreign institutions.

To share best practices and showcase the Group as an employer of choice, Keppel hosted more than 25 visits with over 620 visitors in 2009 from top class universities including INSEAD, University of California Berkeley, Wharton Business School, Shanghai Jiao Tong University and Fudan University, and major organisations and companies such as the World Bank, S-Oil Corporation, the International Labour Organisation and the Korean Standards Association.

Talent Management – Keppel College
An organisation needs to constantly grow and cultivate its pool of talent to build sustainable businesses. In Keppel, we ensure that strong performers with high potential to excel are given the opportunities to prove themselves and be developed in leadership positions.

Keppel O&M had established the Keppel O&M College in 2007 to drive talent development initiatives and groom talent.

In August 2009, with a critical mass of alumni, Keppel O&M College was elevated to a Group-wide initiative and renamed Keppel College to augment the Group's commitment to leadership development and support the Group's business strategy by cultivating a pool of talented key executives. It aims to facilitate succession planning and groom future leaders to steer the Keppel Group in years to come. Keppel College also seeks to imbue our future leaders with the Group's core values, mission and vision, and equip them with networking skills necessary in forming business partnerships.

Keppel College centralises the Group's programmes for leadership and executive development. Programmes targeting three levels of talent – Young Leaders, Middle Management and Senior Management – are customised in collaboration with top tertiary institutions and training providers.

The motto of the Keppel College is to Educate, Empower and Energise our talents so that they can Learn, Lead and Leap-frog to the next level of success.

Senior management and key process owners are involved in the development of Keppel College programmes and prospectus, as well as to provide inputs on existing and future competency gaps and steward Keppel College excellence.

Mentoring has always been part of Keppel's culture and is instrumental in the retention and perpetuation of knowledge and values throughout the Group. Selected employees are assigned to help our new hires and talents assimilate into the Company's environment and culture, as well as share their knowledge. To date, our Mentoring Scheme has 600 appointed mentors. Workshops were organised as part of the continual effort to hone the mentoring skills of these role models.

Organised under the auspices of Keppel College, the second run of Keppel Group's flagship Global General Management Programme (GGMP) was held in Singapore in June 2009 for 25 talents from across the Group. The first fun was conducted in September 2007, the GGMP is one of three executive development programmes that Keppel has developed with Nanyang Business School, to hone strategic thinking and management skills. The other two programmes are the Global Young Leaders Programme (GYLP) and the Global Advanced Management Programme (GAMP). Keppel College also organised the GAMP in February 2008 and the GYLP in October 2008. The next run of GAMP and GYLP will be organised in March and October 2010 respectively.

Twenty-seven local and overseas staff from Keppel O&M and Keppel Integrated Engineering (KIE) attended the third run of the Project Management Programme in August 2009. Introduced in 2007, it aims to strengthen skills in negotiations, drafting of commercial contracts, claim management, dispute avoidance, technical writing and presentation.

Having successfully organised the 'Improving People Quotient for Leaders' workshop in September 2008, Keppel College organised a second run in October 2009. Conducted in-house, the workshop was attended by 26 middle management staff and supervisors with line responsibility in the selection, appraisal, motivation and grooming of employees.

Since 2007, Keppel College has partnered Outward Bound Singapore to customise and organise eight runs of the three-day residential experiential

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To achieve talent management in a systematic and structured way, a framework has been put in place that focuses on the topmost tier of high potential and high performing talents to ensure that they are developed and have opportunities to be tested in leadership positions.

leadership programme on Pulau Ubin. Two runs were organised in 2009 and attended by 44 talents across the Group. A total of 154 talents have completed the programme since its inception.

Equipping and strengthening the competencies of our human resources community formed the theme of the Keppel Group Human Resource (HR) Symposium. Keppel College organised the second run of the Symposium in November 2009 with the aim of sharing good practices across the various business units and providing a networking opportunity among Keppel HR practitioners.

Keppel's senior management drives the development of talents across the Group and has a keen interest in the well-being and growth of employees. Communication platforms such as TalenTime, pre-Board dinners and the Executive Chat! Series, allow Board members and senior management to engage employees and share their experiences.

Keppel College regularly organises sharing and motivational talks to engage our talents and promote knowledge sharing. Five such sessions were organised in 2009 including two talks from the Grow Beyond Series by Mr Charles Wong from Charles & Keith and the Singapore Women's Everest Team, who shared their boundless enthusiasm for life and achievements.

Keppel also supports the Clipper Round the World Yacht Race, one of the world's most celebrated amateur sailing races. To encourage Keppelites to grow beyond their ordinary boundaries and test their personal limits, the Company sponsored four employees as Keppel Ambassadors to each take on one leg of the Race.

Building Bench Strengths for Key Positions

Succession planning is an integral part of Keppel's HR process. A formal system has been put in place to identify, assess and empower high potential employees to ensure that they are ready to assume key positions. In 2009, Group HR introduced common Group-wide Key Performance Indicators for tracking the progress of Succession Planning and Talent Management.

Both the Board and senior management periodically review their list of potential successors, and assess them against a list of leadership competencies and Keppel Group Core Values. We also

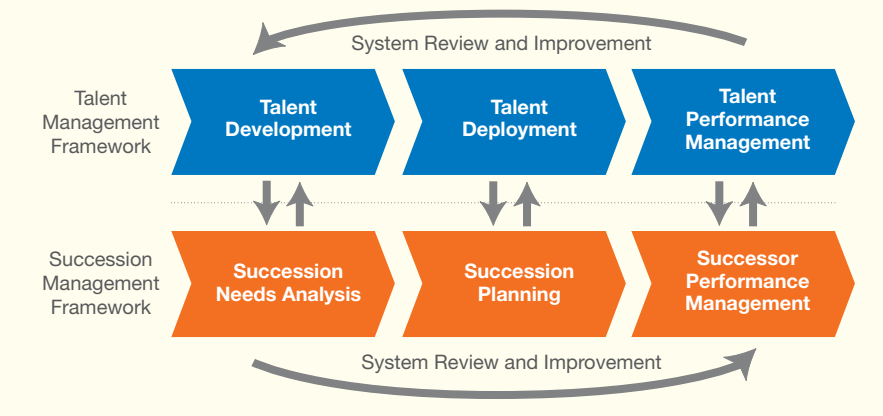
1

Activities during the Outward Bound Singapore programme required participants to exercise teamwork and leadership qualities to accomplish tasks.

2

Showcasing the Group as an employer of choice, Keppel hosts visits from top class universities and major organisations from around the globe.

Systematic Approach to Talent Management



actively plan career and development to build management bench strengths through regular face-to-face interaction, executive coaching, international assignments, executive development programmes and leading roles in major projects.

Learning & Development

In 2009, we invested a total of $23.7 million in the training and development of our 31,000 employees globally. Of this, $17.5 million went towards upgrading the skills of Singapore-based employees, who comprise 53% of our total workforce. Locally, there was a total of 35,900 training places for technical skills upgrading and programmes on innovation, safety, customer-focused and sustainability.

Since 2004, Keppel has sponsored 231 employees from all levels, as part of our Employee Development Scheme (EDS). In 2009, 27 outstanding employees were sponsored under the EDS to pursue further education.

Across the Group, customised learning and development plans are set out for employees to develop and refine skills and competencies essential to good performance. Employees are guided by offerings of training programmes for core and functional skills development at different stages of their careers.

Keppel O&M Management Trainee Scheme achieved accreditation by the IMarEST by meeting the Initial Professional Development (IPD) requirements for registration as an Incorporated Engineer (IEng – for Diploma and Bachelor degree holders) and Chartered Engineer (CEng – for Master degree holders).

Adopting Government Initiatives

The Skills Programme for Upgrading and Resilence (SPUR) is an enhanced funding scheme by the Singapore Government to help companies and workers during the recent economic downturn and to build strong capabilities for the recovery.

To introduce the scheme to the business units across the Group, Group HR launched several in-house Keppel-SPUR courses. A total of seven courses were organised with a total of 131 participants.

The Workforce Development Agency launched SPUR-JOBS in May 2009 to encourage companies to recruit and retrain local workers. Funding was given to defray the costs of hiring and training workers, including on-the-job training.

Promoting Work-Life Balance

Riding on its commitment to a culture in which all employees strike a balance between work and play, a string of activities were lined up to promote work-life harmony amongst employees.

Since its inception in 1975, Keppel Recreation Club (KRC) has been integral to Keppel's emphasis on a healthy lifestyle for its employees. Its yearly events foster camaraderie among fellow Keppelites, promote family get-togetherness and are also extended to reach out to the community.

Keppel Group supported the nationwide annual Eat With Your Family Day organised by the Centre for Fathering. Early release was granted to employees on 29 May 2009 to encourage employees to spend quality family time and have a meal with their loved ones.

In an effort to strengthen family ties, Keppel Telecommunications & Transportation and Keppel O&M organised the Little Keppelites at Work (Kids Safety First) programme, for young children to learn about

HOUSING FOR WORKERS

HOME AWAY FROM HOME

1, 2

By housing more than 8,000 workers in its three lodges, Keppel Offshore & Marine continues to place emphasis on the welfare of its foreign employees.

With over 8,000 foreign workers under its employ in Singapore, Keppel O&M places emphasis on the welfare of these workers and ensures that they are well assimilated into the multi-national workforce. Being away from home, it's important for the workers to have a proper place to rest after a long day at work. For this reason, Keppel O&M has developed well-equipped dormitories for these workers. Today, the workers are housed in three lodges – Acacia Lodge in Bukit Batok, Juniper Lodge in Mandai and Lantana Lodge in Tuas. The Juniper Lodge and Lantana Lodge were completed in 2009.

Residents at the Lodges are provided many amenities within the compounds, such as convenience stores, banking and IT facilities, while the bigger Lodges also include a gymnasium and a canteen. Various recreational activities are organised regularly for the residents to promote team bonding. This is important in helping the workers to be acclimatised to community living which can contribute to positive mindsets at work.

Mr Steven Lee, General Manager of Keppel Housing, which developed the Lodges, said, "We are one of the first companies in Singapore to provide dormitories for foreign workers. It is our vision to be a caring host-employer to our foreign employees. We believe workers who live well, work well."

1, 2

Led by senior management, Keppelites flexed and stretched at Keppel FELS ACTIVE Day 2009.

workplace safety and gain a better understanding of their parents' work and work environment.

Creating a Healthy Workforce

In line with the emphasis on a healthy workforce and employee well-being, Keppel stepped up its efforts in promoting health awareness and an active lifestyle.

Numerous sports and outdoor team-bonding activities are organised to offer Keppelites the chance to de-stress after working hours. Promoting friendly competition and sporting activities, employees are encouraged to participate in various events including the annual Keppel Games.

19 December 2009 marked Keppel FELS's annual A.C.T.I.V.E. (All Companies Together in Various Exercises) Day, which aims to promote better physical and mental wellness, higher morale and greater team spirit. All employees participated in the 40 minutes of kickboxing and boot camp exercises.

Talks are organised by the business units to increase greater awareness and understanding of a wide range of health issues that are close to employees' hearts. Fresh fruits are distributed to employees regularly and bazaars are held at office premises to provide employees with better access to healthy food products.

Keppel FELS embarked on the Good Food Programme from May to July 2009 and a nutritionist was engaged to educate canteen operators on healthier cooking methods and to serve food following guidelines from the Health Promotion Board.

Long Service Awards

A total of 521 Keppelites from across the Group received their Long Service Awards in 2009, of which 193 have served more than 35 year with the Group.

Industrial Relations

The Keppel FELS Employees' Agreement was renewed for three years with improvements to employees' hospitalisation benefits, starting from 1 July 2009.

Keppel Logistics renewed its Collective Agreement (CA) for three years effective 1 January 2010 with Singapore Industrial & Services Employees Union. To instil joint ownership on health management, medical co-payment will be introduced. Keppel Merlimau Cogen also concluded its first CA negotiation with the Union of Power & Gas Employees (UPAGE).

Keppel Employees' Union (KEU) held its 41st Annual Delegates Conference on 18 August 2009. The event was attended by employees from Keppel Shipyard, Keppel Singmarine and KIE.

Keppel O&M played host to union delegates from Brazil and NTUC, followed by yard tours. Two of Keppel O&M's Brazilian union delegates, President Mr Paulo Ignacio Furtuozo and Vice President Mr Aguilar Ribeiro Da Silva, were on a five-day visit to Singapore from 3 December 2009. Led by Madam Halimah Yacob, Secretary General of NTUC, 10 Industrial Relations Officials visited Keppel FELS yard on 9 December 2009.

Under the Keppel FELS Co-operative Bursary & Education Grant, Keppel O&M awarded 77 Bursary Awards and 27 Education Grants in 2009. It also contributed towards Keppel FELS Union Bursary Awards for 123 children and 26 employees on part-time studies, and another 10 Bursary Awards under the KEU Bursary Awards. Along the same vein, Keppel Credit Union presented 33 Book Awards to 173 children of members.

CORE VALUES

STRENGTHENING OUR CORE

With 36,000 employees in more than 30 countries around the world, the Keppel Group leverages its international network, resources and talents to grow its key businesses.

A major challenge is aligning our global operations to produce the same high quality and standards of timely, within budget and incident-free deliveries, associated with the Keppel brand. To achieve consistent excellence, we have to communicate and motivate our people to embrace a common set of core values to form the foundation on which we perform work and conduct ourselves.

Aligning and Communicating Our Core Values

A significant milestone in 2009 was the articulation of the Group Core Values. As we move into a new decade, this was timely, providing a common goal and language for all as we strive to achieve strong results.

To home in on the message, the Keppel Group Core Values, graphically represented by a series of icons, were unveiled at the launch event on 6 October 2009. Centred on the theme of "hands", a video presentation was screened to convey that Keppelites are putting all hands to the plough, working in unity and teamwork. Hands are internationally recognised as symbols of harmony, productivity, unity and strength. As icons, they can be accurately interpreted, understood and internalised by Keppelites worldwide.

Core values communications are incorporated into orientations, workshops and team-building exercises. To further internalise these core values, company HR policies and processes were reviewed, including the incorporation of alignment measurement into the Performance Management System.

These initiatives have led to a greater understanding and alignment of the core values in our global workforce, heightening their sense of ownership and belonging in the Group and building *esprit de corps*. More importantly, the alignment of our core values amongst employees is a key component in the Group's succession planning, forming the basis of our evaluation and selection of candidates for performance management, reward and recognition as well as further leadership development.

MAKING SAFETY OUR BUSINESS

Our goal is to ensure that everyone goes home safely each day. 2009 was another fruitful year in our safety journey.

"I adopt "Stop. Look. Think. Act." safety initiatives in every aspect of my daily work in the plant as I want to be at my son's university graduation ceremony when he grows up."

U Win Aung, Technical Officer, Keppel Seghers Tuas Waste-to-Energy Plant

At Keppel, we aim to create a zero-incident workplace for everyone and to ensure the well-being of our employees. This is achieved through a strong and cohesive safety and health culture, where employees, customers and subcontractors work together to share their knowledge and look out for one another's safety.

Safety as Our Core Value

In 2009, we fortified our safety infrastructure and enhanced our safety initiatives to empower our workforce in promoting safety. 'Safety' was officially adopted as one of eight core values of the Keppel Group articulated by our top management and forms part of each business unit's Key Performance Indicator.

At the heart of our safety effort is the adoption of safety as a way of life. The proliferation of this safety culture is a key focus of senior management across the Keppel Group. Leading by example, the Board Safety Committee made a number of site visits to the different business units to better understand the operating environment and recommend safety measures.

Keppel's Board Safety Committee was the first by a listed company in Singapore to be established at the board level in 2006. Across the Group, five key safety principles were introduced in 2007 to align our safety initiatives across the different business units.

1, 2

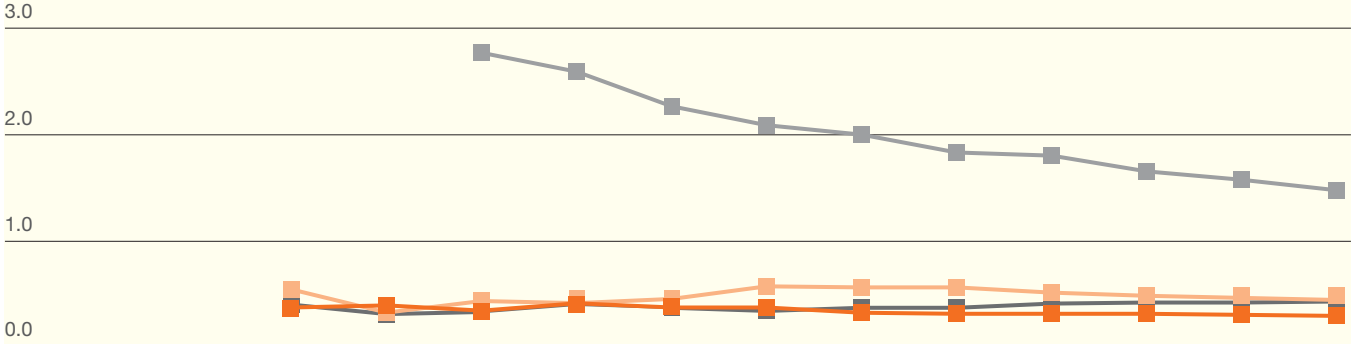
1

Beyond equipping individuals with knowledge, Keppel wants to drive home the importance of accountability to one another and empower employees with the skills to create a secure work environment for everyone.

2

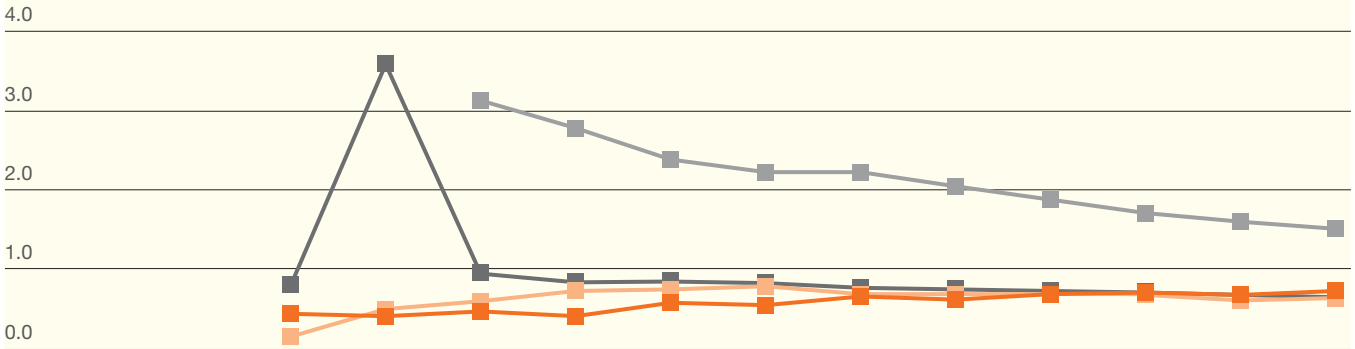
Reaching towards new safety heights are participants at the inaugural Elita Garden Vista safety event in Bangalore, India.

Cumulative Accident Frequency Rate – Keppel Group (Singapore)
(per million man-hours)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006			2.78	2.60	2.27	2.09	2.00	1.83	1.80	1.65	1.57	1.47
2007	0.38	0.29	0.31	0.38	0.35	0.32	0.35	0.35	0.39	0.40	0.40	0.41
2008	0.51	0.29	0.40	0.38	0.42	0.54	0.53	0.53	0.48	0.45	0.43	0.41
2009	**0.36**	**0.38**	**0.33**	**0.40**	**0.36**	**0.36**	**0.31**	**0.30**	**0.30**	**0.30**	**0.29**	**0.28**

Cumulative Accident Frequency Rate – Keppel Group (Overseas)
(per million man-hours)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006			3.14	2.79	2.39	2.23	2.23	2.05	1.88	1.71	1.60	1.51
2007	0.79	3.60	0.94	0.83	0.84	0.82	0.76	0.74	0.72	0.70	0.67	0.64
2008	0.14	0.49	0.59	0.72	0.74	0.78	0.68	0.68	0.68	0.67	0.60	0.63
2009	**0.43**	**0.40**	**0.46**	**0.40**	**0.57**	**0.54**	**0.65**	**0.61**	**0.68**	**0.70**	**0.67**	**0.72**

"We often forget our responsibilities to our families and loved ones, especially when we are too engrossed in our daily work. So, we have integrated a photo of our loved ones with our identification/ security badge and added the slogan "This is Why I Work Safe" on it to constantly remind ourselves at work that they will be waiting for us to go home safely."

Ranjit Singh, Technical Manager, Keppel Merlimau Cogen

An Inter-Business Unit Safety Committee helmed by management representatives convenes regularly to plan, implement and review safety initiatives, share experiences and lessons learnt, as well as address critical safety issues.

The Group invested a total of $40.5 million in 2009 to improve safety infrastructure and promote safety culture through training and development. This is an increase over the Group's expenditure of $38.9 million in 2008.

The results of our efforts have been encouraging. We improved our safety statistics, achieving an Accident Frequency Rate (AFR) of 0.43 reportable cases for every million man-hours worked in 2009, compared to 0.49 in the year before. Our Accident Severity Rate (ASR) was reduced to 92 man-days lost per million man-hours worked from 143 man-days lost in 2008. Both AFR and ASR are well below the national average of 2008.

Even as we improve our safety record, the Group suffered three fatalities in 2009. We deeply regret the loss of these lives. In 2008, we had nine fatalities. The lessons from these fatalities were shared across the business units.

Collective and Co-ordinated Efforts

Integrating the directions and initiatives systematically at Group level ensures that all safety efforts are maximised in achieving our goal. Importantly, the Group's safety initiatives are developed to complement the nature of work at our business units.

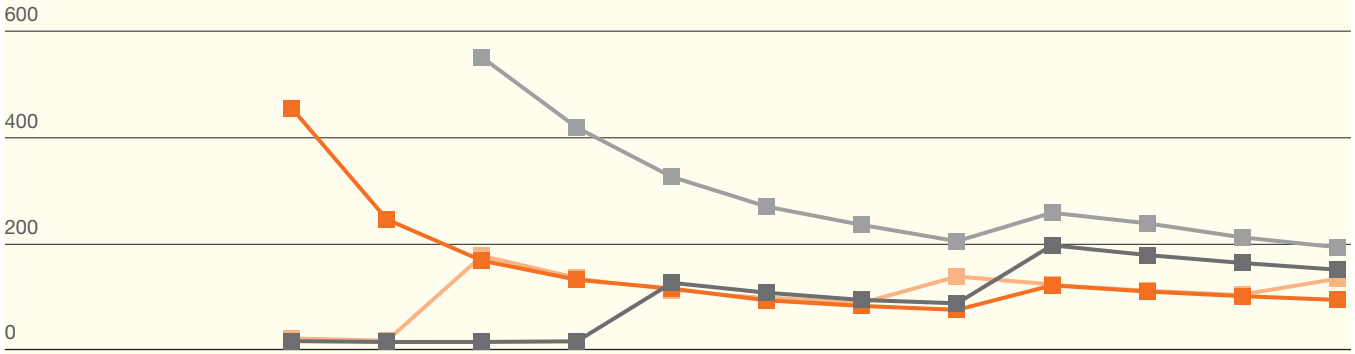
Apart from a co-ordinated Group-wide effort, we ensure that we adopt and are aligned with international and industry best practices. Towards this end, we work closely with the Ministry of Manpower (MOM), its Workplace Safety and Health (WSH) Council and other industry bodies in Singapore.

One of WSH Council's initiatives is the bizSAFE programme, which was developed to assist smaller companies build up their WSH capabilities. In 2009, our group of companies pledged their commitment as bizSAFE partners to help our contractors achieve bizSAFE Level 3 standards by 2012.

The bizSAFE partners in the Group comprising Keppel FELS, Keppel Shipyard, Keppel Singmarine, Keppel Land, Keppel Seghers Engineering, Keppel Sea Scan, Keppel FMO and Keppel Merlimau Cogen, encourage

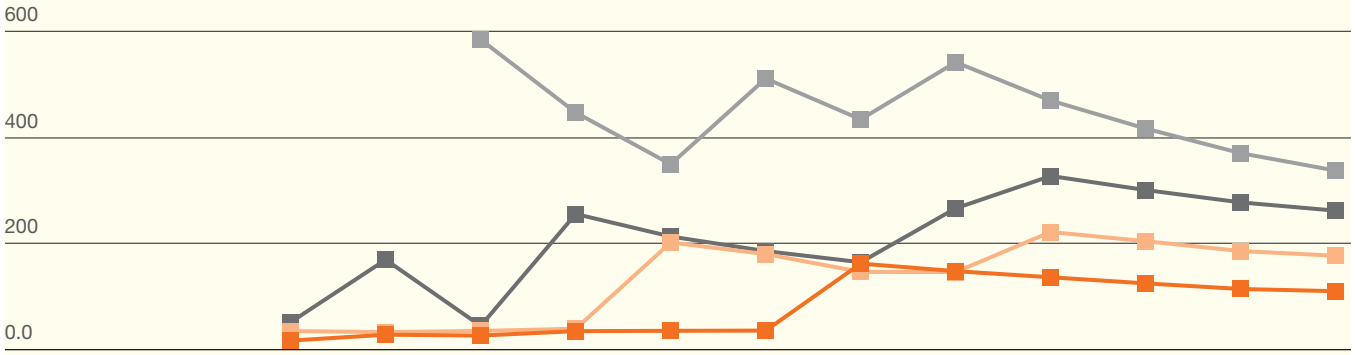
Keppel's Board Safety Committee holds its meetings at the various business units to better understand the facilities, operations, as well as share safety practices.

Cumulative Accident Severity Rate – Keppel Group (Singapore)
(per million man-hours)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006			554.74	420.69	326.74	270.07	235.17	204.22	258.43	238.40	211.60	192.80
2007	6.48	4.78	4.87	6.08	117.46	98.67	84.87	78.47	189.07	170.53	155.38	142.59
2008	11.64	7.25	168.79	126.96	103.16	89.49	79.13	129.59	114.55	103.81	95.19	125.21
2009	**450.00**	**238.27**	**159.78**	**123.32**	**106.46**	**84.04**	**73.49**	**65.98**	**112.66**	**101.01**	**92.14**	**84.99**

Cumulative Accident Severity Rate – Keppel Group (Overseas)
(per million man-hours)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006			587.24	448.14	349.53	512.97	435.12	543.97	470.92	417.49	370.65	337.49
2007	42.87	161.85	35.69	248.96	206.08	178.27	157.01	259.83	321.39	294.63	271.07	255.33
2008	31.54	29.74	31.90	36.00	200.40	178.28	144.44	144.13	220.43	202.86	184.14	175.21
2009	**11.97**	**23.25**	**21.57**	**30.05**	**30.63**	**31.06**	**158.69**	**144.37**	**132.66**	**121.05**	**110.36**	**106.16**

"To promote safety as part of our daily lives, we had the Little Keppelites at Work day. Our children were invited to come to the warehouse to witness how their parents perform their tasks safely at work. It not only helped to engage the family, it also brought home the safety message."

Mohamad Hanafi Khan, Senior Warehouse Supervisor, Keppel Logistics

To test the preparedness for emergency situations at Keppel's yards, mock exercises are carried out in collaboration with the Singapore Civil Defence Force and the Singapore Police Force.

contractors' participation in safety initiatives as well as provide stewardship and support to them in meeting the safety standards set by the WSH Council.

To facilitate the contractors in their bizSAFE achievement, Keppel FELS, supported by a bizSAFE-accredited safety consultant, conducted workshops for their subcontractors. At Keppel Singmarine, a course was organised for their resident contractors to strive for bizSAFE Level 4.

Beyond its own company employees, Keppel Offshore & Marine (Keppel O&M) is also dedicated to the national and industry efforts in promoting workplace safety. The company contributed $100,000 towards the National Workplace Safety & Health campaign in 2009, where 11 workers and supervisors from Keppel O&M received certificates for successfully completing the Professionals Conversion Programme for WSH Officers. The company also signed the 'Pledge for Zero' charter on 25 November 2009 at the Marine Industries CEO Summit, which called for appropriate governance structures, resource allocation, communication and safety strategies to be put in place.

In the marine industry, Keppel Shipyard was the first company to host members from the Association of Singapore Marine Industries (ASMI) in a self-regulatory programme, known as the Marine Industry Safety Engagement Team (MIndSET). MIndSET aims to improve the safety performance of the industry by sharing safety practices and recommend areas for improvement through inter-shipyard visits.

Working closely with its customers, Keppel Shipyard's Safety Steering Committee includes ExxonMobil, Single Buoy Moorings, Shell, Prosafe Production, BW Offshore, Woodside, Statoil, Maersk, BP and Frontier Drilling. The committee regularly reviews and deliberates on safety initiatives in the yard. A Safety Champion team made up of representatives from customers with projects at Keppel Shipyard was also set up to implement the directives from the Safety Steering Committee.

Fortifying a Safety Culture

Beyond the rigorous safety processes and systems, Keppel is focused on fostering positive behavioural changes and a sense of ownership for safety among our multi-national and multi-cultural workforce.

"Through the 'Together We Care' initiative, we drive home the importance of looking out for one another. I cannot emphasise enough that by looking out for each other and sharing safety knowledge, we will help to enhance overall safety welfare."

Mr Choo Chiau Beng, CEO of Keppel Corporation

In an effort to drive home the message of safety as a collective responsibility, a Group-wide campaign with the key message "Safety Starts with Me, Together We Care" was launched on 2 June 2009. This campaign, a continuation of the "Safety Starts with Me" campaign introduced in 2008, emphasises the importance of accountability in safety to one another and empowers our workforce to remove at-risk behaviour and conditions through active observation and intervention.

As part of the campaign, the Group held its third annual safety convention on 5 November 2009, which brought together employees, clients, contractors as well as MOM officials to share on safety. Organised by the Inter-Business Units Safety Committee, the convention also recognised innovations by teams across the Group that significantly helped to improve safety. Nineteen teams from various business units emerged winners for their safety innovations. Keppel Integrated Engineering (KIE) was awarded the Chairman Challenge Trophy for its safety performance, innovation and initiatives in the past year.

Reaching Out to All

With a workforce of more than 30,000 worldwide, the Keppel Group understands the importance of communicating and reaching out effectively to all stakeholders to achieve sustainable results.

During the year, various safety campaigns were organised to educate and inculcate safety best practices among employees across the Group.

At Keppel FELS, its annual Health, Safety and Environment (HSE) Excellence promotion campaign in April 2009 was targeted at reducing finger and hand injury. During the campaign, workers participated in interactive exhibits involving the use of their fingers and hands to better understand the risks.

Under the Safety Leadership Programme, Keppel FELS trained an additional 250 supervisors in 2009. It also launched a new incentive scheme to reward the best leader in each project for their proactive and outstanding contributions to safety.

Keppel Shipyard continued to focus on its Safety Excellence 2010 initiative, first started in 2008. Through this initiative, some 5,000 direct and contract supervisors have undergone its Safety Leadership Training, while another 19,000 direct employees and contractors have attended the Safety Promoter Training.

As part of Keppel Shipyard's action plan to enhance safety leadership, programmes such as weekly 'Safety Moments' and 'Safety Timeouts' were introduced. During 'Safety Moments', project and section managers discuss issues and ways to mitigate high impact risk activities on their projects. 'Safety Timeouts' are weekly briefings to workers on specific topics such as working at heights and in confined spaces.

Since 2006, Keppel Shipyard's Workforce Safety Council, comprising workers and contractors, have proven very effective in reducing incidents, through encouraging active involvement from workers. As a result, workers are more willing to submit workplace hazard reports to help identify and eliminate potential risks, as well as recognise exemplary workers in safety.

To provide a more conducive learning environment, Keppel Shipyard developed an integrated safety training centre for its 14,000 strong workforce and subcontractors. The centre, which has been completed, employs the latest equipment, simulations and

"I'm very happy to be included in Keppel's safety training programme even though I'm a subcontractor. As I have to work in the same environment, it's good that I also know how to keep my co-workers and myself safe."

Subramanian Sivakumar, Job Leader, Alpine Services Engineering Services

Inculcating the safety mindset at the ground level involves personal responsibility, teamwork and camaraderie.

methodologies in training its workforce and raising their safety competencies.

Over at Keppel Singmarine, the company is focusing their training efforts on high risk areas. It conducted a "Safety while working at heights" engagement campaign for its entire workforce in January 2010, and introduced a system to monitor workers who carry out jobs in confined spaces.

At Keppel Land, significant efforts were put into strengthening the safety culture among its contractors. Apart from a number of safety campaigns held across its project sites in Singapore and overseas, surprise visits were made by its safety teams to work sites to ensure safety compliance from its contractors.

To remind its workers and contractors to plan their tasks to minimise risks, Keppel Land introduced the 'Take 3' safety campaign with the slogan "Stop, Think and Plan". Taking just a few minutes to think through the risks of a task, work order or job assignment can make a big difference between a safe and successful outcome and an accident.

Keppel Land also held a number of Hazard Identification and Risk Assessment training sessions to

Marina at Keppel Bay staff and tenants underwent a one-day training Community Emergency Preparedness Programme conducted by the Singapore Civil Defence Force.

educate employees on managing safety and health risks at the workplace.

In a similar vein, KIE launched its "Stop. Look. Think. Act." safety campaign designed to imbue in workers the habit of considering safety before every task.

KIE's safety efforts were reinforced at their first Environment, Health and Safety (EHS) seminar conducted on 26 February 2009 where they shared their safety performance and lessons learnt from 2008. This was followed by a second EHS seminar on 31 July 2009 and an EHS convention on 22 January 2010 which reiterated their "Stop. Look. Think. Act." initiative. An internet portal to facilitate safety sharing was also introduced.

At Keppel Energy, safety activities at their Keppel Merlimau Co-generation Plant (KMC) included training of the Emergency Response Team and having joint exercises with the Singapore Civil Defence Force. Fire drills and chemical leak response drills were conducted to test the company's emergency plans and preparedness.

On 27 January 2010, Keppel Energy held their second Annual HSE Day at KMC to celebrate the achievement of more than one million man-hours worked without lost-time incidents (LTI) since October 2008, and also to launch their safety campaign – "This Is Why I Work Safe". Family photos were attached on the reverse side of their identification/security cards, to remind employees that their loved ones are waiting for them to return home safely.

"We continue to be proactive in strengthening and raising safety standards wherever we operate. To effectively instil safety consciousness, we believe in inculcating a safety mindset in all employees and stakeholders, including our consultants, suppliers and contractors."

Adris Isnin,
Senior Project Manager,
Keppel Land

To instil greater safety awareness of their environment, Keppel Logistics in Singapore incorporated behavioural-based safety training in their Quality and Service Excellence training. It also introduced a quarterly safety focus which encouraged employees to turn off unused electrical appliances. In Malaysia, the company's safety handbook was translated into Tamil and training was conducted in Tamil for their contract workers from India.

Our Efforts Recognised

Our collective efforts were recognised at the 2009 MOM WSH Awards, where we garnered a record of 18 safety awards. In a special category for exemplary safety behaviour, supervisors Paul Raj from Keppel Shipyard and Aminul Islam from Keppel Singmarine were highlighted as role models.

Keppel O&M was bestowed 14 safety awards, while Keppel Singmarine won the Silver Award for Workplace Safety & Health Performance for the third year in a row.

Keppel FMO, a subsidiary of KIE, won the Outstanding Achievement & Innovation Award for a creative employee-driven project to improve the safety and efficiency of replacing the tyres of passenger loading bridges at Changi Airport.

At the 12th Convention for WSH Innovations in the marine industry organised by ASMI, Keppel Singmarine received the Silver and Bronze awards for their innovations, the Safe Ship Launcher and Safe Structure Fabricator respectively.

In China, after conducting numerous site visits and HSE audits, the Nantong Administration of Work Safety (NAWS) awarded Keppel Nantong the Safety Excellence Award for achieving the highest HSE standards set by NAWS.

To celebrate the one millionth and four millionth man-hours achieved without LTI on a conversion project, BW Pioneer, Keppel Shipyard, and the contractors donated some $9,000 to charity.

In Bangalore, India, Keppel Land's Elita Promenade residential development celebrated National Safety Day and the achievement of eight million man-hours without LTI on 4 March 2009. Exemplary workers were recognised with safety awards.

Striving for Safety Excellence

Leveraging the Group's resources and diverse operational expertise, Keppel has what it takes to achieve safety excellence.

Since aligning safety at the Group level, there has been a significant increase in the level of awareness, acceptance and concrete results. To sustain this momentum across the Group, communication efforts are being stepped up so that Keppelites are kept abreast of initiatives, best practices and lessons learnt.

Looking ahead, Mr Abu Bakar, Secretary to Keppel Corporation's Board Safety Committee and Chairman of Inter-Business Units Safety Committee, said, "Much effort has been put to integrate and align safety across the business units. We need to continue on this path and find ways to maintain and further reinforce our efforts. Through continuous engagement with the multi-national and multi-cultural workforce and partnership with various stakeholders, safety can become a way of life at our workplaces."

BUILDING BRAND EQUITY THROUGH LEADERSHIP

Keppel builds its strong brand equity through supporting initiatives that promote development of our industries and showcase our strengths and Singapore to the world.

Encouraging Sustainable Water Solutions

Through the support of the Singapore International Water Week (SIWW), Keppel demonstrates its commitment to seek sustainable solutions to mitigate the shortage of water faced by the growing global population. The SIWW is a joint initiative by Singapore's Ministry of the Environment and Water Resources, and PUB, Singapore's national water agency.

As a leading conglomerate with deep roots in Singapore, Keppel plays an active role in promoting the country and contributing to various national strategies and initiatives. Through our involvement in various knowledge building platforms and international conventions, we also help to engage our chosen industries and catalyse the exchange of ideas as well as potential collaborations.

Supporting Public Policy Research and Discourse

Keppel Corporation continued its longstanding sponsorship of the Singapore Perspectives series in 2009. Held in January, this flagship conference of Singapore's Institute of Policy Studies aims to engage Singaporeans in a lively debate on public policy challenges facing the country.

Keppel Corporation is a founding sponsor of the Singapore International Water Week (SIWW), a Singapore government initiative to create a premier global platform for water solutions that brings policymakers, industry leaders, experts and practitioners to address challenges, showcase technologies, discover opportunities and celebrate achievements. At the SIWW 2009 held from 22 to 26 June, Keppel Integrated Engineering (KIE) showcased its track record for water capabilities in Singapore and Qatar.

Reinforcing the importance of building strong links and partnerships across borders, Keppel Corporation was a lead sponsor of Global Entrepolis @ Singapore (GES). Running for the sixth year, the event took place from 11 to 12 November 2009. GES brings together businesses from different sectors and regions on a single platform, sparking off a vibrant exchange of ideas.

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

To support the growing ties between Asia and Latin America, Keppel O&M was a Platinum Sponsor of the sixth Latin Asia Business Forum held in Singapore.

Promoting Industry Development

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

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

To provide a constructive platform for industry networking and the sharing of insights, Keppel O&M supported the annual Chua Chor Teck Memorial Lecture organised by the Society of Naval Architects & Marine Engineers Singapore. In 2009, Professor Choo Yoo Sang, Director (Research) of CORE, NUS, spoke on 'Offshore Engineering Research and Education' at the 23rd Lecture.

To encourage more youths to join the offshore and marine industry, Keppel O&M partnered Singapore's Institute of Technical Education (ITE) to set up the ITE-Keppel O&M Technology Centre, which was officially opened in 2009. Keppel O&M will offer 10

HRH Willem-Alexander, The Prince of Orange from the Netherlands (left), getting an insight into Keppel Seghers' capabilities from Roland Carrette, Head of Proposal from Keppel Seghers (Belgium) at SIWW 2009.

scholarships annually over the next five years, as well as provide the equipment and technical support to create an authentic hands-on learning environment at this Centre.

KIE was one of the founding sponsors of the inaugural World Bank-Singapore Infrastructure Finance Summit held from 11 to 12 November 2009. The event brought together policy-makers, thought leaders, experts from the public and private sectors in an exchange of views on infrastructure financing and challenges.

Keppel Land continues to support initiatives that promote a sustainable built environment and eco-best practices. It is a founding member and sponsor of the new Singapore Green Building Council, established to increase the collaboration between private and public sectors to direct the building and construction industries towards environmental sustainability. Keppel Land also sponsored the inaugural International Green Building Conference (IGBC), the anchor event of the Singapore Green Building Week organised by the Building and Construction Authority of Singapore from 28 to 30 October 2009. IGBC 2009 focused on green building technologies and designs.

Showcasing Singapore

Keppel Corporation helmed the Singapore representation at the ASEAN Council of Petroleum (ASCOPE) meetings in Thailand in November 2009 and shared Singapore's perspectives on sustainable development issues in energy and solutions to environmental challenges. Established in 1977, ASCOPE is held once every four years to facilitate robust exchanges on major issues facing the petroleum industry in ASEAN.

Keppel O&M sponsored the third International Conference on Technology & Operation of Offshore Support Vessels, a platform for ship designers, builders and operators to discuss clean energy and marine environmental solutions.

Showcasing Singapore's capabilities on the international arena, we returned to the Offshore Technology Conference (OTC) in Houston for the 23rd year. In spite of the H1N1 outbreak, the premier oil and gas show drew some 68,000 visitors with 2,500 exhibitors from 38 countries.

SUSTAINABLE CITY

KEPPEL SPONSORS LEE KUAN YEW WORLD CITY PRIZE

Launched during SIWW in 2009, the Lee Kuan Yew World City Prize focuses on four pillars instrumental to the success of every city – liveability, vibrancy, sustainability and quality of life.

Co-organised by Singapore's Urban Redevelopment Authority and the Centre for Liveable Cities, the biennial international award seeks to recognise the achievements of outstanding individuals and organisations who have contributed urban initiatives, policies or projects which epitomise foresight, good governance or innovation in overcoming the challenges faced by cities.

With many cities facing the challenges of rapid urban growth, lack of housing and infrastructure, and increasing traffic congestion, the Lee Kuan Yew World City Prize is envisaged to serve as a catalyst to facilitate the sharing of best practices in urban solutions worldwide and spur further innovation in sustainable urban development in pursuit of city excellence.

Through its operations in Singapore and abroad, and particularly, with its businesses in environmental engineering and developing quality homes, Keppel has participated in the creation of vibrant, liveable and sustainable urban communities worldwide.

Most recently, Keppel's leadership in the Sino-Singapore Tianjin Eco-City, which aims to be a model of sustainable development in China, continues to demonstrate its commitment to excellence globally moving into the future. It is in this spirit that Keppel supports the goals and aspirations of the Prize.

The Lee Kuan Yew World City Prize Laureate will be presented with an award certificate, a gold medallion, and a cash prize of $300,000 sponsored by Keppel Corporation. Members of the Prize Council and Nominating Committee are prominent local and international thought leaders, practitioners, academics and relevant experts from the private and public sectors.

The inaugural Lee Kuan Yew World City Prize will be awarded in June 2010 at the Lee Kuan Yew Awards Ceremony and Banquet, to be held during the World Cities Summit 2010 in Singapore.

$1.75m

Keppel Corporation is sponsoring the gold medallion and cash prize of $300,000 for five cycles of the prestigious biennial award.

EMBRACING AN ECO-CULTURE

The greening of our behaviour at home, work and play is crucial to the sustainability of our environment and the optimal use of limited resources.

Volunteers from Keppel Batangas Shipyard and their sub-contractors joined hands with the local community to clear up litter and debris along Batangas Bay.

Keppel is committed to pursue green endeavours to encourage our employees and the public to embrace a green lifestyle.

Green Dates

Keppel Land initiated a paper-recycling programme in its office buildings in Singapore in conjunction with Earth Day in April 2009. Offices were given cardboard cartons for weekly collection. The eco-roadshows also provided insights on the 3Rs of reusing, reducing and recycling.

On World Environment Day on 5 June 2009, Keppel Land sponsored the global premiere of the documentary film *HOME*, directed by renowned French photographer and environmentalist Yann Arthus-Bertrand. The company also organised events to drive eco-awareness, including the Earthopoly Challenge – a green twist to the classic board game Monopoly, using carbon credits, clean air and recycling to increase property values.

Environmental Education and Outreach

Keppel Group is the Gold Sponsor for Asia Dive Expo 2009, an annual event educating the public on the marine environment. Included as part of the Expo was a showcase of Keppel's efforts with the National University of Singapore, National Parks Board and National Environment Agency in restoring corals along the coast line of Pulau Semakau. Keppel's volunteer divers involved in the initial phase of the coral nursery project were on hand to help increase awareness of the importance of coral reefs to marine creatures. Keppel Volunteers also brought students from Tanglin School and the Centre for Adults to the Expo.

Keppel Group sponsored Amazônia in Singapore, a special exhibition organised by the Embassy of Brazil on 21 November 2009, that showcased the uniqueness and diversity of species in the Amazon. The interactive exhibition showed how sustainable alternatives existed in the region to harmonise development and conservation. Keppel Volunteers also led a group of APSN students to visit the exhibition, which proved to be a good learning session on nature's miracles.

Keppel Land organised a nature walk along Singapore's Southern Ridges for its staff and their families to give employees an opportunity to learn about Singapore's rich ecological system.

Keppel FELS Brasil's BrasFELS yard started a Zero Waste campaign to encourage employees to conserve water, power, materials and gases used in welding. BrasFELS is also carrying out an extensive environmental dredging project with local authorities to help clear up pollution at Angra's main beach.

Efforts are in place to sustain and calibrate the growth of the marine life at Marina at Keppel Bay. Scores of sea creatures from the popular clown fish to clams have made Keppel Bay their home (see opposite page). The coral community is thriving due to the clean waters at Marina at Keppel Bay, the first and only marina in Asia to be awarded the 'Clean Marina' status by the Marina Industries Association of Australia in 2008. This certification means that the marina has proper procedures in place that ensure its readiness in tackling marine hazards which could potentially impact the environment.

MAKING A DIFFERENCE WHEREVER WE ARE

Wherever we operate, we are committed to seeking ways to contribute meaningfully to the well-being and welfare of the communities.

$600,000

Raised by the Keppel Group towards disaster recovery aid efforts for Indonesia, Vietnam and the Philippines in 2009.

Keppel Volunteers and APSN students together in heartfelt celebration at the 2009 National Day Parade preview.

As a global citizen, Keppel believes that as communities thrive, we thrive. This is why we nurture the communities where our businesses are and support them to move towards a sustainable future.

Corporate Volunteerism

Keppel encourages its employees to become responsible citizens with a genuine concern for the well-being of others. As such, staff volunteerism is a key feature of our community relations programme. Since 2000, Keppel Volunteers has been spearheading regular activities that make meaningful contribution to local communities, social institutions and non-profit organisations. On a monthly basis, Keppel Volunteers runs activities in collaboration with our adopted charity, the Association for Persons with Special Needs (APSN).

The activities in 2009 include a trek across Singapore's Southern Ridges, visits to the Singapore Science Centre, the Marina Barrage, the Asia Dive Expo, the Amazônia in Singapore

exhibition and other venues of educational benefit.

Our employees have also been actively supporting the blood donation drive organised by the Keppel Scholars Alumni Association. The response exceeded expectations with a total of 415 packets of blood collected, a 53% increase from the 272 packets of blood collected in 2008.

Raising Funds for Good Causes

In September 2009, three countries where Keppel Group has an active presence – Indonesia, Vietnam and the Philippines – were struck by natural disasters. To help alleviate suffering and rebuild lives, Keppel Group raised about $600,000 towards disaster recovery aid efforts for the three countries, channelled through the Singapore Red Cross Society. The sum was collected through fund-raising initiatives among Keppelites, customers and business associates, as well as through two charity golf tournaments held in Ho Chi Minh City, Vietnam and Bintan Island, Indonesia.

In the Philippines, Keppel Philippines Marine also pitched in to help typhoon victims, donating PhP200,000 worth of relief goods. Its volunteers organised the despatch of rice, noodles and biscuits to support centres. The Keppel Filipino Community in Singapore also raised PhP90,500 for sustainable development projects to improve the lives of disaster-afflicted communities. Across Indonesia, staff and tenants at Ria Bintan, Barclays House, BG Junction and homeowners at Jakarta Garden City donated generously both in cash and kind.

Since 2007, Keppel Group has been the Platinum Sponsor for the National Environmental Agency (NEA)-Mediacorp Semakau Run. Held on 8 August 2009, the charity run raised $359,000 for six environmental and social charities.

Keppel Shipyard celebrated the achievement of one million man-hours without lost-time incident on one of its projects by making a donation to the Children's Cancer Foundation. More than 2,000 staff members participated in the donation drive which collected more than $4,000.

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

Keppel O&M raised funds for charities such as the Singapore Children's Society and the Society for the Physically Disabled, and donated more than 1,000 *Can Do!* tee-shirts to the Metta Welfare Association.

Supporting Education

Reaching out to youths by enhancing education standards, Keppel FELS Brasil donated R$40,000 to a literacy programme that trains teachers in Angra dos Reis. The in-house technical school at the BrasFELS yard has been providing free specialised skills training and certification to the Angra community. Through its apprenticeship scheme, the yard has trained and provided employment opportunities in trades such as piping and welding to hundreds of youths in Angra.

Since 2006, Keppel Philippines Marine and Subic Shipyard and Engineering have sponsored the college education of outstanding youths who lack the financial means to continue their marine related courses. Two such scholarships were awarded in 2009.

Keppel Credit Union (KCU) presented 33 book awards ranging from $200 to $1,000 to the children of its members in 2009. The annual presentation of book awards is an initiative to provide assistance to members and encourage academic excellence. KCU is a credit union for all employees in the Keppel Group, encouraging thrift and financial prudence, sharing financial resources and mutual assistance in times of need, and instilling the sense of being part of the Keppel family.

Promoting Sports and Healthy Living

The Clipper Round the World Yacht Race is one of the world's most celebrated amateur sailing races. For the 2009–2010 race, Keppel was the primary sponsor for the Singapore yacht, *Uniquely Singapore*, and host port sponsor for the Singapore stopover in the race, together with Singapore Tourism Board.

A charity walkathon organised by the Keppel Scholars Alumni Association and Keppel Volunteers raised $40,500 for APSN. The walkathon was the finale event for the annual Keppel Games, which was held from July to October 2009. This year's theme of 'Can Do the Distance' is a call to Keppelites to continue to embody Keppel's *Can Do!* spirit.

Keppel O&M is the title sponsor of the SAFRA Keppel O&M Quadthlon. The 2009 event was held on 11 October, and combined a 500-m open sea swim, a 20-km bicycle, a 6-km run and a 12-km inline skate.

Special Olympics Singapore grants full funding to intellectually disabled athletes for their sporting pursuits offered through various special schools. Keppel's adopted charity, APSN, participates in the Games, which is held once every four years. Keppel O&M supported the 2009 Games with a sponsorship of $20,000.

10

Keppel has been in close partnership with its adopted charity, APSN, for over 10 years.

1, 2

3

1

APSN students learn the importance of environmental conservation at the Singapore Science Centre with Keppel Volunteers.

2

Keppel Verolme's staff ride electric bicycles to work every day to reduce their carbon footprint and traffic jams in Rotterdam.

3

Keppel celebrates the adventure-seeking mindset epitomised by the Clipper Round the World Race, and provides opportunities for it to flourish through our sponsorship of the Race since 2005.

In line with its belief that the universal language of music promotes international goodwill and friendship, Keppel showcased the Singapore Symphony Orchestra to a Beijing audience in May 2009.

Nurturing the Arts

Amidst the gloom of the economic downturn in 2009, the Keppel Nights scheme was a welcome relief, giving senior citizens, students and heartlanders the opportunity to enjoy cultural performances at discounted rates. Singapore's first sustained subsidised ticket purchasing scheme, Keppel Nights was launched in August 2008 to mark the 40th anniversary of Keppel Corporation. 6,045 tickets have been sold under this popular scheme as at end-July 2009.

Keppel Corporation continued to support Singapore cultural showcases overseas through its sponsorship of the participation of Singapore Symphony Orchestra in the inaugural May Festival organised by the National Centre for the Performing Arts in Beijing, China.

Adding to the festive cheer in Singapore, Keppel Group sponsored Jeremy Monteiro's *A Swinging Jazzy Christmas* concert for the third year running during the Christmas holidays.

To support the growth of the arts in its local community, Keppel AmFELS pledged US$50,000 to the construction of the Arts Centre at the University of Texas at Brownsville and the Texas Southmost College. The company's annual golf charity tournament raised US$30,000 of the sum. Keppel AmFELS also supported Charro Day, which celebrates the cultures of the border towns of Brownsville, Texas, and Matamoros, Mexico, by sponsoring the poster designed by a local artist in Brownsville.

Directors' Report & Financial Statements

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The Directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2009.

1. Directors

The Directors of the Company in office at the date of this report are:

Lee Boon Yang (Chairman) (appointed as Director on 1 May 2009 and as Chairman on 1 July 2009)
Lim Hock San (Deputy Chairman)
Choo Chiau Beng (Chief Executive Officer)
Sven Bang Ullring
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Tow Heng Tan
Alvin Yeo Khirn Hai (appointed on 1 June 2009)
Teo Soon Hoe
Tong Chong Heong (appointed on 1 August 2009)

2. Audit Committee

The Audit Committee of the Board of Directors comprises four independent Directors. Members of the Committee are:

Lim Hock San (Chairman)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Alvin Yeo Khirn Hai

The Audit Committee carried out its function in accordance with the Companies Act, including the following:

- Review audit plans and reports of the Company's external auditors and internal auditors and consider effectiveness of actions/policies taken by management on the recommendations and observations;
- Review the assistance given by the Company's officers to the auditors;
- Independent review of quarterly financial reports and year-end financial statements;
- Examine effectiveness of financial, operating and compliance controls;
- Review the independence and objectivity of the external auditors annually;
- Review the nature and extent of non-audit services performed by auditors;
- Meet with external auditors and internal auditors, without the presence of management, at least annually;
- Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually;
- Review interested person transactions; and
- Investigate any matters within the Audit Committee's term of reference, whenever it deems necessary.

The Audit Committee recommended to the Board of Directors the re-appointment of Deloitte & Touche LLP as auditors of the Company at the forthcoming Annual General Meeting.

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Share Option Scheme.

4. Directors' interest in shares and debentures

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

		Holdings At	
	1.1.2009 or date of appointment, if later	31.12.2009	21.1.2010
Keppel Corporation Limited			
(Ordinary shares)			
Lim Hock San	4,000	6,000	6,000
Choo Chiau Beng	1,631,666	1,631,666	2,091,666
Choo Chiau Beng (deemed interest)	200,000	200,000	200,000
Sven Bang Ullring	80,000	82,000	82,000
Tony Chew Leong-Chee	4,000	6,000	6,000
Oon Kum Loon (Mrs)	44,000	46,000	46,000
Oon Kum Loon (Mrs) (deemed interest)	40,000	40,000	40,000
Tow Heng Tan	4,626	6,626	6,626
Tow Heng Tan (deemed interest)	26,172	26,172	26,172
Alvin Yeo Khirn Hai (deemed interest)	20,000	20,000	20,000
Teo Soon Hoe	3,628,332	3,628,332	4,088,332
Tong Chong Heong	1,499,582	1,499,582	1,499,582
(Share options)			
Choo Chiau Beng	1,610,000	2,150,000	1,690,000
Teo Soon Hoe	2,300,000	2,760,000	2,300,000
Tong Chong Heong	1,340,000	1,540,000	1,540,000
Keppel Land Limited			
(Ordinary shares)			
Choo Chiau Beng	-	100,000	100,000
Tony Chew Leong-Chee (deemed interest)	-	1,286,100	1,286,100
Tow Heng Tan (deemed interest)	50	95	95
Keppel Telecommunications & Transportation Ltd			
(Ordinary shares)			
Teo Soon Hoe	28,000	28,000	28,000
K-REIT Asia			
(Units)			
Lim Hock San	-	894,000	894,000
Choo Chiau Beng	780,000	-	-
Choo Chiau Beng (deemed interest)	-	2,635,000	2,635,000
Tow Heng Tan (deemed interest)	10	10	10
Alvin Yeo Khirn Hai (deemed interest)	-	250,000	250,000
Keppel Structured Notes Pte Limited			
(S$ Commodity Linked Guaranteed Note Series 1 due 2011)			
Teo Soon Hoe	$100,000	$100,000	$100,000
Keppel Philippines Holdings, Inc			
("B" shares of one Peso each)			
Choo Chiau Beng	2,000	2,000	2,000
Teo Soon Hoe	2,000	2,000	2,000

5. Directors' receipt and entitlement to contractual benefits

Since the beginning of the financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the notes to the financial statements and salaries, bonuses and other benefits in their capacity as directors of the Company which are disclosed in the Corporate Governance Report.

6. Share options of the Company

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

Options to take up 17,414,500 Ordinary Shares ("Shares") were granted during the financial year. There were 1,362,500 Shares issued by virtue of exercise of options and options to take up 1,949,000 Shares were cancelled during the financial year. At the end of the financial year, there were 59,594,000 Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2009 or later date of grant	Exercised	Cancelled	Balance at 31.12.2009	Exercise price	Date of expiry
20.12.02	20,000	(20,000)	-	-	$1.30	19.12.12
11.02.03	10,000	(10,000)	-	-	$1.32	10.02.13
14.08.03	10,000	(10,000)	-	-	$2.24	13.08.13
13.02.04	590,000	(20,000)	-	570,000	$3.01	12.02.14
12.08.04	780,000	(20,000)	-	760,000	$3.24	11.08.14
11.02.05	1,291,000	(184,000)	-	1,107,000	$4.42	10.02.15
11.08.05	2,563,000	(335,000)	(20,000)	2,208,000	$6.24	10.08.15
09.02.06	3,589,000	(394,000)	(69,000)	3,126,000	$6.39	08.02.16
10.08.06	5,968,000	(341,500)	(219,000)	5,407,500	$7.66	09.08.16
13.02.07	6,629,000	-	(225,000)	6,404,000	$9.13	12.02.17
10.08.07	7,616,000	-	(336,000)	7,280,000	$12.95	09.08.17
14.02.08	7,701,000	-	(350,000)	7,351,000	$9.96	13.02.18
14.08.08	8,724,000	-	(351,000)	8,373,000	$10.26	13.08.18
05.02.09	9,079,000	(28,000)	(355,000)	8,696,000	$4.04	04.02.19
06.08.09	8,335,500	-	(24,000)	8,311,500	$8.21	05.08.19
	62,905,500	(1,362,500)	(1,949,000)	59,594,000		

The information on Directors of the Company participating in the Scheme is as follows:

Name of Director	Options granted during the financial year	Aggregate options granted and adjusted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Choo Chiau Beng	540,000	5,120,000	2,396,250	573,750	2,150,000
Teo Soon Hoe	460,000	5,500,000	2,166,250	573,750	2,760,000
Tong Chong Heong	380,000	3,574,200	1,624,200	410,000	1,540,000

No employee received 5 percent or more of the total number of options available under the Scheme.

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

7. Share options of subsidiaries

The particulars of share options of subsidiaries of the Company are as follows:

(a) Keppel Land Limited ("Keppel Land")

At the end of the financial year, there were 59,729,288 unissued shares of Keppel Land Limited under option. This comprised $300 million principal amount of 2.5% Convertible Bonds due 2013 at a conversion price of $5.58 per share and 5,965,848 options under the Keppel Land Share Option Scheme. Details and terms of the options have been disclosed in the Directors' Report of Keppel Land Limited.

(b) Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

At the end of the financial year, there were 2,806,000 unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to the Keppel T&T Share Option Scheme. Details and terms of the options have been disclosed in the Directors' Report of Keppel Telecommunications & Transportation Ltd.

8. Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Group Finance Director

Singapore, 1 March 2010

Balance Sheets

As at 31 December 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Share capital	3	**832,908**	824,571	**832,908**	824,571
Reserves	4	**5,152,439**	3,771,605	**3,924,918**	2,320,268
Share capital & reserves		**5,985,347**	4,596,176	**4,757,826**	3,144,839
Minority interests		**2,727,226**	2,152,331	**-**	-
Capital employed		**8,712,573**	6,748,507	**4,757,826**	3,144,839
Represented by:					
Fixed assets	5	**2,157,172**	1,946,662	**5,430**	5,890
Investment properties	6	**3,051,247**	3,029,675	**-**	-
Subsidiaries	7	**-**	-	**3,393,466**	2,867,303
Associated companies	8	**2,723,169**	3,201,031	**3,074**	3,074
Investments	9	**152,046**	101,024	**-**	-
Long term receivables	10	**547,665**	197,662	**584**	301,018
Intangibles	11	**90,118**	78,487	**-**	-
		8,721,417	8,554,541	**3,402,554**	3,177,285
Current assets					
Stocks & work-in-progress in excess of related billings	12	**3,178,182**	3,318,820	**-**	-
Amounts due from:					
- subsidiaries	13	**-**	-	**1,642,528**	260,718
- associated companies	13	**287,922**	326,583	**6,056**	300
Debtors	14	**1,727,099**	1,970,831	**103,575**	59,908
Short term investments	15	**456,515**	330,817	**-**	-
Bank balances, deposits & cash	16	**2,935,787**	2,244,851	**33,507**	664,441
		8,585,505	8,191,902	**1,785,666**	985,367
Current liabilities					
Creditors	17	**4,051,972**	3,939,583	**132,302**	219,688
Billings on work-in-progress in excess of related costs	12	**1,683,392**	2,882,124	**-**	-
Provisions	18	**68,856**	58,609	**-**	-
Amounts due to:					
- subsidiaries	13	**-**	-	**265,546**	472,848
- associated companies	13	**168,186**	422,205	**-**	-
Term loans	19	**839,117**	197,868	**-**	-
Taxation	27	**450,951**	344,020	**27,169**	19,669
Bank overdrafts	20	**1,668**	27,762	**-**	-
		7,264,142	7,872,171	**425,017**	712,205
Net current assets		**1,321,363**	319,731	**1,360,649**	273,162
Non-current liabilities					
Term loans	19	**918,410**	1,744,553	**-**	300,000
Deferred taxation	21	**411,797**	381,212	**5,377**	5,608
		1,330,207	2,125,765	**5,377**	305,608
Net assets		**8,712,573**	6,748,507	**4,757,826**	3,144,839

See accompanying notes to the financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Revenue	22	**12,247,121**	11,805,426
Materials and subcontract costs		**(8,808,751)**	(8,828,492)
Staff costs	23	**(1,372,405)**	(1,329,042)
Depreciation and amortisation		**(174,313)**	(139,078)
Other operating expenses		**(386,861)**	(270,340)
Operating profit	24	**1,504,791**	1,238,474
Investment income	25	**5,101**	12,087
Interest income	25	**73,676**	71,002
Interest expenses	25	**(49,675)**	(78,671)
Share of results of associated companies	8	**321,683**	353,957
Profit before tax and exceptional items		**1,855,576**	1,596,849
Exceptional items	26	**322,130**	12,592
Profit before taxation		**2,177,706**	1,609,441
Taxation	27	**(347,875)**	(288,030)
Profit for the year		**1,829,831**	1,321,411
Attributable to:			
Shareholders of the Company			
Profit before exceptional items		**1,264,611**	1,096,653
Exceptional items	26	**360,506**	1,318
		1,625,117	1,097,971
Minority interests		**204,714**	223,440
		1,829,831	1,321,411
Earnings per ordinary share	28		
Before exceptional items			
- basic		**79.4 cts**	69.0 cts
- diluted		**79.2 cts**	68.7 cts
After exceptional items			
- basic		**102.0 cts**	69.0 cts
- diluted		**101.8 cts**	68.8 cts
Gross dividend per ordinary share	29		
Interim dividend paid		**15.0 cts**	14.0 cts
Final dividend proposed		**23.0 cts**	21.0 cts
Special dividend in specie proposed		**23.0 cts**	-
Total distribution		**61.0 cts**	35.0 cts

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Profit for the year		**1,829,831**	1,321,411
Available-for-sale assets			
- Fair value changes arising during the year		**139,760**	(334,693)
- Realised & transferred to profit and loss account		**66,405**	(60,843)
Cash flow hedges			
- Fair value changes arising during the year, net of tax	21	**207,336**	(322,528)
- Realised & transferred to profit and loss account		**247**	1,827
Foreign exchange translation			
- Exchange difference arising during the year		**(144,436)**	64,767
- Realised & transferred to profit and loss account		**23,505**	(4,687)
Share of other comprehensive income of associated companies		**(20,832)**	21,061
Other comprehensive income for the year, net of tax		**271,985**	(635,096)
Total comprehensive income for the year		**2,101,816**	686,315
Attributable to:			
Shareholders of the Company		**1,943,492**	433,518
Minority interests		**158,324**	252,797
		2,101,816	686,315

See accompanying notes to the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2009

	Attributable to equity holders of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Minority Interests $'000	Capital Employed $'000
Group							
2009							
As at 1 January	**824,571**	**127,345**	**3,643,141**	**1,119**	**4,596,176**	**2,152,331**	**6,748,507**
Total comprehensive income for the year	**-**	**402,819**	**1,625,117**	**(84,444)**	**1,943,492**	**158,324**	**2,101,816**
Dividend paid	**-**	**-**	**(573,562)**	**-**	**(573,562)**	**-**	**(573,562)**
Share-based payment	**-**	**22,672**	**-**	**-**	**22,672**	**1,142**	**23,814**
Transfer of statutory, capital and other reserves to revenue reserves	**-**	**(1,572)**	**1,575**	**(3)**	**-**	**-**	**-**
Dividend paid to minority shareholders	**-**	**-**	**-**	**-**	**-**	**(87,136)**	**(87,136)**
Cash subscribed by minority shareholders	**-**	**-**	**-**	**-**	**-**	**510,224**	**510,224**
Acquisition of additional interest in subsidiaries	**-**	**(11,116)**	**-**	**-**	**(11,116)**	**(3,065)**	**(14,181)**
Other adjustments	**-**	**141**	**(793)**	**-**	**(652)**	**(4,594)**	**(5,246)**
Shares issued	**8,337**	**-**	**-**	**-**	**8,337**	**-**	**8,337**
As at 31 December	**832,908**	**540,289**	**4,695,478**	**(83,328)**	**5,985,347**	**2,727,226**	**8,712,573**
2008							
As at 1 January	790,407	827,571	3,644,164	(57,409)	5,204,733	1,830,459	7,035,192
Total comprehensive income for the year	-	(722,219)	1,097,971	57,766	433,518	252,797	686,315
Dividend paid	-	-	(1,097,743)	-	(1,097,743)	-	(1,097,743)
Share-based payment	-	20,361	-	-	20,361	1,590	21,951
Transfer of statutory, capital and other reserves to revenue reserves	-	1,632	(2,394)	762	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(103,416)	(103,416)
Cash subscribed by minority shareholders	-	-	-	-	-	199,559	199,559
Acquisition of subsidiaries	-	-	-	-	-	350	350
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(29,008)	(29,008)
Other adjustments	-	-	1,143	-	1,143	-	1,143
Shares issued	34,164	-	-	-	34,164	-	34,164
As at 31 December	824,571	127,345	3,643,141	1,119	4,596,176	2,152,331	6,748,507

See accompanying notes to the financial statements.

	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
Company				
2009				
As at 1 January	**824,571**	**70,042**	**2,250,226**	**3,144,839**
Profit / Total comprehensive income for the year	**-**	**-**	**2,156,699**	**2,156,699**
Dividend paid	**-**	**-**	**(573,562)**	**(573,562)**
Share-based payment	**-**	**21,513**	**-**	**21,513**
Shares issued	**8,337**	**-**	**-**	**8,337**
As at 31 December	**832,908**	**91,555**	**3,833,363**	**4,757,826**
2008				
As at 1 January	790,407	47,456	2,510,512	3,348,375
Profit / Total comprehensive income for the year	-	-	837,457	837,457
Dividend paid	-	-	(1,097,743)	(1,097,743)
Share-based payment	-	22,586	-	22,586
Shares issued	34,164	-	-	34,164
As at 31 December	824,571	70,042	2,250,226	3,144,839

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2009

	Note	2009 $'000	2008 $'000
Operating activities			
Operating profit		**1,504,791**	1,238,474
Adjustments:			
Depreciation and amortisation		**174,313**	139,078
Share-based payment expenses		**23,682**	26,527
Loss/(profit) on sale of fixed assets and investment properties		**5,781**	(8,268)
Others		**-**	(93)
Operational cash flow before changes in working capital		**1,708,567**	1,395,718
Working capital changes:			
Stocks & work-in-progress		**(1,066,070)**	(73,960)
Debtors		**183,639**	(376,344)
Creditors		**235,389**	635,517
Investments in bonds and shares		**41,610**	39,395
Advances to associated companies		**(225,378)**	557,385
Translation of foreign subsidiaries		**(79,593)**	70,121
		798,164	2,247,832
Interest received		**70,315**	69,219
Interest paid		**(52,183)**	(85,687)
Income taxes paid, net of refunds received		**(146,148)**	(184,550)
Net cash from operating activities		**670,148**	2,046,814
Investing activities			
Acquisition of subsidiary and business	A	**(529,434)**	(1,400)
Acquisition of additional shares in subsidiaries		**(3,814)**	(23,604)
Acquisition and further investment in associated companies		**(212,395)**	(127,463)
Acquisition of fixed assets and investment properties		**(475,797)**	(410,609)
Proceeds from disposal of associated companies		**1,465,767**	-
Proceeds from disposal of fixed assets and investment properties		**48,936**	18,667
Dividend received from investments and associated companies		**130,282**	373,246
Net cash from/(used in) investing activities		**423,545**	(171,163)
Financing activities			
Proceeds from share issues		**8,337**	34,164
Proceeds from minority shareholders of subsidiaries		**510,224**	199,559
Proceeds from term loans		**196,658**	170,228
Repayment of term loans		**(431,184)**	(458,437)
Dividend paid to shareholders of the Company		**(573,562)**	(1,097,743)
Dividend paid to minority shareholders of subsidiaries		**(87,136)**	(103,416)
Net cash used in financing activities		**(376,663)**	(1,255,645)
Net increase in cash and cash equivalents		**717,030**	620,006
Cash and cash equivalents as at 1 January		**2,217,089**	1,597,083
Cash and cash equivalents as at 31 December	B	**2,934,119**	2,217,089

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows

	2009 $'000	2008 $'000
A. Acquisition of Subsidiary and Business		
During the financial year, the fair values of net assets of subsidiary and business acquired were as follows:		
Fixed assets	**143,507**	-
Stocks & work-in-progress	**161**	1,750
Debtors	**463,546**	-
Bank balances and cash	**12,842**	-
Creditors	**(13,752)**	-
Loans	**(70,935)**	-
Deferred tax	**(9,765)**	-
Minority interests	**-**	(350)
	525,604	1,400
Goodwill on consolidation (Note 11)	**24,615**	-
Purchase consideration	**550,219**	1,400
Less: Purchase consideration payable	**(7,943)**	-
Less: Bank balances and cash acquired	**(12,842)**	-
Cash flow on acquisition net of cash acquired	**529,434**	1,400

B. Cash and Cash Equivalents

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

Bank balances, deposits and cash (Note 16)	**2,935,787**	2,244,851
Bank overdrafts (Note 20)	**(1,668)**	(27,762)
	2,934,119	2,217,089

See accompanying notes to the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation and network & logistics;
- property development & investment and property fund management; and
- investments.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements of the Group for the financial year ended 31 December 2009 and the balance sheet and statement of changes in equity of the Company at 31 December 2009 were authorised for issue in accordance with a resolution of the Board of Directors on 1 March 2010.

2. Significant acounting policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of New and Revised Standards

In the current year, the Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

FRS 1 (Revised)	Presentation of Financial Statements
Amendments to FRS 23	Borrowing Costs
Amendments to FRS 107	Improving Disclosures about Financial Instruments
FRS 108	Operating Segments
Improvements to FRSs	Amendments to FRS 40

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on these financial statements except as disclosed below:

FRS 1 (Revised) – Presentation of Financial Statements

FRS 1 (Revised) introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

Amendments to FRS 107 – Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs for these amendments.

2. Significant acounting policies (continued)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the balance sheet date.

The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of acquisition or disposal. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the purchase method. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Costs directly attributable to an acquisition are included as part of the cost of acquisition.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

(c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Freehold buildings	30 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 2 to 80 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	1 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Investment Properties

Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

(e) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are stated in the Company's financial statements at cost less any impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

(f) Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control, in the operating and financial policy decisions.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting whereby the Group's share of profit or loss of the associated company is included in the profit and loss account and the Group's share of net assets of the associated company is included in the balance sheet.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

(g) Intangibles

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses.

Other Intangible Assets

Intangible assets include development expenditure. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight line basis over their useful lives, ranging from 5 to 15 years.

(h) Investments

Investments are classified as held for trading or available-for-sale. Investments acquired for the purpose of selling in the short term are classified as held for trading. Other investments held by the Group are classified as available-for-sale.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments are initially measured at fair value plus transaction costs except for investments held for trading, which are recognised at fair value.

For investments held for trading, gains and losses arising from changes in fair value are included in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

2. Significant acounting policies (continued)

(i) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") forward contracts is determined using forward HSFO prices provided by the Group's key counterparty. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

(j) Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated at their fair values as reduced by appropriate allowances for estimated irrecoverable amounts.

(k) Stocks & Work-in-Progress

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method.

Work-in-progress is stated at the lower of cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) and net realisable value, which is arrived at after providing for anticipated losses, if any, when the possibility of loss is ascertained.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure and interest incurred during the period of construction.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. Upon receipt of temporary occupation permits, they are transferred to completed properties held for sale.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

Progress claims made against work-in-progress are offset against the cost of work-in-progress and the profits recognised on partly completed long-term contracts less any provision required to reduce cost to estimated realisable value.

(l) Impairment of Assets

Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognised an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Investments

Significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account are not reversed through the profit and loss account until the investment is disposed of.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

Tangible and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for cash-generating unit to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

2. Significant acounting policies (continued)

(m) Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated at their fair values. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit and loss account over the period of the borrowings using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

(o) Leases

When a group company is the lessee

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a group company is the lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

(p) Revenue

Revenue consists of:

- Revenue recognised on contracts, under the percentage of completion method when the outcome of the contract can be estimated reliably;
- Invoiced value of goods and services;
- Rental income from investment properties; and
- Investment income, interest and fee income.

(q) Revenue Recognition

Revenue from rigbuildings, shipbuildings and repairs, and long term engineering contracts is recognised based on the percentage of completion method in proportion to the stage of completion, provided that the work is at least 20% complete and the outcome of such work can be reliably estimated. The percentage of completion is measured by reference to the percentage of the physical proportion of the contract work completed as determined by engineers' estimates. Provision is made where applicable for anticipated losses on contracts in progress.

Revenue recognition on partly completed properties held for sale is based on the percentage of completion method as follows:

- For Singapore trading properties under development, the profit recognition upon the signing of sales contracts is 20% of the total estimated profit attributable to the actual contracts signed. Subsequent recognition of profit is based on the stage of physical completion;

- For overseas trading properties under development, the profit recognition upon the signing of sales contracts is the direct proportion of total expected project profit attributable to the actual sales contract signed, but only to the extent that it relates to the stage of physical completion; and

- In respect of large residential property projects, income recognition is applied by phases.

When losses are expected, full provision is made in the accounts after adequate allowance has been made for estimated costs to completion. Any expenditure incurred on abortive projects is written off in the profit and loss account.

Revenue from the sale of products is recognised upon shipment to customers and collectibility of the related receivables is reasonably assured. Sales are stated net of goods and services tax and sales returns.

Revenue from the rendering of services including electricity supply and logistic services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Rental income from operating leases on investment properties are recognised on a straight-line basis over the lease term.

Dividend income from investments is recognised when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

2. Significant acounting policies (continued)

(r) Borrowing Costs

Borrowing costs incurred to finance the development of properties are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

(s) Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the profit and loss account with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant.

(t) Income Taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(u) Foreign Currencies

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Exchange differences on non-monetary items such as investments held for trading are reported as part of the fair value gain or loss. Exchange differences on non-monetary items such as available-for-sale investments are also recognised in other comprehensive income.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. The trading results of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in a separate component of equity. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as non-monetary foreign currency assets and liabilities of the acquirer and recorded at the closing exchange rate.

(v) Critical Accounting Estimates and Judgements

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet.

Impairment of available-for-sale investments

The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The fair values of available-for-sale investments are disclosed in the balance sheet.

2. Significant acounting policies (continued)

Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investment properties and intangibles are disclosed in the balance sheet.

Revenue recognition

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumption is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 22.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumption is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

3. Share capital

	Group and Company	
	2009	2008
	$'000	$'000
Ordinary Shares ("Shares")		
Issued and paid up:		
Balance 1 January		
1,593,134,180 Shares (2008: 1,585,086,180 Shares)	**824,571**	790,407
Issued during the financial year		
1,362,500 Shares (2008: 8,048,000 Shares)	**8,337**	34,164
Balance 31 December		
1,594,496,680 Shares (2008: 1,593,134,180 Shares)	**832,908**	824,571

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 1,362,500 Shares for cash upon exercise of options under the KCL Share Option Scheme. This comprised 20,000 Shares at $1.30 per Share, 10,000 Shares at $1.32 per Share, 10,000 Shares at $2.24 per Share, 20,000 Shares at $3.01 per Share, 20,000 Shares at $3.24 per Share, 184,000 Shares at $4.42 per Share, 335,000 Shares at $6.24 per Share, 394,000 Shares at $6.39 per Share, 341,500 Shares at $7.66 per Share and 28,000 Shares at $4.04 per Share.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Lim Hock San (Chairman)
Lee Boon Yang
Sven Bang Ullring
Oon Kum Loon (Mrs)
Tow Heng Tan

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last done prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the subscription price at a discount not exceeding 20 percent to the above price. None of the options offered in the financial year was granted at a discount.

3. Share capital (continued)

To promote transparency, the Board of Directors had in 2002 resolved that the date of offer of share options under the Scheme shall be a pre-determined date; that is, the date falling 14 days immediately after the date of announcement of the Company's half-year or full-year results, as the case may be. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2009		2008	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**45,491,000**	**$9.23**	37,768,000	$7.80
Granted	**17,414,500**	**$6.04**	16,715,000	$10.12
Exercised	**(1,362,500)**	**$6.12**	(8,048,000)	$4.24
Cancelled	**(1,949,000)**	**$8.91**	(944,000)	$9.93
Balance at 31 December	**59,594,000**	**$8.38**	45,491,000	$9.23
Exercisable at 31 December	**28,056,500**	**$8.79**	14,829,000	$6.39

The weighted average share price at the date of exercise for options exercised during the financial year was $8.04 (2008: $10.78). The options outstanding at the end of the financial year had a weighted average exercise price of $8.38 (2008: $9.23) and a weighted average remaining contractual life of 7.9 years (2008: 8.3 years).

On 5 February 2009 and 6 August 2009, the Company granted 9,079,000 options and 8,335,500 options respectively under the KCL Share Option Scheme. The estimated fair values of the options granted on those dates are $0.64 per share (14 February 2008: $1.38 per share) and $1.98 per share (14 August 2008: $1.54 per share) respectively. These fair values are determined using The Black-Scholes pricing model. The significant inputs into the model are as follows:

	2009		2008	
Date of grant	**5.2.2009**	**6.8.2009**	14.2.2008	14.8.2008
Prevailing share price at grant	**$4.04**	**$8.21**	$9.96	$10.26
Exercise price	**$4.04**	**$8.21**	$9.96	$10.26
Expected volatility	**41.43%**	**42.82%**	27.59%	29.33%
Expected life	**4.0 years**	**4.0 years**	3.5 years	3.5 years
Risk free rate	**0.96%**	**0.97%**	1.23%	1.81%
Expected dividend yield	**8.66%**	**4.38%**	4.39%	4.78%

The expected volatility is determined by calculating the historical volatility of the Company's share price over the previous 4.0 years (2008: 3.5 years). The expected lives used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Details of share options granted by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd, subsidiaries of the Company are disclosed in the annual reports of the respective publicly-listed subsidiaries.

4. Reserves

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Capital Reserves				
Share option reserve	**100,777**	**80,240**	91,555	70,042
Fair value reserve	**231,920**	**36,673**	-	-
Hedging reserve	**141,999**	**(65,580)**	-	-
Bonus issue by subsidiaries	**40,000**	**40,000**	-	-
Others	**25,593**	**36,012**	-	-
	540,289	**127,345**	91,555	70,042
Revenue Reserves	**4,695,478**	**3,643,141**	3,833,363	2,250,226
Foreign Exchange Translation Account	**(83,328)**	**1,119**	-	-
	5,152,439	**3,771,605**	3,924,918	2,320,268

Movements in the Group's and the Company's reserves are set out in the Consolidated Statement of Comprehensive Income and Statement of Changes in Equity respectively.

5. Fixed assets

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery & Equipment $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2009						
Cost						
At 1 January	52,628	1,262,154	223,638	1,731,321	207,813	3,477,554
Additions	248	10,999	14,381	48,486	218,457	292,571
Disposals	(255)	(644)	(10,684)	(21,978)	(19,025)	(52,586)
Subsidiary acquired	-	15,213	-	132,300	30,683	178,196
Subsidiary disposed	(213)	-	-	(87,902)	-	(88,115)
Reclassification						
- Stocks	-	-	-	(827)	-	(827)
- Other assets	-	1,019	-	286	-	1,305
- Other fixed assets categories	2,118	72,695	4,105	75,443	(154,361)	-
Exchange differences	(189)	(27,653)	1,609	(22,050)	(5,335)	(53,618)
At 31 December	54,337	1,333,783	233,049	1,855,079	278,232	3,754,480
Accumulated Depreciation & Impairment Losses						
At 1 January	19,418	490,420	101,514	919,540	-	1,530,892
Depreciation charge	2,539	41,675	28,931	100,701	-	173,846
Impairment loss (Note 26)	-	655	-	-	-	655
Disposals	(165)	(155)	(2,443)	(17,932)	-	(20,695)
Subsidiary acquired	-	4,853	-	29,836	-	34,689
Subsidiary disposed	(213)	-	-	(87,902)	-	(88,115)
Reclassification						
- Stocks	-	-	-	130	-	130
- Other assets	-	287	-	157	-	444
- Other fixed assets categories	(2,460)	(197)	(2,411)	5,068	-	-
Exchange differences	(267)	(14,809)	98	(19,560)	-	(34,538)
At 31 December	18,852	522,729	125,689	930,038	-	1,597,308
Net Book Value	35,485	811,054	107,360	925,041	278,232	2,157,172

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery & Equipment $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2008						
Cost						
At 1 January	54,228	1,158,464	209,730	1,598,671	103,230	3,124,323
Additions	4,190	5,460	8,952	71,025	229,463	319,090
Disposals	(2,425)	(2,595)	(19,242)	(19,291)	-	(43,553)
Reclassification						
- Stocks	729	33,621	-	98	54,992	89,440
- Investment properties	-	(867)	-	(5,955)	-	(6,822)
- Other fixed assets categories	(2,291)	64,605	27,766	88,801	(178,881)	-
Exchange differences	(1,803)	3,466	(3,568)	(2,028)	(991)	(4,924)
At 31 December	52,628	1,262,154	223,638	1,731,321	207,813	3,477,554
Accumulated Depreciation & Impairment Losses						
At 1 January	21,781	453,732	100,564	850,015	-	1,426,092
Depreciation charge	2,507	36,135	14,918	85,139	-	138,699
Impairment loss (Note 26)	-	-	-	1,036	-	1,036
Disposals	(1,433)	(1,038)	(11,654)	(19,054)	-	(33,179)
Reclassification						
- Other fixed assets categories	(3,014)	(51)	(1,028)	4,093	-	-
Exchange differences	(423)	1,642	(1,286)	(1,689)	-	(1,756)
At 31 December	19,418	490,420	101,514	919,540	-	1,530,892
Net Book Value	33,210	771,734	122,124	811,781	207,813	1,946,662

During the financial year, the Group recognised impairment losses of $655,000 (2008: $1,036,000) which relates to write-down of non-performing assets in the Infrastructure division. These non-performing assets were fully written down.

Certain plant, machinery and equipment with carrying amount of $14,322,000 (2008: $19,542,000) are mortgaged to banks for loan facilities (Note 19).

5. Fixed assets (continued)

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Plant, Machinery & Equipment $'000	Total $'000
Company				
2009				
Cost				
At 1 January	**6,542**	**484**	**6,952**	**13,978**
Additions	**27**	**-**	**417**	**444**
Disposals	**-**	**(484)**	**(323)**	**(807)**
At 31 December	**6,569**	**-**	**7,046**	**13,615**
Accumulated Depreciation				
At 1 January	**1,711**	**82**	**6,295**	**8,088**
Depreciation charge	**41**	**5**	**385**	**431**
Disposals	**-**	**(87)**	**(247)**	**(334)**
At 31 December	**1,752**	**-**	**6,433**	**8,185**
Net Book Value	**4,817**	**-**	**613**	**5,430**
2008				
Cost				
At 1 January	6,542	484	6,346	13,372
Additions	-	-	682	682
Disposals	-	-	(76)	(76)
At 31 December	6,542	484	6,952	13,978
Accumulated Depreciation				
At 1 January	1,671	72	5,961	7,704
Depreciation charge	40	10	407	457
Disposals	-	-	(73)	(73)
At 31 December	1,711	82	6,295	8,088
Net Book Value	4,831	402	657	5,890

6. Investment properties

	Group	
	2009 $'000	2008 $'000
At 1 January	**3,029,675**	2,960,347
Acquisition of property	**107,690**	-
Development expenditure	**75,536**	80,508
Fair value (loss)/gain (Note 26)	**(131,920)**	4,471
Disposals	**(19,458)**	-
Write-off	**(255)**	(380)
Reclassification		
- Fixed assets	**-**	6,822
- Stocks	**(21)**	(11,435)
Exchange differences	**(10,000)**	(10,658)
At 31 December	**3,051,247**	3,029,675

The Group's investment properties (including integral plant and machinery) are stated at Directors' valuations based on the following valuations (open market value basis) by independent firms of professional valuers as at 31 December 2009:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd for properties in Singapore;
- CB Richard Ellis (Vietnam) Co. Ltd and Allied Appraisal Consultants Pte Ltd for properties in Vietnam; and
- PT. Willson Properti Advisindo and PT. Piesta Penilai for properties in Indonesia.

Interest capitalised during the financial year amounted to $1,992,000 (2008: $1,219,000).

Certain investment properties with carrying amount of $2,125,600,000 (2008: $2,230,226,000) are mortgaged to banks for loan facilities (Note 19).

7. Subsidiaries

	Company	
	2009 $'000	2008 $'000
Quoted shares, at cost		
Market value: $3,243,780,000 (2008: $997,210,000)	**1,728,360**	1,329,571
Unquoted shares, at cost	**1,933,706**	1,806,332
	3,662,066	3,135,903
Provision for impairment	**(265,000)**	(265,000)
	3,397,066	2,870,903
Advances from subsidiaries	**(3,600)**	(3,600)
	3,393,466	2,867,303

Movements in the provision for impairment of subsidiaries are as follows:

At 1 January	**265,000**	199,135
Charge to profit and loss account	**-**	65,865
At 31 December	**265,000**	265,000

Advances from subsidiaries are unsecured, interest free and are not repayable within the next 12 months.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 37.

8. Associated companies

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Quoted shares, at cost				
Market value: $474,190,000 (2008: $916,407,000)	**208,176**	590,708	**-**	-
Unquoted shares, at cost	**795,997**	722,218	**3,074**	3,074
	1,004,173	1,312,926	**3,074**	3,074
Provision for impairment	**(94,207)**	(33,993)	**-**	-
	909,966	1,278,933	**3,074**	3,074
Share of reserves	**527,549**	759,328	**-**	-
	1,437,515	2,038,261	**3,074**	3,074
Advances to associated companies	**1,285,654**	1,162,770	**-**	-
	2,723,169	3,201,031	**3,074**	3,074

Movements in the provision for impairment of associated companies are as follows:

At 1 January	**33,993**	28,131	**-**	-
(Write back)/charge to profit and loss account	**(56)**	115	**-**	-
Impairment loss (Note 26)	**61,000**	6,209	**-**	-
Amount written off/disposed	**-**	(713)	**-**	-
Exchange differences	**(730)**	251	**-**	-
At 31 December	**94,207**	33,993	**-**	-

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 1.47% to 4.47% (2008: 1.93% to 3.41%) per annum.

During the financial year, the Group recognised an impairment loss of $61,000,000 (2008: $Nil) on investment in an associated company. The carrying amount of the associated company was reduced to its recoverable amount, which was based on the estimated future cash flow from operations discounted to present value at 11%.

	Group	
	2009 $'000	2008 $'000
The share of attributable profit of associated companies is as follows:		
Share of profit before tax and exceptional items	**321,683**	353,957
Share of exceptional items (Note 26)	**100,684**	7,684
Share of profit before taxation	**422,367**	361,641
Share of taxation (Note 27)	**(57,226)**	(71,066)
Share of attributable profit	**365,141**	290,575

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

Total assets	**12,657,767**	15,516,823
Total liabilities	**7,478,745**	9,172,077
Revenue	**3,777,218**	14,518,960
Attributable profit before exceptional items	**673,342**	835,792
Attributable profit after exceptional items	**912,386**	850,997

Information relating to significant associated companies whose results are included in the financial statements is given in Note 37.

9. Investments

	Group	
	2009 $'000	2008 $'000
Available-for-sale investments:		
Quoted equity shares	**49,992**	16,040
Unquoted equity shares	**40,351**	28,524
Unquoted property funds	**61,703**	56,460
	152,046	101,024

10. Long term receivables

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Receivables from service concession arrangements	**564,387**	194,088	**-**	-
Staff loans	**2,941**	3,829	**793**	1,331
Long term trade receivables	**21,049**	382	**-**	-
Loan to a subsidiary	**-**	-	**-**	300,000
Others	**18,979**	16,397	**-**	-
	607,356	214,696	**793**	301,331
Less: Amounts due within one year and included in debtors (Note 14)	**(55,957)**	(13,104)	**(209)**	(313)
	551,399	201,592	**584**	301,018
Provision for doubtful debts	**(3,734)**	(3,930)	**-**	-
	547,665	197,662	**584**	301,018

Movements in the provision for doubtful debts are as follows:

At 1 January	**3,930**	4,358	**-**	-
Amount written off	**52**	(18)	**-**	-
Exchange differences	**(248)**	(410)	**-**	-
At 31 December	**3,734**	3,930	**-**	-

Receivables arising from service concession arrangements arose from the following:

(a) a 20-year contract to build and operate a water treatment plant. The plant started commercial operations in 2007;
(b) a 25-year contract to build and operate a waste-to-energy plant. The plant started commercial operations in November 2009; and
(c) a 15-year contract to design, upgrade, own and operate an incineration plant. The plant was acquired from the Singapore Government in August 2009.

The above arrangements are classified as service concession arrangements under INT FRS 112. Under the terms of the arrangements, the Group will receive an aggregate minimum amount of $54,959,000 (2008: $16,300,000) yearly from the contracted parties (grantors) in exchange for services performed by the Group when the plants are in commercial operations. Revenue and profit arising from these arrangements for the provision of construction services amounted to $39,876,000 and $4,969,000 (2008: $63,223,000 and $2,394,000) respectively.

Certain assets of the waste-to-energy plant with carrying amount of $163,337,000 (2008: $113,000,000) are mortgaged to banks for loan facilities (Note 19).

Included in staff loans are interest free advances to certain Directors amounting to $210,000 (2008: $409,000) and to directors of related corporations amounting to $436,000 (2008: $536,000) under an approved car loan scheme.

10. Long term receivables (continued)

Long term receivables are unsecured, largely repayable after five years and bears effective interest ranging from 3.22% to 5.00% (2008: 1.09% to 4.58%) per annum.

During the financial year, the Group recognised an impairment loss of $107,522,000 (2008: $Nil) on certain long term receivable. The carrying amount of the long term receivable was reduced to its recoverable amount, which was based on the estimated future cash flow from operations discounted to present value at 5%.

The fair value of long term receivables for the Group is $547,272,000 (2008: $197,600,000). The carrying amount of long term receivables for the Company approximates its fair value. These fair values are computed on the discounted cash flow method using a discount rate based upon the market-related rate for a similar instrument as at the balance sheet date.

11. Intangibles

	Goodwill $'000	Development Expenditure $'000	Total $'000
Group			
2009			
At 1 January	**73,253**	**5,234**	**78,487**
Additions	**24,615**	**151**	**24,766**
Amortisation	**-**	**(467)**	**(467)**
Impairment loss (Note 26)	**(11,568)**	**-**	**(11,568)**
Reclassification	**704**	**(1,655)**	**(951)**
Exchange differences	**-**	**(149)**	**(149)**
At 31 December	**87,004**	**3,114**	**90,118**
Cost	**87,004**	**12,981**	**99,985**
Accumulated amortisation	**-**	**(9,867)**	**(9,867)**
	87,004	**3,114**	**90,118**
2008			
At 1 January	62,389	5,434	67,823
Additions	10,864	165	11,029
Amortisation	-	(379)	(379)
Exchange differences	-	14	14
At 31 December	73,253	5,234	78,487
Cost	73,253	8,750	82,003
Accumulated amortisation	-	(3,516)	(3,516)
	73,253	5,234	78,487

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Goodwill allocated to Offshore & Marine division amounted to $5,211,000 (2008: $16,075,000). The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by management for the next five years using discount rates ranging from 7.30% to 16.10% (2008: 7.32% to 20.00%). The key assumptions are those regarding the discount rate and expected changes to selling prices and direct costs. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and risks specific to the unit. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Goodwill allocated to Infrastructure division amounted to $81,793,000 (2008: $57,178,000). This includes provisional goodwill of $24,615,000 arising from the acquisition of Keppel DHCS Pte Ltd (previously First DCS Pte Ltd) during the financial year. Goodwill has been determined on a provisional basis as the purchase price allocation exercise is not finalised as at the date the financial statements was authorised for issue. For the balance of goodwill amounting to $57,178,000, the recoverable amount is based on current bid prices of the cash-generating unit.

During the financial year, goodwill allocated to Offshore & Marine division of $11,568,000 was impaired as the recoverable amount based on value-in-use calculation was lower than the carrying amount.

12. Stocks and work-in-progress

		Group	
		2009 $'000	2008 $'000
Work-in-progress in excess of related billings	(a)	**648,925**	400,760
Stocks	(c)	**248,109**	414,032
Properties held for sale	(d)	**2,281,148**	2,504,028
		3,178,182	3,318,820
Billings on work-in-progress in excess of related costs	(b)	**(1,683,392)**	(2,882,124)

(a) Work-in-Progress in excess of Related Billings

Costs incurred and attributable profits	**7,027,504**	5,696,608
Provision for loss on work-in-progress	**(2,809)**	(1,534)
	7,024,695	5,695,074
Less: Progress billings	**(6,375,770)**	(5,294,314)
	648,925	400,760

Movements in the provision for loss on work-in-progress are as follows:

At 1 January	**1,534**	37,284
Charge to profit and loss account	**1,963**	-
Amount utilised	**(611)**	(35,880)
Exchange differences	**(77)**	130
At 31 December	**2,809**	1,534

(b) Billings on Work-in-Progress in excess of Related Costs

Costs incurred and attributable profits	**11,753,627**	12,474,358
Less: Progress billings	**(13,437,019)**	(15,356,482)
	(1,683,392)	(2,882,124)

(c) Stocks

Consumable materials and supplies	**235,984**	385,295
Finished products for sale	**12,125**	28,737
	248,109	414,032

12. Stocks and work-in-progress (continued)

	Group	
	2009	2008
	$'000	$'000
(d) Properties Held For Sale		
Properties under development		
Land cost	**1,537,652**	1,816,011
Development cost incurred to date	**1,066,114**	1,053,750
Related overhead expenditure	**576,876**	562,097
Progress billing and recognised profit	**(1,047,505)**	(1,141,802)
	2,133,137	2,290,056
Completed properties held for sale	**196,212**	286,159
	2,329,349	2,576,215
Provision for properties held for sale	**(48,201)**	(72,187)
	2,281,148	2,504,028

Movements in the provision for properties held for sale are as follows:

At 1 January	**72,187**	115,915
Write-back to profit and loss account	**(13,237)**	(24,616)
Amount utilised	**(10,739)**	(19,127)
Exchange differences	**(10)**	15
At 31 December	**48,201**	72,187

Interest capitalised during the financial year amounted to $17,319,000 (2008: $17,113,000) at rates ranging from 0.91% to 4.14% (2008: 1.64% to 3.50%) per annum for Singapore properties and 3.10% to 21.00% (2008: 1.23% to 21.00%) per annum for overseas properties.

Certain properties held for sale with carrying amount of $101,879,000 (2008: $447,368,000) are mortgaged to banks for loan facilities (Note 19).

13. Amounts due from/to

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Subsidiaries				
Amounts due from				
- trade	**-**	-	**6,155**	5,366
- advances	**-**	-	**1,642,973**	261,952
	-	-	**1,649,128**	267,318
Provision for doubtful debts	**-**	-	**(6,600)**	(6,600)
	-	-	**1,642,528**	260,718
Amounts due to				
- trade	**-**	-	**163,307**	404,461
- advances	**-**	-	**102,239**	68,387
	-	-	**265,546**	472,848
Movements in the provision for doubtful debts are as follows:				
At 1 January	**-**	-	**6,600**	5,700
Charge to profit and loss account	**-**	-	**-**	900
At 31 December	**-**	-	**6,600**	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.10% to 6.00% (2008: 0.10% to 3.90%) per annum on interest-bearing advances.

Associated Companies				
Amounts due from				
- trade	**86,330**	85,363	**6,056**	300
- advances	**207,728**	242,333	**-**	-
	294,058	327,696	**6,056**	300
Provision for doubtful debts	**(6,136)**	(1,113)	**-**	-
	287,922	326,583	**6,056**	300
Amounts due to				
- trade	**13,388**	17,186	**-**	-
- advances	**154,798**	405,019	**-**	-
	168,186	422,205	**-**	-
Movements in the provision for doubtful debts are as follows:				
At 1 January	**1,113**	946	**-**	-
Charge to profit and loss account	**5,023**	167	**-**	-
At 31 December	**6,136**	1,113	**-**	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.13% to 5.31% (2008: 0.40% to 9.56%) per annum on interest-bearing advances.

14. Debtors

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Trade debtors	**1,105,613**	1,326,761	**-**	-
Provision for doubtful debts	**(36,552)**	(30,074)	**-**	-
	1,069,061	1,296,687	**-**	-
Long term receivables due within one year (Note 10)	**55,957**	13,104	**209**	313
Sundry debtors	**87,293**	114,503	**269**	249
Prepaid project cost & prepayments	**31,118**	54,368	**166**	210
Derivative financial instruments (Note 34)	**117,906**	71,616	**102,502**	58,675
Tax recoverable	**19,258**	9,494	**-**	-
Goods & Services Tax receivable	**91,184**	88,727	**-**	-
Interest receivable	**21,289**	17,928	**48**	66
Deposits paid	**43,756**	16,975	**381**	395
Recoverable accounts	**43,509**	50,498	**-**	-
Accrued receivables	**9,412**	6,477	**-**	-
Advances to subcontractors	**107,129**	173,346	**-**	-
Advances to corporations in which the Group has investment interests	**48,551**	52,334	**-**	-
Advances to minority shareholders of subsidiaries	**9,496**	33,131	**-**	-
	685,858	702,501	**103,575**	59,908
Provision for doubtful debts	**(27,820)**	(28,357)	**-**	-
	658,038	674,144	**103,575**	59,908
Total	**1,727,099**	1,970,831	**103,575**	59,908

Movements in the provision for debtors are as follows:

At 1 January	**58,431**	52,136	**-**	-
Charge to profit and loss account	**11,996**	12,590	**-**	-
Impairment loss written back (Note 26)	**-**	(1,921)	**-**	-
Amount written off	**(5,546)**	(4,197)	**-**	-
Reclassification	**67**	(6)	**-**	-
Exchange differences	**(576)**	(171)	**-**	-
At 31 December	**64,372**	58,431	**-**	-

15. Short term investments

	Group	
	2009 $'000	2008 $'000
Available-for-sale investments:		
Quoted equity shares	**322,108**	229,484
Quoted unit trust	**-**	1,641
Quoted bonds	**-**	6,480
Unquoted equity shares	**27,680**	25,772
Unquoted unit trust	**46,393**	27,676
Total available-for-sale investments	**396,181**	291,053
Investments held for trading:		
Quoted equity shares	**59,415**	32,781
Quoted unit trust	**919**	6,983
Total investments held for trading	**60,334**	39,764
Total short term investments	**456,515**	330,817

16. Bank balances, deposits and cash

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Bank balances and cash	**447,051**	417,603	**3,051**	3,155
Fixed deposits with banks	**2,379,201**	1,746,261	**30,456**	661,286
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**54,898**	34,364	**-**	-
Bank balances of property subsidiaries held under Project Account Rules 1985	**54,637**	46,623	**-**	-
	2,935,787	2,244,851	**33,507**	664,441

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 3 months (2008: 1 day to 3 months). This comprised Singapore dollar fixed deposits of $956,427,000 (2008: $672,885,000) at interest rates ranging from 0.10% to 1.10% (2008: 0.11% to 2.14%) per annum, and foreign currency fixed deposits of $1,422,774,000 (2008: $1,073,376,000) at interest rates ranging from 0.10% to 18.00% (2008: 0.10% to 18.00%) per annum.

Fixed deposits with banks of the Company mature on varying periods, substantially between 4 days to 3 months (2008: 2 days to 3 months). This comprised foreign currency fixed deposits of $30,456,000 at interest rates ranging from 0.04% to 3.45% (2008: 0.10% to 5.88%) per annum. As at 31 December 2008, fixed deposits with banks of the Company comprised Singapore dollar fixed deposits of $509,603,000 at interest rates ranging from 0.37% to 0.50% per annum, and foreign currency fixed deposits of $151,683,000 at interest rates ranging from 0.10% to 5.88% per annum.

17. Creditors

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Trade creditors	**875,892**	952,313	**53**	52
Customers' advances and deposits	**60,515**	61,497	**57**	56
Derivative financial instruments (Note 34)	**57,864**	266,516	**37,171**	158,020
Sundry creditors	**623,888**	517,803	**11,829**	5,960
Accrued operating expenses	**2,112,151**	1,778,607	**83,192**	55,294
Advances from minority shareholders	**221,384**	271,330	**-**	-
Interest payables	**9,653**	12,161	**-**	306
Other payables	**90,625**	79,356	**-**	-
	4,051,972	3,939,583	**132,302**	219,688

Advances from minority shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.25% to 4.64% (2008: 2.00% to 18.59%) per annum on interest-bearing loans.

18. Provisions

	Warranties $'000	Claims $'000	Total $'000
Group			
2009			
At 1 January	**58,301**	**308**	**58,609**
Charge to profit and loss account	**5,397**	**7,601**	**12,998**
Amount utilised	**(3,215)**	**-**	**(3,215)**
Exchange differences	**470**	**(6)**	**464**
At 31 December	**60,953**	**7,903**	**68,856**
2008			
At 1 January	35,267	2,633	37,900
Charge/(write-back) to profit and loss account	25,830	(2,190)	23,640
Amount utilised	(351)	(113)	(464)
Exchange differences	(2,445)	(22)	(2,467)
At 31 December	58,301	308	58,609

19. Term loans

		2009		2008	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000
Group					
Keppel Corporation Medium Term Notes	(a)	**-**	**-**	-	300,000
Keppel Land Medium Term Notes	(b)	**248,000**	**70,000**	108,500	150,000
Keppel Land 2.5% Convertible Bonds 2013	(c)	**-**	**275,925**	-	269,579
Keppel Structured Notes Commodity-linked Notes	(d)	**-**	**41,920**	-	41,920
K-REIT Asia term loans	(e)	**-**	**190,085**	-	190,085
Bank and other loans					
- secured	(f)	**174,761**	**268,045**	37,525	385,130
- unsecured	(g)	**416,356**	**72,435**	51,843	407,839
		839,117	**918,410**	197,868	1,744,553
Company					
Keppel Corporation Medium Term Notes	(a)	**-**	**-**	-	300,000

(a) The $300,000,000 Floating Rate Notes 2010 were issued in 2005 under the US$600,000,000 Multi-Currency Medium Term Note Programme by the Company. The notes were unsecured and were issued in tranches which will mature five years from the date of issue. Interest is based on money market rates ranging from 0.89% to 1.34% (2008: 1.09% to 3.04%) per annum. The notes were fully redeemed in the year.

(b) At the end of the financial year, notes issued under the US$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited, a subsidiary of the Company, amounted to $318,000,000. The notes are unsecured and are issued in series or tranches, and comprised (i) fixed rate notes due 2010 to 2012 of $168,000,000 and (ii) variable rate notes due 2010 of $150,000,000. Interest payable is based on money markets rates ranging from 1.14% to 4.25% (2008: 1.10% to 3.40%) per annum.

(c) The $300,000,000 2.5%, 7 year convertible bonds were issued in 2006 by Keppel Land Limited. Interest is payable semi-annually. The bonds, maturing on 23 June 2013, are convertible at the option of bondholders to Keppel Land ordinary shares at a conversion price of $5.58 per share. Any bondholder may request to redeem all or some of its bonds on 23 June 2011 or in the event that its shares cease to be listed or admitted to trading on the Singapore Stock Exchange.

The convertible bonds are recognised on the balance sheet as follows:

	Group	
	2009 $'000	2008 $'000
Balance at 1 January	**269,579**	263,488
Interest expense	**13,846**	13,591
Interest paid	**(7,500)**	(7,500)
Liability component at 31 December	**275,925**	269,579

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 4.78% (2008: 4.78%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

19. Term loans (continued)

(d) The S$23,960,000 ("Tranche A") and US$11,565,000 ("Tranche B") commodity-linked notes were issued in 2006 by Keppel Structured Notes Pte Ltd ("KSN"), a subsidiary of the Company. The commodity-linked notes, maturing on 28 November 2011, may be redeemed at par at the option of KSN, in whole, on notice, in the event of certain changes in the tax laws of Singapore, subject to certain other conditions. The notes are unsecured and bear interest payable annually at a rate ranging from 6% to 13% per annum for the period from 27 November 2006 to 28 November 2011. The notes are unconditionally and irrevocably guaranteed by the Company. KSN has entered into a 5-year commodity-linked interest rate swap transaction relating to Tranche A notes and a 5-year commodity-linked cross currency and interest rate swap transaction relating to the Tranche B notes to hedge the foreign exchange and interest rate risks of the notes. The effect of the swap transactions is that KSN pays an interest rate based on money market rates ranging from 1.21% to 1.50% (2008: 1.50% to 2.77%) per annum.

(e) K-REIT Asia, a subsidiary of the Company, secured two fixed rate mortgage loans in 2006 totalling $190,085,000 from a special purpose company, Blossom Assets Ltd. The loans consist of a Tranche A Mortgage Loan amounting to $160,197,000 and a Tranche B Mortgage Loan amounting to $29,888,000, which are funded by the proceeds of commercial mortgaged-backed securities notes issued by Blossom Assets Ltd. The loans are due on 17 May 2011 and are secured on the investment properties and certain assets of K-REIT Asia. Interest is payable ranging from 3.91% to 4.06% (2008: 3.91% to 4.06%) per annum.

(f) The secured bank loans consist of:

- A $100,300,000 bank loan drawn down by a subsidiary. The term loan is repayable in 2029 and is secured on certain fixed assets of the subsidiary. Interest is swapped to fixed rates ranging from 3.52% to 3.62% (2008: 3.42% to 3.62%) per annum.

- A term loan of $158,600,000 drawn down by a subsidiary. The term loan is repayable in 2010 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 1.60% to 2.17% (2008: 2.03% to 3.71%) per annum.

- A term loan of $141,912,000 drawn down by a subsidiary. The term loan is repayable in 2012 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 0.85% to 2.49% (2008: 1.97% to 2.48%) per annum.

- Other secured bank loans comprised $41,994,000 of foreign currency loans. They are repayable between one and five years and are secured on certain fixed and other assets of subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 6.25% to 14.50% (2008: 5.40% to 9.95%) per annum.

(g) The unsecured bank and other loans of the Group totalling $488,791,000 comprised $453,685,000 of loans denominated in Singapore dollar and $35,106,000 of foreign currency loans. They are repayable between one and twenty years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 0.93% to 3.46% (2008: 1.46% to 3.40%) per annum. Interest on foreign currency loans is based on money market rates ranging from 9.88% to 21.00% (2008: 2.03% to 21.00%) per annum.

The net book value of property and assets mortgaged to the banks amounted to $2,405,138,000 (2008: $2,810,136,000). These are securities given to the banks for loans and overdraft facilities.

The fair values of term loans for the Group and Company are $1,777,695,000 (2008: $1,968,578,000) and $nil (2008: $300,000,000) respectively. These fair values are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Directors expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Years after year-end:				
After one but within two years	**289,111**	1,020,959	**-**	300,000
After two but within five years	**556,253**	666,562	**-**	-
After five years	**73,046**	57,032	**-**	-
	918,410	1,744,553	**-**	300,000

20. Bank overdrafts

	Group	
	2009 $'000	2008 $'000
Secured	**1,668**	180
Unsecured	**-**	27,582
	1,668	27,762

Interest on the bank overdrafts is payable at the banks' prevailing prime rates of 5.19% (2008: 1.76% to 19.29%) per annum. The secured bank overdrafts are secured by certain land and building of a subsidiary.

21. Deferred taxation

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Deferred tax liabilities:				
Accelerated tax depreciation	**167,141**	159,029	**-**	-
Investment properties valuation	**175,860**	212,017	**-**	-
Offshore income & others	**88,117**	78,951	**5,377**	5,608
	431,118	449,997	**5,377**	5,608
Deferred tax assets:				
Other provisions	**(13,498)**	(40,323)	**-**	-
Unutilised tax benefits	**(5,823)**	(28,462)	**-**	-
	(19,321)	(68,785)	**-**	-
Net deferred tax liabilities	**411,797**	381,212	**5,377**	5,608

Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unutilised tax losses and capital allowances of $722,190,000 (2008: $546,613,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The unutilised tax losses and capital allowances do not have expiry dates.

21. Deferred taxation (continued)

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Charged/ (credited) to profit or loss $'000	Charged/ (credited) to other comprehensive income $'000	Subsidiary acquired $'000	Reclassification $'000	Exchange differences $'000	At 31 December $'000
Group							
2009							
Deferred Tax Liabilities							
Accelerated tax depreciation	**159,029**	**(1,843)**	**-**	**9,765**	**-**	**190**	**167,141**
Investment properties valuation	**212,017**	**(35,616)**	**-**	**-**	**-**	**(541)**	**175,860**
Offshore income & others	**78,951**	**14,497**	**14,309**	**-**	**(20,679)**	**1,039**	**88,117**
Total	**449,997**	**(22,962)**	**14,309**	**9,765**	**(20,679)**	**688**	**431,118**
Deferred Tax Assets							
Other provisions	**(40,323)**	**(1,884)**	**-**	**-**	**31,515**	**(2,806)**	**(13,498)**
Unutilised tax benefits	**(28,462)**	**22,889**	**-**	**-**	**-**	**(250)**	**(5,823)**
Total	**(68,785)**	**21,005**	**-**	**-**	**31,515**	**(3,056)**	**(19,321)**
Net Deferred Tax Liabilities	**381,212**	**(1,957)**	**14,309**	**9,765**	**10,836**	**(2,368)**	**411,797**
2008							
Deferred Tax Liabilities							
Accelerated tax depreciation	116,215	42,001	-	-	1,407	(594)	159,029
Investment properties valuation	210,607	1,426	-	-	(31)	15	212,017
Offshore income & others	113,124	(18,042)	(14,216)	-	(1,436)	(479)	78,951
Total	439,946	25,385	(14,216)	-	(60)	(1,058)	449,997
Deferred Tax Assets							
Other provisions	(31,232)	(10,742)	-	-	(1,040)	2,691	(40,323)
Unutilised tax benefits	(19,745)	(8,831)	-	-	14	100	(28,462)
Total	(50,977)	(19,573)	-	-	(1,026)	2,791	(68,785)
Net Deferred Tax Liabilities	388,969	5,812	(14,216)	-	(1,086)	1,733	381,212
Company							
2009							
Deferred Tax Liabilities							
Offshore income	**5,608**	**(231)**	**-**	**-**	**-**	**-**	**5,377**
2008							
Deferred Tax Liabilities							
Offshore income	13,486	(7,878)	-	-	-	-	5,608

22. Revenue

	Group	
	2009 $'000	2008 $'000
Revenue from construction contracts	**8,990,796**	8,946,107
Sale of property and goods	**1,337,742**	731,160
Rental income from investment properties	**181,871**	165,078
Revenue from services rendered	**1,715,563**	1,932,229
Dividend income from quoted shares	**6,555**	6,569
Others	**14,594**	24,283
	12,247,121	11,805,426

23. Staff costs

	Group	
	2009 $'000	2008 $'000
Wages and salaries	**1,093,522**	1,060,421
Employer's contribution to Central Provident Fund	**96,026**	104,068
Share options granted to Directors and employees	**23,682**	26,527
Other staff benefits	**159,175**	138,026
	1,372,405	1,329,042

24. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2009 $'000	2008 $'000
Auditors' remuneration		
- auditors of the Company	**1,270**	1,171
- other auditors of subsidiaries	**3,824**	3,984
Fees and other remuneration to Directors of the Company	**1,426**	580
Shares granted to Directors of the Company	**309**	139
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**642**	80
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**31,326**	34,959
- post-employment benefits	**420**	69
- share options granted	**3,119**	4,993
Depreciation of fixed assets	**173,846**	138,699
Write-off of investment properties	**255**	380
Amortisation of intangibles	**467**	379
Loss/(profit) on sale of fixed assets and investment properties	**5,781**	(8,268)
Profit on sale of investments	**(24,967)**	(45,263)
Fair value loss/(gain) on		
- investments	**64,320**	45,995
- forward foreign exchange contracts	**8,112**	71,321
- forward HSFO contracts	**(3,053)**	3,012

24. Operating profit (continued)

	Group	
	2009 $'000	2008 $'000
Provision/(write-back) for		
- warranties	**5,397**	25,830
- claims	**7,601**	(2,190)
Provision/(write-back) for		
- work-in-progress	**1,963**	-
- properties held for sale	**(13,237)**	(24,616)
Provision/(write-back) for doubtful debts		
- trade debts	**11,382**	14,668
- receivables	**60**	3,650
- other debts	**614**	(5,728)
Bad debts written off/(recovered)		
- trade debts	**(159)**	163
- other debts	**13**	155
Cost of stocks & properties held for sale recognised as expense	**858,217**	514,132
Stocks written down/(recovered)	**72,975**	(2,554)
Rental expense		
- operating leases	**60,647**	52,088
Direct operating expenses		
- investment properties that generated rental income	**59,843**	51,757
(Gain)/loss on differences in foreign exchange	**(5,166)**	101,554
Non-audit fees paid to		
- auditors of the Company	**118**	74
- other auditors of subsidiaries	**608**	314

The Audit Committee has undertaken a review of all non-audit services provided by the auditors and in the opinion of the Audit Committee, these services would not affect the independence of the auditors.

25. Investment income, interest income and interest expenses

	Group	
	2009 $'000	2008 $'000
Investment income from:		
Shares - quoted outside Singapore	**1,694**	2,074
Shares - unquoted	**3,407**	10,013
	5,101	12,087
Interest income from:		
Bonds, debentures, deposits and associated companies	**73,676**	71,002
Interest expenses on:		
Bonds, debentures, fixed term loans and overdrafts	**(51,838)**	(64,931)
Fair value gain/(loss) on interest rate caps and swaps	**2,163**	(13,740)
	(49,675)	(78,671)

26. Exceptional items

	Group	
	2009 $'000	2008 $'000
Gain on disposal of subsidiaries, associated companies and investments *	**639,464**	2,568
Gain on acquisition of additional interest in subsidiaries	**6,895**	15,417
Impairment (loss)/write-back:		
- Fixed assets (Note 5)	**(655)**	(1,036)
- Associated companies (Note 8)	**(61,000)**	(6,209)
- Long term receivables (Note 10)	**(107,522)**	-
- Intangibles (Note 11)	**(11,568)**	-
- Debtors (Note 14)	**-**	1,921
- Other assets	**(21,870)**	2,448
Other assets written off:		
- Costs associated with long term receivables	**(29,626)**	-
- Foreign exchange translation deficit	**(15,475)**	-
- Other receivables	**(10,310)**	-
Fair value (loss)/gain on investment properties (Note 6)	**(131,920)**	4,471
Share of associated companies (Note 8)	**100,684**	7,684
Cost associated with restructuring of operations and others	**(34,967)**	(14,672)
	322,130	12,592
Taxation (Note 27)	**24,060**	(2,810)
	346,190	9,782
Minority interests	**14,316**	(8,464)
Attributable exceptional items	**360,506**	1,318

* In 2009, this represents substantially the gain on disposal of an associated company.

27. Taxation

(a) Income tax expense

	Group	
	2009 $'000	2008 $'000
Tax expense comprised:		
Current tax	**289,420**	218,191
Adjustment for prior year's tax	**(2,621)**	(15,268)
Share of taxation of associated companies (Note 8)	**57,226**	71,066
Others	**5,807**	8,229
Deferred tax movement:		
Movements in temporary differences (Note 21)	**(1,957)**	5,812
	347,875	288,030

27. Taxation (continued)

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax and exceptional items due to the following:

	Group	
	2009 $'000	2008 $'000
Profit before tax and exceptional items	**1,855,576**	1,596,849
Tax calculated at tax rate of 17% (2008: 18%)	**315,448**	287,433
Income not subject to tax	**(41,316)**	(65,267)
Expenses not deductible for tax purposes	**109,862**	68,545
Utilisation of previously unrecognised tax benefits	**(6,816)**	(2,139)
Effect of reduction in tax rate	**(10,272)**	-
Effect of different tax rates in other countries	**7,650**	11,916
Adjustment for prior year's tax	**(2,621)**	(15,268)
Tax expense of exceptional items (Note 26)	**(24,060)**	2,810
	347,875	288,030

(b) Movement in current income tax liabilities

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
At 1 January	**344,020**	351,864	**19,669**	15,305
Exchange differences	**5,268**	5,528	**-**	-
Tax expense	**289,420**	218,191	**13,000**	8,573
Adjustment for prior year's tax	**(2,621)**	(15,268)	**(935)**	(1,482)
Income taxes paid	**(172,200)**	(229,306)	**(5,334)**	(2,727)
Reclassification	**4,371**	(410)	**-**	-
Others	**(17,307)**	13,421	**769**	-
At 31 December	**450,951**	344,020	**27,169**	19,669

28. Earnings per ordinary share

	Group			
	2009 $'000		2008 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders before exceptional items	**1,264,611**	**1,264,611**	1,096,653	1,096,653
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies, before exceptional items	**-**	**-**	-	(109)
Adjusted net profit before exceptional items	**1,264,611**	**1,264,611**	1,096,653	1,096,544
Exceptional items	**360,506**	**360,506**	1,318	1,318
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies, after exceptional items	**-**	**-**	-	9
Adjusted net profit after exceptional items	**1,625,117**	**1,625,117**	1,097,971	1,097,871

	Group			
	2009 Number of Shares '000		2008 Number of Shares '000	
	Basic	**Diluted**	Basic	Diluted
Weighted average number of ordinary shares	**1,593,398**	**1,593,398**	1,590,353	1,590,353
Adjustment for dilutive potential ordinary shares	**-**	**3,474**	-	5,614
Weighted average number of ordinary shares used to compute earnings per share	**1,593,398**	**1,596,872**	1,590,353	1,595,967
Earnings per ordinary share				
Before exceptional items	**79.4 cts**	**79.2 cts**	69.0 cts	68.7 cts
After exceptional items	**102.0 cts**	**101.8 cts**	69.0 cts	68.8 cts

29. Dividends

The Directors are pleased to recommend a final dividend of 23 cents per share tax exempt one-tier (2008: final dividend of 21 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2009 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend of 15 cents per share tax exempt one-tier (2008: 14 cents per share tax exempt one-tier), total cash dividend paid and proposed in respect of the financial year ended 31 December 2009 will be 38 cents per share tax exempt one-tier (2008: 35 cents per share tax exempt one-tier).

The Directors are also proposing a special dividend in specie of K-Green Trust units of approximately 23 cents per share tax exempt one-tier. The proposed distribution is conditional upon certain approvals being obtained as described in the announcement dated 26 January 2010.

Together with the cash dividend, total distribution paid and proposed in respect of the financial year ended 31 December 2009 will be 61 cents per share (2008: 35 cents per share).

During the financial year, the following dividends were paid:

	$'000
A final dividend of 21 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	334,558
An interim dividend of 15 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	239,004
	573,562

30. Acquisition of subsidiary and business

The following were acquired during the financial year:

Subsidiary/business	Date of acquisition	Gross interest before acquisition	Interest acquired	Gross interest after acquisition	Net assets acquired $'000	Consideration $'000
Senoko Incineration Plant	31.8.2009	-	100%	100%	454,000	454,000
Keppel DHCS Pte Ltd (previously First DCS Pte Ltd)	3.12.2009	-	100%	100%	71,604	96,219

Details of net assets acquired are disclosed in the Consolidated Statement of Cash Flows.

Had the above been acquired at the beginning of the year, the effect would not have been material to the consolidated financial statements and therefore is not disclosed.

31. Commitments

(a) Capital commitments

	Group	
	2009 $'000	2008 $'000
Capital expenditure not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**322,986**	331,079
- for purchase of other fixed assets	**91,214**	62,948
- for purchase/subscription of shares in other companies	**857,985**	673,238
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**3,625**	-
- for purchase of other fixed assets	**140,305**	98,431
- for purchase/subscription of shares in other companies	**92,276**	10,579
	1,508,391	1,176,275
Less: Minority shareholders' shares	**(548,047)**	(524,472)
	960,344	651,803

There was no significant future capital expenditure/commitment of the Company.

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year are as follows:

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Years after year-end:				
Within one year	**55,100**	50,651	**252**	188
From two to five years	**198,259**	149,898	**192**	88
After five years	**707,541**	633,376	**-**	-
	960,900	833,925	**444**	276

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year are as follows:

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Years after year-end:				
Within one year	**152,049**	149,043	**-**	-
From two to five years	**148,775**	166,220	**-**	-
After five years	**65,825**	48,729	**-**	-
	366,649	363,992	**-**	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

32. Contingent liabilities (unsecured)

	Group		Company	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**24,656**	27,001	**686,376**	741,413
Performance guarantees issued for contracts awarded to subsidiaries and associated companies	**-**	300	**-**	-
Bank guarantees	**57,521**	60,533	**-**	-
Others	**54,055**	47,912	**-**	-
	136,232	135,746	**686,376**	741,413

The financial effects of FRS 39 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

The Directors do not expect material losses under these guarantees.

33. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group	
	2009 $'000	2008 $'000
Sale of residential properties to directors and their associates	**6,540**	-

34. Financial risk management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Group Finance Director and comprises Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) Currency risk
The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the Singapore dollar, which is the Group's presentation currency. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

34. Financial risk management (continued)

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $4,080,268,000 (2008: $4,261,980,000). The net positive fair value of forward foreign exchange contracts is $66,455,000 (2008: net negative fair value of $95,027,000) comprising assets of $106,000,000 (2008: $64,728,000) and liabilities of $39,545,000 (2008: $159,755,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $4,009,822,000 (2008: $4,146,968,000). The net positive fair value of forward foreign exchange contracts is $65,331,000 (2008: net negative fair value of $99,345,000) comprising assets of $102,502,000 (2008: $58,675,000) and liabilities of $37,171,000 (2008: $158,020,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2009			2008		
	USD $'000	**Euro $'000**	**Others $'000**	USD $'000	Euro $'000	Others $'000
Group						
Financial Assets						
Debtors	**106,702**	**837**	**46,451**	140,815	3,945	65,169
Investments	**31,434**	**-**	**154,103**	20,472	-	124,330
Bank balances, deposits & cash	**80,877**	**30,269**	**118,161**	141,310	190,327	197,045
Financial Liabilities						
Creditors	**46,695**	**7,031**	**85,817**	44,848	18,601	108,433
Term loans	**-**	**-**	**14,464**	21,303	-	13,685
Company						
Financial Assets						
Debtors	**-**	**-**	**181**	-	17	611
Bank balances, deposits & cash	**501**	**7,622**	**25,097**	95,896	25,320	33,403
Financial Liabilities						
Creditors	**-**	**-**	**118**	621	-	267

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2008: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		**Equity**	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Group				
USD against SGD				
- Strengthened	**7,045**	10,739	**1,571**	1,018
- Weakened	**(7,045)**	(10,739)	**(1,571)**	(1,018)
Euro against SGD				
- Strengthened	**1,205**	8,753	**-**	-
- Weakened	**(1,205)**	(8,753)	**-**	-
Company				
USD against SGD				
- Strengthened	**25**	4,739	**-**	-
- Weakened	**(25)**	(4,739)	**-**	-
Euro against SGD				
- Strengthened	**382**	1,264	**-**	-
- Weakened	**(382)**	(1,264)	**-**	-

(ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group purchases interest rate caps to hedge the interest rate risk exposure arising from its US$ and S$ variable rate term loans (Note 19). As at the end of the financial year, the Group has the following outstanding interest rate cap agreements.

Year	Notional amount	Maturity	Interest rate caps
2009	**$48,579,000**	**2011**	**3%**
2008	$52,708,000	2009 - 2011	1.8% - 3%

The positive fair values of interest rate caps for the Group are $78,000 (2008: $265,000). This amount is recognised as derivative financial instruments in debtors (Note 14).

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its S$ variable rate term loans (Note 19). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $366,765,000 (2008: $348,011,000) whereby it receives variable rates equal to SIBOR (2008: SIBOR) and pays fixed rates of between 2.55% and 4.42% (2008: 3.19% and 3.50%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $15,564,000 (2008: $26,161,000) comprising assets of $2,340,000 (2008: $3,495,000) and liabilities of $17,904,000 (2008: $29,656,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2008: 0.5%) with all other variables held constant, the Group's and Company's profit before tax would have been lower/higher by $3,545,000 (2008: $5,084,000) and $nil (2008: $1,500,000) respectively as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to a benchmark fuel price index, High Sulphur Fuel Oil (HSFO) 180-CST. As at the end of the financial year, the Group has outstanding HSFO forward contracts with notional amounts totalling $73,529,000 (2008: $181,080,000). The net positive fair value of HSFO forward contracts for the Group is $9,073,000 (2008: net negative fair value of $73,977,000) comprising assets of $9,488,000 (2008: $3,128,000) and liabilities of $415,000 (2008: $77,105,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

The Group is exposed to equity securities price risk arising from equity investments classified as investments held for trading and available-for-sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk

If prices for HSFO increase/decrease by 5% (2008: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $4,130,000 (2008: $3,677,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2008: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $3,017,000 (2008: $1,988,000) as a result of higher/lower fair value gains on investments held for trading, and the Group's fair value reserve in equity would have been higher/lower by $20,925,000 (2008: $14,066,000) as a result of higher/lower fair value gains on available-for-sale investments.

34. Financial risk management (continued)

Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms or stage of completion. These credit terms are normally contractual. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade debtors and bank balances, deposits and cash.

(i) Financial assets that are neither past due nor impaired
Trade debtors that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits, forward foreign exchange contracts, interest rate caps and interest rate swaps are mainly transacted with banks of high credit ratings assigned by international credit-rating agencies.

(ii) Financial assets that are past due but not impaired/partially impaired
The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	2009	2008
	$'000	$'000
Past due 0 to 3 months but not impaired	**254,892**	365,317
Past due 3 to 6 months but not impaired	**149,638**	108,138
Past due over 6 months and partially impaired	**122,779**	76,367
	527,309	549,822

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Information relating to the provision for doubtful debts is given in Note 14.

Liquidity Risk

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 19.

The following table details the liquidity analysis for derivative financial instruments of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000
Group			
2009			
Gross-settled forward foreign exchange contracts			
- Receipts	**3,789,510**	**367,391**	**3,439**
- Payments	**(3,730,427)**	**(359,079)**	**(3,206)**
Net-settled HSFO forward contracts			
- Receipts	**9,292**	**160**	**37**
- Payments	**(415)**	**-**	**-**
2008			
Gross-settled forward foreign exchange contracts			
- Receipts	2,848,157	1,180,269	109,091
- Payments	(2,899,778)	(1,224,123)	(116,213)
Net-settled HSFO forward contracts			
- Receipts	3,128	-	-
- Payments	(73,463)	(3,642)	-
Company			
2009			
Gross-settled forward foreign exchange contracts			
- Receipts	**3,737,912**	**353,197**	**1,448**
- Payments	**(3,679,578)**	**(344,527)**	**(1,469)**
2008			
Gross-settled forward foreign exchange contracts			
- Receipts	2,782,373	1,146,506	94,169
- Payments	(2,836,179)	(1,192,551)	(101,915)

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from 2008.

Management monitors capital based on the Group net cash/(gearing). The Group net cash/(gearing) is calculated as net cash/(borrowings) divided by total capital. Net cash/(borrowings) are calculated as bank balances, deposits & cash (Note 16) less total term loans (Note 19) plus bank overdrafts (Note 20). Total capital refers to capital employed under equity.

	Group	
	2009 $'000	2008 $'000
Net cash	**1,176,592**	274,668
Total capital	**8,712,573**	6,748,507
Net cash ratio	**0.14x**	0.04x

34. Financial risk management (continued)

Fair Value of Financial Instruments

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the assets and liabilities measured at fair value at 31 December 2009.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2009				
Assets				
Derivative financial instruments	**-**	**117,906**	**-**	**117,906**
Investments				
- Available-for-sale investments	**49,992**	**5,396**	**96,658**	**152,046**
Short term investments				
- Available-for-sale investments	**322,108**	**46,393**	**27,680**	**396,181**
- Investments held for trading	**60,334**	**-**	**-**	**60,334**
	432,434	**169,695**	**124,338**	**726,467**
Liabilities				
Derivative financial instruments	**-**	**57,864**	**-**	**57,864**
Company				
2009				
Assets				
Derivative financial instruments	**-**	**102,502**	**-**	**102,502**
Liabilities				
Derivative financial instruments	**-**	**37,171**	**-**	**37,171**

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	2009 $'000
At 1 January	**105,588**
Purchases	**23,730**
Sales	**(596)**
Fair value gain recognised in equity	**(2,938)**
Reclassification	**1,343**
Exchange differences	**(2,789)**
At 31 December	**124,338**

35. Segment analysis

	Offshore & Marine $'000	Infrastructure $'000	Property $'000	Investments $'000	Elimination $'000	Total $'000
2009						
Revenue						
External sales	8,273,390	2,426,513	1,508,247	38,971	-	12,247,121
Inter-segment sales	-	170,229	2,591	57,921	(230,741)	-
Total	8,273,390	2,596,742	1,510,838	96,892	(230,741)	12,247,121
Segment results						
Operating profit	1,003,907	126,474	371,181	(1,088)	4,317	1,504,791
Investment income	1,866	-	3,133	102	-	5,101
Interest income	33,195	7,833	44,581	126,416	(138,349)	73,676
Interest expenses	(3,691)	(12,688)	(84,947)	(82,381)	134,032	(49,675)
Share of results of associated companies	45,546	28,526	142,028	105,583	-	321,683
Profit before tax & exceptional items	1,080,823	150,145	475,976	148,632	-	1,855,576
Exceptional items	(22,565)	(169,330)	(30,546)	544,571	-	322,130
Profit before taxation	1,058,258	(19,185)	445,430	693,203	-	2,177,706
Taxation	(234,065)	(16,439)	(74,655)	(22,716)	-	(347,875)
Profit for the year	824,193	(35,624)	370,775	670,487	-	1,829,831
Attributable to:						
Shareholders of Company						
Profit before exceptional items	810,033	125,692	209,445	119,441	-	1,264,611
Exceptional items	(22,550)	(167,396)	4,270	546,182	-	360,506
	787,483	(41,704)	213,715	665,623	-	1,625,117
Minority interests	36,710	6,080	157,060	4,864	-	204,714
	824,193	(35,624)	370,775	670,487	-	1,829,831
Other information						
Segment assets	5,807,974	2,887,191	9,983,553	4,907,752	(6,279,548)	17,306,922
Segment liabilities	4,250,761	2,017,490	5,503,550	3,102,096	(6,279,548)	8,594,349
Net assets	1,557,213	869,701	4,480,003	1,805,656	-	8,712,573
Investment in associated companies	108,940	182,213	2,199,896	232,120	-	2,723,169
Additions to non-current assets	239,822	69,108	404,500	467	-	713,897
Depreciation and amortisation	125,274	34,800	13,718	521	-	174,313

Geographical information

	Singapore $'000	Far East & other ASEAN countries $'000	America $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	8,489,626	1,494,261	1,713,466	549,768	-	12,247,121
Non-current assets	6,708,057	1,068,854	170,310	74,485	-	8,021,706

35. Segment analysis (continued)

	Offshore & Marine $'000	Infrastructure $'000	Property $'000	Investments $'000	Elimination $'000	Total $'000
2008						
Revenue						
External sales	8,569,185	2,232,549	949,589	54,103	-	11,805,426
Inter-segment sales	-	202,219	2,543	61,683	(266,445)	-
Total	8,569,185	2,434,768	952,132	115,786	(266,445)	11,805,426
Segment results						
Operating profit	837,155	49,895	325,655	(6,396)	32,165	1,238,474
Investment income	2,074	267	9,353	393	-	12,087
Interest income	78,574	10,007	50,915	111,063	(179,557)	71,002
Interest expenses	(18,780)	(24,469)	(91,420)	(91,394)	147,392	(78,671)
Share of results of associated companies	43,613	34,032	70,852	205,460	-	353,957
Profit before tax & exceptional items	942,636	69,732	365,355	219,126	-	1,596,849
Exceptional items	(6,209)	1,404	27,372	(9,975)	-	12,592
Profit before taxation	936,427	71,136	392,727	209,151	-	1,609,441
Taxation	(197,206)	1,250	(52,089)	(39,985)	-	(288,030)
Profit for the year	739,221	72,386	340,638	169,166	-	1,321,411
Attributable to:						
Shareholders of Company						
Profit before exceptional items	704,687	63,078	156,528	172,360	-	1,096,653
Exceptional items	(6,209)	2,109	15,393	(9,975)	-	1,318
	698,478	65,187	171,921	162,385	-	1,097,971
Minority interests	40,743	7,199	168,717	6,781	-	223,440
	739,221	72,386	340,638	169,166	-	1,321,411
Other information						
Segment assets	6,574,288	2,141,940	8,988,885	5,856,584	(6,815,254)	16,746,443
Segment liabilities	5,443,711	1,712,820	5,548,850	4,107,809	(6,815,254)	9,997,936
Net assets	1,130,577	429,120	3,440,035	1,748,775	-	6,748,507
Investment in associated companies	96,097	180,203	1,833,132	1,091,599	-	3,201,031
Additions to non-current assets	299,414	51,368	192,537	5,782	-	549,101
Depreciation and amortisation	95,102	32,369	11,061	546	-	139,078

Geographical information

	Singapore $'000	Far East & other ASEAN countries $'000	America $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	8,180,820	1,087,630	1,688,961	848,015	-	11,805,426
Non-current assets	7,023,614	978,414	168,962	84,865	-	8,255,855

Note:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Infrastructure, Property and Investments. The Investments division consists mainly of the Group's investments in k1 Ventures Ltd and MobileOne Ltd. In June 2009, the Group sold its entire stake in SPC which was previously included in the Investments division.

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

36. New accounting standards and recommended accounting practice

(a) At the date of authorisation of the financial statements, the following FRS, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not yet effective:

Amendments to FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
INT FRS 117	Distributions of Non-Cash Assets to Owners
INT FRS 118	Transfer of Assets to Customers
FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 103 (Revised)	Business Combination

The Directors anticipate that the adoption of the above FRS, INT FRS and amendments to FRS in future periods is not expected to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

(b) RAP 11 Pre-Completion Contracts for the Sale of Development Property

The International Accounting Standards Board issued International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 15 in July 2008 which becomes effective for financial years beginning on or after 1 January 2009. When adopted, the interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 (Construction Contracts) or IAS 18 (Revenue).

RAP 11 is still applicable in Singapore as IFRIC Interpretation 15 has not been adopted by the Accounting Standards Council. RAP 11 was issued by the Institute of Certified Public Accountants of Singapore in October 2005. In the RAP, it is mentioned that a property developer's sale and purchase agreement is not a construction contract as defined in FRS 11 (Construction Contracts) and the percentage of completion ("POC") method of recognising revenue, which is allowed under FRS 11 for construction contracts, may not be applicable for property developers. The relevant standard for revenue recognition by property developers is FRS 18 (Revenue), which addresses revenue recognition generally for all types of entities. However, there is no clear conclusion in FRS 18 whether the POC method or the completion of construction ("COC") method is more appropriate for property developers.

36. New accounting standards and recommended accounting practice (continued)

The Group uses the POC method for recognising revenue from partly completed residential projects which are held for sale. Had the COC method been adopted, the impact on the financial statements of the Group will be as follows:

	2009 $'000	2008 $'000
Decrease in opening revenue reserve	**(186,558)**	(239,573)
(Decrease)/increase in revenue recognised for the year	**(82,514)**	569,010
(Decrease)/increase in profit for the year	**(78,599)**	53,015
Increase/(decrease) in carrying value of property held for sale		
Balance as at 1 January	**28,686**	(98,341)
Balance as at 31 December	**390,350**	28,686
Increase/(decrease) in minority interests		
Balance as at 1 January	**(195,582)**	(205,194)
Share of profit for the year	**24,368**	9,612

37. Significant subsidiaries and associated companies

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

Significant Subsidiaries and Associated Companies

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
OFFSHORE & MARINE							
Offshore							
Subsidiaries							
Keppel Offshore and Marine Ltd	100	100	100	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
AmFELS Offshore Ltd(4)	100	100	100	#	#	BVI/Mexico	Holding of long-term investments
AzerFELS Pte Ltd	60	60	60	#	#	Singapore	Holding of long-term investments
Benniway Pte Ltd	88	88	88	#	#	Singapore	Holding of long-term investments
BrasFELS SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
Caspian Shipyard Company Ltd(1a)	75	45	45	#	#	Azerbaijan	Construction and repair of offshore drilling rigs
Deepwater Technology Group Pte Ltd	100	100	100	#	#	Singapore	Research and experimental development on deepwater engineering
FELS Offshore Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Fornost Ltd(1a)	100	100	100	#	#	HK	Holding of long-term investments and provision of procurement services
FSTP Brasil Ltda(1a)	75	75	75	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	#	#	Singapore	Project management, engineering and procurement
Keppel AmFELS Inc(3)	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd(3)	100	100	100	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel FELS Offshore & Engineering Services Mumbai Pte Ltd(3)	100	100	100	#	#	India	Marine and offshore engineering services

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
Keppel Norway A/S(1a)	100	100	100	#	#	Norway	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	#	#	Singapore	Research & development
Keppel Verolme BV(1a)	100	100	100	#	#	Netherlands	Construction and repair of offshore drilling rigs and shiprepairs
KV Enterprises BV(1a)	100	100	100	#	#	Netherlands	Hiring and leasing of barges
Marine & Offshore Protection & Preservation BV(1a)	100	100	100	#	#	Netherlands	Chamber blasting services and painting and coating works
Offshore Technology Development Pte Ltd	100	100	100	#	#	Singapore	Production of jacking systems
Prismatic Services Ltd(4)	100	100	100	#	#	BVI/Brazil	Project procurement
Regency Steel Japan Ltd(1a)	51	51	51	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Willalpha Ltd(4)	100	100	100	#	#	BVI/Vietnam	Holding of long-term investments
Associated Companies							
Asian Lift Pte Ltd	50	50	50	#	#	Singapore	Provision of heavy-lift equipment and related services
Keppel Kazakhstan LLP(3)	50	50	50	#	#	Kazakhstan	Construction and repair of offshore drilling units and structures and specialised vessels
Marine							
Subsidiaries							
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Shiprepairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	96	96	96	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	#	#	Singapore	Marine contracting
Keppel Nantong Shipyard Company Limited(3)	100	100	100	#	#	China	Shipbuilding
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
KS Investments Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd(4)	100	100	100	#	#	BVI/Norway	Holding of long-term investments
Maju Maritime Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
Marine Technology Development Pte Ltd	100	100	100	#	#	Singapore	Provision of technical consultancy for ship design and engineering works
Associated Companies							
Arab Heavy Industries Public Joint Stock Company(3)	33	33	33	#	#	UAE	Shipbuilding and repairing
Consort Land Inc(1a)	33+	32+	32+	54	54	Philippines	Land holding company and power distributor
Kejora Resources Sdn Bhd(3)	49	25	25	#	#	Malaysia	Chartering tugs and other marine services
Nakilat-Keppel Offshore & Marine Ltd(1a)	20	20	20	#	#	Qatar	Shiprepairing
Subic Shipyard & Engineering Inc(1a)	46+	44+	44+	3,020	3,020	Philippines	Shipbuilding and repairing
INFRASTRUCTURE							
Power Generation							
Subsidiaries							
Keppel Energy Pte Ltd	100	100	100	330,914	330,914	Singapore	Investment holding
Corporacion Electrica Nicaraguense SA(1a)	-	-	100	-	#	Nicaragua	Disposed
Dawley Developments Ltd(4)	100	100	100	#	#	BVI/HK	Holding of long-term investments
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply, investment holding and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel Merlimau Cogen Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments, generation and supply of electricity
New Energy Industrial Ltd(4)	100	100	100	#	#	BVI/Ecuador	Holding of long-term investments
Okachi Investments Ltd(4)	100	100	100	#	#	BVI/HK	Holding of long-term investments
Termoguayas Generation SA(1a)	100	100	100	#	#	Ecuador	Commercial power generation

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
Environmental Engineering							
Subsidiaries							
Keppel Integrated Engineering Ltd	100	100	100	272,554	171,574	Singapore	Investment holding
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Fabrication of steel structures, mechanical and electrical works and engineering services specialising in treatment plants
K-Green Trust(n)	100	100	-	#	-	Singapore	Investment holding
Brixworth Group Ltd(4)	100	100	100	#	#	BVI/Qatar	Trading in industrial goods
FELS Cranes Pte Ltd	100	100	100	#	#	Singapore	Fabrication of heavy cranes and provision of marine-related equipment
Keppel DHCS Pte Ltd	100	100	-	#	-	Singapore	Development of district cooling system
Keppel FMO Pte Ltd	100	100	100	#	#	Singapore	Construction, project and facilities management and operational maintenance of industrial and commercial complexes
Keppel Prince Engineering Pty Ltd(2a)	100	100	100	#	#	Australia	Metal fabrication
Keppel Sea Scan Pte Ltd	100	100	100	#	#	Singapore	Trading and installation of hardware, industrial, marine and building-related products, leasing and provision of services
Keppel Seghers Belgium NV(1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste, waste-water and sludge management
Keppel Seghers Holdings Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Seghers Hong Kong Ltd(1a)	100	100	100	#	#	HK	Engineering contracting and investment holding
Keppel Seghers NeWater Development Co Pte Ltd	100	100	100	#	#	Singapore	Collection, purification and distribution of water
Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd	100	100	100	#	#	Singapore	Collection and treatment of solid waste to generate green energy
Senoko Waste-to-Energy Pte Ltd(n)	100	100	-	#	-	Singapore	Investment holding

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
Associated Companies							
GE Keppel Energy Services Pte Ltd(2)	50	50	50	#	#	Singapore	Precision engineering, repair, services and agencies
Tianjin Eco-City Energy Investment & Construction Co Ltd(3)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd(3)	20	20	20	#	#	China	Investment, construction and operation of infrastructure for environmental protection
Network & Logistics							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd(2)	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
DataOne Asia Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
ECHO Broadband Gmbh(2a)	100	80	80	#	#	Germany	Broadband network services
Keppel Communications Pte Ltd(2)	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Logistics (Foshan) Ltd(3)	70	56	56	#	#	China	Shipping operations, warehousing and distribution
Keppel Logistics Pte Ltd(2)	100	80	80	#	#	Singapore	Warehousing and distribution
Keppel Telecoms Pte Ltd(2)	100	80	80	#	#	Singapore	Telecommunications services and investment holding
Transware Distribution Services Pte Ltd(2)	50	40	40	#	#	Singapore	Warehousing and distribution
Associated Companies							
Advanced Research Group Co Ltd(2a)	45	36	36	#	#	Thailand	IT publication and business information
Asia Airfreight Terminal Company Ltd(3)	10	8	8	#	#	HK	Operation of air cargo handling terminal
Citadel 100 Datacenters Ltd(3)	50	40	40	#	#	Ireland	Provision of data centre facilities and co-location services
Computer Generated Solutions Inc(3)	21	17	17	#	#	USA	IT consulting and outsourcing provider
Radiance Communications Pte Ltd(2)	50	40	40	#	#	Singapore	Distribution and maintenance of communications equipment and systems

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
SVOA Public Company Ltd(2a)	32	26	26	#	#	Thailand	Distribution of IT products and telecommunications services
Trisilco Folec Sdn Bhd(2a)	30	24	44	#	#	Malaysia	Trading and provision of communications systems and accessories
Trisilco Radiance Communications Sdn Bhd(2a)	40	32	32	#	#	Malaysia	Sales, installation and maintenance of telecommunications systems, equipment and accessories
Wuhu Annto Logistics Company Ltd(3)	35	28	28	#	#	China	Transportation, warehousing and distribution
PROPERTY							
Subsidiaries							
Keppel Land Ltd(2)	52	52	53	1,330,220	931,432	Singapore	Holding, management and investment company
K-REIT Asia(2)	76	54	55	#	#	Singapore	Real estate investment trust
Keppel Bay Pte Ltd	100+	86+	86+	626	626	Singapore	Property development
Keppel Philippines Properties Inc(2a)	79+	55+	55+	493	493	Philippines	Investment holding
Alpha Investment Partners Ltd(2)	100	52	53	#	#	Singapore	Fund management
Avenue Park Development(2)	52	27	28	#	#	Singapore	Property development
Bayfront Development Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Beijing Kingsley Property Development Co Ltd(3)	100	52	53	#	#	China	Property development
Bintan Bay Resort Pte Ltd(2)	90	47	48	#	#	Singapore	Investment holding
Boulevard Development Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(3)	100	52	45	#	#	China	Property development
Chengdu Hillwest Development Co Ltd(3)	100	52	53	#	#	China	Property development
Da Di Investment Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Devonshire Development Pte Ltd(2)	60	31	32	#	#	Singapore	Property development
DL Properties Ltd(2)	65	34	34	#	#	Singapore	Property investment
Double Peak Holdings Ltd(4)	100	52	53	#	#	BVI/Singapore	Investment holding
Doversdale Development Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Estella JV Co Ltd(1a)	55	29	29	#	#	Vietnam	Property development
Evergro Properties Ltd(2)	100	52	45	#	#	Singapore	Property investment and development

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
International Centre(1a)	79	52	53	#	#	Vietnam	Property investment
Jiangyin Evergro Properties Co Ltd(3)	83	43	40	#	#	China	Property development
KeplandeHub Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Keppel Al Numu Development Ltd(2a)	51	27	27	#	#	Singapore/ Saudi Arabia	Property development
Keppel China Township Development Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(n)(3)	100	74	-	#	-	China	Property development
Keppel Land (Saigon Centre) Ltd(3)	100	52	53	#	#	HK	Investment holding
Keppel Land (Tower D) Pte Ltd(2)	100	52	53	#	#	Singapore	Property development and investment
Keppel Land Financial Services Pte Ltd(2)	100	52	53	#	#	Singapore	Financial services
Keppel Land International Ltd(2)	100	52	53	#	#	Singapore	Property services
Keppel Land Properties Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd(2)	100	52	53	#	#	Singapore	Property development and investment
Keppel Land Watco I Co Ltd(3)	68	35	36	#	#	Vietnam	Property investment and development
Keppel Puravankara Development Pvt Ltd(3)	51	27	27	#	#	India	Property development
Keppel Thai Properties Public Co Ltd(2a)	45	23	24	#	#	Thailand	Property development and investment
Keppel Township Development (Shenyang) Co Ltd(3)	100	52	53	#	#	China	Property development
K-REIT Asia Investment Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
K-REIT Asia Management Ltd(2)	100	52	53	#	#	Singapore	Property fund management
K-REIT Asia Property Management Ltd(2)	100	52	53	#	#	Singapore	Property management services
Le Vision Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd(2)	100	52	53	#	#	Singapore	Property and investment holding
Ocean Properties Pte Ltd(2)	76	40	40	#	#	Singapore	Property investment
OIL (Asia) Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Pembury Properties Ltd(4)	100	52	53	#	#	BVI/Singapore	Investment holding
PT Kepland Investama(1a)	100	52	53	#	#	Indonesia	Property investment and development
PT Mitra Sindo Makmur(1a)	51	27	27	#	#	Indonesia	Property development and investment
PT Mitra Sindo Sukses(1a)	51	27	27	#	#	Indonesia	Property development and investment

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
PT Ria Bintan(1a)	100	24	24	#	#	Indonesia	Golf course ownership and operation
PT Sentral Supel Perkasa(2a)	80	42	42	#	#	Indonesia	Property investment and development
PT Sentral Tanjungan Perkasa(2a)	80	42	42	#	#	Indonesia	Property development
PT Straits-CM Village(1a)	100	20	21	#	#	Indonesia	Hotel ownership and operations
Quang Ba Royal Park JV Co(3)	70	34	34	#	#	Vietnam	Property investment
Riviera Core JV LLC(2a)	60	31	32	#	#	Vietnam	Property development
Riviera Point LLC(2)	75	39	40	#	#	Vietnam	Property investment
Saigon Centre Holdings Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Saigon Centre Investment Ltd(4)	100	52	53	#	#	BVI/HK	Investment holding
Saigon Riviera JV Co Ltd(2a)	90	47	48	#	#	Vietnam	Property development
Saigon Sports City(2a)	100	47	48	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(3)	99	51	52	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd(3)	100	52	53	#	#	China	Property development
Shanghai Merryfield Land Co Ltd(3)	99	51	52	#	#	China	Property development
Shanghai Minghong Property Co Ltd(3)	99	51	52	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(3)	99	51	52	#	#	China	Property development
Sherwood Development Pte Ltd(2)	100	52	53	#	#	Singapore	Property development
Spring City Resort Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Straits Greenfield Ltd(3)	100	52	53	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd(2)	100	52	53	#	#	Singapore	Property development and investment
Straits Property Investments Pte Ltd(2)	100	52	53	#	#	Singapore	Investment holding
Tat Chuan Development (Pte) Ltd(2)	100	52	53	#	#	Singapore	Property development
Third Dragon Development Pte Ltd(2)	100	52	45	#	#	Singapore	Investment holding and marketing agent
Tianjin Fushi Property Devt Co Ltd(3)	100	52	45	#	#	China	Property development
Tianjin Merryfield Property Development Co Ltd(3)	100	52	53	#	#	China	Property development
Wiseland Investment Myanmar Ltd(3)	100	52	53	#	#	Myanmar	Hotel ownership and operations
FELS Property Holdings Pte Ltd	100	100	100	70,214	70,214	Singapore	Investment holding
Brightway Property Pte Ltd	100	100	100	#	#	Singapore	Property investment
FELS SES International Pte Ltd	100+	85+	85+	7	7	Singapore	Investment holding
Petro Tower Ltd(3)	76	64	64	#	#	Vietnam	Property investment

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
Alpha Real Estate Securities Fund	98	98	98	#	#	Singapore	Investment holding
Esqin Pte Ltd	100	100	100	11,001	11,001	Singapore	Investment holding
Harbourfront One Pte Ltd	70	65	65	#	#	Singapore	Property development
Keppel Group Eco-City Investments Pte Ltd	100+	83+	100	14,510	20	Singapore	Investment holding
Keppel (USA) Inc(4)	100	100	100	7,117	9,702	USA	Investment holding
Keppel Houston Group LLC(4)	100	86	86	#	#	USA	Property investment
Keppel Kunming Resort Ltd(3)	100	100	100	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	86+	86+	122,785	122,785	Singapore	Property development and investment
Keppel Real Estate Investment Pte Ltd	100	100	100	50,000	50,000	Singapore	Investment holding
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	100	83	100	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(4)	100	83	100	#	#	BVI/China	Investment holding
Associated Companies							
Asia No. 1 Property Fund Ltd(1a)	10	5	5	#	#	Guernsey	Property investment
Asia Real Estate Fund Management Ltd(2)	50	26	27	#	#	Singapore	Fund management
BFC Development Pte Ltd(2)	33	17	17	#	#	Singapore	Property development
Bugis City Holdings Pte Ltd(2)	31	16	16	#	#	Singapore	Under liquidation
Central Boulevard Development Pte Ltd(2)	33	17	17	#	#	Singapore	Property development
CityOne Development (Wuxi) Co Ltd(3)	50	26	27	#	#	China	Property development
CityOne Township Development Pte Ltd(2)	50	26	27	#	#	Singapore	Investment holding
Dong Nai Waterfront City LLC(2a)	50	26	27	#	#	Vietnam	Property development
EM Services Pte Ltd(3)	25	13	13	#	#	Singapore	Property management
Harbourfront Three Pte Ltd(3)	39	33	33	#	#	Singapore	Property development
Harbourfront Two Pte Ltd(3)	39	33	33	#	#	Singapore	Property development
Keppel Magus Development Pvt Ltd(3)	38	20	20	#	#	India	Property development
Kingsdale Development Pte Ltd(2)	50	26	27	#	#	Singapore	Investment holding

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
One Raffles Quay Pte Ltd(2)	33	17	17	#	#	Singapore	Property development
Parksville Development Pte Ltd(2)	50	26	27	#	#	Singapore	Property investment
PT Pantai Indah Tateli(2a)	50	26	27	#	#	Indonesia	Property development
PT Pulomas Gemala Misori(3)	25	13	13	#	#	Indonesia	Property development
PT Purimas Straits Resort(3)	25	13	13	#	#	Indonesia	Development of holiday resort
PT Purosani Sri Persada(3)	20	10	11	#	#	Indonesia	Property investment
Renown Property Holdings (M) Sdn Bhd(2a)	40	21	21	#	#	Malaysia	Property investment
SAFE Enterprises Pte Ltd(3)	25	13	13	#	#	Singapore	Investment holding
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(n)(1a)	50	42	-	#	-	China	Property development
INVESTMENTS							
Subsidiaries							
Keppel Philippines Holdings Inc(2a)	54+	54+	54+	-	-	Philippines	Investment holding
China Canton Investments Ltd	75	75	75	#	#	Singapore	Investment holding
Kep Holdings Ltd(4)	100+	100+	100+	10,480	10,480	BVI/HK	Investment company
Kephinance Investment (Mauritius) Pte Ltd(3)	100	100	100	#	#	Mauritius	Investment holding
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Kepital Management Ltd(3)	100	100	100	#	#	HK	Investment company
Kepmount Shipping (Pte) Ltd	100	100	100	4,000	4,000	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Services Pte Ltd	100	100	100	116,609	116,609	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	30,650	16,160	Singapore	Investment holding
KI Investments (HK) Ltd(3)	100	100	100	#	#	HK	Investment company
KV Management Pte Ltd	100	100	100	250	250	Singapore	Fund management
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency
The Vietnam Investment Fund (Singapore) Ltd	56	56	56	#	#	Singapore	Venture capital fund

	Gross Interest 2009 %	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Cost of Investment 2009 $'000	Cost of Investment 2008 $'000	Country of Incorporation /Operation	Principal Activities
Associated Companies							
Singapore Petroleum Company Ltd	-	-	45	-	#	Singapore	Disposed
k1 Ventures Ltd	36	36	36	#	#	Singapore	Investment holding
MobileOne Ltd(2)	20	16	16	#	#	Singapore	Telecommunications services
Total							
Subsidiaries				3,662,066	3,135,903		
Associated Companies				3,074	3,074		

Notes:

(i) All the companies are audited by Deloitte & Touche LLP, Singapore except for the following:
- (1a) Audited by overseas practice of Deloitte & Touche LLP;
- (2) Audited by Ernst & Young LLP, Singapore;
- (2a) Audited by overseas practice of Ernst & Young LLP;
- (3) Audited by other firms of auditors (not significant associated companies and foreign subsidiaries); and
- (4) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vi) Abbreviations:

British Virgin Islands (BVI) United Arab Emirates (UAE)
Hong Kong (HK) United States of America (USA)

(vii) The Company has 211 significant subsidiaries and associated companies as at 31 December 2009. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

Statement by Directors

For the financial year ended 31 December 2009

We, CHOO CHIAU BENG and TEO SOON HOE being two Directors of Keppel Corporation Limited, do hereby state that in the opinion of the Directors, the financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 158 to 221 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Group Finance Director

Singapore, 1 March 2010

Independent Auditors' Report

to the Members of Keppel Corporation Limited

For the financial year ended 31 December 2009

We have audited the accompanying financial statements of Keppel Corporation Limited ("Company") and its subsidiaries ("Group") which comprise the balance sheets of the Group and the Company as at 31 December 2009, the profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 158 to 221.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Public Accountants and Certified Public Accountants
Singapore

Chaly Mah Chee Kheong
Partner
Appointed on 28 April 2006

1 March 2010

Interested Person Transactions

During the financial year, the following interested person transactions were entered into by the Group:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Transaction for the Sale of Goods and Services				
Gas Supply Pte Ltd	**-**	-	**25,420**	61,550
PSA Corporation Group	**-**	-	**-**	4,379
Mount Faber Leisure Group	**-**	-	**142**	145
SembCorp Industries Group	**-**	-	**482**	110
SembCorp Marine Group	**-**	-	**2,179**	1,073
Singapore Airlines Group	**-**	-	**-**	15,900
Singapore Power/PowerSeraya Group	**-**	-	**-**	25,462
Transaction for the Purchase of Goods and Services				
CapitaLand Group	**-**	-	**-**	4,532
Gas Supply Pte Ltd	**-**	-	**28,500**	90,000
Mapletree Investments Pte Ltd	**-**	-	**570**	2,478
SembCorp Industries Group	**-**	-	**2,500**	-
Total Interested Person Transactions	**-**	-	**59,793**	205,629

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Lee Boon Yang, 62
Chairman and Independent Director
B.V.Sc Hon (2A), University of Queensland, 1971.

Chairman of Keppel Corporation Limited with effect from 1 July 2009 (Appointed Chairman Designate and independent non-executive Director on 1 May 2009). An independent and non-executive Director, he is a member of the Remuneration, Nominating and Board Safety Committees.

After graduation, he worked as a veterinarian and R&D Officer in the government's Primary Production Department from 1972 to 1981. In 1981, he joined the regional office of the US Feed Grains Council as Assistant Regional Director. A year later, he joined the Primary Industries Enterprise Pte Ltd as Senior Manager (Projects).

In 1984, he stood as a candidate in the Singapore General Elections. Since then he held the Jalan Besar parliamentary seat for six consecutive terms. In 1985, he was appointed Parliamentary Secretary to the Minister for the Environment and the Minister for Communications and Information. Subsequently he served as Parliamentary Secretary to the Minister for Finance and the Minister for Home Affairs.

In 1986, he was appointed Minister of State for Trade and Industry and Home Affairs. A year later he relinquished his portfolio as Minister of State for Trade and Industry and took on the appointment of Minister of State for National Development. In 1988, he was appointed Senior Minister of State for National Development and Home Affairs. He was also appointed the Government Whip.

In November 1990, he was appointed Senior Minister of State for Defence. He was appointed Minister in the Prime Minister's Office in July 1991, concurrently holding the post of Second Minister for Defence.

In January 1992, he relinquished his post as Minister in the Prime Minister's Office and took on the appointments of Minister for Labour and Second Minister for Defence. In 1994, he was appointed Minister for Defence and Minister for Labour (The Labour Ministry was later reorganised into the Ministry of Manpower in 1998). He relinquished his Defence portfolio in August 1995.

In May 2003, he relinquished the Manpower portfolio to serve as Minister for Information, Communications and the Arts. He retired from political office on 31 Mar 2009. He continues to serve as MP for Jalan Besar GRC.

Lim Hock San, 63
Deputy Chairman and Independent Director
Bachelor of Accountancy, University of Singapore; Master of Science, MIT Sloan School of Management; Advanced Management Program, Harvard Business School; Fellow, Chartered Institute of Management Accountants (UK).

Deputy Chairman with effect from 1 July 2009 (Director since 1989; date of last re-election: 27 April 2007), he is an independent and non-executive Director. Mr Lim is also the Chairman of the Audit Committee, Chairman of the Remuneration Committee and a member of the Board Risk Committee.

Mr Lim is the CEO of United Industrial Corporation Ltd and Singapore Land Ltd. He is also the Chairman of Gallant Ventures Ltd, the National Council Against Problem Gambling and Ascendas Pte Ltd. Mr Lim previously served as the Director-General of Civil Aviation (1980-1992) and was past President of the Institute of Certified Public Accountants of Singapore.

Choo Chiau Beng, 62
Chief Executive Officer
Bachelor of Science (First Class Honours), University of Newcastle upon Tyne (awarded the Colombo Plan Scholarship to study Naval Architecture); Master of Science in Naval Architecture, University of Newcastle upon Tyne; attended the Programme for Management Development in Harvard Business School in 1982 and is a Member of the Wharton Society of Fellows, University of Pennsylvania.

Appointed as Chief Executive Officer on 1 January 2009 (Director since 1983; date of last re-election: 24 April 2009). Member of the Board Safety Committee.

Mr Choo is the Chairman of Keppel Offshore & Marine Ltd, Keppel Land Limited and Keppel Energy Pte Ltd. He is also a director of k1 Ventures Limited.

Mr Choo started his career with Keppel Shipyard as a Ship Repair Management Trainee in 1971 and was appointed Executive Director of Singapore Slipway in 1973. In 1975, when Keppel set up its shipyard in the Philippines, he was posted there to assume the position of Executive Vice President and CEO of the company for a period of four years. He joined Keppel FELS (formerly known as Far East Levingston Shipbuilding Ltd) in 1980 as Assistant General Manager and was appointed as director to the board of the company. He was promoted to Deputy Managing Director in November 1981 and to Managing Director in March 1983. In 1994, he was appointed Deputy Chairman and in 1997, Chairman of the company.

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

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

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

Sven Bang Ullring, 74
Independent Director
Master of Science, Swiss Federal Institute of Technology (ETH), Zurich.

Appointed to the Board in 2000 (date of last re-election: 24 April 2009). An independent and non-executive Director, he is the Chairman of the Board Safety Committee and a member of the Nominating and Remuneration Committees.

Mr Ullring was President and Chairman of the Executive Board of Det Norske Veritas, Oslo from 1985-2000 and President and CEO of NORCONSULT, Oslo from 1981-1985. He worked for SKANSKA, Malmo, Sweden from 1962-1981 in Africa, Asia, Europe and the Americas; from 1972-1981 he was Director of the International Department.

Mr Ullring is the Chairman of the Board of The Fridtjof Nansen Institute, Oslo, Norway, Chairman of the Maritime and Port Authority of Singapore's Third Maritime and Research and Development Advisory Panel and Chairman of the Board of Transparency International (Norway).

Tony Chew Leong-Chee, 63
Independent Director
Trained as an agronomist at Ko Plantations Berhad and Serdang Agricultural College in Malaysia from 1966 to 1970.

Appointed to the Board in 2002 (date of last re-election: 25 April 2008). An independent and non-executive Director, he was the Company's Lead Independent Director until the appointment of Dr Lee Boon Yang as the Company's independent and non-executive Chairman on 1 July 2009. Mr Chew is the Chairman of the Nominating Committee and a member of the Audit Committee.

He is Executive Chairman of Asia Resource Corporation and Chairman of KFC Vietnam. He also serves on the boards of Macondray Corporation, Orangestar Investment Holdings Pte Ltd, SBF Holdings Pte Ltd and SBF-PICO Events Pte Ltd, amongst others.

From 1966, he worked at Sri Gading Estates in Malaysia, Guthrie Trading in Singapore, and the Sampoerna Group of Indonesia. In 1975 he ventured out, becoming an entrepreneur, and built a group of companies in the region which became Asia Resource Corporation.

He plays an active role in promoting regional business, having served on the Trade Development Board, Economic Review Sub-Committee for Entrepreneurship and Internationalisation, Regional Business Forum, and the GPC Resource Panel for Finance, Trade and Industry. He is presently Chairman of Singapore Business Federation as well as Governing Board of Duke-NUS Graduate Medical School Singapore. He is also Governing Board member of the Economic Research Institute for ASEAN and East Asia, the Chinese Development Assistance Council Board of Trustees, and Advisor to the Singapore Institute of International Affairs. He is a Public Service Award recipient.

Oon Kum Loon, 59
Independent Director
Bachelor of Business Administration (Honours) from the University of Singapore.

Appointed to the Board in 2004 (date of last re-election: 27 April 2007). An independent and non-executive Director, she is the Chairperson of the Board Risk Committee and a member of the Audit, Nominating and Remuneration Committees.

Mrs Oon is a veteran banker with about 30 years of extensive experience, having held a number of management and executive positions with the DBS Group. She was the Chief Financial Officer (CFO) of the bank until September 2003.

Prior to serving as CFO, she was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a group-wide integrated risk management framework.

During her career with the bank, Mrs Oon was also involved with treasury and markets, corporate finance and credit management activities.

Her other directorships include SP PowerGrid Ltd and China Resources Microelectronics Limited. She is also a member of the Board Risk Management Committee of Singapore Power Ltd.

Tow Heng Tan, 54
Non-Independent and Non-Executive Director
Fellow of the Association of Chartered Certified Accountants as well as the Chartered Institute of Management Accountants.

Appointed to the Board in 2004 (date of last re-election: 27 April 2007). A non-executive Director and a member of the Nominating, Remuneration and Board Risk Committees.

Mr Tow has an extensive business career spanning the management consultancy, investment banking and stockbroking industries. He is currently the Chief Investment Officer of Temasek Holdings (Private) Ltd (Temasek Holdings).

Prior to joining Temasek Holdings in September 2002, he was Senior Director of Business Development at DBS Vickers Securities (Singapore) Pte Ltd. From 1993 to 2001, Mr Tow was Managing Director of Lum Chang Securities Pte Ltd.

Mr Tow also sits on the board of ComfortDelGro Corporation Limited, among others.

Alvin Yeo, 48
Independent Director
LLB Honours, King's College London, University of London.

Appointed to the Board on 1 June 2009, Mr Alvin Yeo is an independent and non-executive Director. He is a member of the Audit and Board Risk Committees.

Mr Alvin Yeo is the Senior Partner of WongPartnership LLP. He was admitted to the English Bar in 1987 and to the Singapore Bar in 1988. In January 2000, Mr Yeo became the youngest lawyer to be appointed Senior Counsel.

Mr Yeo is a member of the Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation, the Singapore International Arbitration Centre's Council of Advisors, and a Fellow of the Singapore Institute of Arbitrators. He is a Member of Parliament and the Chairman of the Government Parliamentary Committee for Home Affairs and Law.

Mr Yeo is a director and Chairman of the Remuneration Committees of United Industrial Corporation Limited and Singapore Land Limited. He is also a director of Tuas Power Ltd and Tuas Power Generation Pte Ltd. He was a former member of the Senate of the Academy of Law, the Council of the Law Society, and the board of the Civil Service College.

Teo Soon Hoe, 60
Senior Executive Director and Group Finance Director
Bachelor of Business Administration, University of Singapore; Member of the Wharton Society of Fellows, University of Pennsylvania.

Appointed to the Board in 1985 (date of last re-election: 25 April 2008). A Senior Executive Director and the Group Finance Director.

Mr Teo is the Chairman of Keppel Telecommunications & Transportation Ltd, MobileOne Ltd and Keppel Philippines Holding Inc. In addition, he is a director of several other companies within the Keppel Group, including Keppel Land Limited, Keppel Offshore & Marine Ltd and k1 Ventures Limited.

Mr Teo began his career with the Keppel Group in 1975 when he joined Keppel Shipyard. He rose through the ranks and was seconded to various subsidiaries of the Keppel Group before assuming the position of Group Finance Director in 1985.

Tong Chong Heong, 63
Executive Director
Graduate of Management Development Programme, Harvard Business School; Stanford - NUS Executive Programme, Diploma in Management Studies, The University of Chicago Graduate School of Business.

Appointed to the Board on 1 August 2009. He is an Executive Director.

Mr Tong has been appointed Chief Executive Officer of Keppel Offshore & Marine (KOM) on 1 January 2009. Prior to that, he was the Managing Director/Chief Operating Officer of KOM since May 2002. He is also the Managing Director of Keppel FELS and Keppel Shipyard. He is also Chairman of Keppel Integrated Engineering Limited with effect from 3 August 2009. Mr Tong was the Executive Director of Keppel Corporation from 1989-1996. He served for 27 years and was appointed Commander of the Volunteer Special Constabulary (VSC) from 1995-2001 and was honoured with Singapore Public Service Medal at the 1999 National Day Award. He had served as Vice President/President of Association of Singapore Marine Industries (1993-1996), Member/Deputy Chairman of the Shipbuilding & Offshore Engineering Advisory Committee, Ngee Ann Polytechnic (1986-1995). He is a member of Society of Naval Architects and Marine Engineers (USA), member of Singapore Institute of Directors, member of American Bureau of Shipping and member of Nippon Kaiji Kyokai (Class NK) Singapore Committee and Fellow of the Society of Project Managers, Fellow of The Royal Institute of Naval Architects (RINA) UK as well as Fellow of Institute of Marine Engineering, Science & Technology.

His directorships include Keppel Offshore & Marine Ltd, Keppel FELS Limited, Keppel Shipyard Ltd and Keppel Integrated Engineering Ltd.

Key Executives
In addition to the Chief Executive Officer (Mr Choo Chiau Beng), the Senior Executive Director (Mr Teo Soon Hoe) and the Executive Director (Mr Tong Chong Heong), the following are the key executive officers ("Key Executives") of the Company and its principal subsidiaries:

Kevin Wong Kingcheung, 54
Bachelor degree in Civil Engineering with First Class Honours, Imperial College, London; Masters degree, Massachusetts Institute of Technology, USA.

Mr Wong has been Group Chief Executive Officer/Managing Director, Keppel Land Limited since January 2000. Prior to this appointment, he was Executive Director since November 1993. He is Deputy Chairman and Director of K-REIT Asia Management Limited. He is a Board Member of the Building and Construction Authority (BCA), and Deputy Chairman of BCA Academy Advisory Panel. He is also a director of Prudential Assurance Company Singapore (Pte) Limited.

Prior to joining Keppel Land Limited, Mr Wong had diverse experience in the real estate industry in the UK, USA and Singapore.

Ong Tiong Guan, 51
Bachelor of Engineering (First Class Honours), Monash University; and Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia.

Dr Ong was appointed Keppel Energy Pte Ltd's Executive Director from November 1999. He became Managing Director of Keppel Energy Pte Ltd with effect from 1 May 2003. He is responsible for Keppel Corporation's power generation business, which develops, owns and operates power generation projects in Asia and in the Americas.

Dr Ong's career spans across the energy industry from engineering and contracting to investment and ownership of energy assets. He started with Jurong Engineering as a Design Engineer in 1987 and went on to hold senior management positions in Foster Wheeler Eastern, the Sembawang Group, and CMS Energy Asia. Dr Ong was Chairman of SEPEC (Singapore Electricity Pool Executive Committee) for the FY 2002/2003.

His directorships include Keppel Energy Pte Ltd, Keppel Electric Pte Ltd, Keppel Merlimau Cogen Pte Ltd, Keppel Gas Pte Ltd, Termoguayas Generation S.A. and Corporacion Electrica Nicaraguense, S.A..

Michael Chia Hock Chye, 57
Colombo Plan scholar. Bachelor in Science Naval Architecture and Shipbuilding (First Class Honours), University of Newcastle-Upon-Tyne; Masters in Business Administration, National University of Singapore; Graduate Certificate in International Arbitration, National University of Singapore.

Mr Chia is the Managing Director (Offshore) of Keppel Offshore and Marine. Prior to this, he was the Executive Director of Keppel FELS Ltd since 2002 with overall responsibility of the business management of the company. Mr Chia is also the Deputy Chairman and Chief Executive Officer of Keppel Integrated Engineering Limited. He has more than 25 years of management experience in corporate development, engineering, operations and commercial. He was elected as the President of the Association of Singapore Marines Industries from 2005 - 2009, a non profit association formed in 1968 to promote the interests of the marine industry in Singapore.

Mr Chia is the Chairman of the Singapore Maritime Foundation, member of the Ngee Ann Polytechnic Council, Society of Naval Architects and Marine Engineers Singapore, and American Bureau of Shipping – USA and Society of Petroleum Engineers. He is a Fellow with the Singapore Institute of Arbitrators.

His directorships include FELS Cranes Pte Ltd, Asian Lift Pte Ltd, Keppel FELS Brasil SA (Brazil), Keppel Amfels Inc (USA), Keppel FELS Ltd, TradeoneAsia Pte Ltd, Deepwater Technology Group Pte Ltd, Willalpha Ltd, Prismatic Services Ltd, Regency Steel Japan Ltd (Japan), Bintan Offshore Fabricators Pte Ltd, Durward International (BVI), Keppel FELS Engineering Shenzhen Co Ltd, Offshore Technology Development Pte Ltd, Floatec LLC Offshore Innovative Solutions LLC, Keppel Shipyard Ltd, Keppel Offshore & Marine USA (Holdings) LLC., Keppel Offshore & Marine USA Inc, Keppel Integrated Engineering Ltd, GE Keppel Energy Services Pte Ltd, Keppel Prince Engineering Pty Ltd, Keppel Ventus Pte Ltd, Floatec Singapore Pte Ltd, Keppel DHCS Pte Ltd, Keppel Seghers Belgium N.V., Keppel Seghers Holding B.V., Fels Tekform (Singapore) Pte Ltd, Kepfels Engineering Pte Ltd, Keppel Environment China Investments Pte Ltd, Keppel Environment Technology Centre Pte Ltd, Keppel FMO Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd, Keppel Sea Scan Pte Ltd, Keppel Seghers Engineering Singapore Pte Ltd, Keppel Seghers Holdings Pte Ltd, Keppel Seghers Newater Development Co Pte Ltd, Senoko Waste-To-Energy Pte Ltd, Asia Environmental Development Ltd, Keppel Seghers UK Ltd, Keppel Seghers Iberica S.A. Unipersonal, Auto Blast Steel Structures Co Ltd, Claridge House Ltd, Keppel Infrastructure (China) Ltd, Keppel Infrastructure Environment Development Inc, Keppel Seghers Engineering Ltd, Keppel Seghers Hong Kong Ltd, Keppel Seghers Investment Ltd, Wealth Come (Asia) Ltd, Keppel Seghers Netherlands B.V., Seghers Keppel Technology for Services & Machinery, Ruisbroek N.V., Seghers Keppel Technology for Services & Machinery, Zele N.V. and Keppel Energy Pte Ltd.

Yeo Chien Sheng Nelson, 53
Bachelor of Science in Mechanical Engineering (First class honors), University of Birmingham; Master of Engineering in Energy Technology, Asian Institute of Technology, Thailand; Program for Management Development, Graduate School of Business Administration, Harvard University.

Mr Yeo is the Managing Director (Marine) of Keppel Offshore & Marine Ltd and the Managing Director of Keppel Shipyard Limited. He is the Chairman of Keppel Philippines Marine Inc., Subic Shipyard and Engineering, Inc., Keppel Batangas Shipyard, Inc., Keppel Smit Towage Pte Ltd and Maju Maritime Pte Ltd. He is also a director of Keppel FELS Ltd, Arab Heavy Industries P.J.S.C., KS Investments Pte Ltd, KSI Production Pte Ltd, Keppel Marine Agencies International, L.L.C., DPS Bristol (Holdings) Ltd., Keppel Energy Pte Ltd and PV Keez Pte Ltd.

Mr Yeo serves as a member of the Workplace Safety and Health (Marine Industries) Committee, Ministry of Manpower; AIDS Business Alliance, Ministry of Health; and is also a member of the American Bureau of Shipping; South East Asia Advisory/ Technical Committee in Lloyd's Register and the Singapore Technical Committee in Nippon Kaiji Kyokai. He has 28 years of working experience in the shipyard industry.

Wong Kok Seng, 59
BSc (Hons) Naval Architecture, University of Newcastle Upon Tyne; Graduate of Management Development Program, Harvard Business School

Mr Wong is the Executive Director of Keppel FELS Limited (KFels). Prior to this appointment, he was the Executive Director (Operations). His career in Keppel Fels began in 1977 and has held appointments as Structural Engineer, Project Engineer, Project Manager, Quality Assurance Manager, Planning and Estimating Manager, and Assistant General Manager (Commercial).

Mr Wong also held appointments in Keppel Group as Project Director, Keppel Land, Executive Director, Keppel Singmarine and Senior General Manager (Group Procurement), Keppel Offshore and Marine.

Hoe Eng Hock, 59
Bachelor of Science in Marine Engineering (First Class Honors, University of Newcastle-on-Tyne (Colombo Plan Scholarship); Program for Management Development, Graduate School of Business Management, Harvard University; Finance for Senior Executives, Asian Institute of Management, Manila, Philippines.

Mr Hoe Eng Hock started his professional career with Keppel Group upon his graduation. After serving various business units under Keppel Group both at Singapore and the Philippines, Mr Hoe has taken up the position of Executive Director of Keppel Singmarine Pte Ltd in the year 2005.

Mr Hoe is a fellow member of IMarest and the Institute of Chartered Engineers, UK. He is also a member of The American Bureau of Shipping, South East Asia Advisory/Technical Committee of Lloyd's Register and Bureau Veritas. In addition, he is a Member of Singapore Accreditation Council as well as council member and Vice President of ASMI (Association of Singapore Marine Industries)

Chow Yew Yuen, 54
Bachelor of Science degree in Mechanical Engineering with First Class Honours, University of Newcastle Upon Tyne.

Mr Chow was appointed President of The Americas for Keppel Offshore and Marine in 2008. He has the responsibility of business management, covering the United States, Mexico and Brazil. Mr Chow is also the Chairman of KeppelAmfels Inc, Deputy Chairman of KeppelFels Brazil SA and President of Keppel Offshore and Marine USA Inc. He has been with the company for 29 years and was based in the United States for the last 17 years. His experience is quite diverse, covering areas of technical, production, operations, commercial and management across different geographical and cultural boundaries.

Mr Chow also serves as director on the boards of Floatel International Ltd., BrasFels SA (Brazil), Deepwater Marine Technology LLC, Floatec LLC, Keppel FELS Ltd., FSTP Pte. Ltd., AmFels Offshore Ltd., Joy Pride Investments (BVI), Kep Holdings Ltd., Kepital Management Ltd., Keppel FELS Invest (HK) Ltd., Keppel Marine Agencies, International LLC, KI Investments (HK) Ltd. Mr Chow is also a member of The American Bureau of Shipping.

Ang Wee Gee, 48
Bachelor of Science (summa cum laude), University of Denver, USA; Master of Business Administration, Imperial College, University of London

Mr Ang joined Keppel Land Group in 1991 and was appointed the Executive Director of Keppel Land International Limited and Chief Executive Officer, International on 1 January 2008. Prior to these appointments, he was the Director of Regional Investments, in charge of the group's overseas businesses. He has previously held positions in business & project development for Singapore and overseas markets, corporate planning & development in the group's hospitality arm, and was the group's Country Head for Vietnam and had also concurrently headed Sedona Hotels International.

Mr Ang is currently the Chairman of Keppel Philippines Properties Inc and Keppel Thai Properties Public Co Ltd, property companies listed on the Philippine Stock Exchange and The Stock Exchange of Thailand respectively. He is a director of Sedona Hotels International Pte Ltd, the hotel management arm of Keppel Land Limited, and a number of other subsidiaries and associated companies in the Keppel Land Group.

Loh Chin Hua, 49
Bachelor Degree in Property Administration (Colombo Plan Scholarship), Auckland University; Presidential Key Executive MBA Program, Pepperdine University; Chartered Financial Analyst (CFA); Registered Valuer, New Zealand Institute of Valuers.

Mr Loh is the Managing Director of Alpha Investment Partners Limited ("Alpha"), the real estate fund management arm of the Keppel Land Group. He joined Alpha in September 2002, and has 24 years of experience in real estate investing and fund management.

He has served as an Executive Chairman in Asia Real Estate Fund Management Ltd. He has over 20 years of experience in real estate investing and funds management, spanning the U.S., Europe and Asia.

Prior to joining Alpha, Mr Loh was Managing Director at Prudential Investment Management Inc. ("Prudential"), and led its Asian real estate fund management business. During his eight years at Prudential, Mr Loh was responsible for overseeing all investment and asset management activities for the real estate funds managed out of Asia.

Mr Loh started his career in real estate investment with the Government of Singapore Investment Corporation (GIC). During the 10 years with GIC, he has held appointments in the San Francisco office and was head of the European real estate group in London before returning to head the Asian real estate group.

Mr Loh serves as an independent director on the board of Pteris Global Limited (previously known as InterRoller Engineering Limited).

Pang Hee Hon, 49
Bachelor of Science and Bachelor of Commerce, University of Birmingham; Masters in Public Administration, Harvard University.

BG (NS) Pang Hee Hon is the Chief Executive Officer of Keppel Telecommunications & Transportation Ltd, appointed with effect from 4 January 2010. Previously the Deputy President (Operations) of ST Electronics (Info-Software Systems), BG (NS) Pang oversaw business operations and international marketing. He was the Chairman of the eGov Chapter in the Singapore IT Federation, which provides feedback on eGov policies and promotes internationalisation of local ICT companies.

BG (NS) Pang was also Head of Joint Logistics Department, MINDEF, where he directed the implementation of enterprise wide IT solutions for supply chain management, electronic procurement and finance. He also held other principal command and staff appointments within the Singapore Armed Forces, including Assistant Chief of the General Staff (Logistics) G-4 Army, Assistant Chief of the General Staff (Plans) G-5 Army, Commander, Division Artillery Headquarters and Deputy Assistant Chief of the General Staff (Ops Planning) G-3 Army.

Past Principal Directorships In The Last Five Years

Directors

Lee Boon Yang
Nil.

Lim Hock San
Civil Aviation Authority of Singapore; Singapore Changi Airport Enterprise Pte Ltd; Changi Airports International Pte. Ltd; Air Transport Training College Pte Ltd; Advanced Material Technologies Pte Ltd; United Test and Assembly Center Ltd; Interra Resources Limited; Ascendas Property Fund Trustee Private Limited.

Choo Chiau Beng
EDB Investments Pte Ltd; Keppel Norway AS; Maritime and Port Authority of Singapore; Singapore Maritime Foundation Limited; Singapore Petroleum Company Limited; Singapore Refining Company; SMRT Corporation Limited; SMRT Buses Ltd; SMRT Light Rail Pte Ltd; SMRT Road Holdings Ltd; SMRT Trains Ltd.

Sven Bang Ullring
Chairman of the Supervisory Boards of NORSK HYDRO ASA, Oslo and STOREBRAND ASA, Oslo.

Tony Chew Leong-Chee
Del Monte Pacific Ltd; Pontirep Investments Pte Ltd; Operational Development Pte Ltd; Juno Pacific Pte Ltd; ARC Corporate Services Pte Ltd; Eurolife Limited; Del Monte Pacific Resources Ltd; Dewey Ltd.

Oon Kum Loon (Mrs)
Schmidt Electronics Group Ltd; Gas Supply Pte Ltd; PSA International Pte Ltd.

Tow Heng Tan
IE Singapore; Shangri-la Asia Limited.

Alvin Yeo
Civil Service College; Asian Civilsations Museum; SMOE Pte Ltd.

Teo Soon Hoe
Keppel Bank Philippines Inc; Centurion Bank Limited; Southern Bank Bhd; Keppel Shipyard Limited; Singapore Petroleum Company Limited; Travelmore Pte Ltd.

Tong Chong Heong
Nil.

Key Executives

Kevin Wong Kingcheung
Various subsidiaries and associated companies of Keppel Land Limited; Evergro Properties Limited; HDB Corporation Private Limited; Singapore Hotel Association; Singapore International Chamber of Commerce

Ong Tiong Guan
Nil

Michael Chia Hock Chye
Nil

Yeo Chien Sheng Nelson
Keppel Singmarine Pte Ltd.; Alpine Engineering Services Pte Ltd.; Blastech Abrasives Pte Ltd., Keppel Tuas Pte Ltd.; Keppel Marine Agencies Inc.

Wong Kok Seng
Keppel Shipyard Ltd, Keppel Nantong Shipyard Company Limited, Keppel Philippines Marine Inc.

Hoe Eng Hock
Keppel Singmarine Pte Ltd; Keppel Nantong Shipyard Co., Ltd; Keppel Smit Towage Pte Ltd; Maju Maritime Pte Ltd; Marine Technology Development Pte Ltd; Prime Steelkit Pte Ltd; Keppel Cebu Shipyard Inc; Keppel Singmarine Philippines, Inc

Chow Yew Yuen
Nil

Ang Wee Gee
Various subsidiaries and associated companies of Keppel Land Limited

Loh Chin Hua
Nil

Pang Hee Hon
PM-B Pte Ltd; INFA Systems Limited; ST Electronics (e-Services) Pte Ltd

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Completed properties					
Ocean Properties Pte Ltd	40%	Ocean Towers Collyer Quay, Singapore	Land area: 3,552 sqm 27-storey office building	999 years leasehold	Commercial office building with rentable area of 21,129 sqm
DL Properties Ltd	34%	Equity Plaza Cecil Street, Singapore	Land area: 2,345 sqm 28-storey office building	99 years leasehold	Commercial office building with rentable area of 23,255 sqm
K-REIT Asia	54%	Prudential Tower Cecil Street & Church Street, Singapore	30-storey office building	99 years leasehold	Commercial office building with rentable area of 16,320 sqm (73.4% of the strata area)
		Keppel Towers Hoe Chiang Rd, Singapore	Land area: 7,760 sqm 27-storey office building	Freehold	Commercial office building with rentable area of 32,585 sqm
		GE Tower Hoe Chiang Rd, Singapore	Land area: 1,367 sqm 13-storey office building	Freehold	Commercial office building with rentable area of 7,378 sqm
		Bugis Junction Tower Victoria Street, Singapore	15-storey office building	99 years leasehold	Commercial office building with rentable area of 22,991 sqm
One Raffles Quay Pte Ltd	17%	One Raffles Quay Singapore	Land area: 11,367 sqm Two office towers	99 years leasehold	Commercial office building with rentable area of 124,058 sqm
HarbourFront One Pte Ltd	65%	Keppel Bay Tower HarbourFront Avenue, Singapore	Land area: 17,267 sqm 18-storey office building	99 years leasehold	Commercial office building with rentable area of 36,035 sqm
HarbourFront Two Pte Ltd	33%	HarbourFront Tower One and Two HarbourFront Place, Singapore	Land area: 10,923 sqm 18-storey and 13-storey office buildings	99 years leasehold	Commercial office building with rentable area of 48,795 sqm
Keppel Bay Pte Ltd	86%	Caribbean at Keppel Bay Singapore	141 out of 168 units of corporate residences have been sold	99 years leasehold	A 969-unit luxurious waterfront condominium development
Tianjin Merryfield Property Development Co Ltd	52%	The Arcadia Tianjin, China	168 villas	70 years leasehold	A 168-unit villa development complete with private clubhouse facilities

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
PT Straits-CM Village	20%	Club Med Ria Bintan Bintan, Indonesia	Land area: 200,000 sqm	30 years lease with option for another 50 years	A 302-room beachfront hotel
PT Kepland Investama	52%	Barclays House Jakarta, Indonesia	Land area: 10,444 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 38,093 sqm
Keppel Land Watco I Co Ltd	35%	Saigon Centre (Phase 1 Tower) Ho Chi Minh City, Vietnam	Land area: 2,730 sqm 25-storey office, retail cum serviced apartments	50 years lease	Commercial building with rentable area of 10,443 sqm office, 3,663 sqm retail, 305 sqm post office and 89 units of serviced apartments
Properties under development					
Ocean Properties Pte Ltd	40%	Ocean Financial Centre Collyer Quay, Singapore	Land area: 2,557 sqm	999 years leasehold	Commercial office building with rentable area of 78,587 sqm *(2011)
BFC Development Pte Ltd	17%	Marina Bay Financial Centre (Phase 1)/Marina Bay Residences Marina Boulevard/ Central Boulevard, Singapore	Land area: 20,505 sqm	99 years leasehold	An integrated development comprising office, retail and 428 condominium units *(2010)
Central Boulevard Development Pte Ltd	17%	Marina Bay Financial Centre (Phase 2)/Marina Bay Suites Marina Boulevard/ Central Boulevard, Singapore	Land area: 15,010 sqm	99 years leasehold	An integrated development comprising office, retail and 221 condominium units *(2012)
Keppel Bay Pte Ltd	86%	Reflections at Keppel Bay Singapore	Land area: 83,591 sqm	99 years leasehold	A 1,129-unit waterfront condominium development *(2013)
		Keppel Bay Plot 3 and 6, Singapore	Land area: 82,619 sqm	99 years leasehold	Waterfront condominium development
Shanghai Pasir Panjang Land Co Ltd	51%	Eight Park Avenue Shanghai, China	Land area: 33,432 sqm	70 years lease	A 946-unit residential apartment development (Plot B) *(2012/2013)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Shanghai Hongda Property Development Co Ltd	52%	Residential development Shanghai, China	Land area: 264,090 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,667-unit residential development with integrated facilities *(2015)
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd)	21%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,157,361 sqm	70 years lease	Integrated resort comprising golf courses, resort homes and resort facilities *(2010/2017)
CityOne Development (Wuxi) Co	26%	Central Park City Wuxi, China	Land area: 352,534 sqm	70 years lease (residential) 40 years lease (commercial)	A 5,000-unit residential township development with integrated facilities *(2012 Phase 2)
Keppel Township Development (Shenyang) Co Ltd	52%	Residential development Shenyang, China	Land area: 348,312 sqm	50 years lease (residential) 40 years lease (commercial)	A 4,700-unit residential township with integrated facilities in Shenbei New District in Shenyang *(2013 Phase 1)
PT Mitra Sindo Sukses/ PT Mitra Sindo Makmur	27%	Jakarta Garden City Jakarta, Indonesia	Land area: 2,700,000 sqm	30 years lease with option for another 20 years	A 7,000-unit residential township *(2011 Phase 1 &2013 Phase 2)
Estella JV Co Ltd	29%	The Estella Ho Chi Minh City, Vietnam	Land area: 47,906 sqm	50 years lease	A 1,393-unit high-rise residential development with supporting commercial space in An Phu Ward in prime District 2 *(2012 Phase 1)
Dong Nai Waterfront City LLC (owned by Portsville Pte Ltd)	26%	Dong Nai Waterfront City Dong Nai Province, Vietnam	Land area: 3,667,127 sqm	50 years lease	A 10,434-unit residential township *(2013 Phase 1)
Industrial properties					
Keppel FELS Limited	100%	Jurong, Pioneer Cresent and Tuas South Yard, Singapore	Land area: 737,525 sqm buildings, workshops, building berths and wharves	24 - 30 years leasehold	Oil rigs, offshore and marine construction, repair, fabrication, assembly and storage
Keppel Shipyard Limited	100%	Benoi and Pioneer Yard, Singapore	Land area: 775,527 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

* Expected year of completion

Group Five-Year Performance

	2005	2006	2007	2008	**2009**
Selected Profit & Loss Account Data ($ million)					
Revenue	5,688	7,601	10,431	11,805	**12,247**
Operating profit	467	804	1,051	1,238	**1,505**
Profit before tax & exceptional items	826	1,139	1,556	1,597	**1,856**
Attributable profit					
Before exceptional items	564	751	1,026	1,097	**1,265**
After exceptional items	564	751	1,131	1,098	**1,625**
Selected Balance Sheet Data ($ million)					
Fixed assets & properties	3,907	4,187	4,732	4,977	**5,208**
Investments	2,664	3,113	4,024	3,633	**3,332**
Stocks, debtors & cash	5,874	6,466	6,973	8,059	**8,677**
Intangibles	145	135	68	78	**90**
Total assets	12,590	13,901	15,797	16,747	**17,307**
Less:					
Creditors	3,750	5,188	6,139	7,647	**6,423**
Borrowings	3,731	2,957	2,234	1,970	**1,759**
Other liabilities	174	158	389	381	**412**
Net assets	4,935	5,598	7,035	6,749	**8,713**
Share capital & reserves	3,646	4,205	5,205	4,596	**5,985**
Minority interests	1,289	1,393	1,830	2,153	**2,728**
Capital employed	4,935	5,598	7,035	6,749	**8,713**
Per Share					
Earnings (cents) (Note 1):					
Before tax & exceptional items	43.9	61.5	81.4	84.2	**98.9**
Attributable before exceptional items	36.1	47.7	64.9	69.0	**79.4**
Attributable after exceptional items	36.1	47.7	71.5	69.0	**102.0**
Total distribution (cents)	23.0	28.0	64.0	35.0	**61.0**
Net assets ($)	2.33	2.67	3.28	2.89	**3.75**
Net tangible assets ($)	2.23	2.58	3.24	2.84	**3.70**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax and exceptional items	20.0	24.7	27.4	27.3	**29.8**
Attributable profit before exceptional items	16.4	19.1	21.8	22.4	**23.9**
Dividend cover (times)	3.9	4.2	1.0	2.0	**1.3**
Net cash / (gearing) (times)	(0.47)	(0.24)	(0.09)	0.04	**0.14**
Employees					
Number	23,625	29,185	31,914	35,621	**31,775**
Wages & salaries ($ million)	803	931	1,132	1,329	**1,372**

Notes:
1. Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
2. In calculating return on shareholders' funds, average shareholders' funds has been used.
3. Comparative figures have been adjusted for sub-division of shares in 2007.

2009

Group revenue rose by $442 million or 4% to $12,247 million, the highest achieved by the Group in a year. Higher revenue from Infrastructure and Property Divisions were more than sufficient to offset the fall in revenue from Offshore & Marine Division. Revenue from Offshore & Marine Division of $8,273 million decreased by $296 million or 3% because of lower value of new contracts secured. During the year, the Division completed and delivered 14 rigs, 14 specialised vessels and six major conversions/upgrades. Revenue from Infrastructure Division increased by 9% or $195 million. Higher revenue from Engineering, Procurement and Construction (EPC) contracts undertaken by Keppel Integrated Engineering was partially offset by lower revenue from Keppel Energy because of lower energy prices. Revenue from Property Division of $1,508 million was 59% above that of the previous year. This was mainly due to higher sale of residential homes in Singapore, China, Vietnam, Indonesia and India. Progressive revenue recognition from Reflections at Keppel Bay and other projects in Singapore and overseas were also higher. Rental income from investment properties also increased due to higher rental rates.

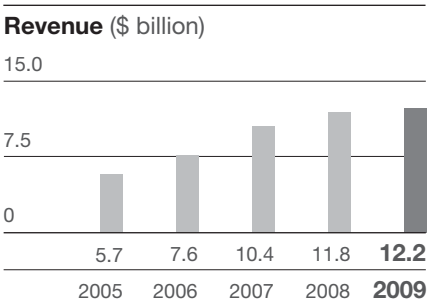
At the pre-tax profit level, Group earnings of $1,856 million were 16% higher than FY 2008. Earnings from Offshore & Marine Division of $1,081 million were 15% above the previous year. Higher operating margins achieved in the year contributed to the increased profit. Infrastructure Division continued its steady build-up and more than doubled its earnings from $70 million to $150 million. Profit from both Keppel Energy and Keppel Integrated Engineering were higher. Property Division posted profit of $476 million, 30% higher. Earnings have increased because of higher revenue recognition from the sale of residential properties and share of profit of associated companies developing Marina Bay Residences in Singapore and The Botanica in Chengdu, China. Profit from Investments was lower following the disposal of SPC in June 2009.

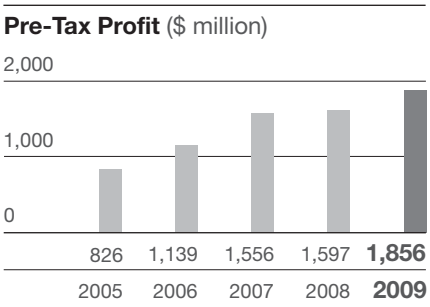
2008

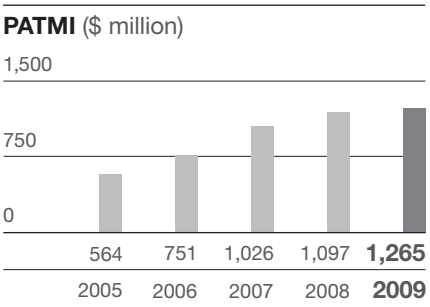
Group revenue of $11,805 million was $1,374 million or 13% higher than that of the previous year. Revenue from Offshore & Marine Division of $8,569 million was $1,311 million or 18% higher and accounted for 72% of Group revenue. The Division completed and delivered 3 semisubmersibles and 13 jackups on schedule for its customers. Revenue from shiprepairs, conversions and shipbuilding were also higher. Revenue from Infrastructure Division increased by 75% to $2,232 million. Revenue generated from the cogen power plant in Singapore and environmental engineering contracts contributed to the significant increase in revenue. Revenue from Property Division of $950 million was $885 million or 48% lower. The decrease was due to lower sales of residential properties in the current year. Rental income from investment properties increased due to higher rental rates and occupancy.

Group pre-tax profit of $1,597 million was 3% more than the previous year. Higher contribution from Offshore & Marine and Infrastructure were partially offset by lower profits from Property and Investments. Earnings from Offshore & Marine Division of $943 million were 35% above the previous year. Infrastructure Division continued to make encouraging progress, contributing $70 million to Group pre-tax profit. Property Division posted profit of $365 million, $106 million or 23% lower than the previous year. The decrease was due to the lower sales and share of profit from associated companies. Profit from Investments was lower because of lower profit from SPC.

The income tax expenses of the Group included a write-back of $15 million for tax provision in respect of prior years. After minority share of profit, the attributable profit before exceptional items was $1,097 million.







2007

Group revenue of $10,431 million was $2,830 million or 37% higher than that of the previous year. Revenue from Offshore & Marine Division at $7,258 million was $1,503 million or 26% higher and accounted for 70% of Group revenue. Revenue from shipconversion and shiprepair was strong. Revenue from Infrastructure Division more than doubled to $1,277 million as a result of new income stream from the cogen power plant, NEWater plant, power barges and the contract for the solid waste management complex in Qatar. Property Division achieved revenue of $1,835 million, $680 million or 59% higher. The higher revenue was due to sales of Reflections at Keppel Bay, Sixth Avenue Residences and Park Infinia @ Wee Nam in Singapore, Villa Riviera in Shanghai and Elita Promenade in Bangalore. Rental income from investment properties was higher as a result of the tight supply of prime office buildings in the Singapore Central Business District.

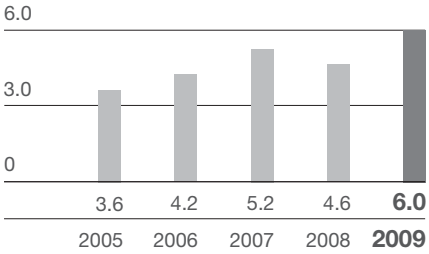
Group profit before tax was $1,556 million or 37% more than the previous year's. Earnings from Offshore & Marine Division at $700 million were 12% above the previous year. Production activities continued to increase at the shipyards, however operating margins were lower because of lower margins from its Brazilian operations. Infrastructure Division returned firmly to profitability contributing $51 million or 3% of Group pre-tax profit. This was mainly derived from new projects and the initial contribution from the contract in Qatar. The turnaround was achieved despite higher costs incurred in completing some old contracts and the higher gas cost to operate the cogen plant. Earnings from Property Division more than doubled to $471 million due to the higher revenue and operating margins from trading projects, and share of profit of Marina Bay Residences. In addition, cost provisions no longer required for Singapore trading projects were released in the year. The share of results of associated companies from Investments was significantly higher due mainly to increased contribution from SPC, which also reported record profits.

Group taxation expenses were higher in the year as a result of write-back of deferred tax amounting to $18 million from the reduction in the Singapore corporate tax rate from 20% to 18%. After taking into account the higher taxation charge and minority share of profit, the attributable profit before exceptional items was $1,026 million.

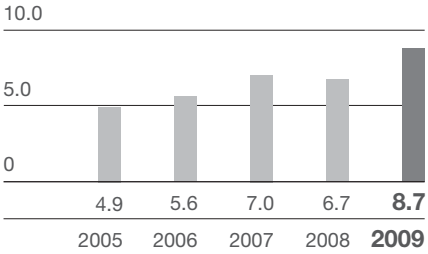
2006

Group revenue of $7,601 million was $1,913 million or 34% higher than that of the previous year. Revenue from Offshore & Marine of $5,755 million was $1,643 million or 40% higher and accounted for 76% of Group revenue. Twenty six newbuilds and conversions were completed and delivered in the year, on time or ahead of time and within budget. Revenue from ship and rig repair was also strong. Keppel T&T reported lower revenue as no major new network engineering contract was secured. Revenue from electricity trading also declined as non-profitable fixed price contracts were not renewed. Property achieved revenue of $1,155 million, $308 million or 36% higher. The increased revenue was underpinned by higher sales and prices of the Group's new and existing trading projects both in Singapore and regionally. Rental income from investment properties was higher as a result of the tight supply of prime office buildings in the Singapore Central Business District.

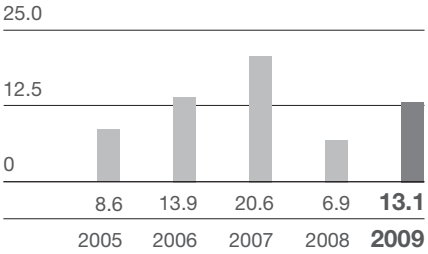
Shareholders' Funds ($ billion)



Capital Employed ($ billion)



Market Capitalisation ($ billion)



Group profit before tax exceeded $1 billion for the first time to $1,139 million, 38% higher than the previous year. Offshore & Marine, which had an exceptionally busy year contributed significantly to the Group earnings growth. The division's profit before tax of $624 million was $273 million or 78% higher. Revenue and operating margins improved with higher prices and efficient project execution. Infrastructure returned to profitability in the fourth quarter with the commercial operation of the power barges in Ecuador. However, the quarter's profit was not sufficient to reverse the losses in the first nine months. Property posted earnings of $233 million, 5% above the previous year due to the higher revenue from trading projects and profit from sale of a piece of land in Tianjin and an equity interest in a property project. Earnings from Investments were higher with gains from the sale of investments and much better contributions from k1 Ventures which benefited from the divestment of The Gas Company, LLC. These were more than sufficient to offset the lower contributions from SPC, which was affected by lower margins in the second half year.

Group taxation expenses were higher in the year as a result of higher profits from overseas operations. After taking into account the higher taxation charge and minority share of profit, the attributable profit to shareholders was $751 million.

2005

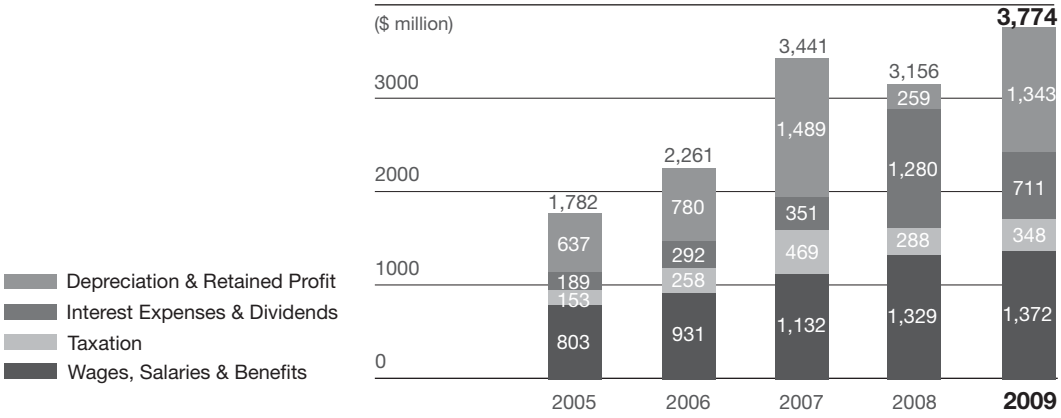
Group revenue of $5,688 million for the year was $1,725 million or 44% higher than that of the previous year. Revenue from Offshore & Marine of $4,112 million was 69% higher and contributed 72% of Group revenue. The net orderbook carried over from the previous year and the record new orders secured in the year contributed to the increased revenue of Offshore & Marine. Revenue from Property of $848 million was $137 million or 19% higher than the previous year. The increased revenue was due to the strong performance of the Group's trading projects both in Singapore and overseas. The increased revenue from Offshore & Marine and Property was partially offset by lower revenue from Infrastructure following the cessation of the power barges contract in Brazil at the end of the previous year.

Group pre-tax profit of $826 million was 28% higher than the previous year with increased contributions from Offshore & Marine, Property and SPC. Offshore & Marine benefited from profit recognition of completed jobs arising from its large orderbook. Losses were incurred by the Infrastructure because of the redeployment cost of the power barges and losses in electricity trading. KIE returned to profitability after the restructuring efforts from the previous year. Keppel Land's earnings rose by 31% from the healthy sales of its residential developments. However, this was partially offset by lower earnings from Caribbean at Keppel Bay. The continuing tight refining capacity and strong growth in demand for refined products led to significantly higher earnings at SPC.

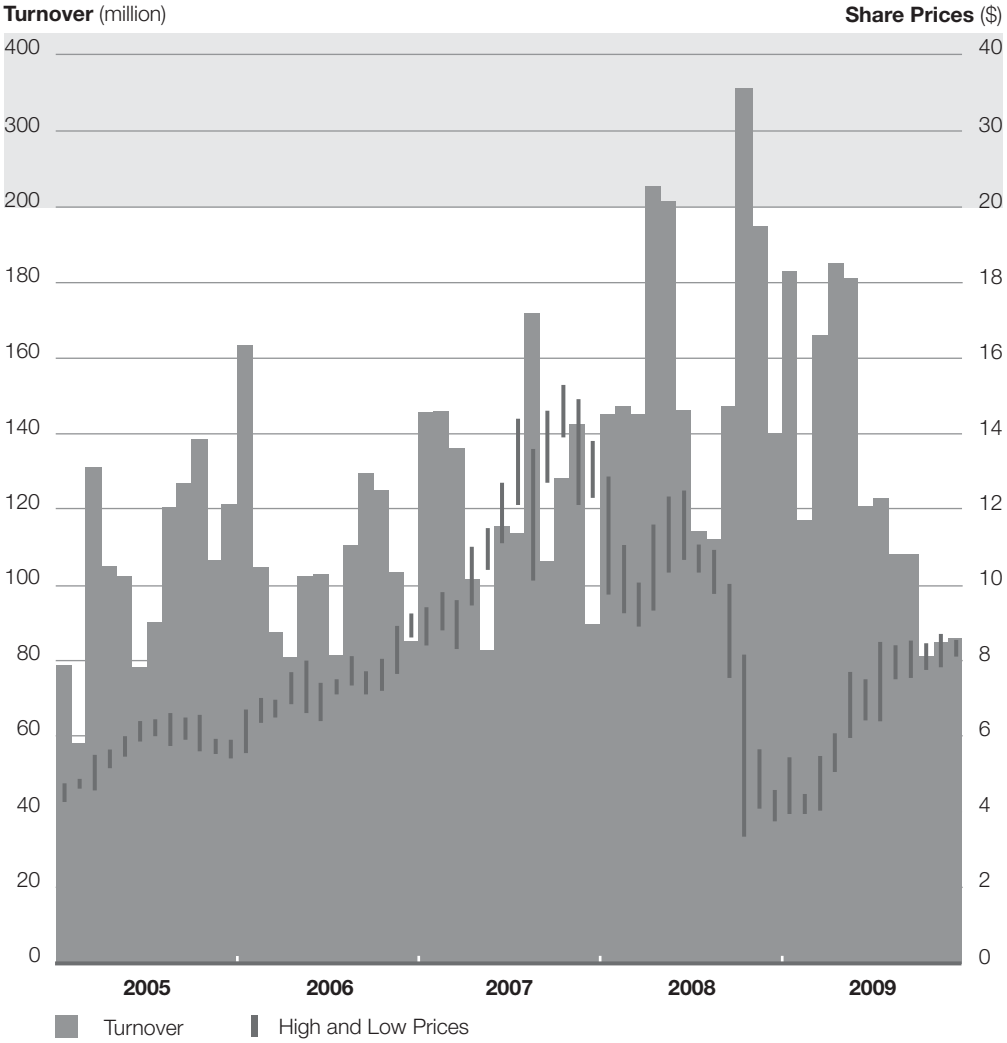
Taking into consideration taxation and minority share of profits, the resultant profit attributable to shareholders of $564 million was 21% higher than the previous year. Offshore & Marine remains the largest contributor to attributable earnings with 42%, followed by SPC with 33%, Property with 21% and the rest from Keppel T&T and Investments net of the losses of Infrastructure.

Group Value-Added Statements

($ million)	2005	2006	2007	2008	**2009**
Value added from:					
Revenue earned	5,688	7,601	10,431	11,805	**12,247**
Less: purchases of materials and services	(4,287)	(5,738)	(8,123)	(9,099)	**(9,196)**
Gross value added from operation	1,401	1,863	2,308	2,706	**3,051**
In addition:					
Interest and investment income	60	83	91	83	**79**
Share of associated companies' profits	321	315	477	354	**322**
Exceptional items	-	-	565	13	**322**
	1,782	2,261	3,441	3,156	**3,774**
Distribution of Group's value added:					
To employees in wages, salaries and benefits	803	931	1,132	1,329	**1,372**
To government in taxation	153	258	469	288	**348**
To providers of capital on:					
Interest on borrowings	22	62	63	79	**50**
Dividends to our partners in subsidiaries	36	73	46	103	**87**
Dividends to our shareholders	131	157	242	1,098	**574**
	189	292	351	1,280	**711**
Total Distribution	1,145	1,481	1,952	2,897	**2,431**
Balance retained in the business:					
Depreciation & amortisation	132	127	126	139	**174**
Minority share of profits in subsidiaries	73	60	474	120	**118**
Retained profit for the year	432	593	889	-	**1,051**
	637	780	1,489	259	**1,343**
	1,782	2,261	3,441	3,156	**3,774**
Number of employees	23,625	29,185	31,914	35,621	**31,775**
Productivity data:					
Gross value added per employee ($'000)	59	64	72	76	**96**
Gross value added per dollar employment cost ($)	1.74	2.00	2.04	2.04	**2.22**
Gross value added per dollar sales ($)	0.25	0.25	0.22	0.23	**0.25**



Share Performance



	2005	2006	2007	2008	**2009**
Share Price ($)					
Last transacted (Note 3)	5.50	8.80	13.00	4.33	**8.23**
High	6.60	9.25	15.30	12.84	**8.70**
Low	4.25	5.55	8.30	3.35	**3.97**
Volume weighted average (Note 2)	5.69	7.22	11.56	8.59	**6.40**
Per Share					
Earnings (cents) (Note 1)	36.1	47.7	64.9	69.0	**79.4**
Total distribution (cents)	23.0	28.0	64.0	35.0	**61.0**
Distribution yield (%) (Note 2)	4.1	3.9	5.5	4.1	**9.5**
Net price earnings ratio (Note 2)	15.8	15.1	17.8	12.5	**8.1**
At Year End					
Share price ($)	5.50	8.80	13.00	4.33	**8.23**
Distribution yield (%) (Note 3)	4.2	3.2	4.9	8.1	**7.4**
Net price earnings ratio (Note 3)	15.3	18.4	20.0	6.3	**10.4**
Net price to book ratio (Note 3)	2.5	3.4	4.0	1.5	**2.2**
Net assets backing ($)	2.23	2.58	3.24	2.84	**3.70**

Notes:
1. Earnings per share are calculated based on the Group PATMI by reference to the weighted average number of shares in issue during the year.
2. Volume weighted average share price is used in calculating distribution yield and net price earnings ratio.
3. Last transacted share price is used in calculating distribution yield, net price earnings ratio and net price to book ratio.
4. Comparative figures have been adjusted for sub-division of shares in 2007.

Shareholding Statistics

As at 26 February 2010

Total number of issued Shares : 1,596,019,680 Shares
Issued and Fully Paid-up Capital : $840,644,543.19
Class of Shares : Ordinary Shares with equal voting rights

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	479	1.46	214,305	0.01
1,000 - 10,000	28,987	88.46	86,880,783	5.44
10,001 - 1,000,000	3,270	9.98	111,996,529	7.02
1,000,001 & Above	32	0.10	1,396,928,063	87.53
Total	32,768	100.00	1,596,019,680	100.00

Twenty Largest Shareholders	Number of Shares	%
Citibank Nominees Singapore Pte Ltd	388,657,336	24.35
Temasek Holdings (Pte) Ltd	337,643,902	21.16
DBS Nominees Pte Ltd	215,295,454	13.49
DBSN Services Pte Ltd	140,031,186	8.77
HSBC (Singapore) Nominees Pte Ltd	139,659,763	8.75
United Overseas Bank Nominees Pte Ltd	51,094,385	3.20
Raffles Nominees Pte Ltd	44,923,421	2.81
DB Nominees (S) Pte Ltd	8,195,671	0.51
BNP Paribas Securities Services S'pore Pte Ltd	7,391,954	0.46
Shanwood Development Pte Ltd	6,400,000	0.40
Merrill Lynch (Singapore) Pte Ltd	5,362,804	0.34
Morgan Stanley Asia (Singapore) Pte Ltd	4,656,368	0.29
OCBC Nominees Singapore Pte Ltd	4,630,451	0.29
Teo Soon Hoe	4,088,332[i]	0.26
Lim Chee Onn	3,660,916	0.23
Royal Bank of Canada (Asia) Ltd	3,459,184	0.22
Phillip Securities Pte Ltd	3,210,602	0.20
UOB Kay Hian Pte Ltd	3,038,500	0.19
TM Asia Life Singapore Ltd - PAR Fund	3,000,000	0.19
OCBC Securities Private Ltd	2,853,658	0.18
Total	1,377,253,887	86.29

Note:
i) Includes 40,000 shares held by OCBC Nominees Singapore Pte Ltd on his behalf.

Substantial Shareholder

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Temasek Holdings (Pte) Ltd	337,643,902	21.16	7,443,021[i]	0.47	345,086,923	21.62

Note(i):
By operation of Section 7 of the Companies Act, Temasek Holdings (Pte) Ltd is deemed to be interested in an aggregate of 7,443,021 shares in which its subsidiaries and associated companies have an aggregate interest.

Public Shareholders

Based on the information available to the Company as at 26 February 2010, approximately 77% of the issued shares of the Company is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

Treasury Shares

As at 26 February 2010, there are no treasury shares held.

Keppel Corporation

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

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the Company will be held at Four Seasons Hotel, Four Seasons Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646 on Friday, 23 April 2010 at 4.00 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2009. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 23 cents per share for the year ended 31 December 2009 (2008: final dividend of 21 cents per share tax exempt one-tier). **Resolution 2**

3. To re-elect the following directors, each of whom will retire pursuant to Article 81B of the Company's Articles of Association and who, being eligible, offer themselves for re-election pursuant to Article 81C (see Note 2):

   (i) Mr Lim Hock San **Resolution 3**

   (ii) Mrs Oon Kum Loon **Resolution 4**

4. To re-elect the following directors, each of whom, being appointed by the board of directors after the last annual general meeting, will retire in accordance with Article 81A(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election (see Note 2):

   (i) Dr Lee Boon Yang **Resolution 5**

   (ii) Mr Alvin Yeo Khirn Hai **Resolution 6**

   (iii) Mr Tong Chong Heong **Resolution 7**

5. To re-elect Mr Sven Bang Ullring who, being over the age of 70 years, will cease to be a director at the conclusion of this annual general meeting, and who, being eligible, offers himself for re-election pursuant to Section 153(6) of the Companies Act (Cap. 50) to hold office until the conclusion of the next annual general meeting of the Company (see Note 2). **Resolution 8**

6. To approve the ordinary remuneration of the non-executive directors of the Company for the financial year ended 31 December 2009, comprising the following: **Resolution 9**

   (1) the payment of directors' fees of an aggregate amount of $1,144,095 in cash (2008: $570,000) (see Note 3.1); and

   (2) (a) the award of an aggregate number of 30,000 existing ordinary shares in the capital of the Company (the "Remuneration Shares") to Dr Lee Boon Yang, Mr Lim Chee Onn, Mr Lim Hock San, Mr Sven Bang Ullring, Mr Tony Chew Leong-Chee, Mrs Oon Kum Loon, Mr Tow Heng Tan, Mr Alvin Yeo Khirn Hai, Tsao Yuan Mrs Lee Soo Ann and Mr Yeo Wee Kiong, as payment in part of their respective remuneration for the financial year ended 31 December 2009 as follows:

      (i) 5,500 Remuneration Shares to Dr Lee Boon Yang[1];

      (ii) 5,000 Remuneration Shares to Mr Lim Chee Onn[2];

1 Dr Lee Boon Yang was appointed non-executive director from 1 May 2009 to 30 June 2009, and assumed the role of non-executive Chairman with effect from 1 July 2009.
2 Mr Lim Chee Onn served as non-executive Chairman from 1 January 2009 to 30 June 2009.

(iii) 3,000 Remuneration Shares to Mr Lim Hock San;

(iv) 3,000 Remuneration Shares to Mr Sven Bang Ullring;

(v) 3,000 Remuneration Shares to Mr Tony Chew Leong-Chee;

(vi) 3,000 Remuneration Shares to Mrs Oon Kum Loon;

(vii) 3,000 Remuneration Shares to Mr Tow Heng Tan;

(viii) 1,750 Remuneration Shares to Mr Alvin Yeo Khirn Hai[3];

(ix) 1,000 Remuneration Shares to Tsao Yuan Mrs Lee Soo Ann[4]; and

(x) 1,750 Remuneration Shares to Mr Yeo Wee Kiong[5];

(b) the directors of the Company and/or any of them be and are hereby authorised to instruct a third party agency to purchase from the market 30,000 existing shares at such price as the directors of the Company may deem fit and deliver the Remuneration Shares to each non-executive director in the manner as set out in (2)(a) above; and

(c) any director of the Company or the Company Secretary be authorised to do all things necessary or desirable to give effect to the above (see Note 3.2).

7. To approve payment of the sum of $250,000 as special remuneration to Mr Lim Chee Onn, for the period 1 January 2009 to 30 June 2009 (see Note 4). **Resolution 10**

8. To approve the award of an additional 4,500 Remuneration Shares to Dr Lee Boon Yang as payment in part of his director's remuneration for the financial year ended 31 December 2009 (see Note 5). **Resolution 11**

9. To re-appoint the Auditors and authorise the directors of the Company to fix their remuneration. **Resolution 12**

Special Business

To consider and, if thought fit, approve the following Ordinary Resolutions, with or without any modifications:

10. That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "Companies Act") and Article 48A of the Company's Articles of Association, authority be and is hereby given to the directors of the Company to: **Resolution 13**

(1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation pursuant to Article 124 of the Company's Articles of Association of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

(b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors of the Company while the authority was in force;

3 Mr Alvin Yeo Khirn Hai was appointed as non-executive director with effect from 1 June 2009.
4 Tsao Yuan Mrs Lee Soo Ann resigned from the Board with effect from 24 April 2009.
5 Mr Yeo Wee Kiong resigned from the Board with effect from 1 August 2009.

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument):

(a) (until 31 December 2010 or such later date as may be determined by Singapore Exchange Securities Trading Limited ("SGX-ST")) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (iii) below); and

(b) otherwise than by way of Renounceable Rights Issues ("Other Share Issues") shall not exceed 50 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (iii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 5 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (iii) below);

(ii) the Shares to be issued under the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (iii) below);

(iii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraphs (i)(a) and (i)(b) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury Shares) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or sub-division of Shares;

(iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(v) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier (see Note 6).

11. That: **Resolution 14**

(1) for the purposes of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company is held or is required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(3) in this Resolution:

"Maximum Limit" means that number of issued Shares representing ten 10 per cent. of the total number of issued Shares as at the date of the last annual general meeting or at the date of the passing of this Resolution whichever is higher unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury Shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which is:

(a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Average Closing Price,

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an announcement of the offer; and

(4) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution (see Note 7).

12. That: **Resolution 15**

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and target associated companies (as defined in Appendix 2 to this Notice of Annual General Meeting ("Appendix 2")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 2, with any person who falls within the classes of Interested Persons described in Appendix 2, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 2 (the "IPT Mandate");

(2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting is held or is required by law to be held, whichever is the earlier;

(3) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(4) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution (see Note 8).

To transact such other business which can be transacted at the annual general meeting of the Company.

NOTICE IS ALSO HEREBY GIVEN THAT:

(a) the Transfer Books and the Register of Members of the Company will be closed on 30 April 2010, for the preparation of dividend warrants. Duly completed transfers received by the Company's registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to the close of business at 5.00 p.m. on 29 April 2010 will be registered to determine shareholders' entitlement to the proposed final dividend. The proposed final dividend if approved at this annual general meeting will be paid on 11 May 2010; and

(b) the electronic copy of the Company's Annual Report 2009 will be published on the Company's website on 8 April 2010. The Company's website address is http://www.kepcorp.com, and the electronic copy of the Annual Report 2009 can be viewed or downloaded from the "Annual Reports" section, which can be accessed from the main menu item "Investor Relations". To view the electronic copy of the Annual Report 2009, you will need the Adobe Reader installed on your computer, which can be downloaded free of charge at http://get.adobe.com/reader.

BY ORDER OF THE BOARD

Caroline Chang
Company Secretary

Singapore, 25 March 2010

Notes:

1. A member is entitled to appoint one proxy or two proxies to attend and vote in his place. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for holding the annual general meeting.

2. Detailed information about these directors can be found in the "Board of Directors" and "Directors and Key Executives" sections of the Company's Annual Report. Mr Lim Hock San will upon re-election continue to serve as Deputy Chairman, Chairman of the Audit Committee, Chairman of the Remuneration Committee and member of the Board Risk Committee. Mrs Oon Kum Loon will upon re-election continue to serve as Chairman of the Board Risk Committee and member of the Audit, Remuneration and Nominating Committees. Dr Lee Boon Yang will upon re-election continue to serve as Chairman, and member of the Remuneration, Nominating and Board Safety Committees. Mr Alvin Yeo Khirn Hai will upon re-election continue to serve as member of the Audit and Board Risk Committees. These directors are considered by the Nominating Committee to be independent directors.

3.1 The increase in the aggregate amount of directors' fees payable for the financial year 2009 is due mainly to the revised directors' fee structure following a review by the Remuneration Committee taking into account industry practice and the number of meetings held in the financial year ended 2009, and the Board having a non-executive Chairman with effect from 1 January 2009. The revised directors' fee structure is set out in the Company's Corporate Governance Report, on page 94 of the Company's Annual Report 2009.

3. 2 The proposed award of Remuneration Shares to the non-executive directors forms part of the ordinary remuneration of the non-executive directors for the financial year ended 31 December 2009, and is in addition to the proposed directors' fees in cash mentioned in this Resolution 9. The Remuneration Shares to be awarded to the non-executive directors will rank *pari passu* with the then existing issued Shares at the time of the award. Subject to Shareholders' approval, Dr Lee Boon Yang will be awarded 5,500 Shares (on a *pro rata* basis) as part of his ordinary remuneration for serving as a non-executive director from 1 May 2009 to 30 June 2009 and as non-executive Chairman from 1 July 2009 to 31 December 2009. Mr Lim Chee Onn will, subject to Shareholders' approval, be awarded 5,000 Shares (on a *pro rata* basis) as part of his ordinary remuneration for serving as non-executive Chairman from 1 January 2009 to 30 June 2009. The non-executive directors who have served for the full financial year will each be awarded 3,000 Shares as part of their remuneration. Mr Alvin Yeo Khirn Hai will, subject to Shareholders' approval, be awarded 1,750 Shares as part of his remuneration for serving as non-executive director from 1 June 2009 to 31 December 2009. Tsao Yuan Mrs Lee Soo Ann will, subject to Shareholders' approval, be awarded 1,000 Shares as part of her remuneration for serving as non-executive director from 1 January 2009 to 24 April 2009. Mr Yeo Wee Kiong will, subject to Shareholders' approval, be awarded 1,750 Shares as part of his remuneration for serving as non-executive director from 1 January 2009 to 1 August 2009. The Chairman, non-executive directors, Mr Lim Chee Onn, Tsao Yuan Mrs Lee Soo Ann and Mr Yeo Wee Kiong will abstain from voting, and will procure their respective associates to abstain from voting, in respect of this Resolution 9.

4. The Company had on 22 December 2008 announced that Mr Lim Chee Onn would relinquish his role as Chief Executive Officer, but would continue to serve as non-executive Chairman of the Company with effect from 1 January 2009 and that, in this role, he would oversee the Group's thrust in sustainable development initiatives and continue to contribute his efforts to expand and strengthen Keppel's geographical footprint in China, Vietnam, India and the Middle East (the "Services"). The Board had considered it important that, besides ensuring the effective operation of the Board, Mr Lim should be available to continue to perform the Services and the Company should continue to benefit from his business network and relationships for a period of time, so as to ensure a smooth transition in executive leadership and minimise the risk of business disruption which may arise from his ceasing to be Executive Chairman of the Company. The Services go beyond the typical duties of a non-executive chairman. The Board is therefore seeking the approval of Shareholders to pay Mr Lim a sum of $250,000 as special remuneration for his aforementioned efforts and contribution during the period 1 January 2009 to 30 June 2009. The payment of this special remuneration will be in addition to the payment, subject to Shareholders' approval, of the ordinary remuneration payable to Mr Lim as a non-executive director of the Company for the financial year ended 31 December 2009 pursuant to the above Resolution 9.

5. The Board is seeking shareholders' approval to award to Dr Lee Boon Yang the full-year's grant of Remuneration Shares for non-executive Chairman based on the Company's directors' fees structure (that is, another 4,500 Remuneration Shares in addition to the 5,500 Remuneration Shares pursuant to Resolution 9 above), notwithstanding that he held office as non-executive director from 1 May 2009 to 30 June 2009 and non-executive Chairman from 1 July 2009 to 31 December 2009, in the financial year ended 31 December 2009 (which, subject to Shareholders' approval, on a *pro rata* basis would entitle him only to 500 Remuneration Shares and 5,000 Remuneration Shares respectively). The additional grant is in recognition of the substantial amount of time and effort put in by Dr Lee since assuming the role of non-executive Chairman.

6. Resolution 13 is to empower the directors from the date of the annual general meeting until the date of the next annual general meeting to issue further Shares and Instruments in the Company, up to a number not exceeding (i) 100 per cent. of the total number of Shares for Renounceable Rights Issues and (ii) 50 per cent. of the total number of Shares for Other Share Issues (with a sub-limit of 5 per cent. of the total number of Shares (excluding treasury Shares) in respect of Shares to be issued other than on a *pro rata* basis to shareholders), provided that the total number of Shares which may be issued pursuant to (i) and (ii) shall not exceed 100 per cent. of the issued Shares (excluding treasury Shares). The 5 per cent. sub-limit for non *pro rata* issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. For the purpose of determining the total number of Shares (excluding treasury Shares) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares) at the time that Resolution 13 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 13 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

7. Resolution 14 relates to the renewal of the Share Purchase Mandate which was originally approved by Shareholders on 18 February 2000 and was last renewed at the annual general meeting of the Company on 24 April 2009. Please refer to Appendix 1 of this Notice of Annual General Meeting for details.

8. Resolution 15 relates to the renewal of a mandate given by Shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to Appendix 2 of this Notice of Annual General Meeting for details.

Corporate Information

Board of Directors

Lee Boon Yang (Chairman)

Lim Hock San (Deputy Chairman)

Choo Chiau Beng (Chief Executive Officer)

Sven Bang Ullring

Tony Chew Leong-Chee

Oon Kum Loon (Mrs)

Tow Heng Tan

Alvin Yeo Khirn Hai

Teo Soon Hoe

Tong Chong Heong

Audit Committee

Lim Hock San (Chairman)

Tony Chew Leong-Chee

Oon Kum Loon (Mrs)

Alvin Yeo Khirn Hai

Remuneration Committee

Lim Hock San (Chairman)

Lee Boon Yang

Sven Bang Ullring

Oon Kum Loon (Mrs)

Tow Heng Tan

Nominating Committee

Tony Chew Leong-Chee (Chairman)

Lee Boon Yang

Sven Bang Ullring

Oon Kum Loon (Mrs)

Tow Heng Tan

Board Risk Committee

Oon Kum Loon (Mrs) (Chairman)

Lim Hock San

Tow Heng Tan

Alvin Yeo Khirn Hai

Board Safety Committee

Sven Bang Ullring (Chairman)

Lee Boon Yang

Choo Chiau Beng

Company Secretary

Caroline Chang

Registered Office

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Telephone: (65) 6270 6666
Telefax: (65) 6413 6391
Email: keppelgroup@kepcorp.com
Website: www.kepcorp.com

Share Registrar

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Auditors

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore
Audit Partner: Chaly Mah Chee Kheong
Year appointed: 2006

Financial Calendar

FY 2009

Financial year-end	31 December 2009
Announcement of 2009 1Q results	23 April 2009
Announcement of 2009 2Q results	23 July 2009
Announcement of 2009 3Q results	22 October 2009
Announcement of 2009 full year results	26 January 2010
Despatch of Summary Financial Report to Shareholders	25 March 2010
Despatch of Annual Report to Shareholders	8 April 2010
Annual General Meeting and Extraordinary General Meeting	23 April 2010
Proposed final dividend	
Books closure date	5.00 p.m., 29 April 2010
Payment date	11 May 2010
Proposed special dividend *in specie*	
Books closure date and payment date	To be determined

FY 2010

Financial year-end	31 December 2010
Announcement of 2010 1Q results	April 2010
Announcement of 2010 2Q results	July 2010
Announcement of 2010 3Q results	October 2010
Announcement of 2010 full year results	January 2011

This annual report is printed on Meridien Brilliance, Eco-Frontier and Excel Satin. These papers are environmentally-friendly and are produced with a minimum content of 51% recycled paper.

Edited and Compiled by
Group Corporate Communications, Keppel Corporation

Designed by
greymatter williams and phoa (asia)

Keppel Corporation Limited
(Incorporated in the Republic of Singapore)

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Tel: (65) 6270 6666
Fax: (65) 6413 6391
Email: keppelgroup@kepcorp.com
www.kepcorp.com

Co Reg No: 196800351N