Keppel Corporation

DEFINITIVELY KEPPEL

REPORT TO SHAREHOLDERS 2011

TO BE THE PROVIDER OF CHOICE FOR SOLUTIONS TO THE OFFSHORE & MARINE INDUSTRIES, SUSTAINABLE ENVIRONMENT AND URBAN LIVING.

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

CONTENTS

KEY FIGURES FOR 2011

$10.1b

REVENUE INCREASED 10% FROM FY 2010'S $9.1 BILLION*

$1,491m

NET PROFIT INCREASED 14% FROM FY 2010'S $1,307 MILLION*

21.6%

ROE INCREASED BY 0.1% FROM FY 2010'S 21.5%*

$1,024m

EVA INCREASED $60 MILLION FROM FY 2010'S $964 MILLION*

83.8¢

EPS INCREASED 13% FROM FY 2010'S 74.3 CENTS PER SHARE*

43.0¢

CASH DIVIDEND PER SHARE INCREASED 13% FROM FY 2010'S 38.2 CENTS PER SHARE*

$4.14

NET ASSET VALUE PER SHARE INCREASED 14% FROM FY 2010'S $3.63 PER SHARE*

0.17x

NET GEARING RATIO INCREASED FROM FY 2010'S NET CASH OF 0.02X

NET PROFIT

Exceeding the $1 billion mark for the fourth year running, we achieved record net profit of $1.5 billion, a 14% increase on 2010.

EVA

Since 2006, our EVA has grown steadily to surpass the $1 billion mark this year.

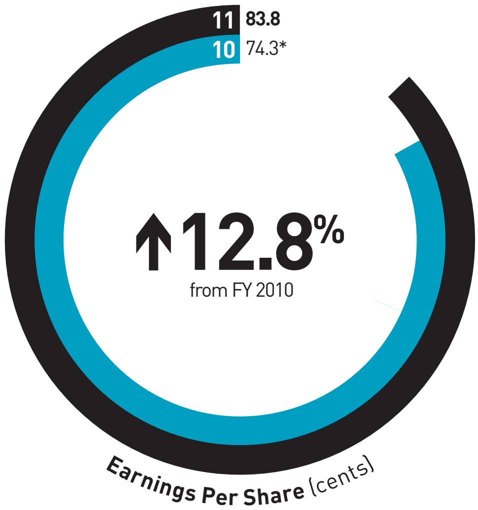
CASH DIVIDEND

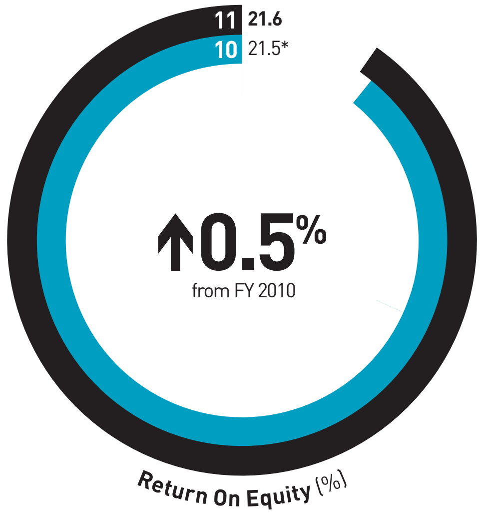
Our track record on dividends over the years has been consistent, having paid around 50% of Group net profit annually. For 2011, we have proposed a total cash dividend of 43 cents per share, which represents a dividend payout ratio of 51%.

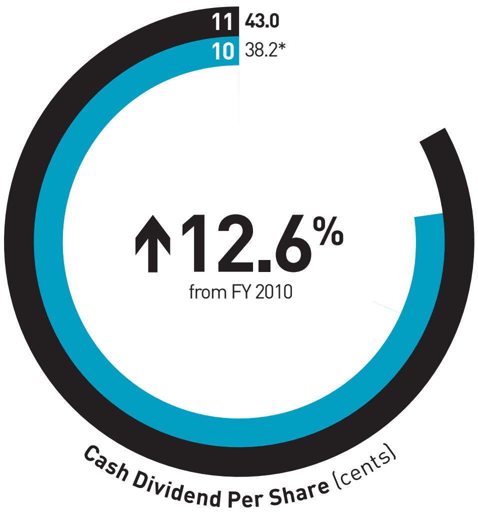
* Comparative figures are restated due to retrospective application of INT FRS 115. EPS, Cash Dividend per Share and Net Asset Value per Share have also been adjusted for the bonus issue of shares in 2011.

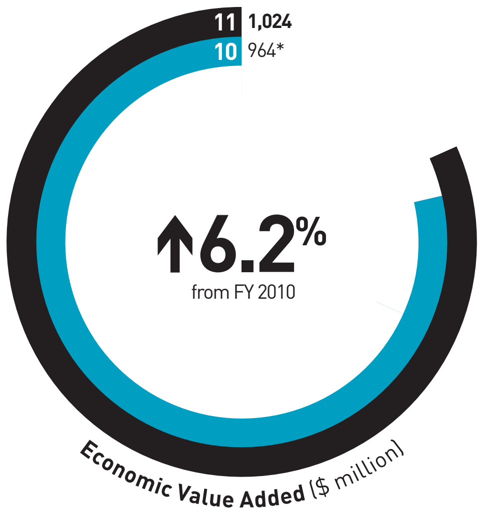
1. P-56 is a shining example of the expertise and execution capabilities of BrasFELS and Brazil's offshore and marine industry .
2. Ocean Financial Centre is part of Keppel's sterling office portfolio in Singapore's Central Business District.

GROUP FINANCIAL HIGHLIGHTS









	2011					2010 (Restated)*				
	1Q	**2Q**	**3Q**	**4Q**	**Total**	1Q	2Q	3Q	4Q	Total
Group quarterly results ($ million)										
Revenue	**2,288**	**2,287**	**2,703**	**2,804**	**10,082**	2,334	2,376	2,287	2,143	9,140
EBITDA	**455**	**508**	**574**	**569**	**2,106**	407	470	414	454	1,745
Operating profit	**408**	**460**	**524**	**505**	**1,897**	363	428	368	397	1,556
Profit before tax & exceptional items	**450**	**511**	**580**	**636**	**2,177**	431	550	420	488	1,889
Net profit before exceptional items	**312**	**384**	**406**	**389**	**1,491**	298	353	304	352	1,307
Earnings per share (cents)	**17.6**	**21.6**	**22.8**	**21.8**	**83.8**	17.0	20.0	17.3	20.0	74.3

* 2010 comparative figures are restated due to retrospective application of INT FRS 115.
Earnings per Share and Cash Dividend per Share have also been adjusted for bonus issue of shares in 2011.

	2011	2010 Restated*	% Change
For the year ($ million)			
Revenue	**10,082**	9,140	+10%
Profit			
EBITDA	**2,106**	1,745	+21%
Operating	**1,897**	1,556	+22%
Before tax & exceptional items	**2,177**	1,889	+15%
Net profit before exceptional items	**1,491**	1,307	+14%
Attributable after exceptional items	**1,841**	1,511	+22%
Operating cash flow	**(242)**	450	n.m.
Free cash flow	**(1,500)**	(193)	n.m.
Economic Value Added (EVA)			
Before exceptional items	**1,024**	964	+6%
After exceptional items	**838**	697	+20%
Per share**			
Earnings (cents)			
Before tax & exceptional items	**105.4**	93.4	+13%
After tax & before exceptional items	**83.8**	74.3	+13%
After tax & exceptional items	**103.5**	85.9	+20%
Net assets ($)	**4.14**	3.63	+14%
Net tangible assets ($)	**4.09**	3.57	+15%
At year-end ($ million)			
Shareholders' funds	**7,390**	6,415	+15%
Non-controlling interests	**3,801**	2,867	+33%
Capital employed	**11,191**	9,282	+21%
Net (debt)/cash	**(1,857)**	178	n.m.
Net (gearing)/cash ratio (times)	**(0.17)**	0.02	n.m.
Return on shareholders' funds (%)			
Profit before tax & exceptional items	**27.2**	27.0	+0.7%
Net profit before exceptional items	**21.6**	21.5	+0.5%
Shareholders' value			
Distribution (cents per share) **			
Interim dividend	**17.0**	14.5	+17%
Final dividend	**26.0**	23.7	+10%
Total distribution	**43.0**	38.2	+13%
Share price ($) **	**9.30**	10.29	-10%
Total Shareholder Return (%)	**(6.4)**	47.0	n.m.

n.m. not meaningful
* 2010 comparative figures are restated due to retrospective application of INT FRS 115.
** Comparatives for Earnings per Share, net assets per share, net tangible assets per share, distribution per share and share price have also been adjusted for the bonus issue of shares in 2011.

CHAIRMAN'S STATEMENT

"KEPPEL'S EXCEPTIONAL PERFORMANCE IS TESTAMENT TO THE GROUP'S SOUND BUSINESS STRATEGIES AND COMMITMENT TO EXECUTION EXCELLENCE. OUR ROBUST BUSINESS STRATEGY, DIVERSIFIED BUSINESSES AND EMPHASIS ON CORE COMPETENCIES HAVE POSITIONED US STRONGLY TO SEIZE OPPORTUNITIES AND CREATE VALUE."

$1,491m

NET PROFIT
Increased 14% from FY 2010's $1,307 million*.

Our Keppel FELS B class jackup has become the benchmark in the industry.

DEAR SHAREHOLDERS,
The world went through a tumultuous year in 2011. It will be remembered as a year marked by rapid and at times, unexpected political, economic and even unprecedented natural disasters. In particular, the European sovereign debt crisis has cast a long shadow over global economic performance. While the European governments had acted decisively to tackle the crisis, recovery is likely to be slow and painful for the affected countries. The Eurozone crisis will weigh down on what is already a pessimistic global economic outlook. In the US, while there were some positive indicators such as job creation, overall, caution still rules the day.

Even in Asia, which was expected to lead global recovery, growth is slowing. China's growth is expected to moderate further while in Singapore, the economy is forecast to grow by 1% to 3% in 2012, down from 2011's GDP growth of 4.9%.

STRONG PERFORMANCE DESPITE VOLATILITY
Amid the volatility and uncertainty, Keppel had to muster all our collective experience and strengths to ensure that our businesses continued to perform well. I am very pleased to report that the effort had paid off handsomely. Keppel had delivered yet another sterling set of results for 2011 which exceeded expectations.

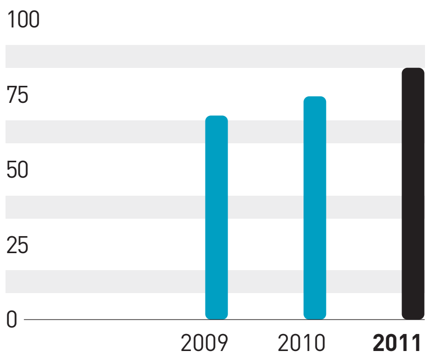
For 2011, net profit grew by 14% to a new high of nearly $1.5 billion. This is the fourth consecutive year that net profit has surpassed the $1 billion mark. Also for the fifth year running, Return on Equity has remained above 20%. Earnings per Share also rose to 83.8 cents from 74.3 cents (restated) in FY 2010. Economic Value Added increased to $1,024 million for the year.

To reward shareholders for your continued support and confidence in Keppel, the board of directors has recommended a full-year total cash distribution of 43 cents per share.

FOCUS ON EXECUTION
Our dedicated and experienced management team has steered the Group skillfully through a difficult year to achieve another record performance.

Keppel's exceptional performance is testament to the Group's sound business strategies and commitment to execution excellence. Our robust

Earnings Per Share (cents)



	2009	2010	2011
	67.9*	74.3*	**83.8**

* restated

business strategy, diversified businesses and emphasis on core competencies have positioned us strongly to seize opportunities and create value.

We will continue to build on our distinctive strengths and valuable experience garnered through tough times to deliver value to shareholders.

OFFSHORE & MARINE

Keppel Offshore & Marine (Keppel O&M) had a remarkable year, clinching a record $10 billion worth of contracts that will stretch deliveries into 2015.

The stricter regulatory environment, especially after the Macondo incident in the Gulf of Mexico in 2010, had stimulated interest in newer drilling rigs with superior technology and safety features. This triggered a strong demand for newbuilds, especially in the first half of the year.

While demand was gradually returning for deeper water drilling units, most of the orders that materialised were for high-specification jackup rigs. We are pleased that many drilling contractors prefer our proprietary jackup designs, particularly the KFELS B Class jackup, which has now become the benchmark for the industry. A total of 20 such units were ordered by our customers since the last quarter of 2010. The Keppel FELS Super A Class design, which was first produced in 2011, augmented our suite of proprietary jackup design solutions.

On the back of our proven track record in Brazil, Sete Brasil awarded us their first semisubmersible drilling rig. This is based on our proprietary DSS™38E design and it will be built in our Angra yard in Brazil. Keppel Singmarine Brasil, our new 7.6-ha yard in Santa Catarina, Brazil, is currently building two Platform Supply Vessels, based on our proprietary designs, for our shipowning arm Guanabara Navegacao. These vessels will be offered for bareboat charter or sale when completed.

We are also growing adjacencies in our Offshore & Marine business to capture more value. Our current stake of 47% in Floatel International reflects our interest to play an active role in the company as well as our confidence in Floatel's ability to provide high-quality floating accommodation semisubmersibles for Brazil and the North Sea. We are currently building the third floating accommodation semi for Floatel, based on our new proprietary design SSAU4000NG. Likewise our investment in Dyna-Mac Holdings Limited, a topside module fabricator, also strengthens our capabilities as a core solutions provider in floating production systems.

In the growing offshore wind industry, Keppel aims to broaden its value chain of services, particularly in Europe. Keppel FELS is building a Multi-Purpose Self-Elevating Platform wind turbine installation vessel, which will be owned and managed with the Seafox Group. The vessel has secured a contract for the German sector of the North Sea, ahead of its completion in the second half of 2012. Early this year, we also expanded our suite of solutions for offshore wind farm installation with the acquisition of a 49.9% stake in leading offshore wind turbine foundation designer, OWEC Tower AS.

INFRASTRUCTURE

In Infrastructure, Keppel continues to seek expansion opportunities in environmental engineering, power and gas, logistics and data centres businesses.

In the Middle East, Keppel Integrated Engineering's wholly-owned subsidiary, Keppel Seghers, completed construction of the integrated Domestic Solid Waste Management Centre in Qatar in October 2011 and has commenced the 20-year Operation & Maintenance contract on the plant. While we have had delays and cost overruns, we have gained valuable experience from executing a large-scale project in a challenging environment. Meanwhile, the Doha North Sewage Treatment Works in Qatar is making progress towards Stage 1 completion and commissioning.

In the UK, Keppel Seghers achieved steady progress on construction works

Keppel's board and management are actively engaged in ensuring good corporate governance.

for Phases I and II of the Greater Manchester Energy-from-Waste Plant. Phase I of the plant is on course for completion and commissioning in 2013.

In China, Keppel Integrated Engineering has formed a joint venture (JV) company to build, own and operate a water reclamation plant in the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City). To enhance competitiveness, Keppel Seghers is localising the production of Waste-to-Energy grates in China.

K-Green Trust, with a focus on Singapore, the Asia-Pacific and Europe, continues to look out for acquisition opportunities as they avail themselves in this volatile market.

To position itself strongly amid competition, Keppel Energy is on track with the strategic expansion of its Keppel Merlimau Cogen's generation capacity to 1,300MW from the current capacity of 500MW by 2013.

Keppel Telecommunications & Transportation (Keppel T&T) stands to benefit from Asia's continued growth, especially in China, where demand for logistics and warehousing is more resilient. Keppel T&T has embarked on several projects in 2011 to expand its logistics footprint in the country. Keppel Logistics Foshan has started operations at the Nanhai Distribution Centre, adding 35,000 sm of warehousing facility.

Keppel T&T also expects growth in its data centre business to remain robust with increasing interest in cloud computing and strong demand from financial institutions, internet service providers and government agencies. It has formed a JV with Keppel Land to consolidate our data centre assets. Securus Data Property Fund (Securus Fund), co-managed by Keppel T&T and AEP Investment Management, acquired a 70% stake in iseek Data Centre in Brisbane, Australia. In a separate JV with Keppel T&T, Securus Fund will own, manage and operate a data centre in Gore Hill, Sydney, Australia.

PROPERTY

2011 was a difficult year for Property. In two of our key markets, Singapore and China, property market cooling measures by the respective governments have had its impact on home sales. In spite of this, Keppel Land managed to sell 2,500 units in Singapore and the region.

At home, Keppel Land's surbuban residential developments, The Luxurie and The Lakefront Residences, received positive response from homebuyers. Keppel Land will continue to seek available sites in good locations to develop more homes with attractive lifestyle offerings.

In China, Keppel Land China secured two prime residential sites in Shanghai and Wuxi. Demand for township homes in second-tier cities remain healthy and we achieved good sales at our township projects, namely The Botanica in Chengdu, Central Park City in Wuxi and The Seasons in Shenyang.

Tianjin Eco-City saw significant progress on several fronts over the course of 2011. Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd inked more than 20 new agreements with various partners and attracted about RMB495 million worth of investments. At end-2011, the first batch of homes was handed over to residents.

The transaction on Ocean Financial Centre in Singapore in 4Q 2011 was a strategic move for Keppel Land and K-REIT Asia. The divestment by Keppel Land yielded cash proceeds of about $1.6 billion and strengthened its financial capacity to capture opportunities in Singapore and the region. For K-REIT Asia, this acquisition of a high quality building in a prime location enabled it to become one of the top office REITs in Singapore with an asset size of $6.0 billion as at end-2011.

Keppel Land is expanding its commercial portfolio overseas to leverage its extensive experience as a prime office developer. In China, at Seasons City in Tianjin Eco-City, construction has commenced on a retail mall and an office tower under Phase 1 of the mixed-use development. Keppel Land China had also acquired a prime 2.6-ha site for Grade A office development in Beijing's CBD, its first commercial project in the Chinese capital.

In Ho Chi Minh City, Vietnam, Keppel Land broke ground for a 50,000 sm retail mall under Phase 2 of Saigon Centre, while in Indonesia, one of the two existing office towers in the International Financial Centre Jakarta is being redeveloped into a new Grade A office building.

SUSTAINING VALUE

Strong commitment by top management in driving Group-wide risk management systems and processes over the years has enabled the Group to meet the challenging business environment and capitalise on opportunities that arise. The board continues to work closely with management to manage risks and ensure the Group remains flexible and robust across the different regions where we operate.

Our people are driven and focused on our common goal and more importantly, abide by shared values to sustain Keppel's growth into the future and be more robust in facing challenges and competition.

Safety is a Keppel core value which cannot be overemphasised. We were saddened by the incident at Keppel Subic Shipyard, Philippines, in October 2011, which resulted in the loss of six lives and injury to six others. We have drawn valuable lessons from this unfortunate incident. It challenges us to constantly review and enhance our safety systems, processes and culture.

We are also looking into new ways to work more productively right through rank and file in each business unit. The record $10 billion in contracts secured in 2011 will translate into a few busy years ahead. Keppel O&M's productivity improvements taskforce is intensifying efforts to enhance operational efficiencies and step up skills training of our workforce. In 2011, $160 million was invested to improve our global yard facilities and boost capabilities.

To drive the Group's momentum into the next phase of growth, we have intensified efforts in 2011 to identify, deploy and grow talent. Various platforms were provided to engage and

Keppel Land China continues to receive positive response for its township homes in second-tier cities.

expose our staff, including overseas assignments, special projects and job rotations. Senior management engaged actively in talent development, meeting and exchanging views with staff at various dialogue sessions.

In times of uncertainty, we are assured that some fundamentals at Keppel never change: our strong culture and core values as well as our commitment to integrity and to create value. We will persevere with our *Can Do* spirit through every crisis to emerge stronger each time.

ACKNOWLEDGEMENTS

Volatile times can try the patience of shareholders and we want to thank all shareholders for your unstinting support and confidence in Keppel.

The board also records its appreciation to Mr Lim Hock San and Mr Sven Ullring, who will be retiring from the board, for their invaluable contributions, wise counsel and dedicated service through the years.

We commend our management and staff for rising to the occasion with their passion and commitment. They are the reason for Keppel's success.

Last but not least, I wish to thank Directors, management, partners, customers and all stakeholders for your unwavering support through these challenging times. The Group will stay focused on our strategy and growth paths to ensure that we continue to thrive and prosper. Thank you.

Yours sincerely,

LEE BOON YANG
CHAIRMAN
1 March 2012

INTERVIEW WITH THE CEO

"MY AIM HAS ALWAYS BEEN TO SHAPE KEPPEL INTO A STRONGER GROUP WITH PROFITABLE BUSINESSES, AND BE ABLE TO DELIVER SUSTAINED VALUE CREATION TO ALL OUR STAKEHOLDERS."

Q HOW DO YOU SEE THE CURRENT SITUATION COMPARED WITH THE RECENT GLOBAL FINANCIAL CRISIS? HOW IS KEPPEL POSITIONED TO RIDE THROUGH THE UNCERTAINTIES AHEAD?

A In 2009, the global economy was reeling from the economic and financial turmoil sparked off by the collapse of Lehman. Banks tightened credit, impacting normal business operations. Rig-building projects were not able to secure financing. Some rigs under construction were cancelled. The price of WTI Crude plunged to below US$40 a barrel. The offshore and marine industry went through 18 months in which very few rig orders were placed.

In 2012, while financial markets are still volatile due to the Eurozone debt crisis, the credit situation is better for worthy projects. Oil prices have remained firm above US$100 a barrel. With oil companies budgeting larger exploration and production capital expenditure for the coming years, we are cautiously optimistic on the outlook for newbuild orders this year.

Since 2009, we have done much to systematically review, rationalise and consolidate our businesses, processes and resources. We have stepped up our efforts to drive productivity improvements and efficiency gains. We will remain steadfast amidst the volatility in the global environment and continue to focus on strengthening our core competencies. These are all lessons gleaned from past crises that we have put to good use.

In today's climate of economic uncertainty, we are committed to maintain a strong balance sheet that will give us the financial resilience to weather the cyclicality of our underlying businesses, as well as the flexibility to seize opportunities as they arise. Our aim is to drive sustainable growth in our businesses and to continue delivering value to our customers and shareholders.

CEO Choo Chiau Beng builds strong ties with others in the management team – in counsel with Mr Tong Chong Heong, Senior ED of Keppel Corporation and CEO of Keppel O&M.

Q WHAT IS YOUR STRATEGY FOR THE GROUP IN THE LONGER TERM? WILL KEPPEL REMAIN A MULTI-INDUSTRY CONGLOMERATE?

A My aim has always been to shape Keppel into a stronger Group with profitable businesses, and be able to deliver sustained value creation to all our stakeholders. Back in 2001, the Group went through a strategic exercise to streamline and focus on the Offshore & Marine, Infrastructure and Property businesses. We chose these sectors based on our core competencies, as well as our long-term view on how to best leverage global macro trends to achieve good sustainable returns. The Infrastructure business was intended to provide a steady income stream while we manage the cyclical nature of our Offshore & Marine and Property businesses.

Over the last decade, this strategy has stood us in good stead. A recent study by the Boston Consulting Group found that in crises, well-managed diversified companies have been able to leverage their financial advantage and superior risk profiles to preserve and even enhance their foundations for future growth. The Group has weathered the dotcom bubble, September 11, the SARS and H1N1 epidemics as well as several economic downturns, while still continuing to achieve strong creditable results. Our net profit has grown steadily from $267 million in 2001 to nearly $1.5 billion last year. The CAGR for our net profit over the last 10 years is a sterling 19%.

I firmly believe that at Keppel, we have found the right business mix that best leverages the Group's competencies while allowing room to venture into adjacent businesses for further growth. We would stick to our core competencies and look at areas where

we can deliver results. Our Offshore & Marine Division has been our star performer in the last five years and we would continue to invest to become an even stronger player in the industry. Our Infrastructure Division is growing its track record and presence while we continue to work on improving our project evaluation and execution skill sets. In Property, we are known for developing premium Grade A office buildings in Singapore and will leverage that experience to grow our commercial portfolio overseas. Our homes and townships in the region have been well-received by homebuyers. Demand for homes will be sustained by the rise of the middle class in Asia and we will continue to look for good sites at reasonable prices to extract value from them.

At the same time, we will look at adjacent business areas such as upstream in the energy sector. We will only venture into adjacencies that make sense for us, and where we have competencies and can add value. A hallmark of the Keppel Management is that we are responsible and practical. We will apply the same rigorous discipline to enter into adjacencies and in the management of our subsidiaries.

Q 2011 SAW SOME NEW SENIOR APPOINTMENTS. WHAT ARE YOU DOING ABOUT LEADERSHIP CONTINUITY AND WHAT EFFORTS HAVE BEEN MADE FOR SUCCESSION PLANNING, TALENT ATTRACTION, RETENTION AND DEVELOPMENT?

A One of my top priorities is to put in place effective human resource strategies that support the growth and capability building of both the Group and individual employees, to ensure continuity of strong leadership and longevity of Keppel's unique culture.

To my direct reports, I give guidance and help as much as I can, but I do not believe in interfering prematurely. If I do not allow people to make mistakes, and give them the opportunities to correct their mistakes, they will never learn. I am happy to say that over the years, we have groomed and nurtured very competent, independent and autonomous managers in the Group.

1

We have implemented a succession planning regime at the management level across the entire Group, especially for the key top management positions. The suitability and readiness of potential internal successors are assessed through a 360-degree framework as well as benchmarked against external prospects. Our succession planning is also closely tied to talent management through which we identify future needs, customise development and optimise deployment opportunities, to build bench strength over the mid to long term. The topmost tier of high potential and high-performing talents is given overseas assignments, special projects and job rotations, for exposure and to gain greater insights into broader strategic issues facing the Group.

I believe strongly in creating competitive value propositions to attract, motivate and retain talents at all levels. To ensure that we hire the right people, we have developed a rigorous framework to assess candidates' alignment with Keppel's core values. To monitor employee progress, annual work goals and targets are discussed and mutually agreed on to facilitate performance management.

In Keppel, we actively manage our talent retention framework. In monetary terms, we look at salary benchmarking. We also have in place our annual performance incentive mechanism and a long-term incentive plan to better align individual and team's goals with that of the business goals, and to incentivise and reward individuals and teams.

As part of our continuing efforts to achieve better productivity gains, we continue to invest in training and equipping our workforce with the skills they need to meet the changing demands of their work. Our in-house Keppel College and Keppel Offshore & Marine Technical Training Centre develop structured learning and development framework and programmes that are tailored to the Group's specific business needs.

Q WITH THE RECORD LEVEL OF ORDERS SECURED IN 2011, ARE YOUR YARDS FACING ANY CAPACITY CONSTRAINTS? WHAT ARE THE CHALLENGES THEY FACE IN EXECUTING THE ORDERS SECURED?

A We have proven in 2009 and 2010 that our Singapore yards alone can deliver a total of 21 rigs comprising a mix of jackup and semisubmersible rigs. Since then, we have invested in automation, reviewed and improved workflows and worked hard to increase productivity. With the current batch of scheduled deliveries mostly jackup rigs of our proprietary designs, I am confident that we will be able to reap economies of scale and increase efficiency from the repeat jobs. We can also leverage our regional network of yards in Indonesia, the Philippines and China to outsource work if necessary.

We are comfortable with our yard capacity in Singapore. We have always been prudent in not increasing capacity simply to meet short-term increases in demand. Moreover, we believe in formulating creative solutions to take on more work. For example, in Keppel FELS Singapore, we are using a floating barge to overcome drydock space constraint – a cost-effective and resourceful solution.

Following the recent surge in orders in the industry, the lead time to secure equipment has increased. We would have to plan carefully and leverage our good relationships with suppliers to manage our schedules. We have secured a record level of orders last year and our Singapore yards are currently busy. With experienced management and well-developed work processes, I believe that we will continue to strengthen our track record to deliver each rig on time, within budget and safely.

Q WHAT IS KEPPEL'S COMPETITIVE ADVANTAGE IN THE BRAZIL MARKET? HOW HAVE YOU ADDRESSED THE CHALLENGES OF OPERATING IN AN ENVIRONMENT WHICH YOU HAVE DESCRIBED AS DIFFICULT?

A Brazil has for many years been a closed market. Its laws are structured such that labour cost is high, and there are various layers of taxes such as municipal tax, state tax and federal

2

tax along the supply chain. In addition, there are different social costs that have to be taken into account. Labour unions in Brazil are powerful. There are also many factors in the supply chain that are difficult to control and manage. The constraints are real. There is a shortage of people, shortage of proven offshore yards, and shortage of various supply chains.

These problems will not be solved overnight. Inflation is also high and the movement of the Brazilian real can be very volatile. Hence, we are cautiously optimistic and our strategy is not to overdo things in Brazil.

We will have to be disciplined, and only take on orders that we know we can execute well and make money. We do not want to be overloaded with jobs from which we cannot extract value. We structure our contracts and projects very carefully to ensure that we are adequately protected against currency fluctuations and cost escalations.

Our first semisubmersible rig for Sete Brasil has a lead time of 48 months. Our Brazil yard has delivered floating production units like P-51, P-52 and P-56 previously for Petrobras and all three units are already deployed for work.

We are the only yard in Brazil that has a proven delivery track record. In terms of readiness and resources to overcome capacity constraint, we are better and well placed to take on orders. We can also leverage our other yards to take on part of the work.

Q WHAT ARE KEPPEL'S PLANS TO GROW IN THE AREA OF OFFSHORE WIND FARMS? WHAT ARE THE MARKET POTENTIAL AND THE CHALLENGES AHEAD?

A We have no plans to become a full turnkey provider. However, as a leading solutions provider in the offshore and marine industry, we believe that we can add value to the nascent offshore wind industry given the similarities of the two industries.

Since 2010, we have been more actively involved in the offshore wind industry with two projects, an electrical transformer and maintenance platform and a wind installation vessel Seafox 5. In early 2012, we acquired a 49.9% stake in OWEC Tower AS, an industry-leading designer of jacket foundation for the offshore wind industry. With OWEC Tower's leadership position in the market for jacket foundations design, we will be able to leverage our expertise in the fabrication of complex products to provide cost-effective foundations. This will also add to our offerings in the offshore wind installation industry, and we will continue to explore opportunities to expand our suite of solutions for this industry.

We are cognisant of the challenges in venturing into the offshore wind industry. Costs can be high as the industry is still relatively immature and many parts of the value chain have yet to be standardised. The ongoing Eurozone debt crisis has meant that there is a shortage of financing for offshore wind farms as well as delays in grid connections.

1. Senior management engages with talents from across the Group in regular dialogues.
2. We have a longstanding partnership with Brazil having delivered 19 major projects since 1994, five of which were completed in BrasFELS.

At this point in time, the industry is also heavily dependent on government subsidies, since electricity produced by offshore wind farms has not reached grid parity.

Nonetheless, there is good potential in the offshore wind industry, especially in developed regions such as Europe. As at the end of 2011, total installed offshore wind capacity was 3.8 GW. The European Wind Energy Association forecast that offshore wind installations in Europe will hit 39 GW by 2020 and 150 GW by 2030. Investments in offshore wind farms are expected to reach €209 billion over 2010 to 2020.

Q THERE HAVE BEEN CONTINUING PROBLEMS WITH KEPPEL INTEGRATED ENGINEERING'S QATAR PROJECTS. WHAT LESSONS HAVE YOU TAKEN AWAY FROM THIS?

A On hindsight, we underestimated the challenges of executing such large-scale engineering, procurement and construction projects in a new environment. For the Qatar projects, we are trying to get them right and being conservative, we made further provisions in 2011. We have completed the solid waste management project, and have started the operational and maintenance phase of the contract, which will last for 20 years. We still have some way to go to complete the wastewater treatment project.

Q WHAT IS THE OUTLOOK FOR YOUR PROPERTY DIVISION? ARE THERE PLANS TO GROW IN CHINA AND HOW WILL THE GROUP MITIGATE THE RISKS THERE?

A The cooling measures in Singapore and China have dampened buying sentiments. Nonetheless, we remain positive on the property markets in these two countries as well as the rest of Asia, given the region's favourable economic outlook and rapid urbanisation.

In Singapore, the implementation of the Additional Buyer Stamp Duty (ABSD) in December 2011 for home purchases resulted in a short-term slowdown in foreign interest and demand for high-end properties. However, in the longer run, the measure will help to promote a sustainable property market through better aligning of home prices with economic fundamentals. With its strong economic fundamentals, Singapore remains one of our key markets. We will continue to seek sites with strong attributes, such as those located near MRT stations and a wide range of amenities, including schools and retail outlets.

In China, several measures were introduced in 2011 to rein in the property market and stabilise prices. 52 out of 70 major Chinese cities recorded month-on-month decline in home prices in December 2011. However, with mounting concerns of slowing economic growth, it is likely that some policies may be fine-tuned to support the property market, which accounts for an estimated 25% of China's GDP. Despite the slower growth expected in 2012, China will remain a key driver for Asia's economy. In addition, rising homeownership aspirations and a growing middle class will continue to support demand for quality homes especially in township developments.

Keppel Land's exposure to China has increased over the years. In 2007, China accounted for 17% of Keppel Land's total assets and by end 2011, this has increased to about 28%. In deepening our presence in China, we will be selective in the cities and product segments that we enter in order to carve out maximum value. Our strategy for China is to expand in cities where we already have a presence, and leverage the relationships cultivated as well as lessons learnt over time in order to be successful.

1

Q THE PROPERTY DIVISION IS GROWING ITS COMMERCIAL PRESENCE OVERSEAS. WHAT IS THE OUTLOOK FOR THE OFFICE MARKET IN THE REGION?

A The Singapore office market is expected to be stable due to the limited supply of new spaces coming onstream in 2012. Singapore remains an attractive business gateway to Asia. With continued interest from multinational corporations for quality office space in Singapore, the demand for Grade A office segment, especially those in prime locations, is expected to be resilient.

In the past two years, both Keppel Land and K-REIT Asia have been more active in acquiring and developing commercial buildings overseas. With the various market-cooling measures in Singapore and China, a property portfolio that is more balanced between residential and commercial segments will provide us more ballast to ride through the cycles in the different market segments.

The current economic climate in the region offers opportunities to pick up good sites at reasonable prices. For example, in China's capital, Beijing, there is an acute shortage of good quality office space. The prime commercial site in the heart of Beijing's business district which we acquired in January this year will give us a good foothold in this market. Competition is also not expected to be as intense as the residential market, as commercial properties held for investment takes a longer time to realise a return on investment. We are constantly on the lookout for good investment opportunities, especially in cities where we are already present.

Beyond China, we have also started construction on the next phase of Saigon Centre, our mixed-use development in Vietnam's Ho Chi Minh City. The completion of the development in 2015 is timely, as Vietnam will face a crunch in meeting the growing demand for quality-grade office spaces and retail malls. In Indonesia, we are redeveloping International Financial Centre Jakarta Tower 2 into a 47-storey prime Grade A office tower to meet demand for quality office spaces, which has risen in tandem with the Indonesian economy.

Q CAN YOU GIVE AN UPDATE ON THE SINO-SINGAPORE TIANJIN ECO-CITY? WHAT RETURNS DO YOU EXPECT FROM THIS INVESTMENT IN THE NEXT FEW YEARS?

A There was further progress on a number of fronts last year. Companies have started moving into the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City) and begun operations. The Ready-Built Factories in the Eco-Industrial Park are ready for handover to investors in early 2012.

In 2011, our joint venture company, Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd, signed over 20 new agreements and attracted RMB495 million worth of investments, including MOUs with General Motors to test its next generation of electric-networked vehicles in the Eco-City, and with Panasonic to develop new green technologies for eco-homes. Several Singapore-based SMEs have also signed agreements to leverage on the Eco-City as a platform to penetrate China's market.

The Eco-City has attracted a good number of top regional developers who are leveraging the project's strong branding as a platform to showcase their eco-home solutions. At end 2011, the first homes were handed over to residents and more amenities have been put in place in the Start-Up Area. For example, the first international school has been completed and is expected to start welcoming students by the end of 2012. To date, a total of about 4,000 homes have been sold in the Eco-City.

The scale, scope and complexity of the Tianjin Eco-City have always meant that it would be a long gestation project that would take 10 to 15 years. The project has not escaped the impact of China's property-cooling measures. However, we remain confident on the longer-term development of the Eco-City, given its location in the Tianjin Binhai New Area, which has been earmarked by the Chinese government as a key area for further development and growth.

2


1. We will continue to seek sites with strong attributes such as those located near MRT stations and a wide range of amenities.
2. International Financial Centre Jakarta Tower 1 will be augmented by the redevelopment of its Tower 2 into a prime Grade A office development.

KEPPEL CORPORATION

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 Research and Development (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 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.

Revenue ($ million)*

Year	Revenue
2011	**10,082**
2010	9,140
2009	11,990
2008	11,784
2007	10,144

Net Profit ($ million)*

Year	Net Profit
2011	**1,491**
2010	1,307
2009	1,190
2008	1,079
2007	957

* 2007 to 2010 comparative figures are restated due to retrospective application of INT FRS 115.

OFFSHORE & MARINE

FOCUS FOR 2012/2013

- Deliver on excellent execution and enhance productivity.
- Continue R&D efforts to sharpen position as market leader in selected segments.
- Explore opportunities in new markets and adjacent businesses.
- Sustain prudent cost management.
- Continue emphasis on Health, Safety and the Environment.

Revenue ($ million)

Year	Revenue
2011	**5,706**
2010	5,577
2009	8,273
2008	8,569
2007	7,258

Net Profit ($ million)

Year	Net Profit
2011	**1,064**
2010	987
2009	810
2008	705
2007	522

INFRASTRUCTURE

FOCUS FOR 2012/2013

- Keppel Energy to grow share in Singapore's power market and further enhance integrated platform in gas and utilities businesses.
- KIE to complete construction of remaining projects in Qatar and the UK.
- KIE to enhance operations and maintenance capabilities.
- Keppel T&T to enhance services through new technologies while growing business in China's high-growth regions.

Revenue ($ million)

Year	Revenue
2011	**2,863**
2010	2,510
2009	2,427
2008	2,232
2007	1,277

Net Profit ($ million)

Year	Net Profit
2011	**82**
2010	57
2009	126
2008	63
2007	27

PROPERTY

FOCUS FOR 2012/2013

- Selectively acquire sites in Singapore and overseas.
- Monitor markets to launch new projects and phases.
- Expand commercial portfolio overseas.

Revenue ($ million)*

Year	Revenue
2011	**1,467**
2010	1,042
2009	1,251
2008	929
2007	1,548

Net Profit ($ million)*

Year	Net Profit
2011	**300**
2010	214
2009	135
2008	139
2007	140

INVESTMENTS

FOCUS FOR 2012/2013

- k1 Ventures to manage its current portfolio of assets and realise such assets at the appropriate time with the aim of maximising shareholder value.
- M1 to continue to strengthen position in the mobile market and capitalise on growth opportunities in Singapore, riding on the new national fibre network.

Revenue ($ million)

Year	Revenue
2011	**46**
2010	11
2009	39
2008	54
2007	61

Net Profit ($ million)

Year	Net Profit
2011	**45**
2010	49
2009	119
2008	172
2007	268

KEPPEL AROUND THE WORLD

WE LEVERAGE OUR GLOBAL REACH TO DIVERSIFY EARNINGS STREAMS AND REAP BENEFITS FROM OUR *NEAR MARKET, NEAR CUSTOMER* STRATEGY.

LEGEND

- Offshore & Marine
- Infrastructure
- Property
- Investments

$10,082m

TOTAL FY 2011 REVENUE

Group revenue was 10% higher than 2010 by our businesses due to strong performance.

$1,553m

NORTH AMERICA

$1,843m

EUROPE

$1,024m

SOUTH AMERICA

$616m

MIDDLE EAST

$237m

INDIA

$3,847m

SINGAPORE

$93m

JAPAN & SOUTH KOREA

$488m

REST OF ASEAN

$241m

CHINA & HONG KONG

$140m

AUSTRALIA

BOARD OF DIRECTORS

LEE BOON YANG, 64

CHAIRMAN
Non-Executive and Independent Director
B.V.Sc Hon (2A), University of Queensland, 1971

Date of first appointment as a director:
1 May 2009
Date of last re-election as a director:
23 April 2010
Length of service as a director
(as at 31 December 2011):
2 years 8 months

Board Committee(s) served on:
Remuneration Committee (Member)
Nominating Committee (Member)
Board Safety Committee (Member)

Present Directorships
(as at 31 December 2011):
Listed companies
Singapore Press Holdings Limited
(Chairman)

Other principal directorships
Singapore Press Holdings Foundation
Limited

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
Nil

Others:
Former Minister for Information, Communications and the Arts, former Member of Parliament

LIM HOCK SAN, 65

DEPUTY CHAIRMAN
Non-Executive and Independent Director
Bachelor of Accountancy, University of Singapore
Master of Science, MIT Sloan School of Management
Advanced Management Programme, Harvard Business School
Fellow, Chartered Institute of Management Accountants (UK)

Date of first appointment as a director:
1 November 1989
Date of last re-election as a director:
23 April 2010[1]
Length of service as a director
(as at 31 December 2011):
22 years 2 months

Board Committee(s) served on:
Audit Committee (Chairman)
Remuneration Committee (Chairman)
Board Risk Committee (Member)

Present Directorships
(as at 31 December 2011):
Listed companies
United Industrial Corporation Limited
(President & Chief Executive Officer)
Singapore Land Limited (President & Chief Executive Officer)
Gallant Venture Ltd (Chairman)
Indofood Agri Resources Ltd

Other principal directorships
Ascendas Pte Ltd

Major Appointments (other than directorships):
National Council Against Problem Gambling
(Chairman)

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
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, Hsu Fu Chi International Limited

Others:
Former Director-General of Civil Aviation (1980–1992), past President of the Institute of Certified Public Accountants of Singapore

[1] Due to retire at the 44th Annual General Meeting to be held on 20 April 2012 and, although eligible, will not be seeking re-election.

CHOO CHIAU BENG, 64

CHIEF EXECUTIVE OFFICER
Senior Executive Director
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
Member of the Wharton Society of Fellows, University of Pennsylvania

Date of first appointment as a director:
18 March 1983
Date of last re-election as a director:
24 April 2009
Length of service as a director (as at 31 December 2011):
28 years 10 months

Board Committee(s) served on:
Board Safety Committee (Member)

Present Directorships (as at 31 December 2011):
Listed companies
Keppel Land Limited (Chairman)
k1 Ventures Limited

Other principal directorships
Keppel Offshore & Marine Ltd (Chairman)
Keppel Energy Pte Ltd (Chairman)
Keppel Land China Limited (Chairman)

Major Appointments (other than directorships):
Singapore's Non-Resident Ambassador to Brazil, Det Norske Veritas South East Asia Committee (Chairman), Energy Studies Institute (Board Member), American Bureau of Shipping (Council Member), American Bureau of Shipping's Southeast Asia Regional Committee (Member), Special Committee on Mobile Offshore Drilling Units (Member), Singapore University of Technology, Design (Member of the Board of Trustee) and National Productivity and Continuing Education Council (Member)

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
Keppel Norway AS, Maritime and Port Authority of Singapore, Singapore Maritime Foundation Limited, Singapore Petroleum Company, Singapore Refining Company, SMRT Corporation Ltd, SMRT Buses Ltd, SMRT Light Rail Pte Ltd, SMRT Road Holdings Ltd, SMRT Trains Ltd, Nanyang Business School Advisory Board

Others:
Conferred the Meritorious Service Award in 2008, conferred the NTUC Medal of Commendation (Gold) Award in May 2007, conferred the Public Service Star Award (BBM) in August 2004

SVEN BANG ULLRING, 76

NON-EXECUTIVE AND INDEPENDENT DIRECTOR
Master of Science, Swiss Federal Institute of Technology (ETH), Zurich

Date of first appointment as a director:
1 July 2000
Date of last re-election as a director:
21 April 2011[1]
Length of service as a director (as at 31 December 2011):
11 years 6 months

Board Committee(s) served on:
Board Safety Committee (Chairman)
Nominating Committee (Member)
Remuneration Committee (Member)

Present Directorships (as at 31 December 2011):
The Fridtjof Nansen Institute, Oslo, Norway (Chairman)

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
Supervisory Board of NORSK HYDRO ASA, Oslo (Chairman), STOREBRAND ASA, Oslo (Chairman), Board of Transparency International, Norway (Chairman), Maritime and Port Authority of Singapore's Third Maritime and Research and Development Advisory Panel (Chairman)

Others:
Past President and Chairman of the Executive Board of Det Norske Veritas, Oslo

[1] Due to retire at the 44th Annual General Meeting to be held on 20 April 2012 and, although eligible, will not be seeking re-election.

TONY CHEW LEONG-CHEE, 65

NON-EXECUTIVE AND
INDEPENDENT DIRECTOR

Trained as an agronomist at Ko Plantations Berhad and Serdang Agricultural College, Malaysia

Date of first appointment as a director:
16 April 2002
Date of last re-election as a director:
21 April 2011
Length of service as a director
(as at 31 December 2011):
9 years 9 months

Board Committee(s) served on:
Nominating Committee (Chairman)
Audit Committee (Member)

Present Directorships
(as at 31 December 2011):
Listed companies
Nil

Other principal directorships
Asia Resource Corporation Pte Ltd (Chairman)
ARC Investment Pte Ltd
International Property Development J.S. Corporation (Vietnam)
KFC Vietnam (Chairman)
SBF Holdings Pte Ltd (Chairman)
SBF-PICO Events Pte Ltd
Macondray Company Limited (Chairman)
Macondray & Co. Inc (Chairman)
Macondray Corporation Pte Ltd (Chairman)
Pontirep Investments Limited (Chairman)
Representations International Pte Ltd (Chairman)
Representations International (H.K.) Pte. Ltd (Chairman)
Resource Pacific Holdings Pte Ltd (Chairman)
Tianjin Summer Palace Winery and Distillery Co. Ltd

Major Appointments (other than directorships):
Singapore Business Federation (Chairman), Duke-NUS Graduate Medical School Singapore (Chairman), Economic Research Institute for ASEAN and East Asia (Board Member), Chinese Development Assistance Council (Member of the Board of Trustee), Advisor to the Singapore Institute of International Affairs, and served on the Economic Strategies Committee

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
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

Others:
Public Service Award recipient

OON KUM LOON, 61

NON-EXECUTIVE AND
INDEPENDENT DIRECTOR

Bachelor of Business Administration (Honours), University of Singapore

Date of first appointment as a director:
15 May 2004
Date of last re-election as a director:
23 April 2010
Length of service as a director
(as at 31 December 2011):
7 years 8 months

Board Committee(s) served on:
Board Risk Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)

Present Directorships
(as at 31 December 2011):
Listed companies
Keppel Land Limited

Other principal directorships
Singapore Power Limited
SP PowerAssets Limited
PowerGas Limited
Keppel Land China Limited
Aviva Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
Schmidt Electronics Group Ltd, Gas Supply Pte Ltd, PSA International Pte Ltd, SP PowerGrid Ltd, China Resources Microelectronics Limited

Others:
Former Chief Financial Officer of DBS Group

TOW HENG TAN, 56

NON-EXECUTIVE AND
NON-INDEPENDENT DIRECTOR
Fellow of the Association of Chartered Certified Accountants
Fellow of the Chartered Institute of Management Accountants

Date of first appointment as a director:
15 September 2004
Date of last re-election as a director:
21 April 2011
Length of service as a director
(as at 31 December 2011):
7 years 4 months

Board Committee(s) served on:
Nominating (Member)
Remuneration (Member)
Board Risk Committee (Member)

Present Directorships
(as at 31 December 2011):
Listed companies
ComfortDelGro Corporation Limited

Other principal directorships
Pavilion Capital Holdings Pte Ltd
Pavilion Capital International Pte Ltd
Tuas Fund Investments Pte Ltd
Fullerton Financial Holdings Pte Ltd
Adahlis Holdings BV
Avondale Properties Limited
Union Charm Development Limited
Germiston Developments Limited
Crown Pacific Development Limited
Surbana Corporation Pte Ltd
Pine Investments Holdings Pte Ltd
Bartley Investments Pte Ltd
Napier Investments Pte Ltd
Nassim Investment Pte Ltd
Holden (Beijing) Investment Co. Ltd
Kingsdale Development Pte Ltd

Major Appointments (other than directorships):
Center for Asset Management Research & Investment, NUS (Member), National Council of Social Services (Member), SAFRA Board of Governors (Member)

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
IE Singapore, Shangri-la Asia Limited

Others:
Former Chief Investment Officer of Temasek International (Private) Ltd, former Senior Director of Business Development at DBS Vickers Securities (Singapore) Pte Ltd, former Managing Director of Lum Chang Securities Pte Ltd

ALVIN YEO KHIRN HAI, 50

NON-EXECUTIVE AND
INDEPENDENT DIRECTOR
LLB Honours, King's College London, University of London
Senior Counsel

Date of first appointment as a director:
1 June 2009
Date of last re-election as a director:
23 April 2010
Length of service as a director
(as at 31 December 2011):
2 years 7 months

Board Committee(s) served on:
Audit (Member)
Board Risk Committee (Member)

Present Directorships
(as at 31 December 2011)
Listed companies
United Industrial Corporation Limited
Singapore Land Limited

Other principal directorships
Tuas Power Ltd
Thomson Medical Centre Pte Ltd

Major Appointments (other than directorships):
Senior Partner of WongPartnership LLP, Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation (Member), Senate of the Singapore Academy of Law (Member), Singapore International Arbitration Centre's Council of Advisors (Member), Member of Parliament

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011)
Asian Civilisations Museum, Clifford Chance Pte Ltd

Others:
Past member of the Senate of the Academy of Law, past member of the Council of the Law Society, past member of the board of the Civil Service College

TAN EK KIA, 64

NON-EXECUTIVE AND
INDEPENDENT DIRECTOR

BSc Mechanical Engineering (First Class Hons), Nottingham University, United Kingdom
Management Development Programme, International Institute for Management Development, Lausanne, Switzerland
Fellow of the Institute of Engineers, Malaysia
Professional Engineer, Board of Engineers, Malaysia
Chartered Engineer of Engineering Council, United Kingdom
Member of Institute of Mechanical Engineer, United Kingdom

Date of first appointment as a director:
1 October 2010
Date of last re-election as a director:
21 April 2011
Length of service as a director
(as at 31 December 2011):
1 year 3 months

Board Committee(s) served on:
Nominating Committee (Member)
Board Safety Committee (Member)

Present Directorships
(as at 31 December 2011):
Listed companies
SMRT Corporation Ltd
PT Chandra Asli Petrochemical Tbk
CitiSpring Infrastructure Management Pte Ltd
Transocean Ltd

Other principal directorships
Keppel Offshore & Marine Ltd
City Gas Pte Ltd (Chairman)
Dialog Systems (Asia) Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
Orchard Energy Pte Ltd, Power Seraya Ltd

Others:
Former Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore)

DANNY TEOH, 57

NON-EXECUTIVE AND
INDEPENDENT DIRECTOR

Member of the Institute of Chartered Accountants in England & Wales

Date of first appointment as a director:
1 October 2010
Date of last re-election as a director:
21 April 2011
Length of service as a director
(as at 31 December 2011):
1 year 3 months

Board Committee(s) served on:
Audit Committee (Member)
Remuneration Committee (Member)

Present Directorships
(as at 31 December 2011):
Listed companies
DBS Group Holdings Ltd
DBS Bank Ltd

Other principal directorships
Changi Airport Group (Singapore) Pte Ltd
JTC Corporation

Major Appointments (other than directorships):
Singapore Olympic Foundation

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
KPMG Advisory Services Pte Ltd, KPMG Corporate Finance Pte Ltd, KPMG Services Pte Ltd, SIFE Singapore, Viva Foundation For Children With Cancer, Singapore Dance Theatre.

Others:
Former Managing Partner, KPMG LLP, Singapore, past member of KPMG's International Board and Council, former Head of Audit and Risk Advisory Services and Head of Financial Services

TEO SOON HOE, 62

SENIOR EXECUTIVE DIRECTOR

Bachelor of Business Administration, University of Singapore
Member of the Wharton Society of Fellows, University of Pennsylvania

Date of first appointment as a director:
1 June 1985
Date of last re-election as a director:
21 April 2011
Length of service as a director
(as at 31 December 2011):
26 years 7 months

Board Committee(s) served on:
Nil

Present Directorships
(as at 31 December 2011):
Listed companies
Keppel Telecommunications & Transportation Ltd (Chairman)
M1 Limited (Chairman)
Keppel Philippines Holding Inc (Chairman)
Keppel Land Limited
Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of K-Green Trust)
k1 Ventures Limited

Other principal directorships
Keppel Offshore & Marine Ltd
Keppel Energy Pte Ltd
Singapore Tianjin Eco-City Investment Holdings Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
Singapore Petroleum Company Limited, Travelmore Pte Ltd

Others:
Former Group Finance Director of Keppel Corporation Limited

TONG CHONG HEONG, 65

SENIOR 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
Member of Society of Naval Architects and Marine Engineers (USA), American Bureau of Shipping and Nippon Kaiji Kyokai (Class NK)
Fellow of The Royal Institute of Naval Architects (RINA), United Kingdom
Fellow of Institute of Marine Engineering, Science & Technology
Member of Singapore Institute of Directors
Fellow of the Society of Project Managers

Date of first appointment as a director:
1 August 2009
Date of last re-election as a director:
23 April 2010
Length of service as a director
(as at 31 December 2011):
2 years 5 months

Board Committee(s) served on:
Nil

Present Directorships
(as at 31 December 2011):
Listed companies
Nil

Other principal directorships
Keppel Offshore & Marine Ltd
Keppel FELS Limited
Keppel Shipyard Limited
Keppel Integrated Engineering Limited (Chairman)

Major Appointments (other than directorships):
Institute of Technical Education (ITE), Governors (Board Member), NTUC-U Care Fund Board of Trustees (Member), DNV Southeast Asia Offshore Committee (Member), Singapore Maritime Institute Governing Council (Member)

Past Directorships held over the preceding 5 years (from 1 January 2007 to 31 December 2011):
Nil

Others:
Former Commander of the Volunteer Special Constabulary (VSC), conferred the Public Service Medal, conferred the Medal of Commendation (Gold) Award at NTUC May Day 2010

KEPPEL GROUP BOARDS OF DIRECTORS

Keppel Offshore & Marine

CHOO CHIAU BENG
CHAIRMAN
Chief Executive Officer,
Keppel Corporation Limited

TONG CHONG HEONG
Chief Executive Officer

STEPHEN PAN YUE KUO
Chairman, World-Wide Shipping Agency Limited

PROF MINOO HOMI PATEL
Professor of Mechanical Engineering and Director of Development, School of Engineering, Cranfield University, UK

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

TAN EK KIA
Chairman, City Gas Pte Ltd

PO'AD BIN SHAIK ABU BAKAR MATTAR
Independent Director, Hong Leong Finance Limited and Tiger Airways Holdings Limited

TEO SOON HOE
Senior Executive Director,
Keppel Corporation Limited

LIM CHIN LEONG
Former Chairman of Asia,
Schlumberger

LOH CHIN HUA
Chief Financial Officer,
Keppel Corporation Limited; Chairman, Alpha Investment Partners Limited

SIT PENG SANG
Director, Keppel AmFELS, Inc

CHOW YEW YUEN
Chief Operating Officer

Keppel Energy

CHOO CHIAU BENG
CHAIRMAN
Chief Executive Officer,
Keppel Corporation Limited

DR ONG TIONG GUAN
Managing Director

TEO SOON HOE
Senior Executive Director,
Keppel Corporation Limited

KHOO CHIN HEAN
Chief Executive Officer, OpenNet Pte Ltd

KOH BAN HENG
Senior Advisor, Singapore Petroleum Company Limited (member of PetroChina)

FOO JANG SEE
Senior Vice President, Refining, Crude Supply Trading Group, Singapore Petroleum Company Limited (member of PetroChina)

NELSON YEO CHIEN SHENG
Managing Director (Marine),
Keppel Offshore & Marine Ltd

MICHAEL CHIA HOCK CHYE
Director (Group Strategy & Development) Keppel Corporation Limited; Deputy Chairman, Keppel Integrated Engineering Limited; Managing Director (Offshore), Keppel Offshore & Marine Ltd

TINA CHIN TIN CHIE
General Manager, Group Risk Management, Keppel Corporation Limited

Keppel Integrated Engineering

TONG CHONG HEONG
CHAIRMAN
Senior Executive Director,
Keppel Corporation Limited;
Chief Executive Officer,
Keppel Offshore & Marine Ltd

MICHAEL CHIA HOCK CHYE
Deputy Chairman;
Director (Group Strategy & Development) Keppel Corporation Limited; Managing Director (Offshore), Keppel Offshore & Marine Ltd

BG (NS) TAY LIM HENG
Chief Executive Officer

LOH AH TUAN
Director

ONG HO SIM
Director

DR ONG TIONG GUAN
Managing Director, Keppel Energy Pte Ltd

Keppel Infrastructure Fund Management (as trustee-manager of K-Green Trust)

KHOR POH HWA
CHAIRMAN
Advisor, (Township and Infrastructure Development), Keppel Corporation Limited

ALAN OW SOON SIAN
Tax Consultant (Non-Legal Practitioner),
KhattarWong LLP

PAUL MA KAH WOH
Independent Director

QUEK SOO HOON
Operating Partner, iGlobe Partners (II) Pte Ltd

THIO SHEN YI
Joint Managing Director, TSMP Law Corporation

TEO SOON HOE
Senior Executive Director,
Keppel Corporation Limited

BG (NS) TAY LIM HENG
Chief Executive Officer,
Keppel Integrated Engineering Limited

Keppel Telecommunications & Transportation

TEO SOON HOE
CHAIRMAN
Senior Executive Director,
Keppel Corporation Limited

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
Independent Director

KARMJIT SINGH
Independent Director

Keppel Land

CHOO CHIAU BENG
CHAIRMAN
Chief Executive Officer,
Keppel Corporation Limited

KEVIN WONG KINGCHEUNG
Group Chief Executive Officer

KHOR POH HWA
Advisor in Township and Infrastructure Development, Keppel Corporation Limited

LIM HO KEE
Chairman, Singapore Post Limited

DR TSUI KAI CHONG
Provost and Professor, SIM University

LEE AI MING (MRS)
Senior Partner, Rodyk & Davidson LLP

TAN YAM PIN
Former Managing Director,
Fraser and Neave Group

HENG CHIANG MENG
Former Managing Director, First Capital Corporation; Executive Director, Far East Organisation Group

EDWARD LEE KWONG FOO
Former Ambassador to Indonesia

KOH-LIM WEN GIN (MRS)
Former URA Chief Planner and Deputy Chief Executive Officer

TEO SOON HOE
Senior Executive Director,
Keppel Corporation Limited

OON KUM LOON (MRS)
Former Chief Financial Officer,
DBS Group

K-REIT Asia Management (as manager of K-REIT Asia)

DR TSUI KAI CHONG
CHAIRMAN
Provost and Professor, SIM University

KEVIN WONG KINGCHEUNG
Deputy Chairman
Group Chief Executive Officer,
Keppel Land Limited

NG HSUEH LING
Chief Executive Officer

DR CHIN WEI-LI, AUDREY MARIE
Executive Chairman, Vietnam Investing Associates – Financials Singapore Private Limited

LEE AI MING (MRS)
Senior Partner, Rodyk & Davidson LLP

TAN CHIN HWEE
Asia Co-head, Apollo Global Management

TAN SWEE YIOW
Alternate Director to Kevin Wong Kingcheung; President (Singapore Commercial) and Head (Regional Investments), Keppel Land International Limited

k1 Ventures

STEVEN JAY GREEN
CHAIRMAN/CHIEF EXECUTIVE OFFICER
Former US Ambassador to Singapore

CHOO CHIAU BENG
Chief Executive Officer,
Keppel Corporation Limited

DR LEE SUAN YEW
Medical Practitioner and Past President,
Singapore Medical Council

TEO SOON HOE
Senior Executive Director,
Keppel Corporation Limited

YONG PUNG HOW
Former Chief Justice, Republic of Singapore

JEFFREY ALAN SAFCHIK
Chief Financial Officer and
Chief Operating Officer

MASROOR TAALE SIDDIQUI
Partner, TCI Fund Management

ALEXANDER VAHABZADEH
President, Safanad SA

PROF NEO BOON SIONG
Professor and former Dean of Nanyang Business School, Nanyang Technological University

KEPPEL TECHNOLOGY ADVISORY PANEL

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

(From left)
First row:
Dr Brian Clark, Choo Chiau Beng (CEO of Keppel Corporation), Professor Cham Tao Soon, Dr Lee Boon Yang (Chairman of Keppel Corporation), Professor Sir Eric Ash

Second row:
Dr Malcolm Sharples, Professor Jim Swithenbank, Tan Gee Paw, Professor James Leckie, Professor Tom Curtis and Professor Minoo Homi Patel

PROFESSOR CHAM TAO SOON
CHAIRMAN (2004 TO 2011)
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 academic awards including the International Medal of the British Royal Academy of Engineering.

TAN GEE PAW
(APPOINTED CHAIRMAN 1 JANUARY 2012)
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.

Mr Tan is the Chairman of Public Utilities Board, the national water agency of Singapore. He is a member of the Presidential Council for Religious Harmony, Chairman of 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.

Mr Tan co-chairs the Environmental & Water Technologies International Advisory Panel, Ministry of the Environment & Water Resources. He is also the Chairman of the International Advisory Panel of the Institute of Water Policy, Lee Kuan Yew School of Public Policy, and National University of Singapore.

Mr Tan chairs the Nominating Committee of the Lee Kuan Yew Water Prize, Singapore International Water Week. He is a Member of the Centre for Liveable Cities Advisory Board, Ministry of National Development; Chairman of the Governing Board for the Earth Observatory of Singapore, Nanyang Technological University; Member of the Steering Group on Water & Climate Change for the Asia-Pacific

Water Forum; and Member of the Climate Change Network, Prime Minister's Office.

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, he is a Foreign Member of the US National Academy of Engineering. He was Rector of Imperial College 1985–93 and 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 67 patents related to the exploration and development of oil and gas, primarily in wire line 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 the National Academy of Engineering and the Academy of Medicine, Engineering and Science of Texas.

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 Director of Development for 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 Ltd and BMT Group Ltd.

DR MALCOLM SHARPLES
President, Offshore Risk & Technology Consulting Engineering Inc.; BE (Engineering Science), University of Western Ontario; PhD University of Cambridge; Athlone Fellow; Fellow of the Society of Naval Architects and Marine Engineers; Registered Professional Engineer.

He provides consulting service on offshore-related projects including project technical risk, project safety cases and health and safety quality systems, financial due diligence on acquisitions, regulatory advice, and business development assistance. 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 (2004 TO 2011)
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.

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, and a recipient of the Royal Academy of Engineering Global Research Fellowship, 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.

PROFESSOR JIM SWITHENBANK
BSc, PhD, FREng, FInstE, FIChemE, Energy and Environmental Engineering Group

He is the current Chairman of the Sheffield University Waste Incineration Centre (SUWIC), a fellow of the Royal Academy of Engineering and a member of numerous International Combustion Committees. He was the past president of the Institute of Energy (1986–87) and has served on many UK government/ DTI/EPSRC committees. He is a prolific researcher with over 300 refereed papers to his credit and also an internationally pre-eminent scholar for research on combustion, energy from waste and pollution control, and holder of more than 30 patents. He was also the technical architect of the Sheffield waste-to-energy CHP scheme, and the co-inventor of the Malvern instrument and of the original FLUENT CFD package.

SENIOR MANAGEMENT

Keppel Corporation

CHOO CHIAU BENG
CHIEF EXECUTIVE OFFICER

TEO SOON HOE
SENIOR EXECUTIVE DIRECTOR

TONG CHONG HEONG
SENIOR EXECUTIVE DIRECTOR

LOH CHIN HUA
CHIEF FINANCIAL OFFICER

Corporate Services

CHEE JIN KIONG
DIRECTOR
(GROUP HUMAN RESOURCES)

MICHAEL CHIA HOCK CHYE
DIRECTOR
(GROUP STRATEGY & DEVELOPMENT)

WANG LOOK FUNG
DIRECTOR
(GROUP CORPORATE AFFAIRS)

PAUL TAN
GROUP CONTROLLER

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)

GOH TOH SIM
CHIEF REPRESENTATIVE (CHINA)

Offshore & Marine

TONG CHONG HEONG
CHIEF EXECUTIVE OFFICER
Keppel Offshore & Marine

CHOW YEW YUEN
CHIEF OPERATING OFFICER
PRESIDENT, THE AMERICAS
Keppel Offshore & Marine

WONG NGIAM JIH
CHIEF FINANCIAL OFFICER
Keppel Offshore & Marine

CHEE JIN KIONG
EXECUTIVE DIRECTOR
(HUMAN RESOURCES)
Keppel Offshore & Marine

MICHAEL CHIA HOCK CHYE
MANAGING DIRECTOR (OFFSHORE)
Keppel Offshore & Marine

NELSON YEO CHIEN SHENG
MANAGING DIRECTOR (MARINE)
Keppel Offshore & Marine

WONG KOK SENG
MANAGING DIRECTOR
Keppel FELS

CHARLES FOO CHEE LEE
DIRECTOR / ADVISOR
Keppel Offshore & Marine Technology
Centre (KOMtech)

HOE ENG HOCK
EXECUTIVE DIRECTOR
Keppel Singmarine

DR FOO KOK SENG
EXECUTIVE DIRECTOR
(SHALLOW WATER TECHNOLOGY)
KOMtech
EXECUTIVE DIRECTOR
Offshore Technology Development

AZIZ AMIRALI MERCHANT
EXECUTIVE DIRECTOR (ENGINEERING)
Keppel FELS
EXECUTIVE DIRECTOR
(DEEPWATER TECHNOLOGY)
KOMtech
HEAD
Deepwater Technology Group

CHOR HOW JAT
EXECUTIVE DIRECTOR
Keppel Shipyard

Infrastructure

DR ONG TIONG GUAN
MANAGING DIRECTOR
Keppel Energy

BG (NS) TAY LIM HENG
CHIEF EXECUTIVE OFFICER
Keppel Integrated Engineering
HEAD OF SUSTAINABLE DEVELOPMENT
Keppel Group

BG (RET) PANG HEE HON
CHIEF EXECUTIVE OFFICER
Keppel Telecommunications & Transportation

THOMAS PANG THIENG HWI
CHIEF EXECUTIVE OFFICER
Keppel Infrastructure Fund Management (Trustee-Manager of K-Green Trust)

Property

KEVIN WONG
GROUP CHIEF EXECUTIVE OFFICER
Keppel Land

ANG WEE GEE
EXECUTIVE DIRECTOR
Keppel Land International
EXECUTIVE VICE CHAIRMAN
Keppel Land China

CHOO CHIN TECK
COMPANY SECRETARY
Keppel Land
DIRECTOR (CORPORATE SERVICES)
Keppel Land International

LIM KEI HIN
CHIEF FINANCIAL OFFICER
Keppel Land International

TAN SWEE YIOW
PRESIDENT (SINGAPORE COMMERCIAL) AND
HEAD, REGIONAL INVESTMENTS
Keppel Land International

AUGUSTINE TAN
PRESIDENT (SINGAPORE RESIDENTIAL) AND
HEAD, REGIONAL INVESTMENTS
Keppel Land International

NG HSUEH LING
CHIEF EXECUTIVE OFFICER/DIRECTOR
K-REIT Asia Management

CHRISTINA TAN
MANAGING DIRECTOR AND CO-HEAD
Alpha Investment Partners

DESMOND TANG
MANAGING DIRECTOR AND CO-HEAD
Alpha Investment Partners

Unions

KEPPEL FELS EMPLOYEES UNION
HO MUN CHOONG, VINCENT
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

MAH CHEONG FATT
EXECUTIVE SECRETARY

SOH SOR IMM
DEPUTY EXECUTIVE SECRETARY

SINGAPORE INDUSTRIAL & SERVICES EMPLOYEES' UNION
TAN PENG HENG
PRESIDENT

LIM KUANG BENG
GENERAL SECRETARY

ONG YE KUNG
EXECUTIVE SECRETARY

UNION OF POWER & GAS EMPLOYEES
TAY SENG CHYE
PRESIDENT

S. THIAGARAJAN
EXECUTIVE SECRETARY

NACHIAPPAN RKS
GENERAL SECRETARY

1


2

Amidst an eventful year marked by natural disasters, political and economic turmoil around the world, Keppel sharpened our focus on strengthening competencies for sustainable growth and delivering value to our shareholders. In an uncertain external environment, we are even more mindful that timely and regular efforts in investor relations and communications keep all our stakeholders informed and assured.

Keppel's Investor Relations team worked hard to address the concerns of the investing community, while stepping up communications with investors, analysts, fund managers and the media. The team provided balanced insights into the Group's performance, key developments and growth strategies.

In both thriving and challenging times, our investor relations efforts are guided by the principle of achieving best practices in corporate governance and disclosure. We strive to establish proactive, transparent and engaging relationships with analysts and investors worldwide, understand the issues that matter most to investors and the public and address them in a timely manner.

PROACTIVE OUTREACH

In 2011, we held over 160 one-on-one investor meetings and conference calls with Singapore and overseas institutional investors. Our senior management went on non-deal roadshows to Japan, Hong Kong and the US and had over 70 meetings. Such meetings provide useful platforms for management to engage with investors and analysts, sharing on our business thrusts and developments. This also contributes towards fostering deeper relationships with our long-term shareholders.

As a global leader in the Offshore & Marine industry, Keppel's key attraction to investors is our rigbuilding operations and facilities. In 2011, we conducted over 10 yard tours cum management dialogues for institutional investors, including delegations of international investors who were in Singapore for investor conferences. Other than Singapore, we also facilitated investor visits to our BrasFELS yard in Brazil.

With several rigs delivered in 2011, investors and analysts were also invited to key naming and delivery ceremonies in Singapore. These events provide opportunities for investors and analysts to interact with key management, customers and suppliers to gain insights into the industry and operations.

The Investor Relations team also organised an analyst visit to the Sino-Singapore Tianjin Eco-City in May 2011, to enable analysts to get an in-depth understanding of the landmark project.

During the year, we complemented our outreach efforts with participation in selected investor conferences. For the fifth consecutive year, Keppel Offshore & Marine's management presented at the Annual Oil & Offshore Conference organised by Pareto Securities in Norway. The conference is a strategic platform for management to renew and strengthen ties with investors, industry players and customers.

EFFECTIVE COMMUNICATION

To reach our stakeholders in a timely and effective manner, we continued "live" webcasts of our quarterly results and presentations. These webcasts allow viewers from around the world to hear presentations by our top management and post questions online in real time.

We are also committed to keep our communications channels accessible

3

communicating with investors and analysts, and the results are based on an investors and analysts survey.

We also came out tops in being the "Best Investor Relations" and "Most Committed to a Strong Dividend Policy" company in FinanceAsia's 11th annual Best Managed Companies Poll. FinanceAsia is a leading publishing company based in Hong Kong, which conducts the annual poll to solicit fund managers' and analysts' views on the region's best managed companies.

In the Asiamoney Corporate Governance Poll 2011, Keppel Corporation was ranked first for "Best for disclosure and transparency in Singapore", second for "Best overall for corporate governance in Singapore" and joint second for "Best for shareholders' rights and equitable treatment in Singapore". Asiamoney is a financial publication that offers analysis on financial and investment markets.

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.

As a means of engaging our stakeholders on our sustainability efforts, we produced our first Sustainability Report. Based on the internationally-accepted Global Reporting Initiative (GRI) framework, we disclosed the Group's environmental, social and governance performance. The Report has fulfilled the requirements for Application Level B (GRI-checked) and will be produced annually to give stakeholders insights into our sustainability journey.

FOCUS ON SHAREHOLDER VALUE

In 2011, we continued to sustain our returns to shareholders.

Return on Equity exceeded 20% for the fifth consecutive year at 21.6%. Our Total Shareholder Return (TSR) in 2011 was negative 6% (in 2010 it was 47%), which was 8% above the benchmark Straits Times Index's (STI) TSR of negative 14%. Over the past ten years, our Compounded Annual Growth Rate (CAGR) TSR of 28% was also significantly higher than STI's CAGR TSR of 6%.

In terms of share price performance, Keppel Corporation's share price lost 9.6% over the year to close at $9.30 at the end of 2011 (based on beginning share price of $10.29, adjusted for bonus issue), outperforming STI's loss of 17.0% during the same period.

To reward our shareholders, we are proposing a total cash dividend of 43.0 cents per share for the year, which is 13% higher than the 2010 total cash dividend of 38.2 cents per share (restated). The proposed payout for 2011 represents 51% of Group net profit.

RECOGNITION

Our proactive investor relations approach and commitment to corporate transparency was again recognised by the business and investing community in 2011.

At the IR Magazine Southeast Asia Conference and Awards, Keppel Corporation clinched the Best Investor Relations Award by Sector (Industrials) for the first time. The Award honours companies for excellence in

In the Governance and Transparency Index published 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 650 Singapore-listed companies assessed. This marks an improvement for Keppel Corporation, which was in fourth place in 2010.

Mr Choo Chiau Beng, CEO of Keppel Corporation, was also named the Best CEO in the Conglomerate category by sell-side in an investor relations perception survey conducted by Institutional Investor magazine. This award recognises the CEOs who are most effective in leading their companies to greater heights while meeting the information needs of the investing community.

1. Analysts engaged in robust discussion with Chief Financial Officer, Mr Loh Chin Hua (second from left).
2. Visits to yards provide analysts and investors a ground feel of our operational excellence.
3. Analysts were brought on tour to the Tianjin Eco-City for updates on its progress.

Corporate Governance and Transparency

SINGAPORE CORPORATE AWARDS
KEPPEL LAND
– Silver, Best Managed Board (Market cap of $1 billion and above)

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION
– Gold, Best Managed Board (Market cap of $300 million to less than $1 billion)

GOVERNANCE AND TRANSPARENCY INDEX
– Keppel Corporation and Keppel Land were jointly ranked 3rd, while Keppel Telecommunications & Transportation was ranked 17th among 657 companies assessed.

SECURITIES INVESTORS ASSOCIATION OF SINGAPORE 12TH INVESTORS' CHOICE AWARDS
KEPPEL CORPORATION
– Hall-of-Fame, Most Transparent Company

KEPPEL LAND
– Runner-up, Most Transparent Company (Property)

– Keppel Corporation and Keppel Land won the Best Investor Relations Award by Sector (Industrials) and Grand Prix for Best Overall Investor Relations Award (small or mid-cap company) respectively at the IR Magazine Southeast Asia Awards 2011.

– Keppel Land received two Merit Awards (in Accounting and Financial Reporting, and Corporate Governance categories) and the Mature Markets Highly Commended Award at the Best Practices Awards 2011 by the Asia Pacific Real Estate Association.

– Keppel Corporation achieved "Best Investor Relations" and was named "Most Committed to a Strong Dividend Policy" in FinanceAsia's annual Best Managed Companies Poll. Keppel Corporation was also voted to be amongst the best in the categories "Best Managed Company" and "Best Corporate Social Responsibility".

– Keppel Corporation was ranked first for "Best for disclosure and transparency in Singapore", second for "Best overall for corporate governance in Singapore" and joint second for "Best for shareholders' rights and equitable treatment in Singapore" in the Asiamoney Corporate Governance Poll 2011.

– Mr Choo Chiau Beng, CEO of Keppel Corporation, was named the Best CEO in the Conglomerate category by sell-side in an investor relations perception survey conducted by Institutional Investor magazine headquartered in USA.

– Keppel Land was conferred the "Best in Class (Financials)" award by Storebrand, a leading Norwegian financial institution, for its exceptional financial, environmental and social performance.

Business Excellence

– Keppel Shipyard clinched the Shipyard of the Year Award at the Lloyd's List Awards, Asia 2011.

– Keppel Land was named Best Developer in Singapore (Overall) and Best Office Developer in Singapore at Euromoney's Real Estate Awards 2011.

– Keppel Shipyard garnered The Repair Yard Award at Seatrade Asia Awards 2011.

– Keppel Land was the sole winner at the Singapore Awards for Sustainability Reporting 2011 by the Association of Chartered Certified Accountants.

– Keppel Land was selected as an index component of the Dow Jones Sustainability Indices (DJSI World Index and DJSI Asia Pacific Index).

– Keppel Land is included in the Sustainability Yearbook 2012, which features the top 15% of companies out of 2,500 worldwide in sustainability leadership.

– Keppel Land was named the Best Performer in Asia in the Global Real Estate Sustainability Benchmark (GRESB), and earned a "Green Star" based on GRESB's model of environment performance.

– Keppel Corporation was named the Organisation with Innovative HR Practices at the Asia Pacific HRM Awards Congress.

– Keppel Land garnered awards in Leading HR Practices in Corporate Social Responsibility, Leading HR Practices in Regional/International HR Award (Special Mention), as well as Leading HR Practices in Talent Management, Retention and Succession Planning Award (Special Mention) at the Singapore HR Awards.

– Quang Ba Royal Park, a Keppel-led JV, was conferred the 2nd class Labour Award by the former President of Vietnam.

– Keppel O&M was conferred the Excellence in Training Development Award at the Singapore International Maritime Awards.

Keppel Land was also recognised for excellence in the following projects:

– Marina Bay Residences and Marina Bay Financial Centre (MBFC) Phase One received the FIABCI Singapore Property Awards 2011 in the residential (high-rise) and office categories respectively.

– MBFC Phase One clinched the Gold award for the mixed-use category, as well as the Participants' Choice Award at the MIPIM Asia Awards 2011.

– Ocean Financial Centre (OFC) was conferred the Green Development Award (Southeast Asia) at the inaugural South East Asia Property Awards 2011.

– OFC clinched the Gold award in the Product Excellence category at the Global CSR Awards 2011.

- Sedona Hotel Yangon was named Myanmar's Leading Hotel at the World Travel Awards 2011.
- Hotel Sedona Manado was picked as Indonesia's Leading Business Hotel at the World Travel Awards 2011.
- The Estella in Ho Chi Minh City clinched Best Condominium Development (Vietnam) award at the inaugural South East Asia Property Awards 2011.
- Keppel Land China's integrated residential-cum-marina lifestyle development in Zhongshan, China, was named the Most Anticipated Project by the Guangzhou Daily at the Pearl River Delta Property Awards 2011.

Green Awards

- Bugis Junction Towers, Equity Plaza, GE Tower, Keppel Towers, Prudential Tower, Marina at Keppel Bay, Jakarta Garden City in Indonesia, Central Park City (Plot C1) in Wuxi, China, and Keppel Datahub were conferred BCA Green Mark Gold Awards.
- Keppel Logistics was named the Best Asia Pacific Green Home-Grown Logistics Service Provider by Frost & Sullivan.
- Alpha Investment Partners' 158 Cecil Street won the top award at SIA-NParks Skyrise Greenery Awards 2011 in Singapore.
- Marina at Keppel Bay was named the Green Maritime Company of the Year at the 7th Asia Boating Awards in Hong Kong and became the first in Asia to receive the Clean Marina Level 3 accreditation by the Marina Industry Association of Australia.
- Keppel DHCS' district cooling system plant at Changi Business Park was conferred the Solar Pioneer Award by the Energy Innovation Programme Office.

Corporate Citizenry

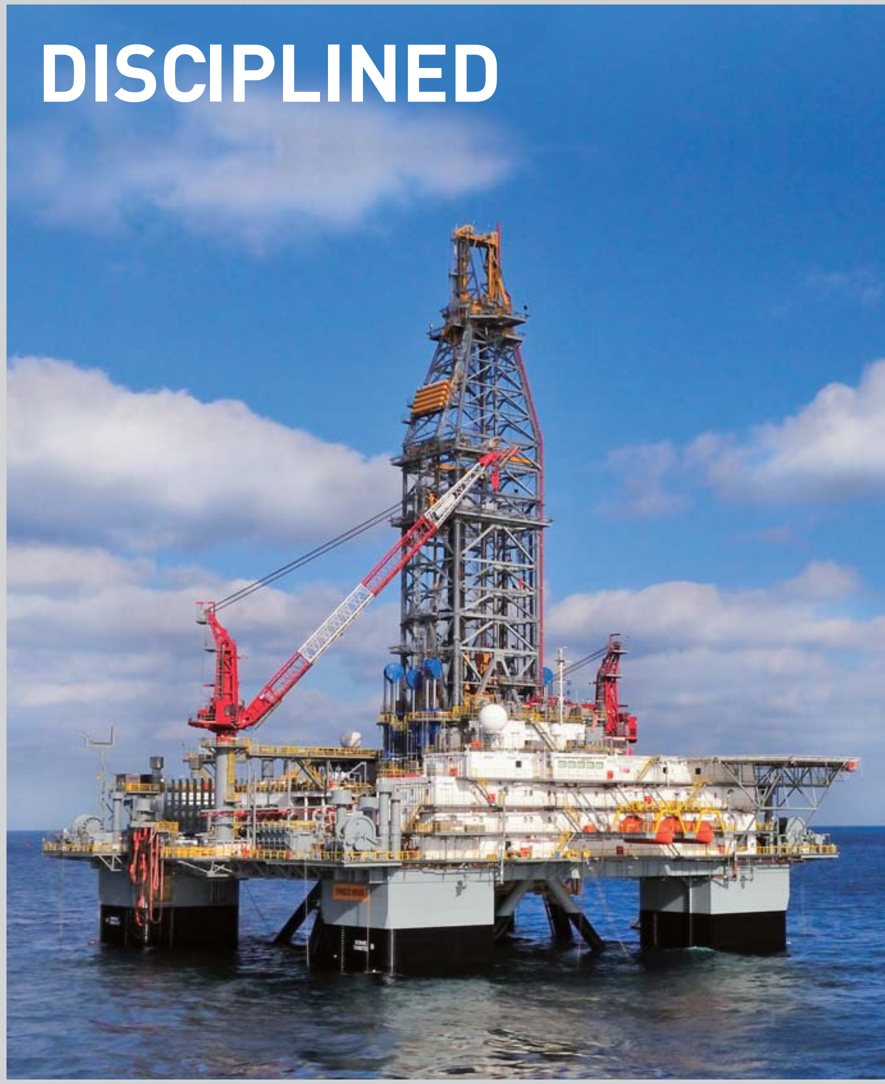
- Keppel FELS was conferred the 5-Year Outstanding SHARE Platinum Award at the Singapore Community Chest Awards 2011. Keppel FELS and Keppel Singmarine received the SHARE Platinum Award, while Keppel Logistics and Keppel Shipyard garnered SHARE Gold Awards.
- Keppel Corporation, Keppel Shipyard, Keppel Singmarine, Keppel Land, Keppel Logistics and Alpine Engineering Services received the Meritorious Defence Partner Award from the Ministry of Defence of Singapore.
- Keppel Offshore & Marine was awarded the Distinguished Partner in Progress Award for significant economic and community contributions.
- Sedona Suites in Ho Chi Minh City and Hanoi received the Golden Dragon Awards by the Vietnam Economic Times.
- Keppel FELS was awarded the Friends of Institution of Engineers Singapore Award 2011.

Safety

- The Keppel Group clinched a record of 26 awards at the Workplace Safety and Health (WSH) Awards 2011.
- Keppel FELS clinched the Safety Award at the Lloyd's List Awards, Asia 2011.
- Keppel Shipyard garnered the Safety Award at Seatrade Asia Awards 2011.
- Keppel FELS and Keppel Singmarine clinched the Silver and Bronze Awards respectively in the 14th Convention for Workplace Safety and Health (WSH) Innovations in Marine Industry organised by the Association of Singapore Marine Industries (ASMI).

The Keppel Group was recognised at the 2011 Singapore Corporate Awards, for excellence in corporate governance and transparency.

DEFINITIVELY KEPPEL



DEFINITIVELY KEPPEL

Keppel continues to execute its strategy to build successful and sustainable businesses driven by people with passion and committed to create and deliver value to our stakeholders.

Keppel's growth and transformation have not been evolutionary but strategic and focused. It was also a pragmatic and committed-to-excellence course which had kept our leaders, businesses and people on track for the long haul.

With a distinctive Keppel culture and set of values, we have sharpened our competitiveness and continued driving growth. We are a proudly home-grown multi-national corporation which has strategically expanded our footprint across the globe to span more than 30 countries, clearly mapping out our *Near Market, Near Customer* strategy.

In building on our strength and success for continued strong earnings into the future, we distill what is definitively Keppel with five descriptives – Sound, Strategic, Disciplined, Driven and Sustainable.

This feature reflects examples, by no means comprehensive, of these five qualities through Keppel's years of solid growth and sterling performance.

SOUND

At Keppel, we pride ourselves on prudent and astute management of our assets and resources to extract maximum value for stakeholders as well as the ability to develop premier products and solutions tailored to meet our customers' needs.

We drive our business units to perform well and create sustainable value.

Our strong results were achieved amidst various crises and the current financial and economic uncertainty.

Our prudent financial management has allowed us to maintain a low gearing, and in some years a net cash position, over the past five years. This strong balance sheet has given us the ballast to efficiently manage the Group's finances amidst volatile market conditions. Our financial flexibility and credit strength means that we are able to configure a good mix of debt instruments and maturity periods as and when we need to, for increased working capital requirements and potential acquisitions.

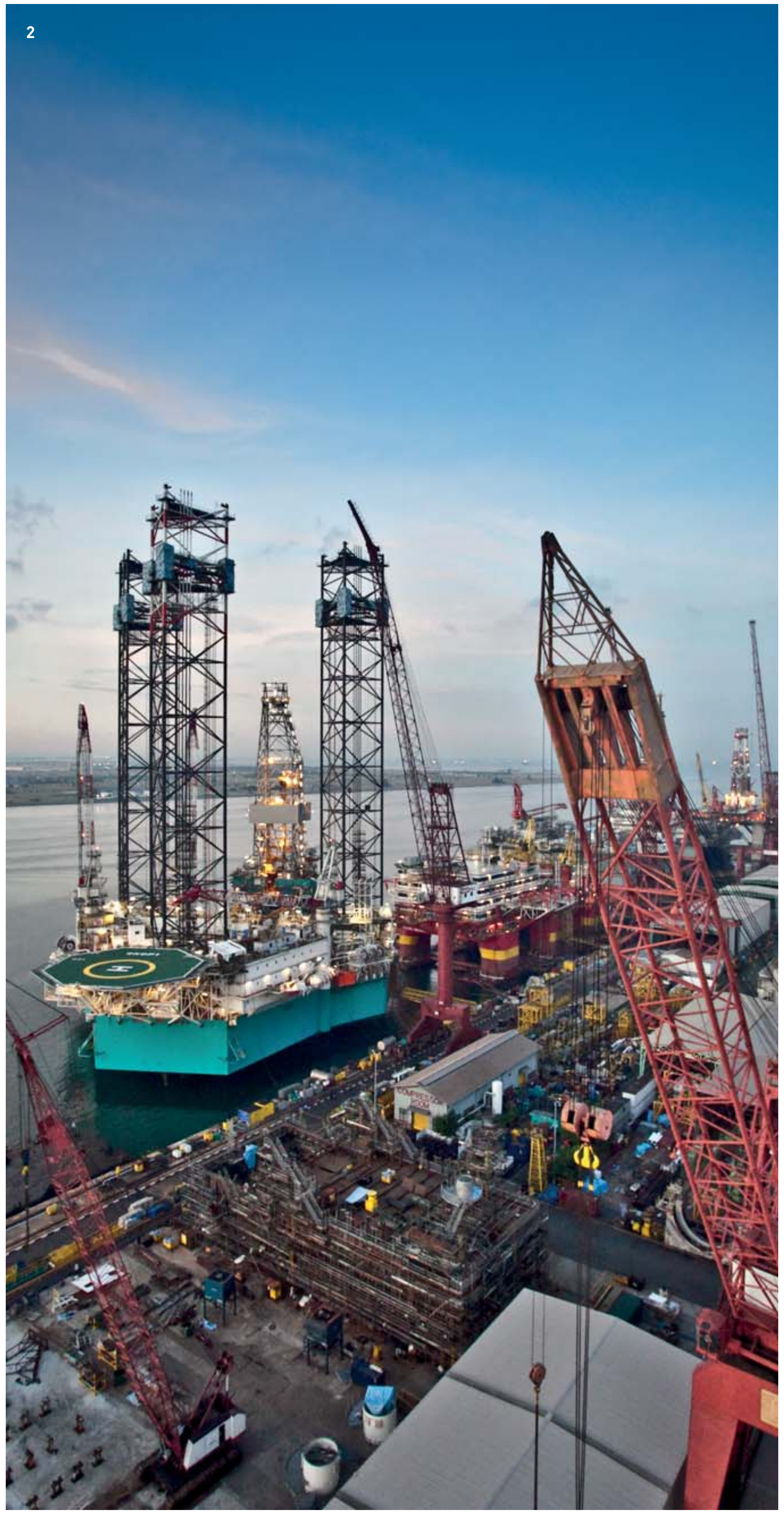
Our Return on Equity (ROE) has also stayed above 15% in the last five years. Net profit has grown each year from $267 million in 2001 to $1,491 million in 2011, with a net profit Compounded Annual Growth Rate (CAGR) of around 19%. The Group's Economic Value-Added has increased steadily from a negative $467 million in 2001 to a positive $1,024 million in 2011.

Our sound management is the foundation for the consistent good returns that we have been able to deliver to our shareholders. Total annual dividends per share have increased from 7.3 cents in 2001 to a proposed 43 cents for 2011. Our 2011 Total Shareholder Return (TSR) was 8% above the benchmark Straits Times Index's (STI) TSR. Over the past 10 years, our CAGR TSR of 28% was also significantly higher than STI's CAGR TSR of 6%.

Our commitment to excellence ensures that Keppel's products and services are world-class, reliable and sought after for their high quality, safety and enduring value.

Keppel FELS is the world leader in the design and construction of high-performance mobile offshore rigs, having delivered almost half the world's newbuild jackup rigs in the last decade. In particular, the KFELS B Class jackup rig, developed by our technology arm Offshore Technology Development, has become the benchmark in the industry.

The KFELS B Class jackup is a highly efficient drilling platform with industry-leading features for safety and environmental friendliness. It garnered the prestigious Engineering Achievement Award from the Institution of Engineers Singapore (IES) in 2009. In 2011 alone, we clinched orders for 16 KFELS B Class rigs.



1. Our people's commitment to excellence has contributed to building Keppel's brand equity.
2. A record $10 billion worth of new orders in 2011 will Keppel yards busy with deliveries into 2015.

We have continued to improve and innovate on this industry-leading design. The KFELS Super B Class jackup rig has been developed to meet industry demand for more powerful jackups as the search for hydrocarbons moves into harsher environments and deeper underground. This enhanced design also received the same prestigious IES award.

Our hallmark quality also characterises Keppel's property business. In particular, the vision for our flagship property, Keppel Bay is to be a world-class waterfront precinct. As the sole developer of the 32-ha prime waterfront site, Keppel is committed to enhance the value of this precinct over the long term.

Showcasing our masterplanning expertise and signature quality, we have successfully transformed a former shipyard to a premier waterfront development, contributing to a vibrant southern waterfront. Our award-winning homes, Caribbean at Keppel Bay and Reflections at Keppel Bay, continue to interest local and foreign homebuyers as well as urban planners and officials and the academia from the region.

STRATEGIC

Bold and strategic moves made early in our growth history laid the firm foundation for Keppel to grow strong businesses that have continued to create value for our stakeholders. We ventured beyond our home shores, well ahead of other Singapore firms, to be *Near Market, Near Customer* and to extract value from an early mover advantage.

The Group's first venture overseas was in the 1970s when we established a shipyard in the Philippines to tap the strong local demand for repair and newbuilding from inter-island shipping. Our two yards there today service both the domestic and international markets, having moved up the value chain to take on conversions and fabrication projects and support our Singapore yards to complete large-scale complex projects.

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In 1990, we acquired a shipyard in Brownsville, Texas, strategically located at the gateway of the Gulf of Mexico, to service demand from the region's offshore rigs. Today, Keppel AmFELS is the foremost offshore shipyard in that region, able to deliver premium rigs on time, within budget and safely.

Further afield in Azerbaijan, Keppel Offshore & Marine (Keppel O&M) has been operating the Caspian Shipyard Company (CSC), the first international rig construction, repair and conversion yard in the Caspian Sea region, since 1997. A sister yard was established in Kazakhstan in 2003. In March 2010, we broke ground for a third yard in Baku to serve the needs of the Caspian region's emerging oil and gas sector. In the Netherlands, we have been operating Keppel Verolme, a comprehensive yard in Rotterdam, since 2002.

We were also an early mover into Brazil, having acquired our BrasFELS yard in Angra dos Reis in 2000. Through a sustained transfer of expertise, technology and systems from our Singapore yards, BrasFELS is today the most comprehensive offshore and marine facility in Latin America, putting us in prime position to capture our fair share of work from Brazil's ambitious plans to develop its oil & gas industry. In April 2011, we added a shipyard in Santa Catarina, Brazil, in our network to bring our specialised shipbuilding expertise to the doorsteps of Brazil's offshore field development market to meet the demand for offshore support vessels.

In Property, we were one of the first Singapore developers to regionalise. In Vietnam, we developed the first international-class commercial building, Saigon Centre, which is located in the heart of Ho Chi Minh City's central business district and has been a local landmark since 1993. In tandem with the city's changing demographics and lifestyle trends, we embarked on Phase 2 development of Saigon Centre at end-2011.

In China, our premier Spring City Golf and Lake Resort in Kunming started operations as early as in 1997. Over the years, Spring City's multi-award winning championship golf courses and resort homes have continuously placed Kunming on the international golf scene. Our township homes are also transforming communities in China's second-tier cities. One of our first townships is The Botanica in Chengdu, which was launched in 2003 and has been well received with five phases totalling 6,332 homes fully sold and completed. Keppel has expanded its portfolio of integrated townships to Jakarta, Indonesia and Ho Chi Minh City, Vietnam.

Since 2008, the Keppel Group has been leading the Singapore Consortium working in close tandem with Chinese consortium partners to guide our 50-50 joint venture – the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd – in its role as master developer of the Tianjin Eco-City, a landmark bilateral project between the Singapore and Chinese governments. The Eco-City is envisaged to be a replicable, scalable and practical model of sustainable development to meet the needs of an urbanising China.

Beyond geography, we have, over the decades, purposefully selected and continually reviewed the businesses we are in, to establish a suitable broad base that allows us to achieve steady and sustainable returns.

Our financial services business was started in 1978 to provide factoring to marine contractors. In 1990, we augmented this business with the acquisition of a bank that was listed in 1993. This banking and financial services division was nurtured and grown into a major pillar of earnings growth for the Group. Following a strategic streamlining exercise in 2001, we took the bold and, at the time, controversial step of divesting this division, which was then contributing nearly 50% of Group earnings. The proceeds enabled us to privatise and integrate our Offshore & Marine business and grow it into the prime business division it is today.

In 1999, we entered the oil and gas industry with the acquisition of a 77% stake in Singapore Petroleum Company (SPC), with the intention of using SPC as a listed platform to execute the integrated plan for our energy business. Over 10 years, we grew SPC into a reliable supplier of quality energy products while diversifying its business upstream into exploration and production. We divested our stake in SPC in 2009 to PetroChina. The gains bolstered our balance sheet and provided us with the flexibility to seize opportunities that would enhance value creation for our shareholders.

1. Our proven shipyard in Brazil is capable of providing value-added solutions that satisfy local content requirements.
2. Keppel's well-located office buildings have continued to command good rentals, with prospects of upward rental revisions.

Over the past decade, we took steps to manage the inherent business cycles of our Offshore & Marine and Property businesses. The Infrastructure Division, which encompasses our environmental engineering, power and gas, logistics and data centre businesses, was established to provide a base load of steady recurring income while tapping on demand from macro trends of urbanisation and economic growth. In recent years, we established and listed two trusts, K-REIT Asia and K-Green Trust, to unlock value and recycle capital for optimal deployment while providing steady distribution to those investors interested in fixed income assets.

DISCIPLINED

We firmly believe that a genuine commitment to good governance is essential to the sustainability of our businesses and performance.

For us, corporate governance extends beyond compliance with the Code of Corporate Governance 2005. Our accountability to stakeholders is what drives us to create, deliver and maximise sustained shareholder value.

At Keppel, an important aspect of good governance is an effective, strong and independent board which actively engages the management. Our board of directors comprises eight independent directors, nine non-executive directors and three executive directors, who bring their wealth of experience and expertise to the strategic governance of the Keppel Group.

Keppel Corporation entered into the Hall of Fame in 2009 as the Most Transparent Company by the Securities Investors Association of Singapore (SIAS), after winning the coveted Golden Circle Award for three consecutive years. Keppel Land has also been consistently ranked amongst the top winners for the Most Transparent Company in the Properties category at the SIAS Investors' Choice Awards.

A concerted and robust risk management approach helps Keppel enhance our operational resilience. Our management's strong commitment in driving Group-wide risk management system and processes over the years has equipped the Group well to face the dynamic business environment and to capitalise on opportunities.

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The same exacting rigor is also reflected in the way we manage and execute all our projects. In 2011, our Keppel yards successfully delivered a total of 41 major projects. This was backed by enhanced productivity, meticulous project management, and the discipline of our project teams to deliver on time, within budget and without compromise to safety. For example, Alpha Star, the second of two DSS™38 semisubmersible rigs, was delivered to Brazilian company Queiroz Galvão Óleo e Gás (QGOG), four months ahead of schedule and with zero lost time incidents. In recognition of our execution excellence, QGOG awarded Keppel FELS a bonus of US$8 million.

The commitment to achieve high HSE (Health, Safety & Environment) standards is embedded in all our business activities. Keppel Corporation was the first public-listed company to establish a Board Safety Committee, to review and develop safety policies across its multiple business units.

We have embarked on a three-year progamme with safety specialist, Dupont, to benchmark the Group's safety journey against that of DuPont's Singapore operations. In our yards, exercising high safety standards is very much part of the execution excellence we are committed to achieve, even with the record order of contracts.

1. Our people take ownership of safety by being accountable for each other.
2. KIE handed over the Domestic Solid Waste Management Centre in Qatar and started the operations and maintenance phase.
3. Keppel's offshore division, helmed by Keppel FELS, leads the industry in the design and building of high performance mobile offshore rigs.

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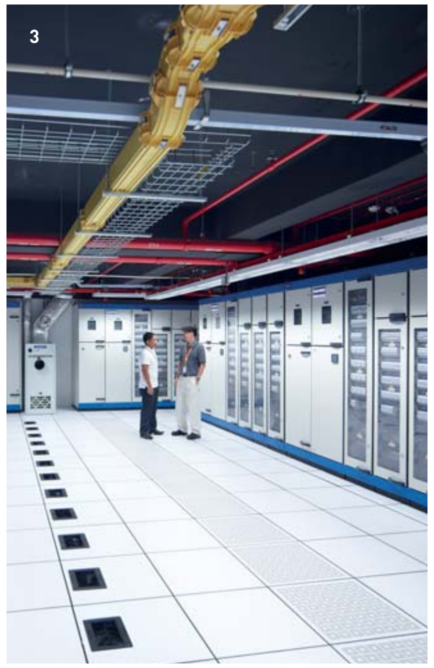


1. Keppel Logistics Foshan achieved record-high container volume in 2011.
2. Tianjin Eco-City was purposefully sited on water-scarce non-arable land, with little natural resources, to showcase what could be achieved from the integration of eco-solutions through careful masterplanning.
3. Keppel is constantly seeking ways to improve its data centres' use of energy through precise configuration, down to the type of equipment used.

Taking up our safety leadership, Keppel O&M is also committed to sharing best practices to help raise the bar on safety standards in the region's oil and gas, and offshore and marine industries. It hosted delegates from ASEAN at the inaugural ASCOPE (Association of Southeast Asian Nations Council on Petroleum) Safety Workshop 2011.

DRIVEN

Our people drive Keppel's continuous growth.

In 2011, we invested approximately $20.5 million in the training and development of our employees globally. Each employee in Singapore received 62 hours of training while the global average was 30 hours.

Our efforts have yielded results. Productivity, measured by gross value added per employee has improved to $105,000 per employee, up from $70,000 per employee in 2007.

In our yards, excellence in execution remains a top priority. Keppel O&M set up a productivity taskforce in 2010 to look into new and better ways to work efficiently at all levels. We also invested $160 million in 2011 to improve facilities in our yards and boost capabilities.

An efficient network of 20 yards and offices contributes to enhancing our productivity. Our processes and systems enable our engineering centres operating in different time zones to work together on projects with high efficiency, round-the-clock. In addition, state-of-the-art 3D tools and data management systems allow our engineers in Singapore to review designs and drawings done by their overseas colleagues and vice versa. We are also able to tap on our yards in China, Indonesia and the Philippines simultaneously to accelerate fabrication and pre-outfitting of rig modules, significantly reducing construction time.

In our logistics business, the container throughput for the river port in Foshan, Guangdong Province, China, has been increasing over the years. In 2011, Keppel Logistics Foshan achieved a record throughput of 288,000 TEUs. Steadily, the port's efficiency has been enhanced by our investments in automation and equipment, process improvements and skills upgrading.

Through good times and lean, Keppel is unwavering on its focus in technology innovation and Research and Development (R&D), which form part of our drive for excellence in all our products and services. We are cognisant that our solutions must not only be innovative and adaptive to the changing needs of our businesses and the industries we are in, but are also commercially viable and scalable.

Our drive to innovate solutions stretches us out of our comfort zones and into new frontiers such as developing arctic and offshore wind technology. Keppel O&M has delivered Asia's first icebreakers to LUKOIL Oil Company as far back as 2008 and more recently, is jointly designing with ConocoPhillips a first-of-its-kind ice-worthy jackup rig to operate in the Arctic Seas. To tap on the growing offshore wind industry, we are expanding our suite of solutions into offshore wind turbine installation vessels and offshore wind turbine foundations.

SUSTAINABLE

At Keppel, we believe that by meeting our responsibilities to our shareholders, staff, customers, suppliers, governments and the communities wherever we operate, we will engender goodwill and long-term benefit for the Group.

All around the world, the search is on for newer and better solutions to water treatment and reuse, solid waste management and other challenges that come with urbanisation, population growth and economic development. Global trends of urbanisation and rising energy needs augur opportunities for the Group's businesses, particularly in environmental engineering and sustainable development.

In 2004, we established the Keppel Technology Advisory Panel (KTAP) as the key platform to guide the Group in sustaining its technology leadership. Comprising a panel of eminent business leaders, professionals and industry experts, KTAP mentors and challenges the robustness of initiatives in R&D, testing, as well as commercialisation of new products and services in our various businesses.

Supporting KTAP are our centres of excellence – Keppel Offshore & Marine Technology Centre (KOMtech) and Keppel Environmental Technology Centre (KETC). They were established to develop competencies, promote innovation, stimulate and carry application research and product/process development, and engage in technology foresight to create strategic advantages and bolster resilience in our businesses.

We are also participating in and contributing to the creation of vibrant, liveable and sustainable urban communities around the world.

In the Tianjin Eco-City, we have good examples of where our businesses are contributing to the landmark bilateral sustainability development. Keppel DHCS is bringing its energy-efficient district heating and cooling system technology to the Eco-City while Keppel Land's first eco-homes in Seasons Park will feature green and energy-saving features, promoting a sustainable lifestyle for residents.

In Singapore, Keppel Integrated Engineering (KIE) operates the Keppel Seghers Ulu Pandan NEWater Plant, Singapore's fourth NEWater plant, which is larger than the combined capacities of the first three NEWater plants in operation at Bedok, Kranji and Seletar. KIE also plays a significant role in Singapore's waste management as it operates two out of four Waste-to-Energy (WTE) plants. Together, Senoko WTE Plant and Keppel Seghers Tuas WTE Plant have the capacity to treat close to half of Singapore's incinerable waste.

Data centres can be up to 40 times more energy intensive than conventional office buildings. At Keppel T&T, a major consideration when designing and managing our data centres is energy efficiency. Our efforts in providing energy-efficient services to our clients have also been rewarded with the Green Data Centre Standard SS564 certification, by the Infocomm Development Authority of Singapore.

Even in Offshore & Marine, Keppel O&M has developed proprietary designs such as our semi-submersible drilling tender (SSDT) which has several noteworthy environmentally friendly features. The SSDT won the ASEAN Outstanding Engineering Achievement Award and the IES Engineering Award in 2009.

OPERATING & FINANCIAL REVIEW

The Keppel Group is in the Offshore & Marine, Infrastructure and Property businesses to deliver sustainable value creation. With total assets of $24.48 billion as at end-2011, the Group serves a global customer base through its business units strategically located in over 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 involve providing a range of products and services to a broad spectrum of customers in many geographic locations, no single factor, in the 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 Keppel Group's operations and financial performance. We will describe the key activities of our businesses and their impact on Keppel Group's performance. We will also discuss the challenges in our operating environment, and how we balance 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 2011.

CONTENTS

GROUP STRUCTURE

Keppel Corporation Limited

OFFSHORE & MARINE

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

Keppel Offshore & Marine Ltd 100%

- Keppel FELS Limited 100%
- Keppel Shipyard Limited 100%
- Keppel Singmarine Pte Ltd 100%
- Keppel Nantong Shipyard Company Limited 100% *China*
- Offshore Technology Development Pte Ltd 100%
- Deepwater Technology Group Pte Ltd 100%
- Marine Technology Development Pte Ltd 100%
- Keppel AmFELS LLC 100% *United States*
- Keppel Verolme BV 100% *The Netherlands*
- Keppel FELS Brasil SA 100% *Brazil*
- Keppel Singmarine Brasil Ltda 100% *Brazil*
- Keppel Philippines Marine Inc 98% *The Philippines*
- Keppel Subic Shipyard Inc 87% *The Philippines*
- Keppel Kazakhstan LLP 50% *Kazakhstan*
- Caspian Shipyard Company Limited 45% *Azerbaijan*
- Arab Heavy Industries PJSC 33% *UAE*
- Nakilat-Keppel Offshore & Marine Ltd 20% *Qatar*
- Dyna-Mac Holdings Limited 27%

INFRASTRUCTURE

- Power and gas
- Environmental engineering
- Logistics and data centres

Power and Gas

Keppel Energy Pte Ltd 100%

- Keppel Merlimau Cogen Pte Ltd 100%
- Keppel Electric Pte Ltd 100%
- Keppel Gas Pte Ltd 100%

Environmental Engineering

Keppel Integrated Engineering Ltd 100%

- Keppel Seghers Engineering Singapore Pte Ltd 100%
- Keppel FMO Pte Ltd 100%
- Keppel DHCS Pte Ltd 100%
- Keppel Seghers Belgium NV 100% *Belgium*
- K-Green Trust 49%

Logistics and Data Centres

Keppel Telecommunications & Transportation Ltd 80%

- Keppel Logistics Pte Ltd 100%
- Keppel Data Centres Holding Pte Ltd 100%
- Keppel Logistics (Foshan) Pte Ltd 70% *China*

PROPERTY

- Property development
- Property fund management
- Property trusts

Keppel Bay Pte Ltd 100%
70%

30%

Keppel Land Limited 53%

47%

K-REIT Asia 77%
30%

- Keppel Land International Limited 100% *Southeast Asia, India and Middle East*
- Keppel Land China 100% *China*
- Alpha Investment Partners Ltd 100%

INVESTMENTS

- Investments
- Telco

k1 Ventures Limited 36%

M1 Limited[2] 20%

[1] Owned by Singapore Consortium, which is in turn 90%-owned by the Keppel Group in the following proportions: Keppel Corporation (45%), Keppel Land (35%) and Keppel Integrated Engineering (20%)

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

Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd[1] 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

	2011 $ million	11v10 % +/(-)	2010 $ million Restated*	10v09 % +/(-)	2009 $ million Restated*
Revenue	**10,082**	+10	9,140	-24	11,990
Net profit before exceptional items (Net Profit)	**1,491**	+14	1,307	+10	1,190
Exceptional items	**350**	+72	204	-43	360
Attributable profit after exceptional items	**1,841**	+22	1,511	-3	1,550
Operating cash flow	**(242)**	n.m.	450	-33	670
Free cash flow	**(1,500)**	n.m.	(193)	n.m.	1,097
Economic Value Added (EVA)	**1,024**	+6	964	+1	953
Earnings per Share (EPS)	**83.8 cts**	+13	74.3 cts	+9	67.9 cts
Return on Equity (ROE)	**21.6%**	+0.5	21.5 %	-7	23.2 %
Total distribution per share	**43.0 cts**	+13	38.2 cts	-31	55.5 cts

* Comparatives are restated due to retrospective application of INT FRS 115.

GROUP OVERVIEW

The Group performed well in 2011 despite the volatility in the global markets. Group net profit increased by 14% to reach a record high of $1,491 million. The compounded annual growth for net profit from 2006 to 2011 was 15%. Attributable profit after exceptional items was $1,841 million.

Earnings per Share (EPS) of 83.8 cents were 9.5 cents above 2010 and 15.9 cents above 2009. EPS growth kept pace with net profit growth. Return on Equity was 21.6%. Economic Value Added before exceptional items rose $60 million to $1,024 million.

Net cash used in operating activities was $242 million, compared to net cash from operating activities of $450 million in the previous year. This was mainly due to increased working capital requirements and higher income taxes paid, partly offset by higher operating profit.

The Group spent $1,561 million on acquisitions and operational capital expenditure (CAPEX). This comprised principally advance payment for acquisition of a subsidiary, acquisition of interest in associated company, Dyna-Mac Holdings Ltd, further investment in associated companies, acquisition of four levels of strata office at Prudential Tower, further investment in Marina Bay Financial Centre, redevelopment cost of Ocean Financial Centre, CAPEX for the expansion of Keppel Merlimau Cogen power plant and other operational CAPEX. After taking into account divestment and dividend income of $303 million, net cash used in investing activities was about $1,258 million. The resultant free cash outflow was $1,500 million.

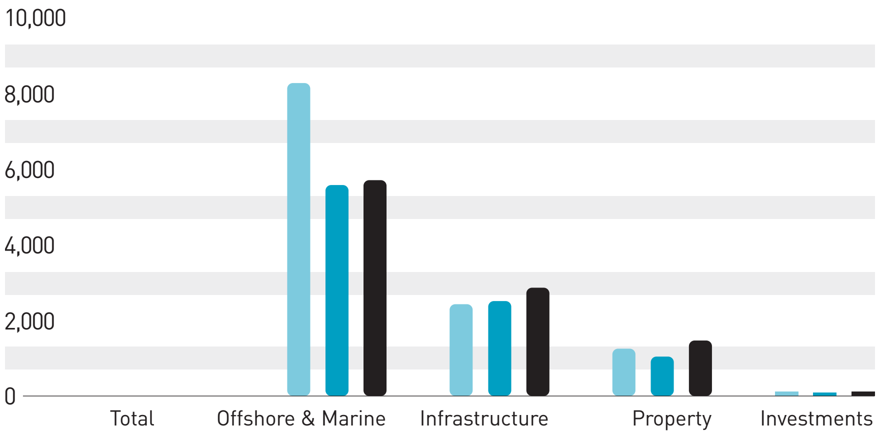
With the strong performance, shareholders will be rewarded with total distribution of 43 cents per share for 2011. This comprised a proposed final dividend of 26 cents per share and the interim dividend of 17 cents per share paid in August 2011. The total payout for 2011 is expected to exceed $766 million.

SEGMENT OPERATIONS

Group revenue of $10,082 million was $942 million or 10% higher than that of the previous year. Revenue from Offshore & Marine Division of $5,706 million was $129 million or 2% higher and accounted for 57% of Group revenue. Revenue from Infrastructure Division of $2,863 million was $353 million or 14% higher due to higher revenue generated by the co-generation power plant in Singapore, partly offset by lower revenue from Keppel Integrated Engineering (KIE). Revenue from Property Division of $1,467 million was $425 million or 41% higher. Overseas operations reported higher revenue, due largely to the completion of several projects/phases in India, China and Vietnam in 2011. Higher revenue was also reported by Singapore trading projects, such as Reflections at Keppel Bay, The Lakefront Residences, The Luxurie and Madison Residences due to higher sales and percentage of physical completion achieved.

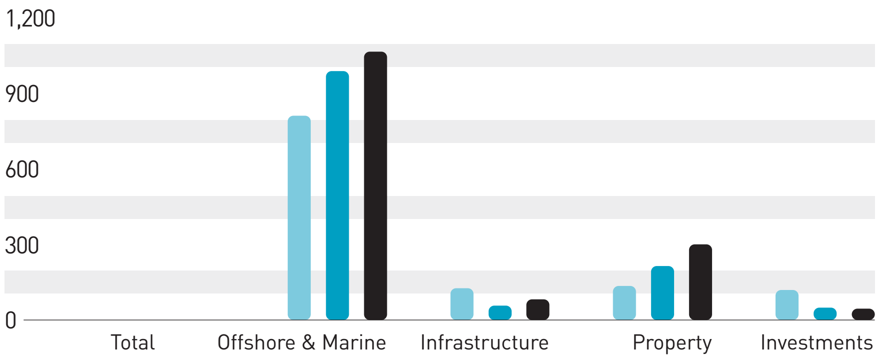
Group net profit of $1,491 million was $184 million or 14% higher than that of the previous year. Profit from Offshore & Marine Division of $1,064 million was $77 million or 8% higher due to cost savings and higher margins on jobs. The Division remains the largest contributor to Group net profit with 71% share. Profit from Infrastructure Division of $82 million was $25 million or 44% higher due to better performance from Keppel Energy, partly offset by losses from KIE. Profit from Property Division of $300 million was $86 million or 40% higher mainly attributable to higher contribution from several residential projects in Singapore, China and Vietnam. Profit from Investments was lower due to higher costs in 2011.

Revenue ($ million)



		Total	Offshore & Marine	Infrastructure	Property	Investments
●	2009	11,990*	8,273	2,427	1,251*	39
●	2010	9,140*	5,577	2,510	1,042*	11
●	**2011**	**10,082**	**5,706**	**2,863**	**1,467**	**46**

Net Profit ($ million)



		Total	Offshore & Marine	Infrastructure	Property	Investments
●	2009	1,190*	810	126	135*	119
●	2010	1,307*	987	57	214*	49
●	**2011**	**1,491**	**1,064**	**82**	**300**	**45**

* Comparatives are restated due to retrospective application of INT FRS 115.

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

MAJOR DEVELOPMENTS IN 2011
- Record $10 billion worth of new contracts.
- Delivery of 41 major projects.
- Secured first deepwater drilling rig for Brazil yard.
- Entered adjacencies in niche markets.
- Achieved good operating profit margins with productivity improvements.

FOCUS FOR 2012/13
- Deliver on excellent execution and enhance productivity.
- Continue R&D efforts to sharpen position as market leader in selected segments.
- Explore opportunities in new markets and adjacent businesses.
- Sustain prudent cost management.
- Continue emphasis on Health, Safety and the Environment.

$1,417m

PROFIT BEFORE TAX
Increased 14% from FY 2010's $1,242 million.

$1,064m

NET PROFIT
Increased 8% from FY 2010's $987 million.

EARNINGS REVIEW

In 2011, the Offshore & Marine Division secured a record $10 billion of new orders for the year. The net orderbook at the end of the year stood at $9.4 billion, with deliveries extending into 2015. Revenue of $5,706 million was $129 million or 2% higher. Operating profit margin for 2011 reached a high of 23.1%. Pre-tax earnings increased by 14% to $1,417 million, owing to cost savings and higher margins on jobs. Net profit of $1,064 million was $77 million or 8% higher than in 2010. The Division remains the largest contributor to the Group's net profit with 71% share.

MARKET REVIEW

The global economy went through a tumultuous year that witnessed the European debt crisis, credit rating downgrades for major countries including the US, the Arab Spring unrest in the Middle East, and the tsunami and nuclear disaster in Japan. These events impacted global economic growth and resulted in depressed valuations in the global equity markets and a continued credit crunch.

Despite the macro headwinds, capital spending in the oil and gas industry picked up, especially in the first half of 2011. Key drivers for the revival in capital spending were strong oil prices averaging US$95[1] per barrel in 2011 and the increased demand for higher quality assets post-Macondo. The aging fleet of jackup rigs, with around 68% of the world's fleet over the age of 25, coupled with improving dayrates and utilisation rates, provided strong impetus for rig owners to embark on rig replacement programmes for older drilling units.

OPERATING REVIEW

2011 marked another sterling year of deliveries for Keppel O&M as its network of yards worldwide collectively delivered eight rigs, seven major FPSO/FSO conversion projects and 11 specialised vessels and other major repair, upgrade and completion projects. With a steady flow of orders over the course of 2011, Keppel O&M secured a record level of $10 billion worth of contracts that will stretch its orderbook deliveries into 2015. Most of these new orders were for Keppel's proprietary designs, in particular the KFELS B Class jackup, which is now setting the standard for the industry.

[1] WTI Crude oil price. Brent Crude oil price averaged US$112 per barrel in 2011.

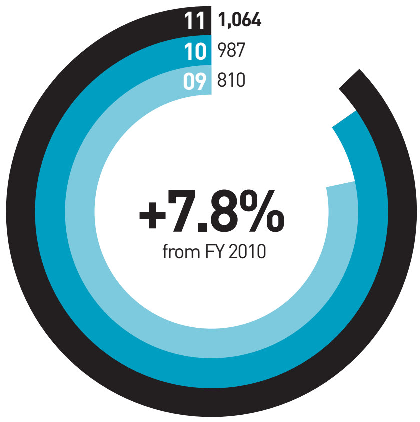
1. With a record $10 billion worth of new orders secured in 2011, our focus is on executing the orders well and extracting maximum value from each project.

2. Keppel Shipyard provided a full range of conversion services, including the fabrication of the topsides and turret for FPSO Armada TGT1.

Earnings Highlights

	2011 $ million	2010 $ million	2009 $ million
Revenue	**5,706**	5,577	8,273
EBITDA	**1,459**	1,252	1,129
Operating Profit	**1,318**	1,119	1,004
Profit before Tax	**1,417**	1,242	1,081
Net Profit	**1,064**	987	810
Manpower (Number)	**25,830**	23,832	24,275
Manpower Cost	**949**	975	983

Net Profit ($ million)



OFFSHORE

During the year, Keppel FELS delivered a total of six newbuilds, comprising two jackup rigs and four semisubmersible rigs (semi). The remaining two KFELS N Class jackup rigs were delivered to Rowan Companies, Inc. (Rowan) and have obtained attractive charters in the North Sea market, following the successful footsteps of the first in its series.

The fifth newbuild of the ENSCO 8500 series of semis was delivered on time and secured a charter to drill for TOTAL in Brunei. The second DSS™38 drilling semi for Brazilian customer, Queiroz Galvão Óleo e Gás (QGOG), was delivered a record four months ahead of schedule, earning an early delivery bonus of US$8 million. Two semi drilling tenders (SSDT) were delivered in 2011: West Jaya, which is the seventh SSDT for Seadrill Limited (Seadrill), and PV Drilling V, the first-ever SSDT built for our partner for 25 years, PetroVietnam Drilling and Well Services Corporation.

Meanwhile, Keppel FELS continues to maintain its reputation as the port of call for rigs requiring repairs, upgrades and completion works. Complex installation, commissioning and refurbishment works for Scarabeo 9, a semi owned by Saipem S.p.A. (Saipem), were completed in 2011 and the rig has started drilling in Cuba. Another significant refurbishment work was secured for a KFELS B Class jackup to be delivered to Safin Gulf FZCO (Safin). Other rig owners with their rigs in the yard include Diamond Offshore Drilling, Inc (Diamond), Ensco plc (Ensco), Seadrill, Transocean Offshore Deepwater Holdings Ltd (Transocean), Essar Oilfield Services Limited, Korea National Oil Corporation, Sinopec Limited, China Oil Services Limited, Seafox Group as well as Rowan. Flying squads were also sent to far-flung locations such as Nigeria to assist owner, SeaWolf Oil Services Limited, in leg repairs on its jackup rig. Other noteworthy upgrade projects achieved were a pair of drillship stern

The KFELS B Class jackup design is the preferred solution for discerning drillers.

SIGNIFICANT EVENTS

JANUARY

- Keppel FELS secured a US$360 million contract to build two KFELS B Class jackup rigs for Standard Drilling and a US$416 million contract from Discovery Offshore to construct two KFELS Super A Class jackup rigs.
- Keppel increased its stake in Keppel Subic Shipyard to 84%.

FEBRUARY

- Keppel FELS won a US$440 million contract from Ensco to build two enhanced KFELS Super A Class jackup rigs, a close to US$1 billion contract from Maersk to build two Gusto MSC CJ70 jackup rigs and a US$380 million contract from Transocean to build two KFELS Super B Class Bigfoot jackup rigs.
- Keppel FELS Brasil secured two contracts totalling R$500 million ($383 million) from SBM, and joint venture company MODEC and Toyo Offshore Production Systems.

MARCH

- Keppel O&M acquired 28% stake in SGX-listed topside module fabricator Dyna-Mac via equity placement.
- Keppel AmFELS won a US$195 million contract from Mexico's Perforadora Central to build a jackup rig.
- Keppel Shipyard secured contracts worth $170 million to complete a pipe-laying vessel for Saipem and convert an FSO for Bumi Armada.
- Keppel FELS secured a US$210 million KFELS Super B Class jackup from Japan Drilling.
- Keppel FELS received US$8 million from QGOG for delivering their second DSS™38 semi at a record four months ahead of schedule.
- Seadrill's seventh SSDT from Keppel was delivered ahead of schedule with a perfect safety record.

blocks for Noble Drilling (Noble) that is now undergoing joining works in the BrasFELS yard.

2011 also saw Keppel FELS securing a record number of contracts. A total of 22 jackup rigs and three semis contracts (including the DSS™38E semi for Sete Brasil for which Keppel FELS is undertaking work on the lower hull) were signed with both new and repeat customers. Other than the CJ70s ordered by Maersk Drilling (Maersk), the rest of the rigs are KFELS designs. This is testament to the market acceptance and industry-wide acknowledgement of Keppel's proprietary semi and jackup solutions.

Keppel yards overseas were also hives of activity in 2011. Keppel AmFELS delivered its fourth EXL jackup rig to Rowan with a perfect safety record, four months ahead of schedule. The yard also completed numerous repairs and fabrication jobs for customers such as Noble, Seadrill, Cal Dive International and Diamond.

Keppel AmFELS also secured a major contract from Mexico's Perforadora Central SA de CV (Perforadora Central)

Newbuild Offshore Order Wins

Customer	Design	Number of Units
Jackups		
Asia Offshore Drilling	KFELS B Class	1
Discovery Offshore	KFELS Super A Class	2
Dynamic Offshore	KFELS B Class Bigfoot	1
Ensco	Enhanced KFELS Super A Class	3
Gulf Drilling International	KFELS B Class Bigfoot	2
Japan Drilling International	KFELS Super B Class	1
Jasper	KFELS B Class	1
Maersk Drilling	MSC CJ70	2
Perforadora Central	Le Tourneau Super 116E	1
Standard Drilling	KFELS B Class	6
Transocean	KFELS Super B Class Bigfoot	3
Semisubmersibles		
Floatel International	KFELS SSAU4000NG	1
Seadrill	KFESL SSDT 3600-E	1
Sete Brasil	DSS™38E	1

to build a repeat jackup rig valued at US$195 million. Slated for delivery in 1Q 2013, this high-specification unit will be built to the LeTourneau Super 116E design.

Keppel FELS Brasil also had a busy year in 2011. The major highlight was the delivery of the P-56 Floating Production Unit (FPU) to Petrobras Netherlands BV (Petrobras). P-56 is one of the world's largest FPUs and the first to be built completely in Brazil. The project team for P-56 achieved nine million man-hours without lost-time incidents on its construction.

The BrasFELS yard also successfully converted the FS-1 mating barge into the biggest floating dock in Latin

America, with the ability to dock vessels up to 22,000 metric tonnes. This has significantly extended the yard's capacity to provide docking services to most of the offshore drilling units operating in the region. Other completed projects include repair work on semis from drillers such as Ensco, Transocean and Noble.

Significant ongoing projects in the yard include the P-61 tension leg wellhead platform (TLWP) for the Petrobras-led Papa-Terra Joint Venture, integration of two FPSOs and the upgrading of a Noble drillship.

The year ended on a high note with the order for a semi drilling unit of Keppel's proprietary DSS™38E design from Sete Brasil, with a contract value of about US$809 million.

BrasFELS' safety achievements were recognised through the award of safety bonuses by clients, Noble and Transocean, for vessels, Noble Leo Segerius and Falcon 100 respectively. BrasFELS also attained milestones of one million man-hours worked without lost-time incidents on both the P-61 TLWP for Petrobras and the FPSO Cidade de Sao Paulo for MODEC.

In the Netherlands, Keppel Verolme completed upgrade and repair jobs for pipelay vessel, Lorelay, Saipem's S44 barge and two Maersk jackup rigs. The yard also received additional certifications for environmental management and health and safety in 2011.

In the Caspian region, Caspian Shipyard Company (CSC) had a busy year. It secured a US$6 million crane installation project from Bumi Armada and a US$25 million job from BP for the upgrade of a launch barge. In September, CSC started discussions with sister yard Keppel FELS and UK-registered Highway Investment Processing LLP for the re-installation of legs for a jackup in Turkey. CSC is also in discussions with Baku Shipyard for the fabrication of some blocks for a floating dry dock. Work will likely start in April 2012. During the year, CSC received ISO 9001/14001 and OHSA 18001 certifications from the American Bureau of Shipping.

Key deliveries in 2011 for Keppel Kazakhstan included several outfitted and mechanically completed pipe rack modules, five units of pontoons for Agip Kazakhstan North Caspian Operating Company N.V. (Agip) and miscellaneous steel works as part of the hook-up phase for the Kashagan oil field development. Since its establishment in 2005, Keppel Kazakhstan has completed and delivered about 60,000 tonnes of

SIGNIFICANT EVENTS

APRIL

- Jasper Investments ordered a second KFELS B Class jackup rig at US$180 million.
- Keppel Shipyard and Keppel Singmarine clinched new contracts worth $240 million to build a multi-purpose diving support construction vessel for SBM and to modify and upgrade an FPSO for Petrofac.
- The KFELS Multi-Purpose Self-Elevating-Platform under construction secured a job for deployment in the German sector of the North Sea.

MAY

- Keppel FELS secured a US$393 million contract to build two KFELS B Class Bigfoot jackup rigs from Gulf Drilling International.
- Keppel FELS won four repeat KFELS B Class rigs worth US$772 million from Standard Drilling.
- Keppel FELS secured a Vision Drilling contract to build its first KFELS B Class jackup rig for US$180 million.

JUNE

- Keppel FELS secured a US$142 million contract from Seadrill to build a repeat KFELS SSDT™ 3600E and a US$260 million contract from Floatel International to build a new-generation accommodation semi.
- Mr Chow Yew Yuen was appointed MD of Keppel O&M. (He was appointed Chief Operating Officer of Keppel O&M on 1 March 2012.) He remains the President of the Americas.
- BrasFELS celebrated the completion of P-56, the first FPU completely built in Brazil, for Petrobras.
- Keppel FELS delivered its third KFELS N Class jackup rig to Rowan while Keppel Singmarine delivered the second pipelay vessel for Global Industries.

1

2

3

1. Completed more than two weeks ahead of schedule, within budget and with a perfect safety record, West Jaya is the seventh SSDT delivered to Seadrill by Keppel.

2. A proprietary design of Keppel's R&D arm Offshore Technology Development, the KFELS N Class jackup is able to operate efficiently in some of the harshest offshore environments in the world.

3. FPU P-56 was christened in the presence of Brazilian President HE Dilma Rouseff (centre).

1. Keppel Shipyard completed the modification and upgrading of FPSO OSX-1 and was awarded the contract to convert FPSO OSX-2.

2. FPSO Okha was one of the seven FPSO/FSO/FSRU conversions and upgrading projects delivered in 2011.

pipe rack modules, steel structures, barges, pontoons and other pre-fabrication works to support the development of the Kashagan field.

MARINE

Keppel Shipyard continued to perform well, despite 2011 being another challenging year for the shiprepair and conversion industry.

Keppel Shipyard repaired a total of 281 vessels in 2011, with the majority being tankers, container ships and gas carriers. Repeat customers, including those with fleet arrangements, made up the bulk of Keppel Shipyard's shiprepair business, providing a stable base-load for the repair segment. The yard worked on a total of 16 FPSO/FSO/LNG FSU conversion/modification projects and six other major projects which included two drillship integration works, a livestock carrier conversion, turret fabrication, a derrick lay barge and a DP 3 pipelay vessel completion works. Of these, seven FPSO/FSO conversion/modification projects, one turret fabrication, one livestock carrier conversion, one derrick lay barge completion and one drillship integration and completion project were completed in 2011.

Several new contracts were secured in 2011, the key of which are four conversion jobs, three upgrade completion contracts and one pipelay vessel. These included the conversion/upgrade for six FPSO/FSO/FSU from repeat customers such as Bumi Armada Berhad and Single Buoy Moorings Inc (SBM). Rubicon Offshore International Pte Ltd also awarded a fast-track fabrication and integration project for an external turret mooring system.

At the year's closing, Keppel Shipyard had nine FPSO/FSO/LNG FSU projects, one pipelay vessel completion and a drillship integration and completion project in various stages of progress.

In recognition of its business and operational excellence, Keppel Shipyard was conferred the Repair Yard Award and the Safety Award by Seatrade. The yard also won the Shipyard of the year award for Asia from Lloyd's list and secured 10 SHARP (Safety and Health Award Recognition for Projects) for major projects.

In the Philippines, Keppel's yards in Batangas and Subic maintained high productivity levels and serviced a total of 147 vessels in 2011. Key projects

SIGNIFICANT EVENTS

For the complex Scarabeo 9 semi project, we leveraged our in-house engineering expertise, proven project management and execution capabilities to ensure quick turnaround time.

JULY

- Asia Offshore Drilling ordered its third KFELS B Class jackup rig at US$184 million.
- Keppel Shipyard delivered Lewek EMAS, one of Vietnam's largest FPSOs.

AUGUST

- Keppel Shipyard secured two contracts worth $146 million for an FPSO and to fabricate and integrate an external turret mooring system for an existing FPSO for SBM.
- Keppel FELS secured a US$195 million contract from Transocean to build their third KFELS Super B Class Bigfoot jackup rig.
- Keppel FELS delivered Scarabeo 9 to Saipem.
- FPSO OSX-1, the first FPSO for Brazil's OSX, completed its conversion and upgrading at Keppel Shipyard.

for Keppel Batangas included the construction and delivery of a crane barge, and double hull conversion works on a tanker. The yard also retrofitted an ex-Hamilton class American naval ship for the Philippine Navy. Keppel Batangas was also awarded repeat orders for two coal barges. Keppel Subic shipyard's major project in 2011 was the delivery of a RINA-classed non-propelled open sea floating crane coal transshipper barge. This is the third special purpose barge delivered by the yard.

2011 was an important year for Nakilat-Keppel Offshore & Marine (N-KOM), our joint venture yard at the port of Ras Laffan in Qatar. The yard welcomed its first LNG carrier to be drydocked for special survey works, which was chartered by RasGas Company Limited. N-KOM received a bonus from the vessel's manager and operator, MARAN Gas Maritime, for the successful delivery of the project. Other significant projects clinched in 2011 include the repair, modification and upgrading works on a jackup rig owned by Gulf Drilling International and the conversion of drilling rig to an accommodation rig. In 2011, N-KOM also completed 43 repair projects which comprised 19 LNGs, five containers, three tankers, five jackup rigs, 10 support vessels and one SBM buoy. In addition, the yard undertook major fabrication work for Nakilat-Damen Shipyards Qatar, Limited comprising 6,000 metric tonnes of hull structures for a load-out recovery barge project.

In 2011, N-KOM achieved certifications that qualify the yard to secure onshore work as well as marine and offshore pressure vessel fabrication and piping repair work. The yard is also in the process of obtaining accreditation from the American Petroleum Institute.

Keppel O&M's associate company, Arab Heavy Industries PJSC (AHI) in Ajman, UAE secured a steady stream of shiprepair work from repeat customers. During the year, AHI repaired a total of 186 ships.

SPECIALISED SHIPBUILDING

Keppel Singmarine had 13 vessels under construction in the yard during 2011, of which three were delivered, including a second new generation derrick pipelay vessel for Global Industries. Keppel Singmarine also delivered a transshipment barge and an Anchor Handling Tug/Supply vessel to Straits Corporation and Seaways International respectively.

During the year, Keppel Singmarine secured 10 newbuild contracts as well as four jackup hulls complete with living quarters from Keppel FELS. The newbuild contracts comprised a multi-purpose diving support construction vessel for SBM, one container ship and three bulkers for OK Tedi Mining Limited, a coal transshipment barge for repeat customer, PT Indo Straits, and four tugboats for various owners.

Notably, Keppel Singmarine implemented a number of productivity initiatives in 2011 such as the construction of a quay and the enhancement of an existing panel line and pipe shop as well as the construction of a new panel line shop.

Over in China, Keppel Nantong had a productive year with nine deliveries in 2011 which consisted of six 65-tonne bollard pull ASD tugs for Keppel Smit Towage and Maju Maritime. At end 2011, ongoing projects in the yard include a 5,000-tonne heavy lift crane barge and a 12,000-tonne lifting capacity floating dock.

Keppel Nantong Heavy Industries was incorporated to undertake construction of jackup rigs and other heavy offshore fabrication at the newly acquired land adjacent to Keppel Nantong. Civil work for the first phase development has commenced.

Keppel Singmarine Brasil in Santa Catarina complements the BrasFELS yard in offering a comprehensive suite of solutions for Brazil's offshore oil and gas sector.

Contracts in 2011 for Keppel Singmarine Brasil comprised six 45-tonne bollard pull ASD harbour tugs for Smit Rebras Rebocadores do Brasil S.A. The first phase of the modernisation and upgrading programme of the yard is well underway and expected to be completed in 1Q 2012. The yard would be able to complete an average of eight newbuild vessels a year.

A joint venture between Keppel O&M, State Oil Company of Azerbaijan Republic (SOCAR) and Azerbaijan Investment Company, the 52-ha Baku Shipyard in Azerbaijan is expected to be operational in 3Q 2013. Spanning a 1,630m waterfront when completed, the yard can undertake 80 to 100 repair and conversion jobs per year.

INDUSTRY OUTLOOK

The United Nation's World Economic Situation and Prospect 2012 report projects global growth to slow to 2.6% for 2012. The International Monetary Fund (IMF) has forecast that the Eurozone economy will see a mild recession in 2012. Growth in the emerging and developing economies is also expected to slow because of the worsening external environment and a weakening of internal demand. Notwithstanding the muted macro-economic outlook, there is returning confidence in the global oil and gas industry. A survey of some 350 oil and gas companies by Barclays Capital indicate that E&P spending is expected to increase 10% from US$544 billion in 2011 to US$598 billion in 2012, marking a record year for the industry. It is forecast that E&P spending will grow in double digits annually from 2013 to 2015, potentially crossing the US$800 billion mark in 2015. This would be double the level of E&P spending in 2009.

World oil consumption grew by an estimated 1.0 million bbl/d in 2011 to 88.1 million bbl/d. The US Energy Information Administration (EIA) expects this growth to accelerate over the next two years, with consumption reaching 89.4 million bbl/d in 2012 and 90.9 million bbl/d in 2013, driven by population and economic growth from developing countries across Asia Pacific and Latin America. Although the International Energy Agency (IEA)

SIGNIFICANT EVENTS

SEPTEMBER

- Floatel became a subsidiary of Keppel O&M through an amalgamation exercise.
- Keppel Nantong secured a $143 million contract to build the world's largest heavy lift sheerleg floating crane for Asian Lift.
- Keppel Shipyard secured three conversion contracts totalling $142 million.
- Keppel FELS delivered Vietnam's first drilling tender rig, PV Drilling V, ahead of schedule, within budget and with a perfect safety record.
- Keppel AmFELS delivered its fourth consecutive EXL jackup rig to Rowan, four months ahead of schedule.

OCTOBER

- Keppel FELS secured a US$199 million contract to refurbish a KFELS B Class jackup rig for Safin and a US$245 million contract from Ensco for an enhanced KFELS Super A Class jackup rig.

NOVEMBER

- Keppel Singmarine secured two contracts totalling $47 million from Indonesian customers.

DECEMBER

- Keppel O&M secured a US$809 million contract from Sete Brasil for a DSS™38E semi.
- Keppel Singmarine and Keppel Verolme secured contracts totalling $150 million.

The sheerleg floating crane that Keppel Nantong Shipyard is constructing will play an important role in meeting the needs of the market for greater lifting capacity.

has lowered its projections for oil products demand growth in 2012, it nonetheless anticipates global energy demand to increase by 40% between 2009 and 2035. Oil will continue to be the leading fuel in the energy mix, while demand for natural gas is expected to experience the fastest growth, at 1.7% a year on average from 2009 to 2035.

DRILLING RIGS

The pickup in enquiries for newbuild jackups began in 4Q 2010. Since then, some 60 jackups have been ordered globally. Barclays Capital estimated that half of the world's jackup fleet will be over 30 years old by 2015, even with 150 newbuild deliveries added. The Macondo incident has contributed to a divergence in the utilisation and dayrates between premium and commodity jackups. These will result in a sustainable replacement cycle over the mid-term horizon.

Several new discoveries have been made in Northern Europe, specifically the UK and Norway, and this would spur more exploration activity in the North Sea in the coming years. The Avaldsnes/Aldous Major South discovery is estimated to contain gross contingent resources of between 1.7 to 3.3 billion barrels of recoverable oil. This makes the discovery one of the five largest ever made on the Norwegian Continental Shelf and the largest exploration find in the world in 2011.

OFFSHORE DEEPWATER PROSPECTS

Semi orders have been absent in recent years, compared to the period of 2004 to 2008, despite a similar age profile to that of the global jackup fleet. About 60% of semis are over 25 years old. The tightening in the deepwater space is gaining momentum, as reflected in recent dayrates secured in excess of US$550k/day and current utilisation rate in excess of 90%. The return to normalcy of drilling activities in the US Gulf of Mexico will further tighten the demand for deepwater rigs.

Spillover demand from Petrobras' massive newbuilding programme is expected to drive the offshore deepwater market in the medium term. Additionally, the emergence of more ultra-deepwater drilling programmes in new frontiers such as West Africa, Australia and Southeast Asia will further support demand for deepwater rigs.

The deepwater segment, as a whole, is buttressed by sound long-term fundamentals. Half of the discoveries made in the last decade have been offshore, primarily in the deepwater segment. Oil service companies continue to shift their E&P spending and activities towards deepwater projects, which offer greater potential in terms of reserve volumes, productivity and profitability. Barclays Capital foresees that deepwater capital expenditure could double within five years.

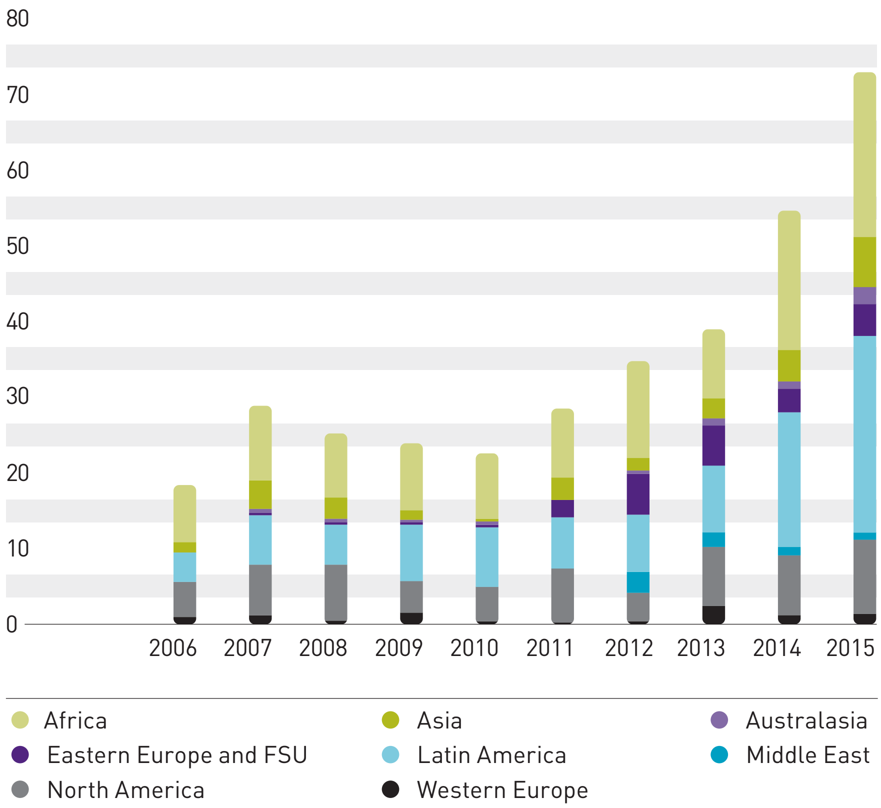
Looking ahead, the far-reaching implications of the Macondo incident are expected to further shape the regulatory and operating landscape of the industry. The stricter regulatory environment has resulted in a strong focus on newer drilling units with superior technology and safety capabilities.

PRODUCTION UNITS AND SPECIALISED SHIPS

Production vessels could form the next wave of orders following the drilling rig replacement cycle.

Based on International Maritime Associates' (IMA) projections, production floater orders will average 25–35 units annually over the next five years. 80% of these units are expected to be FPSOs, of which half of the orders will be through conversions. The FPSO market is expected to remain strong as FPSOs continue to be the preferred solution for production in deepwater fields.

Deepwater CAPEX Expenditure (US$ billion)



Source: Douglas-Westwood

As the large offshore discoveries have sparked a rig construction boom, Barclays Capital expects an FPSO upcycle that could double the current worldwide fleet to begin in late 2012 or 2013. Globally, the FPSO fleet currently stands at around 160, and another 40 are already on order.

Strength in this sector will be largely driven by Latin America, due to the developments in offshore Brazil and its pre-salt regions. Petrobras' updated business plan for 2011 to 2015 included the requirement for another 50 production platforms (both semis and FPSOs). Other regions such as Southeast Asia and West Africa also have significant potential floater projects.

With the global rig fleet requiring support services and the replacement demand from an aging offshore support vessel (OSV) fleet, the specialised shipbuilding sector could improve in the near future. Changing customer requirements, operating environments and regulatory frameworks are further driving demand for OSV innovations to improve operational efficiency and safety.

Significant demand for newbuild OSVs should arise from the Prorefam programme, where Petrobras seeks to increase its supply and specialised vessel to 568 units by 2020 from the 287 units as of December 2010. This includes requiring another 88 supply vessels by 2014.

NEW GROWTH AREAS

Offshore wind is gaining momentum in the global arena as a renewable source of energy, providing good market potential for new designs and solutions in offshore wind farms.

Europe is currently the world leader in offshore wind energy and the European Wind Energy Association has set a target of 40 GW to be installed by 2020 and 150 GW by 2030, up from the 2.9 GW as at end-2010. Investments in offshore wind farms in Europe alone are projected at €209 billion from 2010 to 2020.

2

1. SEAFOX 5, the KFELS MPSEP wind turbine installation vessel has secured its first job to be deployed in the German Sector of the North Sea.

2. HE Truong Tan Seng, President of Socialist Republic of Vietnam (second from left), presented our senior management with a painting during his visit to Keppel FELS.

3. Semisubmersible accommodation units delivered by Keppel offers the highest standards of health and safety features for the well-being of the crew.

4. Keppel AmFELS delivered the Rowan EXL-IV ahead of schedule and with zero lost-time incidents.

4

INFRASTRUCTURE: Keppel's Infrastructure Division continues to seek expansion opportunities in power and gas, environmental engineering, and logistics and data centre businesses.

MAJOR DEVELOPMENTS IN 2011

- Keppel Energy's capacity expansion on Keppel Merlimau Cogen Plant is on track.
- KIE formed JV with Tianjin partner to develop water reclamation plant in Tianjin Eco-City.
- KIE completed waste management facility in Qatar and started operations and maintenance phase.
- Keppel T&T formed JV with Sinotrans to develop and operate Yangtze River port.
- Keppel T&T acquired, directly and indirectly, stakes in two data centres in Australia.

FOCUS FOR 2012/2013

- Keppel Energy to grow share of Singapore's power market and further enhance integrated platform in gas and utilities businesses.
- KIE to complete construction of remaining projects in Qatar and the UK.
- KIE to enhance operations and maintenance capabilities.
- Keppel T&T to enhance services through new technologies while growing business in high-growth regions in China.

$120m

PROFIT BEFORE TAX
Increased 29% from FY 2010's $93 million.

$82m

NET PROFIT
Increased 44% from FY 2010's $57 million.

EARNINGS REVIEW

Infrastructure Division's revenue increased by $353 million to $2,863 million, with higher revenue generated from the power and gas business in Singapore partly offset by lower revenue from Keppel Integrated Engineering (KIE). Profit before tax increased by 29% to $120 million as a result of better performance from Keppel Energy, partly offset by losses from KIE. With a net profit of $82 million, the Division accounts for 6% of the Group's earnings.

POWER AND GAS

MARKET REVIEW

Singapore's average electricity demand has continued to grow. For the full year of 2011, average electricity demand grew by approximately 1.4%.

OPERATING REVIEW

Keppel Energy continues to deliver promising results from its integrated power and gas businesses in Singapore.

The 800MW expansion of its Keppel Merlimau Cogen (KMC) plant is expected to be completed by 2013. This will boost KMC's existing generation capacity to 1,300MW from its current capacity of 500MW.

Keppel Energy remains committed to continuous improvements in its safety journey. Initiatives are being implemented to further strengthen both the company and its contractor's safety management systems, and in particular in the capacity expansion of KMC.

BUSINESS OUTLOOK

Keppel Energy expects its power and gas businesses in Singapore to continue to deliver sustainable earnings in 2012.

The Singapore economy is projected to slow in 2012 in light of the ongoing debt crisis in the Eurozone. Keppel Energy is keeping vigilant to ensure that risks are well managed in the event of an economic downturn.

Keppel Energy is also expected to face keen competition with increased supply capacity from repowered assets of other companies. Notwithstanding the market competition, Keppel Energy is well-positioned to emerge stronger with the completion of its 800MW expansion in 2013.

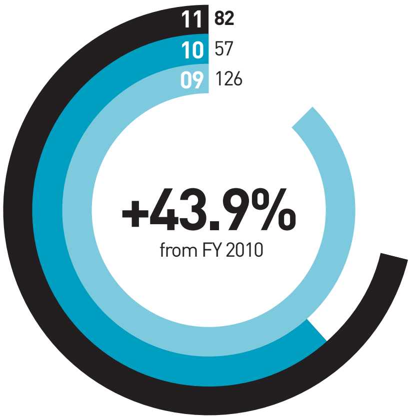
1. Keppel Energy's capacity expansion of its co-generation power plant is on track.

2. Keppel DHCS is also expanding capacity to meet the growing need for energy-efficient cooling systems in Singapore.

Earnings Highlights

	2011 $ million	2010 $ million	2009 $ million
Revenue	**2,863**	2,510	2,427
EBITDA	**155**	120	161
Operating Profit	**102**	75	127
Profit before Tax	**120**	93	150
Net Profit	**82**	57	126
Manpower (Number)	**4,552**	4,366	4,574
Manpower Cost	**255**	236	213

Net Profit ($ million)



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

On the back of KMC's strategic expansion using the most advanced and efficient commercially available technology, Keppel Energy expects to grow its market share in the Singapore power market, and will further enhance its integrated platform in the gas and utilities businesses.

ENVIRONMENTAL ENGINEERING
MARKET REVIEW
With increasing urbanisation and economic development across the globe, waste generation in many countries has grown significantly in recent years. This presents a burgeoning problem for governments and requires local authorities to develop and employ effective and sustainable waste management solutions.

In the UK, the government is under pressure to divert residual waste from landfills to meet its 2020 landfill diversion obligations to the EU.

Meanwhile, the progressive landfill tax regime also means mounting economic cost for landfills. The UK government is expected to address these issues over the next five years, presenting opportunities for companies treating municipal waste.

According to the 2011 Energy, Transport and Environment report from Eurostat, Eastern European members of the European Union (EU) trail their Western counterparts on waste management. To comply with EU legislation, Eastern European countries such as Poland have started to invest more in waste treatment.

In Qatar, over 7,000 tonnes of solid waste are generated daily, of which only 8% is recycled. In line with its National Development Strategy 2011 to 2016, Qatar will adopt a multi-faceted strategy to contain the levels of waste generated by households and commercial sites and encourage more recycling. With

SIGNIFICANT EVENTS

JANUARY
- Keppel T&T signed a land use rights agreement for an integrated logistics distribution centre in Tianjin Eco-City.
- Keppel T&T and Keppel Land formed a JV, Keppel Data Centres, to consolidate their data centre assets.

APRIL
- KIE and TECID formed a JV to pursue building, owning and operating a water reclamation plant in Tianjin Eco-City.

JULY
- Keppel Logistics sold its 35% stake in Wuhu Annto Logistics.
- Securus Fund acquired a 70% stake in iseek Data Centre, Brisbane, Australia.
- Keppel T&T signed a non-binding MOU with Sino-Singapore Jilin Food Zone authorities to explore jointly developing a logistics park.

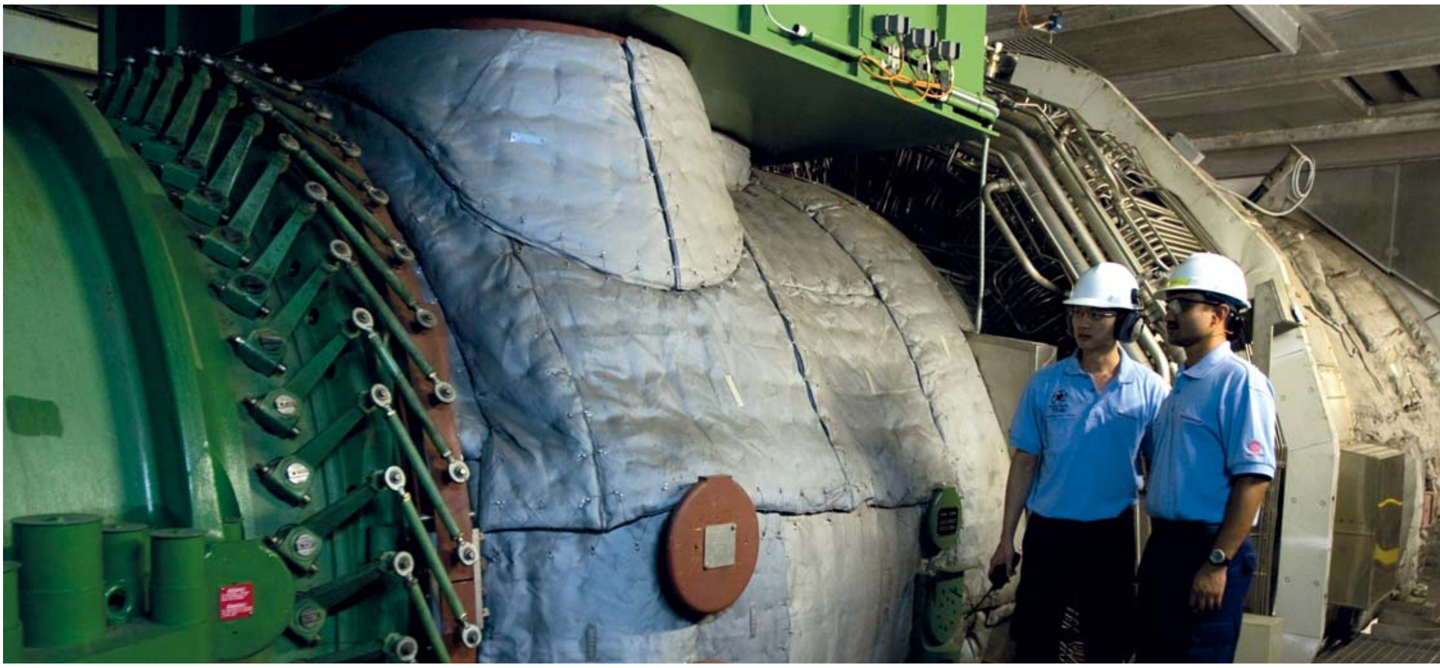
AUGUST
- Keppel Logistics acquired the remaining 50% stake in Transware Distribution Services.

SEPTEMBER
- Keppel DHCS topped out the TEC-Keppel DHCS plant in Tianjin Eco-City.
- Keppel T&T formed a JV with Sinotrans to develop and operate a Yangtze River port in Wuhu, Anhui Province, China.

OCTOBER
- KIE handed over the Qatar Domestic Solid Waste Management Centre and commenced the Operations and Maintenance phase.
- KIE set up a workshop to manufacture incineration furnace grates in Nantong, China.

NOVEMBER
- Keppel T&T opened the Nanhai distribution centre in Guangdong Province, China.

DECEMBER
- Keppel T&T formed a JV with Securus Fund to own, manage and operate a data centre in Gore Hill, Sydney, Australia.



Qatar hosting the FIFA World Cup in 2022, the government has also brought forward its US$100 billion programme on infrastructure development.

Against the background of China's growing urban population, its government recognises the need for sound municipal solid waste treatment. The Chinese government is providing subsidies and corporate tax exemptions for waste-to-energy (WTE) technology.

In the water and wastewater treatment segment, scarcity of potable water and urbanisation continue to drive demand for drinking water solutions and wastewater treatment. The United Nations projects that by 2025, half of the countries worldwide will face water stress or outright shortages. By 2050, as many as three out of four people globally could be affected by water scarcity.

Almost two-thirds of global population growth is occurring in Asia, which is expected to increase by nearly 500 million people in the next 10 years. Coupled with rapid urbanisation rates, this will intensify the stress on regional water resources. In China alone, demand for water in urban areas is growing more than 10% annually and is expected to increase 40% by 2020. Public-Private Partnership collaborations on water projects are on the rise across the globe, and this trend will likely continue.

OPERATING REVIEW

In the Middle East, Keppel Integrated Engineering's (KIE) wholly-owned subsidiary, Keppel Seghers, completed construction of the integrated Domestic Solid Waste Management Centre in Qatar in October 2011 and has commenced the 20-year operations and maintenance contract on the plant. The Doha North Sewage Treatment Works in Qatar is progressing towards Stage 1 completion and commissioning. When completed, Keppel Seghers will operate the plant for a period of 10 years.

In the UK, Keppel Seghers achieved steady progress on construction works for Phases I and II of the Greater Manchester Energy-from-Waste (EfW) Plant. Phase I of the plant is on course for completion and commissioning in 2013.

In China, KIE formed a joint venture (JV) company in April 2011 to pursue building, owning and operating a water reclamation plant in the Sino-Singapore

Keppel Energy will strive to grow its market share in the Singapore power market.

Environmental Engineering

Keppel Integrated Engineering aims to be a global leader in environmental solutions for water/wastewater and solid waste treatment.

Tianjin Eco-City (Tianjin Eco-City). The JV will be 40% held by KIE with a total investment value of RMB300 million. Keppel Seghers is also localising the production of WTE grates in China to enhance competitiveness. Two WTE technology package projects in Jinan, Shandong Province and Yangzhou, Jiangsu Province are close to completion.

In Singapore, Keppel Seghers operates and manages the Senoko WTE Plant, Keppel Seghers Tuas WTE Plant and Keppel Seghers Ulu Pandan NEWater Plant. The Senoko WTE Plant is undergoing flue gas treatment upgrade.

Keppel DHCS, a wholly-owned subsidiary of KIE, topped off its district heating and cooling system (DHCS) plant in the Tianjin Eco-City. The plant is targeted to commence supply to companies in the Eco-Business Park in 2012.

In Singapore, Keppel DHCS is expanding capacity in its Changi Business Park (CBP) and Biopolis DCS Plants. The CBP expansion of 4,500 Refrigeration Tons (RT) caters to new customer demand and is expected to be ready in 3Q 2012. The additional capacity will allow Keppel DHCS to meet the increased demand from several new developments that are expected to come into CBP. Keppel DHCS is also planning to add another 4,000RT at Biopolis to meet new customer demand. Work will commence in 2Q 2012 with completion expected by 3Q 2013. When completed, the expanded Biopolis DCS plant will cater for chilled water supply to a total of 17 developments.

Keppel Prince Engineering, KIE's wholly-owned Australia-based subsidiary, is providing installation services for the Macarthur wind farm in Victoria, which will be the largest wind farm in the southern hemisphere when completed by early 2013.

KIE is the sponsor of K-Green Trust (KGT), a business trust with an investment focus on "green" infrastructure assets in Singapore, as well as Asia, Europe and the Middle East. KGT's current portfolio comprises Senoko WTE Plant, Keppel Seghers Tuas WTE Plant and Keppel Seghers Ulu Pandan NEWater Plant. KGT declared a distribution per unit of 4.69 cents to unitholders for the second half of 2011, 8.8% higher than the distribution for the second half of 2010. Together with the 3.13 cents paid earlier in 2011, the full year distribution was 7.82 cents, in line with forecasts.

BUSINESS OUTLOOK

With rapid urbanisation and climate change, there is an increasing demand for sustainable environmental solutions. KIE is well-positioned to explore opportunities in Singapore, Europe, Greater China, Middle East as well as selected emerging markets.

Keppel Seghers will seek new opportunities in the operations and maintenance business to broaden its revenue stream.

KGT will also actively evaluate acquisition opportunities in its key markets of Singapore and globally, with a focus on the Asia-Pacific and Europe. As more assets become available in the market amidst the volatile global economy, KGT will approach opportunities with a keen focus on the quality of the assets and avoid over-gearing.

LOGISTICS

MARKET REVIEW

The logistics industry in Singapore remained sound despite weaker sentiments in the economy in the latter half of 2011. The industry has benefited from a dynamic, fast-growing Southeast Asia and the wider Asia-Pacific. Demand for specialised logistics services such as medical, offshore and marine and military logistics in Singapore have also increased.

In China, the logistics sector continued to enjoy healthy growth due to resilient economic fundamentals. Logistics remained one of the priorities in China's 12th Five-Year Plan for national development. Rising costs and labour shortages in the more developed coastal cities mean that

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1. Work on Phases 1 and 2 of the Greater Manchester Energy-from-Waste facility in UK is on schedule.

2. Senoko WTE plant is the third incineration plant built in Singapore and is the only one located outside the Tuas area.

3. Keppel's senior management shared Keppel's business strategy in the UK with HRH Prince Andrew, The Duke of York.

Logistics and Data Centres

Keppel Telecommunications & Transportation aims to provide good quality integrated logistics solutions and data centre services.

more firms are relocating operations to central and western China. The Chinese government's policy to promote growth in the country's less developed Western inland regions has brought opportunities for greenfield logistics projects.

OPERATING REVIEW

Keppel Telecommunications & Transportation's (Keppel T&T) wholly-owned subsidiary, Keppel Logistics Singapore, has maintained close to full occupancy rate at all warehouses, through securing various new contracts and improving its services to clients.

In 2011, a new distribution management control centre was set up to enhance planning and monitoring of operations. Project teams with client participation were also formed to improve efficiency in the supply chain.

In addition, Keppel Logistics Singapore stepped up strategic collaboration with external partners to grow its expertise in new verticals such as biomedical, spare parts, offshore and marine and military logistics.

The acquisition of the remaining 50% stake in Transware Distribution Services Pte Ltd and the completion of a warehouse redevelopment further increased warehousing capacity in Singapore. The newly redeveloped warehouse has been fully taken up by an offshore and marine customer, marking Keppel Logistics' initial steps towards developing an offshore and marine logistics hub in western Singapore.

Warehouses in Malaysia continued to be at full occupancy, with new key accounts secured. Transportation has also grown significantly as a business segment.

In China, Keppel Logistics Foshan saw another successful year with record-high container volume handled. Operations at the new Nanhai Distribution Centre started in August 2011, adding 35,000 sm of warehousing space to Keppel Logistics in Foshan. Key clients have been secured, including major industrial manufacturing companies in China.

Keppel T&T embarked on several projects in 2011 to expand its logistics footprint in China. These include a flagship green logistics distribution centre in the Tianjin Eco-City, a food logistics park within the Sino-Singapore Jilin Food Zone and a port along the Yangtze River in Wuhu, Anhui Province.

BUSINESS OUTLOOK

The ongoing uncertainties in the global economic outlook will remain a key concern for 2012. Competition will be keen given the influx of new ramp-up logistics facilities in Singapore in the face of potential softening in demand.

In China, however, demand is expected to be more resilient and ample growth potential remains in the world's second largest economy.

Moving ahead, Keppel T&T will focus on strengthening new customer segments, the deployment of new technologies to enhance service level in Singapore and Malaysia, while continuing to expand business in high-growth regions in China.

DATA CENTRES

MARKET REVIEW

Rapid interest in the cloud computing market and the current data centre supply shortage have fuelled significant investment in data centres globally. Singapore, in particular, has leveraged its strength in infrastructure and provided government incentives to attract major players such as Global Switch, Digital Realty Trust, IBM and Google.

Opportunities in the Singapore market have been abundant. The Singapore government has launched a comprehensive consolidation of data in the healthcare and education systems. In the private sector, financial institutions are increasingly outsourcing IT functions. Along with the development of supply, the government has also introduced the Singapore Standard for Green Data

Centres – a guide to data centres for enhancing energy efficiency and environment sustainability.

OPERATING REVIEW

Keppel's data centres in Singapore and Ireland have remained at near full occupancy levels. Keppel T&T received the Green Data Centre Standard SS564 certification recently introduced by the Infocomm Development Authority of Singapore.

The company formed a JV with Keppel Land to consolidate their data centre assets. Keppel T&T owns 70% of the JV, which in turn owns and manages two carrier-neutral Tier 3+ facilities, Keppel Datahub and Keppel Digihub, in Singapore.

Securus Data Property Fund (Securus Fund), co-managed by Keppel T&T and AEP Investment Management, acquired a 70% stake in iseek Data Centre in Brisbane, Australia. It had also formed a JV with Keppel T&T to own, manage and operate a data centre in Gore Hill, Sydney, Australia.

BUSINESS OUTLOOK

Growth in the data centre segment is expected to remain robust with the increasing interest in cloud computing and strong demand from financial institutions, internet service providers and government agencies in the coming years. Singapore is emerging as one of the Asia-Pacific's leading data centre hubs due to its sound economic fundamentals, strategic location, high-skilled workforce and excellent telecommunications infrastructure.

Keppel T&T's data centre business is well placed to leverage these fundamentals to grow in Singapore, while exploring opportunities throughout Asia, Europe and the Middle East.

Keppel T&T will continue to adopt more "green" technologies and innovation to meet the increasing push for energy efficiency in data centres worldwide.

In a joint venture, Keppel T&T will develop and operate their first river port along the Yangtze River, serving Wuhu City.

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

MAJOR DEVELOPMENTS IN 2011

- Sold more than 2,500 homes across Asia, mainly in China.
- Added over 3,500 homes with acquisitions in China.
- Keppel Land divested 87.5% stake in Ocean Financial Centre to K-REIT Asia.
- Grew K-REIT Asia's AUM to $6.0 billion.
- Alpha Investment Partners raised US$485 million in first closing of Alpha Asia Macro Trends Fund II.

FOCUS FOR 2012/13

- Selectively acquire sites in Singapore and overseas.
- Monitor markets to launch new projects and phases.
- Expand commercial portfolio overseas.

$582m

PROFIT BEFORE TAX
Increased 19% from FY 2010's $488 million.*

$300m

NET PROFIT
Increased 40% from FY 2010's $214 million.*

EARNINGS REVIEW

Revenue from the Property Division of $1,467 million was $425 million more than that in 2010. Overseas operations reported higher revenue in 2011, due largely to the completion of several projects/phases in China, India and Vietnam. Higher revenue was also reported by Singapore trading projects, such as Reflections at Keppel Bay, The Lakefront Residences, The Luxurie and Madison Residences due to higher sales and percentage of physical completion achieved. Pre-tax profit of $582 million was an increase of $94 million over 2010. This was mainly attributable to higher contribution from several residential projects in Singapore, China and Vietnam. With net profit at $300 million, the Division contributed 20% to the Group's overall earnings.

MARKET REVIEW

Property markets across Asia cooled in 2011 amidst global economic uncertainty and tightening measures.

New home sales in Singapore totalled 15,900 units in 2011, slightly lower than 2010's record take-up of about 16,300 units. Private home prices rose 5.9% in 2011, lower than the 17.6% growth in 2010. Demand eased in 4Q 2011 on growing concerns of a slowing Singapore economy and the introduction of the Additional Buyer's Stamp Duty (ABSD), which came into effect in early December 2011.

The Singapore office market moderated in 2011, as business confidence was impacted by economic woes in the Eurozone and the United States. According to CB Richard Ellis, Grade A office rents rose 11.1% year-on-year to reach $11.00 psf in 4Q 2011, after a 22.2% increase in 2010. Office occupancy in the core CBD area was reduced from 95.2% in 4Q 2010 to 91.2% in 4Q 2011, due partly to the increase in office supply in 2011 on the completion of several major office buildings.

Singapore's economy is projected to grow at 1% to 3% in 2012 compared with 4.9% in 2011. As office demand and GDP growth are closely correlated, leasing momentum may ease as corporate tenants adopt a cautious approach. However, the office market is expected to be more resilient compared to the 2008–2009 financial crisis, as Singapore is still regarded favourably by companies in certain industries looking to expand.

1. Reflections at Keppel Bay is an iconic landmark in the southern waterfront of Singapore.

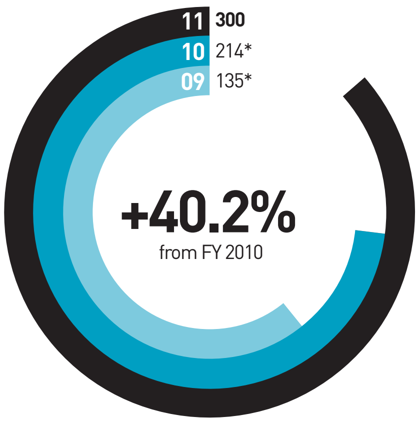
2. Jakarta Garden City will provide residents with a desirable live-work-play-and-learn environment.

Earnings Highlights

	2011 $ million	2010 $ million Restated*	2009 $ million Restated*
Revenue	**1,467**	1,042	1,251
EBITDA	**472**	363	304
Operating Profit	**457**	353	290
Profit before Tax	**582**	488	368
Net Profit	**300**	214	135
Manpower (Number)	**3,210**	3,015	2,791
Manpower Cost	**136**	91	100

* Comparatives are restated due to retrospective application of INT FRS 115.

Net Profit ($ million)



Demand for homes overseas eased in 2011.

China's property market slowed as its government's cooling measures took effect. Home prices fell for the third consecutive month in December 2011, as 52 out of 70 major cities recorded decline in prices. While the property market is still expected to feel the effects of the cooling measures in 2012, China's emerging middle class and positive economic growth will continue to fuel home ownership aspirations and support demand for homes.

The property market in Vietnam has weakened on cautious sentiments amidst tight credit conditions, high interest rates and inflationary pressures. Despite the challenging conditions, the mid-range market is relatively more resilient with selective demand from homebuyers.

Indonesia's economy, which is largely domestic driven, grew 6.5% in 2011 compared with 6.1% in 2010. A low interest rate environment and favourable demographics have contributed to the growth of its property market.

India is projected to expand 7% for the fiscal year ending 31 March 2012. Homebuying demand softened in 2011, owing to high interest rates, inflationary pressures and the global economic downturn. With signs of easing inflation, the Reserve Bank of India has cut the cash reserve ratio for banks by 50 basis points in January 2012 to stimulate lending and economic activity.

OPERATING REVIEW

SINGAPORE

Keppel Land sold 480 homes in 2011, mainly from The Luxurie and The Lakefront Residences. These developments are located near MRT stations, retail amenities and reputable schools.

Ocean Financial Centre (OFC) obtained its temporary occupation permit for the office tower in April 2011, while the retail link and podium car park are due for completion in early 2013. About 85% committed as at end 2011, OFC's solid

SIGNIFICANT EVENTS

Singapore's then Senior Minister Goh Chok Tong was briefed on Seasons City during its groundbreaking in Tianjin Eco-City.

FEBRUARY

– Marina at Keppel Bay expanded its berth spaces to meet the rising demand from superyachts in Singapore.

MARCH

– Keppel Land secured a prime residential site in Sengkang, Singapore for $286.8 million.

– Alpha and NTUC Income jointly acquired Capital Square in Singapore for $889 million.

– K-REIT Asia acquired four levels of strata office space in the 30-storey Prudential Tower in Singapore.

APRIL

– Singapore's then Senior Minister Goh Chok Tong officiated the groundbreaking ceremony of Seasons City, Keppel's mixed-use development in the Sino-Singapore Tianjin Eco-City.

JUNE

– Keppel Land received positive response for Riviera Point in Ho Chi Minh City (HCMC), Vietnam.

– Keppel Land China secured a 7.2-ha residential site in Nanxiang Town in Shanghai, China for $241 million.

– Keppel Land obtained masterplan approval and started the development of a prime 30-ha waterfront site in South Rach Chiec, HCMC.

blue-chip tenant base includes Australia and New Zealand Banking Group, BNP Paribas Singapore, Drew & Napier LLC, Stamford Law Corporation, The Executive Centre, Verizon Communications and DMG & Partners Securities.

Continuing its capital recycling strategy, Keppel Land divested its 87.5% interest in Ocean Properties, owner of OFC, to K-REIT Asia in December 2011. The transaction has strengthened the Group's financial position to acquire good sites and properties in Singapore and overseas.

OVERSEAS

Property cooling measures and credit tightening policies have affected the Group's home sales overseas. Keppel Land sold over 2,000 homes overseas, mainly in China. While projects in the first-tier cities in China were more severely affected by the nation-wide measures imposed by the Chinese government, demand for township homes in second-tier cities remained resilient. More than 1,400 homes were sold in China, mostly from Seasons Park in the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City) and township projects, namely The Botanica in Chengdu, Central Park City in Wuxi and The Seasons in Shenyang.

Leveraging the growing affluence and increasing urban population in China, Keppel Land China secured two prime residential sites in Shanghai and Wuxi. With the acquisitions, Keppel Land's pipeline of homes in China has grown to more than 43,000 homes in residential and waterfront developments as well as township projects.

In Southeast Asia, Riviera Point, a waterfront integrated lifestyle development in District 7 of Ho Chi Minh City (HCMC), Vietnam, was launched in January 2011. As at end-2011, 67% of the 275 units launched have been sold. In Indonesia, continued demand for township homes saw Jakarta Garden City drawing healthy response with about 290 units sold in 2011.

In India, Keppel Land's residential projects continued to achieve progressive sales amidst subdued buying sentiments as a result of inflationary pressures and high interest rates.

Keppel Land is expanding its commercial portfolio overseas. In China, construction has started for a retail mall and an office tower under Phase 1 of the mixed-use development, Seasons City, in Tianjin Eco-City.

Capitalising on continued demand and limited supply of prime Grade A office space, Keppel Land China acquired a 2.6-ha site located in Beijing's CBD, Keppel Land's first commercial project in the Chinese capital.

Keppel Land has commenced construction of Phase 2 of Saigon Centre, a mixed-use development in HCMC, which includes a retail mall, Grade A office and serviced apartments.

In Indonesia, International Financial Centre Jakarta Tower 2, centrally located in the central business district, will be redeveloped into a 47-storey prime Grade A office building with gross floor area of 64,000 sm.

The sale of Keppel Land's stake in the Ocean Financial Centre to K-REIT Asia was strategic for both companies.

FUND MANAGEMENT

Keppel Land's fund management business continued to perform well in 2011. As at end-2011, total assets under management (AUM) grew by 32% year-on-year to $14.8 billion, when fully leveraged and invested.

K-REIT Asia, Keppel Land's sponsored pan-Asian commercial REIT, continued to expand its property portfolio with the acquisition of Grade A properties in Singapore and Australia in 2011. It acquired Keppel Land's 87.5% interest in OFC, a landmark office tower located in the heart of Singapore's CBD. K-REIT Asia also bought a 50% interest in 8 Chifley Square, a Grade A office building under development in Sydney's CBD.

As the premier office landlord in Marina Bay and Raffles Place, K-REIT Asia's committed portfolio occupancy in Singapore continued to outperform the average occupancy in the core CBD.

Riding on the success of its Alpha Asia Macro Trends Fund (AAMTF), Alpha Investment Partners (Alpha) launched a follow-on fund, AAMTF II, and raised US$485 million in its first closing. Focusing on prominent trends in developed and fast-emerging markets, the fund made its maiden acquisition into a 142-room boutique Central Park Hotel in Hong Kong. Funds managed by Alpha also made several acquisitions and divestments during the year. Notable ones included a joint acquisition of Capital Square, a 16-storey Grade A landmark office building in Singapore's CBD, with NTUC Income. Alpha's funds also successfully divested some assets in Singapore and Hong Kong in 2011 at good returns.

BUSINESS OUTLOOK

SINGAPORE

GDP growth is expected to slow in 2012. With the ABSD aimed to trim foreign interest, the high-end residential market will be harder hit than the suburban market. However, demand for well-located homes supported by amenities and lifestyle offerings will be more resilient.

While potential home buyers may hold back purchases until economic indicators are clearer, market liquidity stays high and the current interest rate environment remains favourable. These factors, coupled with the growing population in Singapore, will help fuel demand for new homes.

Keppel Land will monitor the market and time its launches. Tapping on leasing demand for luxury waterfront residences, about 130 units at Reflections at Keppel Bay will be converted to corporate residences.

The office market may moderate on the back of an expected slower economic growth in 2012. However,

SIGNIFICANT EVENTS

JULY

- K-REIT Asia acquired a 50% interest in 8 Chifley Square in Sydney, Australia.
- Keppel Land China launched The Seasons in Shenyang, China.

AUGUST

- Keppel Land China secured 21.5-ha lakefront residential site in Wuxi, China for $368 million.
- Singapore Deputy Prime Minister and Minister for Finance and Manpower Tharman Shanmugaratnam opened Ocean Financial Centre.

SEPTEMBER

- Keppel Land received positive response for The Luxurie in Sengkang, Singapore.
- Alpha opened its new China office in Shanghai and appointed Mr Eric Goh as CEO of China Operations.
- Alpha announced the first closing of its Alpha Asia Macro Trends Fund II (AAMTF II). The AAMTF II raised a total of US$485 million from institutional investors.
- AAMTF II made its maiden acquisition into a 142-room boutique Central Park Hotel in Hong Kong.

Keppel Land achieved good take-up for The Luxurie, reflecting homebuyers' confidence in the project's strong value offerings.

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1. Keppel Land's developments in Wuxi, China include the Central Park City township.
2. K-REIT Asia enlarged its footprint in Australia with the acquisition of a 50% stake in 8 Chifley Square located in the heart of Sydney's CBD.
3. MBFC is the preferred business address in Singapore for international banking and financial institutions.

office leasing activity will continue to be supported by Singapore's appeal as a business destination for MNCs owing to its pro-business environment and competitive rentals vis-à-vis other regional centres.

OVERSEAS

Asian economies have emerged stronger from the previous financial crisis in 2008. On the back of positive economic growth, demand for quality homes across Asia will continue to be driven by favourable demographics and rising homeownership aspirations.

In the light of market uncertainty in the short term, Keppel Land will monitor the market conditions and time launches of projects and phases of existing and new developments accordingly. Tapping on opportunities beyond the residential market and leveraging its experience as a leading prime office developer in Singapore, Keppel Land will expand its portfolio of commercial and mixed-use developments overseas.

FUND MANAGEMENT

K-REIT Asia's healthy portfolio occupancy, well-staggered lease profile and prudent capital management will enable it to weather the economic uncertainties ahead. It will focus on attracting and retaining tenants as well as managing the lease profile of its portfolio to improve operational and capital efficiencies. It will also selectively pursue opportunities for strategic acquisitions to deliver long-term growth to its unitholders.

Alpha will continue to grow its existing business in Asia, and actively scout for opportunities to buy into fund management platforms globally.

The global economic environment is likely to remain challenging in 2012. With a sound cash position of $1.9 billion and low debt-equity ratio of 0.1x as at end-2011, Keppel Land is well-positioned to capture acquisition opportunities in Singapore and overseas markets such as China, Vietnam, India and Indonesia for the development of residential, township, commercial and mixed-use projects.

FROM VISION TO REALITY


The 30-sq km Tianjin Eco-City has made significant headway since the project broke ground in 2008.

In 2011, the Tianjin Eco-City saw significant progress on several fronts.

There was steady progress in economic and investment promotion efforts. Companies have moved into the completed National Animation Industrial Park. The Ready-Built Factories in the Eco-Industrial Park were also completed and will be handed over to investors in early 2012. At the Eco-Business Park (EBP), Landmark Building 1 and the Ready-Built Offices have been topped out.

Testing and commissioning of Keppel's district heating and cooling system plant in the EBP have begun, and it is expected to commence supply of chilled water and hot water service to developments in the EBP soon.

SIGNIFICANT EVENTS

Breaking new ground for Saigon Centre Phase 2 were His Excellency Mr Le Hoang Quang, Chairman of Ho Chi Minh City People's Committee (fourth from left); His Excellency Simon Wong (fifth from left), Singapore's Ambassador to Vietnam (centre) and Keppel's senior management.

NOVEMBER

- Keppel Land broke ground for Phase Two of Saigon Centre in HCMC, Vietnam.
- Keppel Land also opened a Safety Awareness Centre in HCMC to provide training for the workforce in Vietnam.

DECEMBER

- Keppel Land completed the divestment of its approximately 87.51% interest in Ocean Properties, which owns Ocean Financial Centre, to K-REIT Asia for 99 years. K-REIT Asia successfully closed its rights issue, raising gross proceeds of $985.7 million to partly finance the acquisition.
- K-REIT Asia secured its first anchor tenant at 8 Chifley Square ahead of its completion in 3Q 2013.

Over the course of 2011, Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (SSTEC) inked more than 20 new agreements with various partners and attracted RMB495 million worth of investments. These include MOUs with General Motors to test its next generation of Electric-Networked Vehicles, and with Panasonic to develop technologies for eco-homes.

SSTEC is also collaborating with the Building and Construction Authority of Singapore and IE Singapore to develop a first-ever Platinum Low Carbon Living Lab in the EBP to showcase Singapore's eco-capabilities and latest green building solutions. Several Singapore-based SMEs such as LHT Holdings, KLW Holdings, Enersolar New Energy Technologies, and Greenwave Reality have signed agreements to set up manufacturing and distribution centres in the Tianjin Eco-City as a platform to penetrate the China market.

The Tianjin Eco-City also reached an important milestone at end 2011 when the first homes were handed over to residents. To date, a total of some 4,000 homes, including units from Keppel's Seasons Park development, have been sold. In 2012, more eco-homes will be completed and handed over to the residents. The first international school in the Tianjin Eco-City has also been completed and is expected to welcome students by end-2012.

Work has also begun on Seasons City, Keppel's mixed-use development in the Start-Up Area. It will be developed in phases, with the first phase comprising an office tower development and retail premises.

Keppel Integrated Engineering formed a joint venture with Tianjin Eco-City Investment and Development Co., Ltd in April 2011 to pursue the building, ownership and operation of a water reclamation plant. The plant will serve the entire Eco-City, upgrading treated wastewater effluent from an existing wastewater treatment plant to meet China's most stringent standards for wastewater discharge and also produce high quality recycled water.

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 a Chinese Consortium led by Tianjin TEDA Investment Holding Co., Ltd.

INVESTMENTS: Our investments are committed to deliver good value to shareholders while seeking growth opportunities.

MAJOR DEVELOPMENTS IN 2011

- k1 Ventures made a US$100 million investment in Guggenheim, comprising mainly Preferred Units and detachable Warrants to acquire common units.
- M1 became the first telecommunications operator in Singapore and Southeast Asia to launch the dual-band Long Term Evolution network commercially.

FOCUS FOR 2012/2013

- k1 Ventures to manage its current portfolio of assets and realise such assets at the appropriate time with the aim of maximising shareholder value.
- M1 to continue to strengthen position in the mobile market and capitalise on growth opportunities in Singapore, riding on the new national fibre network.

$58m

PROFIT BEFORE TAX
Decreased 12% from FY 2010's $66 million.

$45m

NET PROFIT
Decreased 8% from FY 2010's $49 million.

EARNINGS REVIEW
Pre-tax earnings from Investments Division of $58 million was $8 million lower compared to 2010 due to higher costs in 2011. Net profit of $45 million was $4 million below that of the previous year. Investments currently contribute 3% to the Group's earnings.

K1 VENTURES
k1 Ventures (k1) is a diversified investment company that has holdings in diverse sectors including transportation leasing, education, oil and gas exploration, financial services and automotive retail. Its major investments are in Helm Holding Corporation (Helm), the largest independent rail equipment leasing company in North America; Guggenheim Capital LLC (Guggenheim), a US-based privately held financial services firm with more than US$100 billion in assets under supervision; and Knowledge Universe Holdings (KUH), a holding company with various interests in education-related ventures.

For the financial year ended 30 June 2011, k1 recorded a revenue of $71.2 million compared to $70.9 million in 2010, driven by higher revenue from Helm which is partially offset by lower interest income and a decrease in gains from investments. Operating loss was $4.7 million compared to $48.2 million in 2010. The improvement was principally due to a reduction in fixed assets impairment loss of $33.2 million and a $17.4 million decrease in depreciation and amortisation.

For 2011, k1 paid a dividend of 0.5 cent per share to shareholders, increasing cumulative distributions to shareholders to 23 cents per share, or more than $470 million since 2005.

Helm's 2011 results improved on the back of higher locomotive lease revenue and net gains from the sale of equipment. Although the overall weakness in the US economy has negatively impacted demand for Helm's rail assets, Helm has started seeing a gradual increase in equipment utilisation.

During the year, k1 made a US$100 million investment in Guggenheim, comprising mainly Preferred Units and detachable Warrants to acquire common units.

KUH's global education business, which primarily operates under the brands Busy Bees, Learning Vision, Learning Horizon, Pat's Schoolhouse, The Children's House and Canadian International School, is doing well.

China Grand Auto, k1's investment in automotive retail, continues to perform well and achieve growth through acquisitions and expansion of services provided by the dealerships.

M1

A leading integrated telecommunications provider in Singapore, M1, 20%-owned by Keppel Telecommunication & Transportation (Keppel T&T), provides a full range of voice and data communications services.

M1 closed the year with a solid revenue growth of 8.8% to $1,064.9 million and net profit growth of 4.5% to $164 million. The strong growth in smartphone customer base continued to drive the increase in revenue contribution from non-voice services. As at end of 2011, M1's total mobile customer base grew by 104,000 to reach two million customers.

M1 will be paying a total dividend of 14.5 cents per share. This comprises a proposed final dividend of 7.9 cents per share and the interim dividend of 6.6 cents per share paid in August 2011. Total payout for 2011 represents 80% of net profit after tax.

In 2011, M1 was the first telecommunications operator in Singapore and Southeast Asia to launch the dual-band Long Term Evolution network commercially.

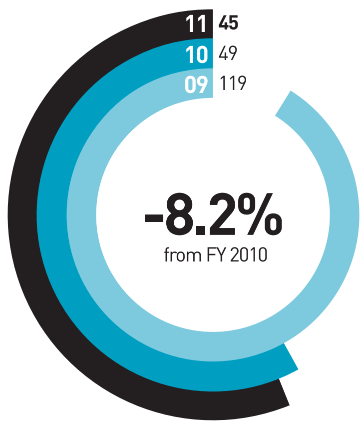
The new network, which enables high-speed broadband access for M1's customers, is scheduled for island-wide completion in 1Q 2012 and is expected to boost data growth in both the fixed and mobile segments. M1 will also continue to focus on growing its fibre services business to leverage the fast-growing segment.

M1, a leading integrated telecommunications provider in Singapore contributed significantly to Keppel T&T's earnings and cash flow.

Earnings Highlights

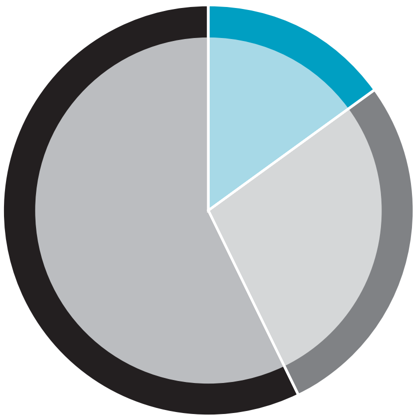
	2011 $ million	2010 $ million	2009 $ million
Revenue	**46**	11	39
EBITDA	**20**	10	4
Operating Profit	**20**	9	3
Profit before Tax	**58**	66	149
Net Profit	**45**	49	119
Manpower (Number)	**155**	147	135
Manpower Cost	**93**	65	76

Net Profit ($ million)



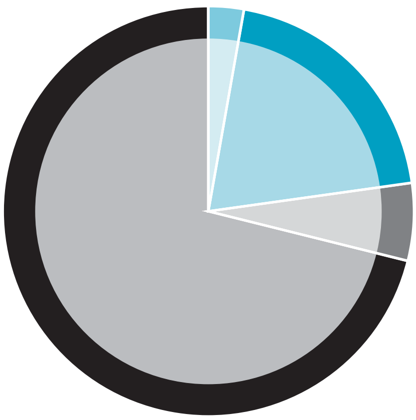
FINANCIAL REVIEW AND OUTLOOK

Revenue by Division 2011 (%)



Offshore & Marine	57
Infrastructure	28
Property	15
Total	100

Net Profit by Division 2011 (%)



Offshore & Marine	71
Infrastructure	6
Property	20
Investments	3
Total	100

PROSPECTS

The Offshore & Marine Division secured a record $10 billion of new orders for the year. The net orderbook stood at $9.4 billion with deliveries extending into 2015. The Division continues to see good prospects for the offshore and marine industry with the projected increase in exploration and production (E&P) expenditure in the next few years. The Division will continue to focus on innovation, quality, on-time delivery and safety.

In the Infrastructure Division, the 800MW expansion of the Keppel Merlimau Cogen (KMC) power plant to 1,300MW is on schedule for completion by 2013. Keppel Integrated Engineering continues to make progress with the execution of its engineering, procurement and construction contracts in Qatar and the United Kingdom. The Division believes that the experience gained from these projects will enable us to better assess future opportunities for environmental engineering projects. The Division will also seek opportunities to expand its logistics business and focus on acquiring high-quality data centre assets.

The Property Division sold about 480 homes in Singapore for the year, primarily in suburban projects such as The Luxurie in Sengkang and The Lakefront Residences in Jurong Lake District. The recent imposition of Additional Buyer's Stamp Duty in Singapore is expected to affect buying sentiments in 2012. In China, the Property Division also sold about 1,400 homes for the year, mostly in townships. Home sales in China have slowed down due to property cooling measures. The Division acquired two prime residential sites in Shanghai and Wuxi in 2011. In Vietnam, Phase 2 of Saigon Centre in Ho Chi Minh City has commenced construction. When fully completed in 2015, this 45-storey mixed-use development will include 90,000 sm of retail and commercial space as well as serviced apartments. The Division will continue to seek good sites for residential, commercial, township and mixed-use developments in Singapore and overseas. New projects and new phases of existing developments will be launched selectively, in accordance with market demand.

There remains volatility in the global markets from the continued uncertainty over the Eurozone sovereign debt situation and slowdown in China's economic growth. Amidst this environment, the Group will continue to fortify our collective strengths and capabilities across the Divisions, and enhance sustainable growth in our various businesses.

SHAREHOLDER RETURNS

Return on Equity exceeded 20% for the fifth consecutive year, reflecting our efforts to pursue good returns for our shareholders.

The Company will be paying a total dividend of 43 cents per share. This comprises a proposed final dividend of 26 cents per share and the interim dividend of 17 cents per share paid in August 2011. Total payout for 2011 represents 51% of Group net profit. This is equivalent to a gross yield of 4.6% on the Company's last transacted share price as at 31 December 2011.

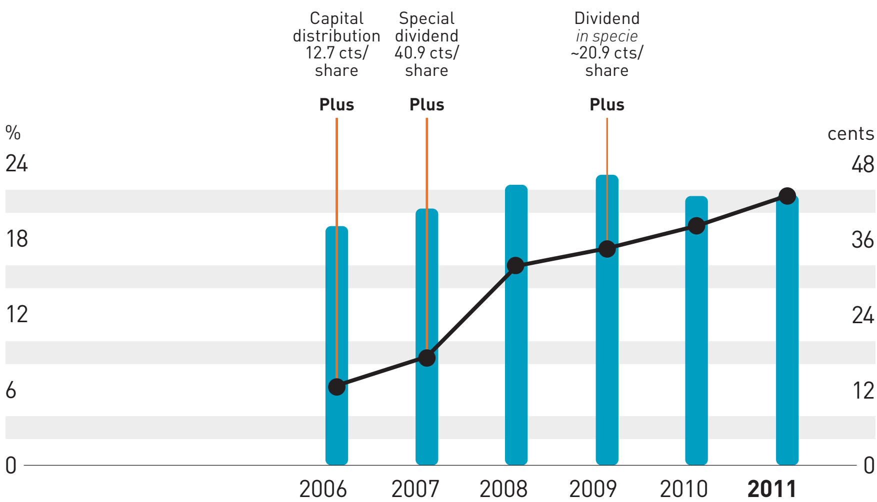
The distribution to shareholders is paid on account of increased profitability, and we are committed to reward shareholders with generous payouts as we achieve healthy year-on-year improvement in earnings growth.

ECONOMIC VALUE ADDED (EVA)

In 2011, EVA excluding exceptional items rose by $60 million to $1,024 million. This was attributable to higher operating profit, partially offset by higher capital charge.

Capital charge rose by $176 million as a result of higher Average EVA Capital and higher Weighted Average Cost of Capital (WACC). Average EVA Capital increased by $2.42 billion from $10.04 billion to $12.46 billion. WACC increased from 6.67% to 6.79%, mainly due to an increase in beta.

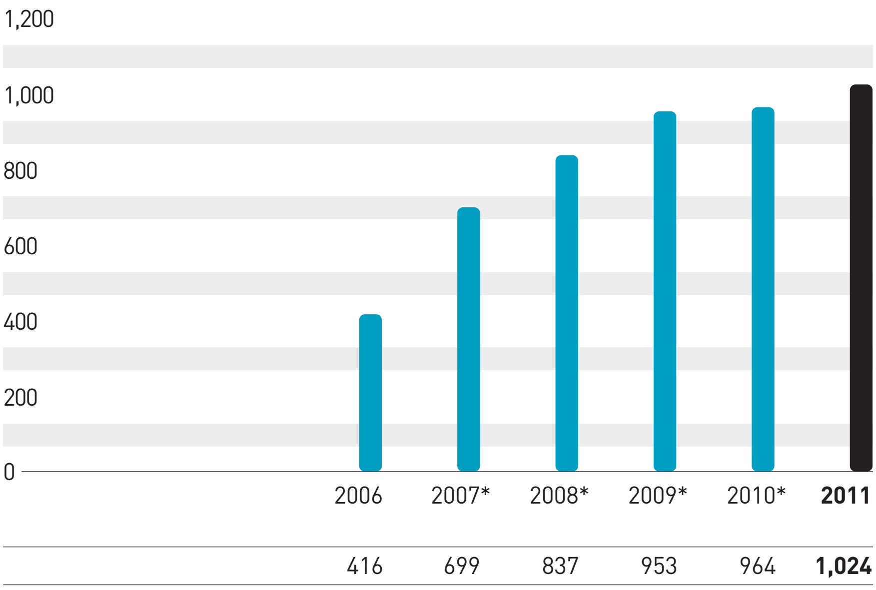
Shareholder Returns



	2006	2007	2008	2009	2010	2011
ROE (%)[1]	19.1	20.5	22.4	23.2	21.5	**21.6**
Full-year dividend (cents)[2]	12.7	17.3	31.8	34.6	38.2	**43.0**

Notes:
1. 2007 to 2010 comparative figures are restated due to retrospective application of INT FRS 115.
2. Dividend per share for 2006 to 2010 has been adjusted for the bonus issue in 2011.

Continued EVA Growth ($ million)



* Comparatives are restated due to retrospective application of INT FRS 115.

The Group's effective deployment and management of resources to enhance shareholders' value is reflected in the positive and improving EVA that we have been achieving since 2006.

FINANCIAL POSITION

Group shareholders' funds increased from $6.42 billion at 31 December 2010 to $7.39 billion at 31 December 2011. The increase was mainly attributable to retained profits for the year, partially offset by fair value loss on cash flow hedges and available-for-sale assets, and payment of final dividend of 23.7 cents per share (adjusted for the bonus issue) in respect of financial year 2010, and interim dividend of 17.0 cents per share for financial year 2011.

Group total assets of $24.48 billion at 31 December 2011 were $4.02 billion or 19.6% higher than the previous year-

Economic Value Added (EVA)

	2011 $ million	11vs10 +/(-)	2010 $ million Restated[5]	10vs09 +/(-)	2009 $ million Restated[5]
Profit after tax & exceptional items (Note 1)	**1,547**	+321	1,226	-518	1,744
Adjustment for :					
Interest expense	**120**	+44	76	-12	88
Interest expense on non-capitalised leases	**19**	-2	21	–	21
Tax effect on interest expense adjustments (Note 2)	**(22)**	–	(22)	-5	(17)
Provisions, deferred tax, amortisation & other adjustments	**20**	-46	66	-1	67
Net Operating Profit After Tax (NOPAT)	**1,684**	+317	1,367	-536	1,903
Average EVA Capital Employed (Note 3)	**12,460**	+2,416	10,044	+504	9,540
Weighted Average Cost of Capital (Note 4)	**6.79%**	+0.12%	6.67%	+0.41%	6.26%
Capital Charge	**(846)**	-176	(670)	-73	(597)
Economic Value Added	**838**	+141	697	-609	1,306
Comprising:					
EVA excluding exceptional items	**1,024**	+60	964	+11	953
EVA of exceptional items	**(186)**	+81	(267)	-620	353
	838	+141	697	-609	1,306

Notes:
1. Profit after tax & exceptional items excludes net revaluation gains on investment property.
2. The reported current tax is adjusted for statutory tax impact on interest expenses.
3. Average EVA Capital Employed is derived from the quarterly averages of net assets plus interest-bearing liabilities, provision and present value of operating leases.
4. 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% (2010: 6%);
   (b) Risk-free rate of 2.5379% (2010: 2.5526%) based on yield-to-maturity of Singapore Government 10-year Bonds;
   (c) Unlevered beta at 0.79 (2010: 0.74); and
   (d) Pre-tax Cost of Debt at 2.33% (2010: 3.03%) using 5-year Singapore Dollar Swap Offer Rate plus 40 basis points (2010: 70 basis points).
5. Comparatives are restated due to retrospective application of INT FRS 115.

end. Increase in fixed assets was largely due to capital expenditure (CAPEX) for the expansion of KMC power plant and other operational CAPEX. Investment properties increased due to acquisition of four levels of strata office at Prudential Tower, redevelopment cost of Ocean Financial Centre (OFC) and the fair value gain on investment properties in 2011. Increase in investments in associated companies were mainly due to acquisition of interest in Dyna-Mac Holdings Ltd (Dyna-Mac), further investments in existing companies, fair value gain on investment properties and retained profits in 2011. Long-term assets increased due to advance payment for the acquisition of a subsidiary. Higher stocks and work-in-progress was due to land acquisition cost and development expenditure incurred for Property Division and project cost incurred for Offshore & Marine jobs.

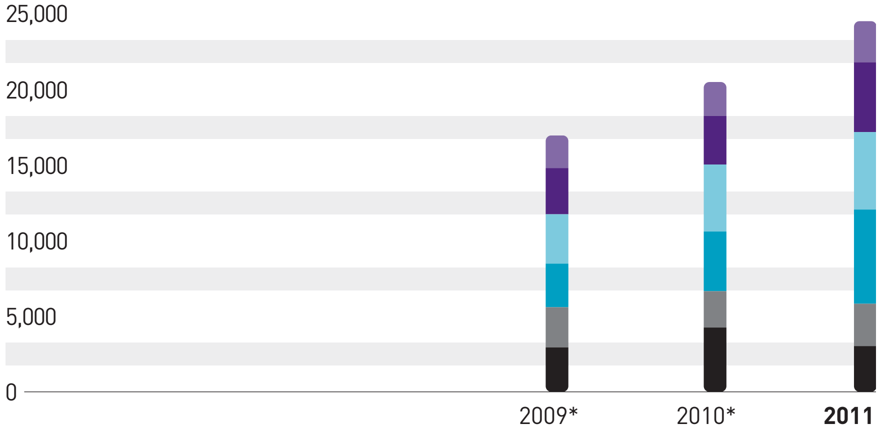
Group total liabilities of $13.29 billion at 31 December 2011 were $2.11 billion or 18.9% higher than the previous year-end. Higher billings on work-in-progress in excess of related costs were attributable to deposits received and progress billings for Offshore & Marine contracts. Increase in creditors was mainly from Offshore & Marine Division, and accrual for development costs in Property Division. Higher level of term loans was mainly due to expenditure in Property Division.

Group net debt at 31 December 2011 was $1,857 million as compared to Group net cash of $178 million at 31 December 2010. This was mainly due to operational cash outflow, CAPEX and dividend payment.

TOTAL SHAREHOLDER RETURN (TSR)
Keppel is 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.

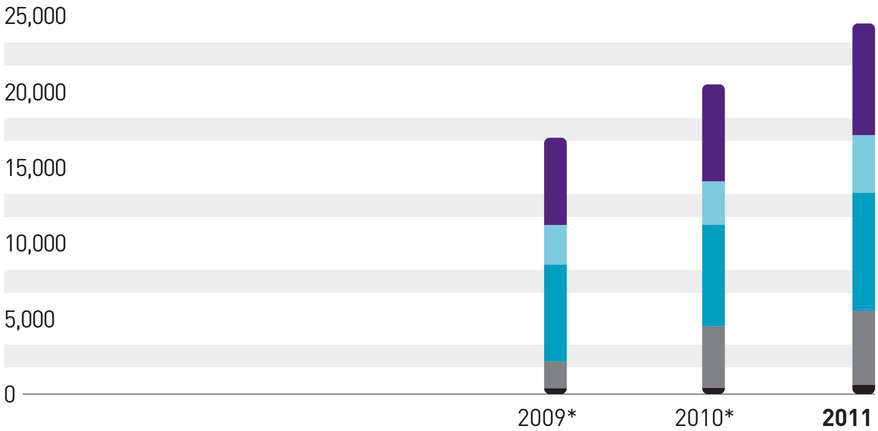
Our 2011 Total Shareholder Return (TSR) was negative 6%. This was

Total Assets Owned ($ million)



	2009*	2010*	2011
Fixed assets	2,157	2,243	**2,716**
Properties	3,051	3,208	**4,610**
Investments	3,259	4,424	**5,120**
Stocks & work-in-progress	2,878	3,940	**6,219**
Debtors & others	2,653	2,400	**2,797**
Bank balances, deposits & cash	2,936	4,246	**3,021**
Total	16,934	20,461	**24,483**

Total Liabilities Owed and Capital Invested ($ million)



	2009*	2010*	2011
Shareholders' funds	5,773	6,415	**7,390**
Non-controlling interests	2,614	2,867	**3,801**
Creditors	6,401	6,701	**7,808**
Term loans & bank overdrafts	1,759	4,068	**4,877**
Other liabilities	387	410	**607**
Total	16,934	20,461	**24,483**

* Comparatives are restated due to retrospective application of INT FRS 115.

8% above the benchmark Straits Times Index's (STI) TSR of negative 14.0%. Over the past 10 years, our Compounded Annual Growth Rate (CAGR) TSR of 28% was also significantly higher than STI's CAGR TSR of 6%.

CASH FLOW

Net cash used in operating activities was $242 million compared to net cash from operating activities of $450 million in the previous year. This was mainly due to increased working capital requirements and higher income taxes paid, partly offset by higher operating profit.

Net cash used in investment activities was $1,258 million. The Group spent $1,561 million on acquisitions and operational CAPEX. This comprised principally advance payment for the acquisition of a subsidiary, acquisition of interest in associated company, Dyna-Mac, further investment in associated companies, acquisition of four levels of strata office at Prudential Tower, further investment in Marina Bay Financial Centre, redevelopment cost of OFC, CAPEX for the expansion of KMC power plant and other operational CAPEX. Divestment and dividend income totalled $303 million.

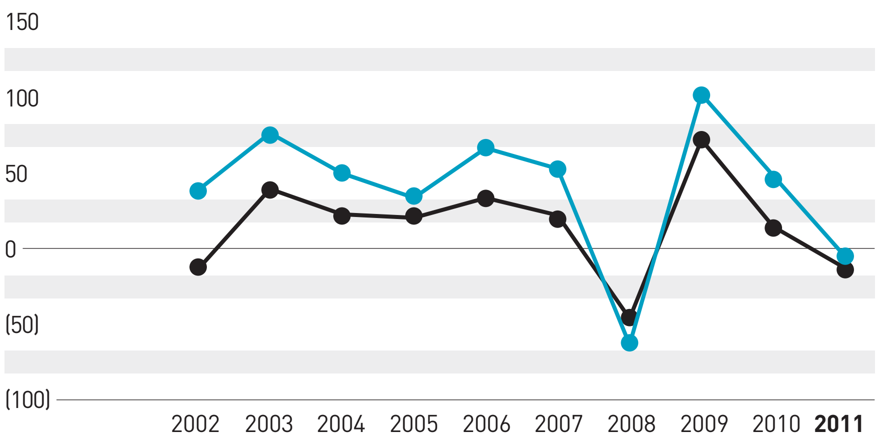
Free cash outflow was $1,500 million as compared to $193 million in the previous year.

Total distribution to shareholders of the Company and minority shareholders of subsidiaries for the year amounted to $882 million.

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

Total Shareholder Return (TSR) (%)



	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
Keppel	37.6	75.2	48.7	32.5	65.3	51.7	(64.4)	100.8	47.0	**(6.4)**
STI	(14.5)	38.3	21.6	19.3	32.4	21.0	(47.1)	70.8	13.4	**(14.0)**

Source: Total Return Analysis for KCL and STI from Bloomberg

Cash Flow

	2011 $ million	11v10 +/(-)	2010 $ million Restated*	10v09 +/(-)	2009 $ million Restated*
Operating profit	**1,897**	+341	1,556	+132	1,424
Depreciation, amortisation & other non-cash items	**233**	–	233	+29	204
Cash flow provided by operations before changes in working capital	**2,130**	+341	1,789	+161	1,628
Working capital changes	**(2,049)**	-948	(1,101)	-271	(830)
Interest receipt and payment & tax paid	**(323)**	-85	(238)	-110	(128)
Net cash (used in)/from operating activities	**(242)**	-692	450	-220	670
Investments & capital expenditure	**(1,561)**	-295	(1,266)	-48	(1,218)
Divestments & dividend income	**303**	-320	623	-1,022	1,645
Net cash (used in)/from investing activities	**(1,258)**	-615	(643)	-1,070	427
Free cash flow	**(1,500)**	-1,307	(193)	-1,290	1,097
Dividend paid to shareholders of the Company & subsidiaries	***(882)***	*-125*	*(757)*	*-96*	*(661)*

* Comparatives are restated due to retrospective application of INT FRS 115.

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 was chaired by the Group Finance Director up till 31 December 2011, and subsequently chaired by the Chief Financial Officer of the Company beginning 1 January 2012. The committee also includes 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 (HSFO) 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.

– 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. Total Group borrowings as at the end of 2011 were $4.9 billion (2010: $4.1 billion and 2009: $1.8 billion). At the end of 2011, 17% (2010: 10% and 2009: 48%) of Group borrowings were repayable within one year with the balance largely repayable between two to five years.

Unsecured borrowings constituted 72% (2010: 69% and 2009: 64%) 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 $4.20 billion (2010: $2.55 billion and 2009: $2.41 billion).

Fixed rate borrowings constituted 51% (2010: 52% and 2009: 39%) of total borrowings with the balance at floating rates. The Group has interest rate swap agreements with notional amount totalling $906 million whereby it receives variable rates equal to Swap Offer Rates and pays fixed rates of between 1.43% and 3.62% on the notional amount. Details of these derivative instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 90% (2010: 93% and 2009: 96%) of total borrowings. The balances were mainly in US dollars, Brazilian reais and other Asian currencies. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables, which were denominated in foreign currencies.

CAPITAL STRUCTURE & FINANCIAL RESOURCES

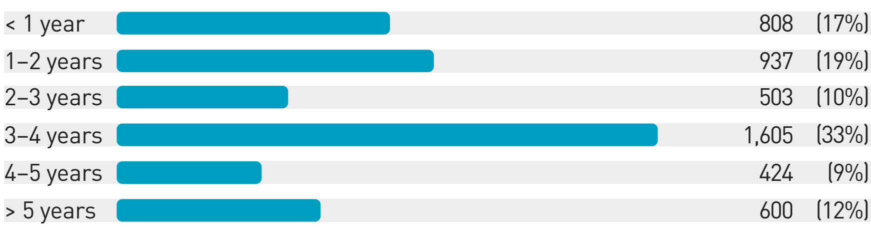
The Group maintains a strong balance sheet and an efficient capital structure to maximise returns for shareholders. The strong operational cash flow of the Group and divestment proceeds from low yielding and non-core assets will provide resources to grow the Group's businesses.

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 2011 was $11.19 billion, an increase of $1.91 billion over 2010 and $2.80 billion over 2009. The Group was in a net debt

Debt Maturity ($ million)



position of $1,857 million at the end of 2011, compared to net cash position of $178 million in 2010. The Group's net gearing ratio was 0.17 times at the end of 2011.

Interest coverage decreased from 26.84 times in 2009 to 24.12 times in 2010, and further decreased to 15.59 times in 2011. Despite higher EBIT from 2009 to 2011, interest coverage has reduced because of higher borrowings and interest expense.

Cash flow coverage decreased from 11.00 times in 2009 to 6.56 times in 2010, and to negative 0.66 times in 2011. This was mainly due to lower/negative operating cash flows.

At the Annual General Meeting in 2011, shareholders gave their approval for mandate to buy back shares. The Company did not exercise this mandate.

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, CAPEX and investment needs is made through a mix of short-term money market borrowings and medium/long-term loans.

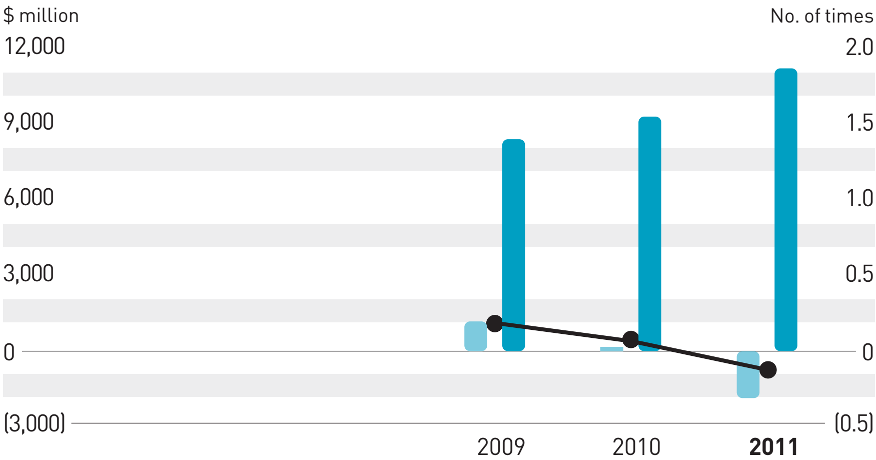
Due to the dynamic nature of its businesses, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Cash flow, debt maturity profile and overall liquidity position is actively reviewed on an ongoing basis.

As at end of 2011, total funds available and unutilised facilities amounted to $7.45 billion.

Keppel Subic Shipyard has one of the largest drydocks in Philippines capable of co-drydockings.

Net Cash / (Gearing)

$$\text{Net Cash/(Gearing) Ratio} = \frac{\text{Borrowings} - \text{Cash}}{\text{Capital Employed}}$$

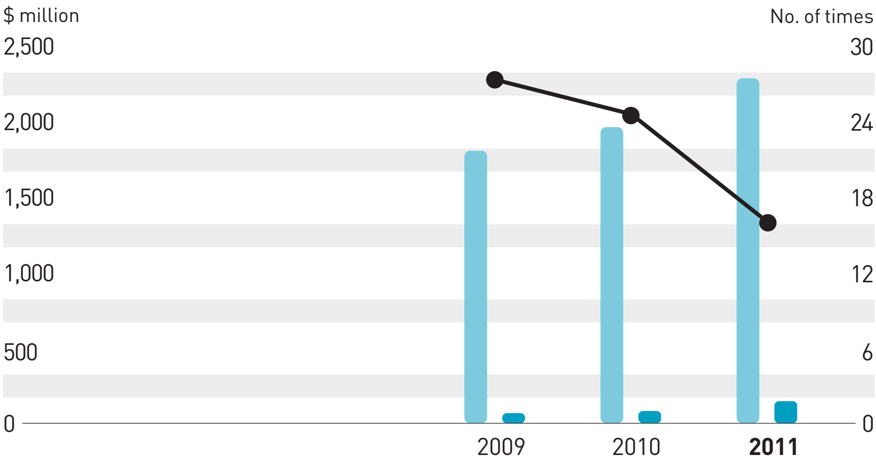


	2009	2010	2011
Net Cash/(Gearing)	1,177	178	**(1,857)**
Capital Employed*	8,387	9,282	**11,191**
Net Cash/(Gearing) Ratio	0.14	0.02	**(0.17)**

* Comparatives are restated due to retrospective application of INT FRS 115.

Interest Coverage

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

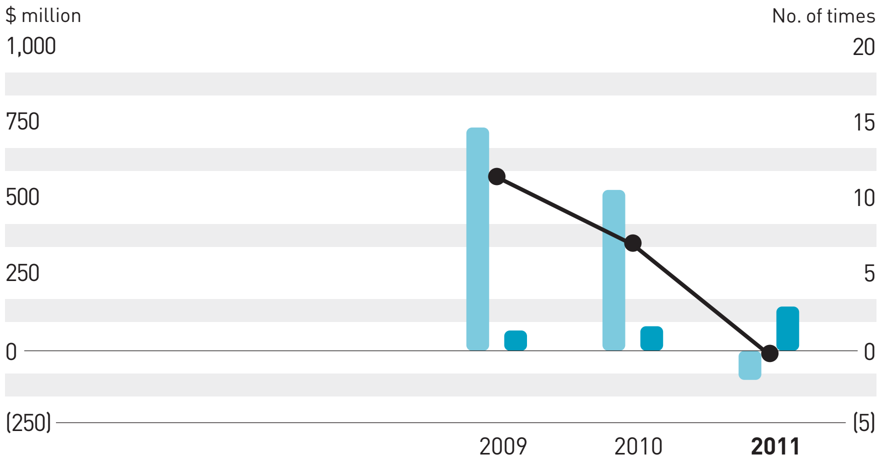


	2009	2010	2011
EBIT*	1,798	1,954	**2,276**
Total Interest Cost	67	81	**146**
Interest Cover	26.84	24.12	**15.59**

* Comparatives are restated due to retrospective application of INT FRS 115.

Cash Flow Coverage

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



	2009	2010	**2011**
Operating Cash Flow + Interest	737	531	**(96)**
Total Interest Cost	67	81	**146**
Cash Flow Coverage	11.00	6.56	**(0.66)**

Financial Capacity

	$ million	Remarks
Cash at Corporate Treasury	1,013	34% of total cash of $3.02 billion
Credit facilities extended to the Group	6,432	Credit facilities of $9.06 billion, of which $2.63 billion was utilised
Total	**7,445**	

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. 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.

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 percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumptions are 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 assumptions are 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, latent defects 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.

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3

1. Keppel Shipyard is the industry's trusted partner for the repair, conversion and upgrading of a diverse range of vessels.

2. As a premier office landlord, K-REIT Asia's committed portfolio occupancy in Singapore continued to outperform the average occupancy in the core CBD.

3. Keppel Seghers Tuas Waste-to-Energy Plant is the first in Singapore to be built under the Public-Private-Partnership initiative.

Sustainability Report Highlights

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

Sustaining Growth

PAGE 92–117
Our commitment to business excellence is driven by our unwavering focus on strong corporate governance and prudent risk management.

Resource efficiency is not only our responsibility, but also makes good business sense.

Innovation and delivering quality products and services are key in sharpening our competitive edge.

Empowering Lives

PAGE 118–119
People are the cornerstone of our businesses.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instill a culture of safety so that everyone who comes to work goes home safe.

Nurturing Communities

PAGE 120
As a global citizen, we believe that as communities thrive, we thrive. We give back to communities wherever we operate through our multi-faceted approach towards Sustainability.

We also believe that cultivating a green mindset among our employees will spur them to adopt a sustainable lifestyle.

As leaders in our businesses, we support industry programmes and initiatives, and encourage open dialogue for further growth.

For more details, please refer to Keppel Corporation's Sustainability Report 2011 which will be available in June 2012, and via our website at www.kepcorp.com.

Managing Sustainability

Sustainability issues are managed at and communicated through all levels of the Group. The Group Sustainability Steering Committee, chaired by Keppel Corporation's Chief Executive Officer, Mr Choo Chiau Beng, leads the Group's sustainability strategy. The management structure sees the Steering Committee supported by the Working Committee, which in turn executes and reports the Group's strategy and performance.

OUR REPORTING APPROACH

In 2011, we engaged widely on the format and content of our sustainability reporting, with the aim of communicating more effectively with our stakeholders.

This year, we have included a concise Summary Review of our sustainability focus areas in the Annual Report, and will make available a detailed Sustainability Report in June 2012 and also via our website.

In this Summary Review, we articulate how we address the challenge of sustainability through six key areas: Corporate Governance (page 92) and Risk Management (page 112); Environmental Protection (page 116); Product Excellence (page 117); People Matter (page 118); Safety and Health (page 119); and the Community and Society (page 120).

We conducted a materiality analysis, and a materiality matrix was used to prioritise the social, economic, and environmental challenges, opportunities, and issues of particular concern to our stakeholders. The analysis is based on AA1000 and Global Reporting Initiative guidelines, whereby materiality is assessed by determining the relevance of each issue to Keppel and its stakeholders. The process promotes internal understanding of sustainability, and is reviewed regularly.

STAKEHOLDER ENGAGEMENT

We recognise that business and sustainability goals are best aligned through an active engagement process with our stakeholders.

Through our membership and support of corporate social responsibility initiatives in areas that include manpower, workplace safety and health, and environmental protection, we aim to contribute to knowledge-building on sustainability issues.

Senior management briefed Mr Lee Hsien Loong (third from right), Prime Minister of Singapore, and Dr Vivian Balakrishnan, Singapore's Minister for The Environment and Water Resources (extreme left), on Keppel's water projects and capabilities.

Corporate Governance

Keppel Corporation achieved good rankings in the Asiamoney Corporate Governance Poll.

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

Role: 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.

Independent Judgment: 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 for FY 2011, all directors have discharged this duty consistently well.

Board Committees: To assist the board in the discharge of its oversight function, various board committees, namely the Audit, Board Risk, Nominating, Remuneration, and Board Safety Committees, 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. The terms of reference of the respective board committees are disclosed in the Appendix to this report.

Meetings: 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. Further, the non-executive directors meet without the presence of management on a need-basis. The number of board, board committee, and non-executive directors' meetings held in FY 2011, as well as the attendance of each board member at these meetings, are disclosed on page 93.

Internal Limits of Authority: The Company has adopted internal guidelines setting forth matters that require board approval. Under these

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

	Board Meetings	Board Committee Meetings: Audit	Nominating	Remuneration	Safety	Risk	Non-executive Directors' Meeting (without presence of management)
Lee Boon Yang	11	–	5	7	5	–	3
Lim Hock San	11	5	–	7	–	4	3
Choo Chiau Beng	11	–	–	–	5	–	–
Sven Bang Ullring	11	–	5	7	5	–	3
Tony Chew Leong Chee	11	5	5	–	–	–	3
Oon Kum Loon	11	5	–	6	–	4	2
Tow Heng Tan	10	–	4	7	–	3	3
Alvin Yeo Khirn Hai	8	3	–	–	–	4	2
Tan Ek Kia	10	–	5	–	5	–	3
Danny Teoh	9	5	–	6	–	–	3
Teo Soon Hoe	11	–	–	–	–	–	–
Tong Chong Heong	11	–	–	–	–	–	–
No. of Meetings Held	11	5	5	7	5	4	3

guidelines, new investments or increase in investments and divestments exceeding $30 million 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. 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.

Director Orientation: A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as directors. 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.

Training: 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 that may affect or enhance their performance as board or board committee members. In FY 2011, some KCL directors attended a talk on "Developing and Retaining Your High Potentials" as well as the Singapore Institute of Directors (SID) Directors Conference 2011 on "Heat & Hope: The New Realities in Corporate Governance", among others.

BOARD COMPOSITION AND GUIDANCE

Principle 2:

Strong and independent element on the board

Board Composition: To discharge its oversight responsibilities, the board must be an effective board that 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.

Board Independence: 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. In this connection, the Nominating Committee takes into account, among other things, whether a director has business relationships with the Company or any of its related companies, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgement with a view to the best interests of the Company. In this connection, the Nominating Committee noted that Mr Alvin Yeo would be deemed non-independent by virtue of his position as Senior Partner of WongPartnership LLP, which is one of the law firms providing legal services to Keppel group companies. However, as Mr Yeo had declared to the Committee that he was not directly involved in the provision of legal services to the Group and has at all times acted in the best interests of the Company in the discharge of his duties as director, and as the Committee was of the firm view that Mr Yeo has been exercising independent judgment in the best interests of the Company in the discharge of his director's duties, the Committee considered that Mr Yeo should be deemed independent. The Committee also noted that Mr Tan Ek Kia is a non-executive director on the Board of Transocean Ltd, which has business contracts with the Keppel Offshore & Marine Group from time to time. However, Mr Tan had declared to the Committee that as a director of Transocean Ltd, Mr Tan was not involved in the negotiations of the contracts or any aspect of the business dealings. The Committee was of the firm view that Mr Tan has been exercising independent judgement in the best interests of the Company in the discharge of his director's duties and should be deemed independent. Further, 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 employed by Temasek Holdings, was therefore deemed non-independent by the Nominating Committee.

Board Size: 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 approximately 12 members. The board currently has a majority of independent directors with a total of 12 directors of whom 8 are independent. No individual or small group of individuals dominate the board's decision making.

The nature of the directors' appointments on the board and details of their membership(s) on board committees are set out on page 107 herein.

Board Competency: 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.

Board Information: 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 industries 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 for in-depth discussion 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. The last board strategy meeting was held in March 2011, and the next is scheduled to be held in the second half of 2012. The Company has also made available on the Company's premises an office for the use of the non-executive directors at any time to facilitate direct access to management.

Non-executive Directors' Meetings: The board's non-executive directors meet on a need-basis without the presence of management to discuss matters such as board processes, corporate governance initiatives, matters which they wish to discuss during the board off-site strategy meeting, succession planning and leadership development, and performance management and remuneration matters.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

Chairman and Chief Executive Officer should in principle be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the board for independent decision making

Dr Lee Boon Yang is the non-executive and independent Chairman, and Mr Choo Chiau Beng is the Chief Executive Officer of the Company.

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 in a timely manner 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.

The Chief Executive Officer, assisted by the Senior Executive Directors and management team, makes strategic proposals to the board and after robust and constructive board discussion,

executes the agreed strategy, manages and develops the Group's businesses, and implements the board's decisions.

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

– Mr Tony Chew
Independent Chairman
– Dr Lee Boon Yang
Independent Member
– Mr Sven Ullring
Independent Member
– Mr Tow Heng Tan
Non-Executive and
Non-Independent Member
– Mr Tan Ek Kia
Independent Member

The terms of reference of the NC are set out on page 106 herein.

PROCESS FOR APPOINTMENT OF NEW DIRECTORS

The NC 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 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, SID, 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 candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations

Board members visited sites in Ho Chi Minh City, Vietnam to better understand the operations and safety practices.

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

RE-NOMINATION OF DIRECTORS

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.

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 shall 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.

RETIREMENT OF LONG-SERVING DIRECTORS

Mr Lim Hock San and Mr Sven Ullring, who will have served as non-executive directors for 22 years and 6 months, and 11 years and 10 months respectively as at the Company's annual general meeting to be held on 20 April 2012, are due to retire and will not be seeking re-election at the annual general meeting. Mr Danny Teoh will replace Mr Lim as the Chairman of the Audit Committee, Chairman of the Remuneration Committee and member of the Board Risk Committee upon Mr Lim's retirement at the conclusion of the annual general meeting.
Mr Tan Ek Kia will replace Mr Ullring as the Chairman of the Board Safety Committee upon Mr Ullring's retirement at the conclusion of the annual general meeting.

ANNUAL REVIEW OF DIRECTORS' INDEPENDENCE

The NC is also charged with determining the "independence" status of the directors annually. Please refer to pages 93 and 94 herein on the basis of the NC's determination as to whether a director should or should not be deemed independent.

ANNUAL REVIEW OF DIRECTORS' TIME COMMITMENTS

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

The NC determines annually whether a director with multiple board representations and/or other major commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC takes 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. In respect of FY 2011, the NC was of the view that each director's directorships was in line with the Company's guideline of a maximum of six principal boards and that each director has been able to discharge his/her duties as director. The NC also discussed with Mr Tan Ek Kia on his directorships and commitments (including his directorship on the Board of Transocean Ltd and his recent appointment as interim-CEO of SMRT Corporation Ltd) and was of the view that Mr Tan would be able to continue to adequately carry out his duties as a director of KCL. The NC noted that based on the attendance of board and board committee meetings during the year, all the directors were able to participate in at least a substantial number of such meetings to carry out their duties. The NC also noted that, based on the Independent Co-ordinator's Report on individual director assessment for FY 2011, all the directors had performed well. The NC was therefore satisfied that in FY 2011, where a director had multiple board representation and/or other major commitments, the director was able

The annual general meeting provides shareholders an opportunity to put forth questions on the Company's financial performance, as well as a platform to interact with board members and senior management.

and had been adequately carrying out his duties as director of the Company.

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 is set out in the following pages of this Annual Report:

Pages 20 to 25: 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 123 to 124: 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.

Independent Co-ordinator: 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.

Formal Process and Performance Criteria: The evaluation processes and performance criteria are disclosed in the Appendix to this report.

Objectives and Benefits: The board assessment exercise provides an opportunity to obtain constructive feedback from each director on whether the board's procedures and processes allow him to discharge his duties effectively, and the changes that should be made to enhance the effectiveness of the board as a whole. The assessment exercise also helps the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of board members. It also assists 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 the directors at least seven days before each 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, five out of six 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
- Mr Danny Teoh
  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, grant of shares and share 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 KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP").

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 (subject to shareholders' approval at each annual general meeting):

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 directors' basic fee structure is shown in Table 1 below.

   Attendance Fee: In addition, 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 will 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:

	For all Members In-Country	For all Members 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.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive and relevant. The total remuneration mix comprises three key components, that is, annual fixed cash, annual performance incentive, and the KCL share plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances, which the Company benchmarks with the relevant industry market median. 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. The KCL share plans are in the form of two new share plans approved by shareholders, the KCL RSP and the KCL PSP (collectively, the "KCL Share Plans"). The EVA performance incentive plan and the KCL Share Plans are both long-term incentive plans.

LONG-TERM INCENTIVE PLANS

EVA Incentive Plan

Each year, the current year's EVA bonus earned 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 for payment in future years, subject to the continued EVA performance of the Company. 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.

Table 1

		Basic Fee
Chairman		$160,000 per annum
Deputy Chairman		$101,000 per annum
Director		$64,000 per annum
Audit Committee	Chairman	$47,000 per annum
	Member	$25,000 per annum
Board Risk, Remuneration and Board Safety Committees	Chairman	$32,000 per annum
	Member	$18,000 per annum
Nominating Committee	Chairman	$28,000 per annum
	Member	$17,000 per annum

KCL Share Plans
The KCL Share Plans are put in place to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for the Group's long-term shareholder value. The KCL Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees.

The KCL RSP applies to a broader base of employees while the KCL PSP applies to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the KCL RSP and the KCL PSP will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer-term growth.

Details of the KCL Share Plans are set out in pages 126, 127, 153 and 154.

The Senior Executive Directors participate in both the KCL RSP and the KCL PSP.

LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY EXECUTIVES (WHO ARE NOT ALSO DIRECTORS) FOR THE YEAR ENDED 31 DECEMBER 2011

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) Paid	Deferred & at risk	Directors' Fees	Directors' Allowance	Benefits-in-Kind	Contingent awards of shares[1]	Remuneration Shares[2]
Remuneration Band & Name of Director								
Abv $7,250,000 to $7,500,000								
Choo Chiau Beng	16%	43%	41%	–	–	n.m.[5]	0 to 280,000 PSP 0 or 140,000 RSP	–
Abv $5,250,000 to $7,250,000								
Nil	–	–	–	–	–	–	–	–
Abv $5,000,000 to $5,250,000								
Teo Soon Hoe[3]	21%[4]	46%	33%	–	–	n.m.	0 to 180,000 PSP 0 or 90,000 RSP	–
Tong Chong Heong	16%	44%	40%	–	–	n.m.	0 to 180,000 PSP 0 or 90,000 RSP	–
Abv $500,000 to $5,000,000								
Nil	–	–	–	–	–	–	–	–
$250,000 to $500,000								
Lee Boon Yang	–	–	–	70%	3%	–	–	27%
Below $250,000								
Lim Hock San	–	–	–	88%	1%	–	–	11%
Sven Ullring	–	–	–	80%	5%	–	–	15%
Tony Chew Leong-Chee	–	–	–	82%	1%	–	–	17%
Oon Kum Loon	–	–	–	84%	1%	–	–	15%
Tow Heng Tan	–	–	–	82%	1%	–	–	17%
Alvin Yeo Khirn Hai	–	–	–	79%	1%	–	–	20%
Tan Ek Kia	–	–	–	79%	1%	–	–	20%
Danny Teoh	–	–	–	80%	1%	–	–	19%

Notes:
1. Shares awarded under the KCL PSP and KCL RSP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. For the KCL PSP, the additional award can be up to 50% of the maximum range depending on the achievement of the pre-determined targets at the end of the three-year performance period. As at 30 June 2011 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KCL RSP and KCL PSP were $10.52 and $10.29 respectively.
2. Estimated value based on KCL shares' closing price of $9.30 per share on the last trading day of FY 2011.
3. In accordance with the Company's EVA bank policy, a senior management officer 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.
   In line with this policy, Mr Teo Soon Hoe who reached the statutory retirement age in May 2011 was paid the first tranche from his EVA bank balance as at 31 December 2011 on the annual bonus payment date in January 2012. The balance 2 tranches will be payable on the respective annual bonus payment dates thereafter, subject to the continued EVA performance of the Company.
4. Includes the sum of $195,000, being payments made pursuant to Mr Teo Soon Hoe's contract of employment. The Company entered into a new contract of service with Mr Teo Soon Hoe for a term of 3 years with effect from 1 June 2011.
5. n.m. – not material

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) Paid	Deferred & at risk	Benefits-in-Kind	Contingent awards of shares
Remuneration Band & Name of Key Executive					
Abv $3,000,000 to $3,250,000					
Wong Kingcheung, Kevin	26%	39%	35%	n.m.	0 to 160,000 PSP[6] 0 or 57,000 RSP[6]
Abv $2,000,000 to $3,000,000					
Nil	–	–	–	–	–
Abv $1,750,000 to $2,000,000					
Loh Chin Hua	32%	68%	–	n.m.	0 to 96,000 PSP[6]
Abv $1,500,000 to $1,750,000					
Ang Wee Gee	34%	35%	31%	n.m.	0 to 96,000 PSP[6] 0 or 33,000 RSP[6]
Chow Yew Yuen	25%	33%	42%	n.m.	0 or 50,000 RSP[1]
Wong Kok Seng	24%	34%	42%	n.m.	0 or 50,000 RSP[1]
Yeo Chien Sheng, Nelson	25%	35%	40%	n.m.	0 or 75,000 RSP[1]
Abv $1,250,000 to $1,500,000					
Chia Hock Chye, Michael	28%	32%	40%	n.m.	0 or 50,000 RSP[1]
Ong Tiong Guan	28%	37%	35%	n.m.	0 or 50,000 RSP[1]
Abv $1,000,000 to $1,250,000					
Nil	–	–	–	–	–
Abv $750,000 to $1,000,000					
Hoe Eng Hock	39%	35%	26%	n.m.	0 or 50,000 RSP[1]
Tay Lim Heng	33%	36%	31%	n.m.	0 or 50,000 RSP[1]
Abv $500,000 to $750,000					
Nil	–	–	–	–	–
Abv $250,000 to $500,000					
Pang Hee Hon	67%	18%	15%	n.m.	0 to 100,000 PSP[7] 0 or 70,000 RSP[7]

6. On Keppel Land Limited ("KLL") share based compensation scheme. As at 30 June 2011 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KLL Restricted Share Plan and KLL Performance Share Plan were $3.46 and $2.27 respectively.
7. On Keppel Telecommunications & Transportation Ltd ("KTT") share based compensation scheme. As at 1 July 2011 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KTT Restricted Share Plan and KTT Performance Share Plan were $1.26 and $1.20 respectively.

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 2011. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

DETAILS OF THE KCL SHARE PLANS

The KCL Share Plans, which have been approved by shareholders of the Company, are administered by the RC. Please refer to pages 126 to 127 and 153 to 154 of this Annual Report for details on the KCL Share Plans.

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 and Group'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 Annual Report is accessible on the Company's website. Starting from this year, the Company will send its Annual Report to all its shareholders in CD-ROM format. In line with the Company's drive towards sustainable development, the Company encourages shareholders to read the Annual Report from the CD-ROM or on the Company's website. Shareholders may however request for a physical copy at no cost.

Management provides all members of the board with management accounts which present a balanced and understandable assessment of the Company's and Group's performance, position and prospects on a monthly basis. Such reports keep the board members informed of the Company's and 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 (AC) 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 Danny Teoh
  Independent Member

Mr Lim Hock San, Mrs Oon Kum Loon and Mr Danny Teoh 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 AC. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the AC and practical experience and knowledge of the issues and considerations affecting the Committee from serving on the audit committee of other listed companies.

The AC'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 AC's terms of reference are set out on page 106 herein.

The AC 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, which together with the external auditors, report their findings and recommendations to the AC independently.

The AC met with the external auditors four times and with the internal auditors five times during the year, and at least one of these meetings was conducted without the presence of management.

During the year, the AC 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 AC 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 material impact on the financials.

The AC 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

Board members share their wealth of experience and expertise in risk management and governance.

internal and the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

The AC 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. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 24 of the Notes to the Financial Statements on pages 173 and 174.

The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

The AC 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 AC also reviewed the training costs and programs attended by the internal audit to ensure that the staff continued to update their technical knowledge and auditing skills.

The AC 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 for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the AC reviews the Policy yearly to ensure that it remains current. The details of the Policy are set out on pages 108 and 109 herein.

On a quarterly basis, management reports to the AC the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPTs. The IPTs were reviewed by the internal auditors. All findings were reported during AC meetings.

INTERNAL CONTROLS AND RISK MANAGEMENT

Principle 12:
Sound system of internal controls

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, to safeguard shareholders' interests and the Company's assets, 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 106 herein.

The Board Risk Committee is made up of three 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 (AC), 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 was the Chief Investment Officer of Temasek Holdings. The fourth member is Mr Alvin Yeo who is a Senior Partner in WongPartnership LLP, a leading law firm 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.

The Company's approach to risk management is set out in the "Risk Management" section on pages 112 to 115 of this Annual Report.

KCL's Group Internal Audit and the external auditors also 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 AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors in this respect.

Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors, the board, with the concurrence of the AC, is of the view that the Group's internal controls, addressing financial, operational and compliance risks, are adequate.

INTERNAL AUDIT

Principle 13:
Independent internal audit function

The role of the internal auditors is to assist the Audit Committee (AC) 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 AC, 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 AC. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the AC, 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 International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. In FY 2011, an external assessment of Group Internal Audit was conducted and the results re-affirmed that the internal audit activity conforms to the International 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 AC 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 AC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC.

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(19) 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.

Shareholders interacted with board members and senior management at the Annual General Meeting.

APPENDIX

BOARD COMMITTEES – TERMS OF REFERENCE

A. 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.

B. 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.

C. 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;
   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; and
   iii. Parent companies of the Company's core businesses which are unlisted (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. 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. 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)

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	Chairman	–
Tow Heng Tan	Non-Independent & Non-Executive	–	Member	Member	Member	–
Alvin Yeo Khirn Hai	Independent	Member	–	–	Member	–
Tan Ek Kia	Independent	–	Member	–	–	Member
Danny Teoh	Independent	Member	–	Member	–	–
Teo Soon Hoe	Senior Executive Director	–	–	–	–	–
Tong Chong Heong	Senior Executive Director	–	–	–	–	–

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"), and the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KCL Share Plans"), in accordance with the rules of the KCL Share Option Scheme and KCL Share Plans.
6. Grant awards under the KCL Share Plans 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, award of shares or any form of benefits to be granted to him.

E. BOARD SAFETY COMMITTEE

1. Review and examine the effectiveness of Group companies' safety management system, including training and monitoring systems, to ensure that a robust safety management system is maintained.
2. Review and examine 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 Group.
5. Ensure that the safety functions in 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 IC 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 that 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 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 five 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.

KEPPEL WHISTLE-BLOWER PROTECTION POLICY

Keppel Whistle-Blower Protection Policy (the "Policy") took effect on 1 September 2004 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

a. Dishonest, including but not limited to theft or misuse of resources within the Group;
b. Fraudulent;
c. Corrupt;
d. Illegal;
e. Other serious improper conduct;

f. An unsafe work practice; or
g. Any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The General Manager (Internal Audit) is the Receiving Officer for the purposes of the Policy, who is responsible for the administration, implementation and overseeing ongoing compliance with the Policy, and reports directly to the Audit Committee (AC) Chairman on all matters arising under the Policy.

REPORTING MECHANISM

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employee are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle-Blowers may report a suspected Reportable Conduct to either the Receiving Officer or the AC Chairman.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

INVESTIGATION

The AC Chairman will review the information disclosed, interview the Whistle-Blower(s) when required and, either exercising his own discretion or in consultation with the other members of AC, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to take. The AC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on an administrative leave or an investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

NO REPRISAL

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

a. Dismissal;
b. Demotion;
c. Suspension;
d. Termination of employment/contract;
e. Any form of harassment or threatened harassment;
f. Discrimination; or
g. Current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.

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 92 and 93
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 93
Guideline 1.5 The type of material transactions that require board approval under internal guidelines	Pages 92 and 93
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	Pages 93 and 94
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 95
Guideline 4.5 Process for selection and appointment of new directors to the board	Pages 95 and 96
Guideline 4.6 Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent	Pages 20 to 25 and 107
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 96, 97, 107 and 108
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 98 to 101
Guideline 9.1 Composition of remuneration committee	Page 98
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 100 and 101
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 101
Guideline 9.4 Details of employee share schemes	Pages 125 to 127 and 151 to 154
Guideline 11.8 Composition of audit committee and details of the committee's activities	Pages 101 to 104 and 106
Guideline 12.2 Adequacy of internal controls, including financial, operational and compliance controls, and risk management systems	Page 104

1. Board members shared their wealth of experience and expertise during the off-site strategy meeting in Chengdu, China.

2. Results briefings are one of the platforms used by Keppel to engage stakeholders like the media and analysts.

Risk Management

2011 was a year of deteriorating global economic outlook. The Eurozone continued to be weighed down by a sovereign debt crisis, while Japan's economy contracted after it was hit by an earthquake and a tsunami in March. China was juggling to cool its overheated economy, especially in the property sector, and control inflation while avoiding a hard landing. Meanwhile, with US GDP growing by only less than 2% in real terms, its economic recovery remains slow and weak. The volatile and challenging environment reinforces the importance of proactive risk management.

Keppel's ability to manage risks and prepare itself against uncertainties and rapid changes in the macro environment is vital to the Group's sustainable growth. Keppel's Enterprise Risk Management (ERM) framework provides the Group with a holistic and systematic approach towards assessing, monitoring and mitigating risks. The reporting structure and monitoring mechanism set out under the framework ensures that key risks with their operational, financial and reputational impact on the Group are closely monitored.

ROBUST ENTERPRISE RISK MANAGEMENT FRAMEWORK

The board has overall responsibility for oversight of the Group's strategic, investment, operational and project risks. The board, assisted by the Board Risk Committee (BRC), is fully committed to a robust risk management system that safeguards and enhances stakeholders' interest. Terms of reference of the BRC are disclosed on page 106 of this Report. The board and BRC provide valuable guidance to management in its formulation of various risk policies and guidelines. Management also regularly surfaces key risk issues for discussion and seeks guidance from the BRC and the

Evacuation drills are conducted regularly at the various Keppel yards.

board. The Company's risk governance framework is set out under page 104 under Principle 12 (Internal Control and Risk Management).

At the working level, the ERM Committee, comprising ERM champions nominated by management across the Group, serves as a platform to monitor, share, discuss and promulgate risk management initiatives.

STRONG FOUNDATION IN ENTERPRISE RISK MANAGEMENT

ENHANCING RISK-CENTRIC CULTURE

Effective risk management depends as much on the mindset and attitude of the people as on robust systems and processes. Management is committed to fostering a strong Group-wide risk management culture. Education and regular communication through various forums and in-house publications on risk management-related topics are crucial in building risk competency and reinforcing risk discipline among employees. In-house workshops are conducted to train key personnel and management staff to increase awareness of the Group's risk management methodology and tools.

Embedding risk management in the performance evaluation process aims to raise accountability and reinforce a risk-centric culture. Participation in knowledge-sharing platforms outside of the Keppel Group serves as a useful source and exchange of ERM practices and development. In developing and maintaining its risk management systems and processes, reference is made to practices in risk management set out in the ISO31000 standards (2009) in risk management, Code of Corporate Governance (2005) and Guidebook for Audit Committee in Singapore (2008).

With its span and scale, the Group is exposed to a host of risks relating to competition, political and regulatory changes, contractual liabilities, human resources, market and financial, project management, health, safety and environmental, cost-escalation, dependencies on suppliers and subcontractors, disruptions to supply chain, catastrophic events, IT security, partnership among others. The occurrence of any one of these risks may have an effect on our operations and businesses.

Risk management is an integral part of strategic, operational and financial decision-making processes at all levels of the Group. Despite best efforts, the Group recognises that risks can never be entirely eliminated, especially under an evolving landscape of uncertainties and vulnerabilities, and the cost of minimising them may outweigh potential benefits.

STRATEGIC

Strategic risk relates to the Group's business plans and strategies, and broadly encompasses risks associated with the countries and industries in which we operate; changing laws and regulations; evolving competitive landscape; changing customer demands; technology and product innovation.

Risk considerations form an integral part of our strategic and budget review exercise, policy formulation and revision, project and investment evaluation, and management performance evaluation. Strategic risks are reviewed regularly with the board to ensure that the Group is resilient in dealing with adversity and more agile in pursuing opportunities.

At the macro level, the BRC guides the Group in the formulation and review of its risk policies, limits and effective management system. The Group's risk-related policies and limits are subject to periodic reviews to ensure that they continue to support business objectives, address risks faced by our business operations effectively and proactively, and take into consideration the prevailing business climate and risk appetite of the Group.

The Group's investment decisions are guided by its investment parameters set on a Group-wide basis. All major investments are subject to due diligence processes and are evaluated by the Investment and Major Project Action Committee (IMPAC) and/or the board to ensure that they are in line with the Group's strategic business focus, take into consideration the underlying risk factors, and meet the required risk-adjusted rate of return. The systematic evaluation process requires the investment team to identify risks and their corresponding mitigating actions and incorporate them in the investment proposals. Some of the key risks considered pertain to whether the proposed investment is aligned to the Group's strategy, the financial viability of the business model, political and regulatory developments in the country of investment and whether contractual terms are unfavourable to the Group.

Impact assessment and stress-testing analysis are performed to assess the Group's exposure to changing market situations, as well as to enable informed decision making and timely mitigating actions. On a regular basis, the Group also monitors the changes in concentration exposures associated with its investments in the countries it operates in. Close monitoring of the changes in the business, economic, political, regulatory and competitive landscape in the countries where the Group has operations is carried out to give management better insights on impending developments.

OPERATIONAL

Operational risk relates to the effectiveness and efficiency of our people, the integrity of internal control systems and processes and externalities that affect day-to-day operations. Operational risk management is integrated into day-to-day business operations and projects across all business units to facilitate early risk detection for proactive management. Formalised guidelines, procedures, internal training and tools are used to provide guidance in the assessment, mitigation and monitoring of risks. Knowledge-sharing platforms are also organised to facilitate the propagation of good practices and lessons learnt in projects and operations.

Large proportions of the Group's operations are project-based and executed over an extended period of time. To help manage the spectrum of key risks throughout the project

1

2

life, the Group adopts a standardised risk assessment and monitoring process. During the tendering stage, the tender team, comprising expertise from different functions, identifies and evaluates risks associated with the potential projects. Much focus is placed on monitoring significant risks of projects regarded as more technically-challenging, greenfield development, those deploying new technology or operating in a new country, and of large contract values.

At the execution stage, key risks involving cost, schedule and quality are closely monitored through project review and quality assurance programmes, to ensure that pre-emptive measures are taken in a timely manner and appropriately implemented. The emphasis is to ensure that projects are executed and completed on time, within budget and with good safety records, while achieving quality standards and contractual specifications as defined in the contracts with customers.

Health, safety and environmental risks are key areas that are subject to close monitoring and oversight by dedicated committees. Key Risk Indicators (KRIs), which act as early warning signals, are established and closely monitored by the project team and the management.

One of the risk-mitigating actions adopted across the Group is through insurance coverage. The Group regularly reviews the scope, type and adequacy of insurance coverage that it buys, taking into account the availability of such cover, its cost and the likelihood of occurrence and magnitude of risks involved. This exercise is carried out with the advice and support from selected insurance brokers.

FINANCIAL

Financial risk management relates to the Group's ability to meet financial obligations and mitigate credit risks, liquidity risks, currency risks, interest rate risks and price risks. The Group's policies and financial authority limits are reviewed periodically to incorporate changes in the operating and control environment.

With the downgrades of credit ratings of financial institutions in the Eurozone, due to their exposures to the troubled sovereign debts and difficulties in implementing austerity measures in their fiscal policies, the Group continues to monitor financial institution counterparty risks closely. For more details on financial risk management, please see pages 84 to 86 of this Report.

STRENGTHENING OPERATIONAL PREPAREDNESS

Business Continuity Management (BCM) increases the Group's resilience 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.

The earthquake followed by a tsunami in Japan, severe storms and floods affecting Bangkok for several months, and harsh weather conditions in many parts of the world experienced in 2011 have awakened many to the impact of climate change.

With operations spanning different parts of the world, the Group is on a constant lookout for emerging threats that might impact business operations, and has stepped up efforts to strengthen operational preparedness and refine

3

business continuity plans. Various simulation exercises were conducted at business units in different locations to enhance operational preparedness. These plans are tested and refined regularly to ensure that planned responses are effective.

The Group focuses on building resilience and capability for an effective response during a crisis to safeguard the interest of key stakeholders and the Group's reputation. Established crisis management and communication plans are reviewed and refined, enabling the Group to respond during crisis in an orderly and coordinated fashion, as well as to expedite recovery.

To bolster BCM competency, the Group has conducted Group-wide conferences to share good BCM and crisis communication practices. Crisis media training for key spokespersons were also conducted to prepare the management for communication with media and stakeholders and be familiar with scenarios that may play out during a crisis. To ensure that timely, coherent and accurate information is delivered to management for decision-making during a crisis, crisis communication procedures have also been embedded as part of the overall Business Continuity Plan in the Group.

PROACTIVE RISK MANAGEMENT

The Group will continue to review and refine its risk management methodology, systems and processes regularly in managing risks. A robust and effective risk management system will help put the Group in good stead amidst this climate of heightened uncertainties, economic volatility, unprecedented environmental destruction, geopolitical instability, social unrests, and key information technology systems vulnerability.

1. Senior management from across the Group received training in handling communication with the media during a crisis.
2. The Crisis Communications workshop was well attended by members of group boards and management.
3. Keppel's Business Continuity Management focuses on building the Group's resilience against events such as pandemic flu.

Environmental Protection

Ocean Financial Centre is retrofitted with solar panels that can generate 86 megawatt hours worth of clean energy in a year.

In this section we summarise our management approach to key environment issues identified through our materiality analysis and stakeholder engagement approach to reporting. The priority issues are:

- Improving energy efficiency
- Managing water use
- Air emissions from operations
- Waste management

Full details of the Group's environmental performance will be disclosed in the Sustainability Report.

IMPROVING ENERGY EFFICIENCY

Direct and indirect source of energy resources are essential for the Group's business operations. As Keppel Offshore & Marine is a major division of our Group, they remain the most significant user of direct energy such as diesel and fuel oil.

Keppel Integrated Engineering (KIE) also uses a large proportion of the Group's indirect energy consumption for its plant operations.

The Group continues to try to increase its energy efficiency through sound technologies, optimising products and processes, and conserving energy and natural resources.

MANAGING WATER USE

The Group is focused on reducing its water consumption through the installation of water conservation devices such as water thimbles and flow-reducing valves to reduce the water flow rate.

Senoko Waste-to-Energy plant will treat and recycle the wastewater extracted from the incineration of refuse for the general cleaning of the plant, thus reducing the amount of water consumed.

AIR EMISSIONS FROM OPERATIONS

Indirect emissions from electricity were the major contributor of the Group's total carbon emissions.

The Group is committed to optimise its energy resources to minimise its carbon footprint as it recognises the potential impact of climate change.

Keppel Energy and KIE continue to monitor and take an active role in managing air emissions from electricity generation and waste-to-energy plants. Their emissions are well below the limits stipulated in Singapore's National Environment Agency's Code on Pollution Control and European Union Waste Incineration Directive (2000/76/EC) which set strict emission limits for pollutants.

WASTE MANAGEMENT

The Group drives efforts to recycle and reuse where possible to reduce its volume of waste produced. There were no reports of spillages or fines and sanctions which have been administered by Singapore or overseas authorities on the Group in 2011.

Product Excellence

In this section we summarise our management approach towards best practices in delivering quality products and services, and stakeholder engagement. The priority issues are:

- Research and Development (R&D)
- Customer health and safety
- Customer engagement
- Compliance

RESEARCH AND DEVELOPMENT
Keppel Offshore & Marine Technology Centre (KOMtech) and Keppel Environmental Technology Centre (KETC) in Singapore are the R&D arms of Keppel Offshore and Marine (Keppel O&M) and Keppel Integrated Engineering (KIE), respectively. Commercial viability is a key focus of Keppel O&M's technology innovation efforts and forms the guiding principle for KOMtech in R&D of new solutions and product enhancements. KETC's research focus is in the area of environmental engineering, involving advanced water and waste-to-energy technologies.

CUSTOMER HEALTH AND SAFETY
Due care and diligence are strictly exercised in the design, construction, and operation of Keppel's products and services to ensure that they are fit for their intended use and do not pose unintended hazards to customers' health and safety.

Health and safety impacts during all life cycle stages of the Group's products are assessed for improvement, such as in building processes and the usage, storage and disposal of materials. Policies, procedures, guidelines on environment, health and safety are adhered to and implemented to ensure that our customers' health and safety are not compromised.

CUSTOMER ENGAGEMENT
Mechanisms for customers to provide feedback and suggestions are in place in the Group to assess and maintain customer satisfaction with Keppel's products and services. Follow-up actions are also taken to ensure that customers' suggestions are heeded and improvements made where necessary.

COMPLIANCE
Keppel subscribes to best practices as well as comply with applicable legislations and other relevant requirements. In 2011, the Group did not identify any non-compliance with laws, regulations and voluntary codes concerning the provision and use, as well as health and safety, of its products and services.

Keppel actively engages its customers in the development of its products to achieve a high satisfaction level.

People Matter

Keppel takes a holistic approach in promoting the safety, health and well-being of employees, and regularly rolls out activities that strengthen bonding and work-life balance.

We aim to create a working culture where all employees take a shared responsibility for the delivery of our business goals. Our people strategy focuses on several core areas aimed at achieving sustainable growth for the Group and creating value for all stakeholders:

- Employment policies and practices
- Maintaining safety and health standards
- Developing a skilled workforce
- Attracting and retaining talent

EMPLOYMENT POLICIES AND PRACTICES

Our employment policies and practices comply with applicable labour standards and norms, and support our commitment to equal employment opportunity. To ensure a safe, respectful and fair workplace, we prohibit any form of discrimination toward employees, customers, contractors and suppliers.

In Singapore, Keppel adheres to the practices spelt out by The Tripartite Alliance for Fair Employment Practices (TAFEP) and endorses the alliance's Pledge of Fair Employment Practices.

We continually engage employees through regular dialogue as we review and refine our policies. Some 4,234 employees participated in the annual Group-wide Organisational Climate Survey in 2011, registering a 91.7% response rate.

Keppel enjoys an excellent working relationship with its employees and unions. There were no reported incidences of discrimination or unresolved work grievances raised by employees in 2011.

MAINTAINING SAFETY AND HEALTH STANDARDS

The health and safety of our employees and contractors remain one of our top priorities. We are committed to conducting business in a manner that protects and promotes the safety and health of our employees, and comply with regulatory and legal standards (for our safety and health framework, see page 119).

DEVELOPING A SKILLED WORKFORCE

We build local capacity by employing, retaining and developing local talent at all levels of the business. In 2011, we invested some $20.5 million in the training and development of our employees globally.

Keppel grows the capabilities of our workforce with a structured learning and development framework and programmes by our in-house Keppel College and Training Centres.

Onboarding programmes are conducted for all new hires to ensure that they are integrated into the new workplace environment, and our employees and contractors receive rigorous training before commencing work in our facilities.

Keppel College programmes are developed with reputable business schools and target three levels of talent – young leaders, middle management and senior management, while Training Centres focus on technical and core skills qualification, upgrading and certifications.

ATTRACTING AND RETAINING TALENT

To manage talent in a systematic and structured way, Keppel has in place a talent and succession management framework that focuses on high potential and high performing employees. Programmes planned for such talents include overseas assignments, special projects and job rotation.

Safety and Health

To raise safety standards in the region, Keppel hosted the inaugural ASCOPE Safety Workshop which drew participation from national oil companies across ASEAN.

We aim to uphold our safety standards in all our business activities and continually refine our management systems so as to improve our performance.

The strategic thrusts of our Workplace Safety and Health (WSH) strategy are:

- Establishing an integrated framework
- Implementing an effective management system
- Enhancing ownership
- Strengthening partnerships

AN INTEGRATED FRAMEWORK

Keppel's centralised electronic Global Incident Reporting System adopted across the Group ensures that senior management and relevant safety personnel are kept abreast of incidents and take immediate corrective measures. Through a web portal, sharing of lessons learnt can be done across the Group in a systematic way.

To further enhance the Group's safety management framework, we embarked on a comprehensive three-year exercise to review our practices, and engaged specialist DuPont to assist us in conducting a self-assessment programme.

AN EFFECTIVE MANAGEMENT SYSTEM

Keppel Corporation established a Board Safety Committee (BSC) in 2006, the first by a public-listed company in Singapore, to review and develop policies across its multiple business units. The formation of BSC provides strong and visible leadership as well as commitment from the top.

To hone the competencies of staff, we implemented a cross-pollination programme where employees in key positions are seconded to other business units to learn and share on safety practices. In addition, Keppel's ongoing Safety Capability Coaching and Consultancy Programme has trained more than 900 subcontractors' supervisors since the programme was launched in 2010.

ENHANCING OWNERSHIP

Employees across the Group pledge their commitment to adopt safe practices at the annual Keppel Safety Convention as a reminder of their ownership.

To foster ownership at the ground level, campaigns are regularly organised by the safety committees of the individual business units.

STRENGTHENING PARTNERSHIPS

Keppel continues to support industry, client and national campaigns and conferences.

We hosted the inaugural ASEAN Council on Petroleum (ASCOPE) Safety Workshop in 2011, which drew more than 80 participants from national oil companies across ASEAN, and we participated in national and industry events, such as the Singapore's WSH Conference and WSH Council's bizSAFE Convention.

OCCUPATIONAL HEALTH

In addition to a safe environment, we also aim to protect and promote the health of our workforce. Workers have to undergo regular health checks and be certified fit before they can take on strenuous work. Other occupational health programmes include hearing conservation and respiratory protection.

SAFETY PERFORMANCE

Over the years, we have maintained a good safety record working in high-risk sectors. Our performance and incidents that took place in 2011 will be reported in detail in the Sustainability Report.

Community and Society

Keppel Volunteers touch lives through community engagement activities such as home maintenance projects for the elderly.

The principles that underpin our community work are shaped by our belief that our operations should help in the generation of both economic and social capital for the communities in which we operate in.

Our community engagement and investment approach are directed towards:

- Fulfilling the economic potential of local communities through education and skills development;
- Engaging the industry to build knowledge and catalyse the exchange of ideas; and
- Caring for the community through volunteerism and strategic social investments.

The Group's total social investment spend in 2011 was $5.85 million.

CAPACITY BUILDING

Keppel operates in over 30 countries and across different industries, hiring a largely local workforce in most regions. With a progressive human resource management system and investments in educational programmes, we aim to contribute to the economic development of the local communities where we operate (see page 118 for an overview of our employment practices and approach to workforce development and training).

In 2011, Keppel Corporation contributed $1 million to establish the Keppel Bursary at the National University of Singapore (NUS) University Town, providing deserving Singaporean students in financial need with bursaries.

INDUSTRY ADVANCEMENT

Through our involvement in knowledge-building platforms and international conventions, we support and advance our chosen industries and spur collaboration between stakeholders in these industries.

As a Founding Sponsor of Singapore International Water Week 2011, Keppel Integrated Engineering showcased its waste and water treatment technologies at the exhibition-conference.

COMMUNITY INVESTMENTS AND VOLUNTEERISM

Where relevant, we align our community investment activities with national and social priorities.

ENHANCING THE QUALITY OF LIFE OF THE UNDERPRIVILEGED

Since its inception in 2000, Keppel Volunteers has been spearheading activities that make meaningful impact on local communities. Efforts in 2011 include monthly home maintenance programmes for elderly residents under the care of Toa Payoh and Telok Blangah Moral Senior Activity Centres.

In Philippines, Keppel Batangas Shipyard led Keppel Group's efforts in the development of the Keppel-Gawad Kalinga (GK) Eco Village to house 60 families in need.

PROMOTING SOCIO-CULTURAL UNDERSTANDING THROUGH THE ARTS AND SPORTS

In support of cultural exchange between Brazil and Singapore, Keppel Offshore & Marine sponsored the first Women's Capoeira Festival in Singapore.

To groom young sportsmen into champions of tomorrow, Keppel Corporation signed an agreement with Singapore Table Tennis Association to provide funding of $300,000 over three years towards a zone training centre at Clementi.

Directors' Report & Financial Statements

CONTENTS

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 2011.

1. Directors

The Directors of the Company in office at the date of this report are:

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
Tan Ek Kia
Danny Teoh
Teo Soon Hoe
Tong Chong Heong

2. Audit Committee

The Audit Committee of the Board of Directors comprises five independent Directors. Members of the Committee are:

Lim Hock San (Chairman)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Alvin Yeo Khirn Hai
Danny Teoh

The Audit Committee carried out its function in accordance with the Companies Act, including the following:

- Reviewed audit plans and reports of the Company's external auditors and internal auditors and considered effectiveness of actions/policies taken by management on the recommendations and observations;
- Reviewed the assistance given by the Company's officers to the auditors;
- Carried out independent review of quarterly financial reports and year-end financial statements;
- Examined effectiveness of financial, operating and compliance controls;
- Reviewed the independence and objectivity of the external auditors annually;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors and internal auditors, without the presence of management, at least annually;
- Ensured that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually;
- Reviewed interested person transactions; and
- Investigated any matters within the Audit Committee's term of reference, whenever it deemed necessary.

The Audit Committee recommended to the Board of Directors the re-appointment of Deloitte & Touche LLP as external 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, KCL Restricted Share Plan and KCL Performance Share Plan.

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	
	1.1.2011	31.12.2011	21.1.2012
Keppel Corporation Limited			
(Ordinary shares)			
Lee Boon Yang	20,000	33,000	33,000
Lim Hock San	9,000	43,200	43,200
Choo Chiau Beng	2,321,666	3,114,832	3,114,832
Choo Chiau Beng (deemed interest)	200,000	220,000	220,000
Sven Bang Ullring	99,000	112,200	112,200
Tony Chew Leong-Chee	9,000	14,000	14,000
Oon Kum Loon (Mrs)	49,000	57,200	57,200
Oon Kum Loon (Mrs) (deemed interest)	40,000	44,000	44,000
Tow Heng Tan	9,626	13,888	13,888
Tow Heng Tan (deemed interest)	26,172	28,789	28,789
Alvin Yeo Khirn Hai	1,750	9,225	9,225
Alvin Yeo Khirn Hai (deemed interest)	20,000	32,000	32,000
Tan Ek Kia	-	825	825
Danny Teoh	-	25,825	25,825
Teo Soon Hoe	4,088,332	4,786,795	4,786,795
Tong Chong Heong	1,659,582	1,903,540	1,903,540
(Share options)			
Choo Chiau Beng	1,770,000	1,441,000	1,441,000
Teo Soon Hoe	2,530,000	2,530,000	2,530,000
Tong Chong Heong	1,580,000	1,528,000	1,528,000
(Unvested restricted shares to be delivered after 2010)			
Choo Chiau Beng	150,000	110,000	110,000
Teo Soon Hoe	100,000	73,370	73,370
Tong Chong Heong	90,000	66,000	66,000
(Contingent award of restricted shares to be delivered after 2011) [1]			
Choo Chiau Beng	-	140,000	140,000
Teo Soon Hoe	-	90,000	90,000
Tong Chong Heong	-	90,000	90,000
(Contingent award of performance shares issued in 2010 to be delivered after 2012) [2]			
Choo Chiau Beng	300,000	330,000	330,000
Teo Soon Hoe	200,000	220,000	220,000
Tong Chong Heong	180,000	198,000	198,000
(Contingent award of performance shares issued in 2011 to be delivered after 2013) [2]			
Choo Chiau Beng	-	280,000	280,000
Teo Soon Hoe	-	180,000	180,000
Tong Chong Heong	-	180,000	180,000

4. Directors' interest in shares and debentures (continued)

	1.1.2011	Holdings At 31.12.2011	21.1.2012
Keppel Land Limited			
(Ordinary shares)			
Choo Chiau Beng	102,204	500,000	800,000
Tony Chew Leong-Chee (deemed interest)	800,000	800,000	800,000
Tow Heng Tan (deemed interest)	95	95	95
Alvin Yeo Khirn Hai (deemed interest)	10,000	10,000	10,000
Tan Ek Kia	11,400	11,400	11,400
Danny Teoh	-	100,000	100,000
Keppel Telecommunications & Transportation Ltd			
(Ordinary shares)			
Lim Hock San	-	-	132,000
Teo Soon Hoe	28,000	28,000	28,000
K-REIT Asia			
(Units)			
Lim Hock San	494,000	1,717,000	1,967,000
Choo Chiau Beng	2,635,000	5,899,250	5,899,250
Tow Heng Tan (deemed interest)	10	10	10
Alvin Yeo Khirn Hai (deemed interest)	250,000	100,000	100,000
Teo Soon Hoe	-	-	600,000
Keppel Structured Notes Pte Limited			
(S$ Commodity Linked Guaranteed Note Series 1 due 2011)			
Teo Soon Hoe	$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

1 Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could be zero or the number stated.

2 Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

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.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were 15,064,000 Shares issued by virtue of exercise of options and options to take up 808,200 Shares were cancelled during the financial year. At the end of the financial year, there were 41,616,020 Shares under option as follows:

	Number of Share Options						
Date of grant	Balance at 1.1.2011	Exercised	Cancelled	Share adjustment for bonus issue	Balance at 31.12.2011	Exercise price*	Date of expiry
12.08.04	70,000	(70,000)	-	-	-	$3.01	11.08.14
11.02.05	345,000	(354,500)	-	26,000	16,500	$3.81	10.02.15
11.08.05	807,000	(360,000)	-	58,700	505,700	$5.46	10.08.15
09.02.06	1,440,000	(767,800)	-	71,300	743,500	$5.60	08.02.16
10.08.06	2,805,000	(1,232,800)	(4,400)	173,500	1,741,300	$6.75	09.08.16
13.02.07	4,822,000	(1,998,930)	(28,400)	309,130	3,103,800	$8.09	12.02.17
10.08.07	6,431,000	(49,700)	(201,200)	635,500	6,815,600	$11.56	09.08.17
14.02.08	6,210,000	(1,885,900)	(46,600)	455,970	4,733,470	$8.85	13.02.18
14.08.08	7,252,000	(1,782,470)	(107,100)	559,600	5,922,030	$9.12	13.08.18
05.02.09	7,502,000	(5,666,100)	(8,600)	272,020	2,099,320	$3.46	04.02.19
06.08.09	7,832,000	(774,000)	(163,300)	765,900	7,660,600	$7.25	05.08.19
09.02.10	7,875,000	(121,800)	(248,600)	769,600	8,274,200	$7.28	08.02.20
	53,391,000	(15,064,000)	(808,200)	4,097,220	41,616,020		

* Adjusted for 1 for 10 bonus issue in 2011

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	Adjustment for bonus issue	Aggregate options outstanding as at the end of financial year
Choo Chiau Beng	-	5,430,000	3,569,250	573,750	154,000	1,441,000
Teo Soon Hoe	-	5,730,000	2,879,250	573,750	253,000	2,530,000
Tong Chong Heong	-	3,774,200	1,984,200	410,000	148,000	1,528,000

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

7. Share plans of the Company

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL RSP and KCL PSP are disclosed in Note 3 to the financial statements.

The number of contingent Shares granted was 4,175,900 under KCL RSP and 640,000 under KCL PSP during the financial year. The number of Shares released was 3,757,966 under KCL RSP and Nil under KCL PSP during the financial year. The contingent Shares under KCL PSP was adjusted by 68,000 Shares for the bonus issue during the financial year. 1,255,541 Shares under the KCL RSP were vested during the financial year. The number of Shares released but not vested under KCL RSP was adjusted by 240,945 Shares for the bonus issue during the financial year. 108,223 Shares under the KCL RSP were cancelled during the financial year. At the end of the financial year, there were 4,158,177 contingent Shares and 2,652,870 unvested Shares under the KCL RSP, and 1,388,000 contingent Shares under the KCL PSP as follows:

Contingent awards:

	Number of Shares					
Date of grant	Balance at 01.01.2011	Contingent awards granted	Released	Cancelled	Adjustment for bonus issue	Balance at 31.12.2011
KCL RSP						
30.06.10	3,757,966	-	(3,757,966)	-	-	-
30.06.11	-	4,175,900	-	(17,723)	-	4,158,177
	3,757,966	4,175,900	(3,757,966)	(17,723)	-	4,158,177
KCL PSP						
30.06.10	680,000	-	-	-	68,000	748,000
30.06.11	-	640,000	-	-	-	640,000
	680,000	640,000	-	-	68,000	1,388,000

Awards released but not vested:

	Number of Shares					
Date of grant	Balance at 01.01.2011	Released	Vested	Cancelled	Adjustment for bonus issue	Balance at 31.12.2011
KCL RSP						
30.06.10	-	3,757,966	(1,255,541)	(90,500)	240,945	2,652,870

The information on Directors of the Company participating in the KCL RSP and the KCL PSP is as follows:

Contingent awards:

Name of Director	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Adjustment for bonus issue	Aggregate awards not released as at the end of financial year
KCL RSP					
Choo Chiau Beng	140,000	290,000	(150,000)	-	140,000
Teo Soon Hoe	90,000	190,000	(100,000)	-	90,000
Tong Chong Heong	90,000	180,000	(90,000)	-	90,000
KCL PSP					
Choo Chiau Beng	280,000	580,000	-	30,000	610,000
Teo Soon Hoe	180,000	380,000	-	20,000	400,000
Tong Chong Heong	180,000	360,000	-	18,000	378,000

Awards released but not vested:

Name of Director	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Adjustment for bonus issue	Aggregate awards released but not vested as at the end of financial year
KCL RSP				
Choo Chiau Beng	150,000	(50,000)	10,000	110,000
Teo Soon Hoe	100,000	(33,300)	6,670	73,370
Tong Chong Heong	90,000	(30,000)	6,000	66,000

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP and the KCL PSP.

Other than Choo Chiau Beng who received 420,000 or 8.7 percent, Teo Soon Hoe who received 270,000 or 5.6 percent, and Tong Chong Heong who received 270,000 or 5.6 percent of the aggregate of the contingent award of Shares under the KCL RSP and KCL PSP, no employee received 5 percent or more of the total number of contingent award of Shares granted during the financial year.

8. Share options and share plans of subsidiaries

The particulars of share options and share plans of subsidiaries of the Company are as follows:

(a) Keppel Land Limited ("Keppel Land")

At the end of the financial year, there were 131,936,509 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, $500 million principal amount of 1.875% Convertible Bonds due 2015 at a conversion price of $6.72 per share and 3,768,308 options under the Keppel Land Share Option Scheme. In addition, there were 571,000 unvested shares and 922,200 contingent shares granted under Keppel Land Restricted Share Plan, and 1,180,000 contingent shares granted under Keppel Land Performance Share Plan at the end of the financial year. Details and terms of the options and share plans 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 1,580,000 unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 316,000 unvested shares and 604,000 contingent shares granted under Keppel T&T Restricted Share Plan, and 360,000 contingent shares granted under Keppel T&T Performance Share Plan at the end of the financial year. Details and terms of the options and share plans have been disclosed in the Directors' Report of Keppel Telecommunications & Transportation Ltd.

(c) K-REIT Asia Management Limited ("KRAM")

At the end of the financial year, there were 47,000 unvested and 121,500 contingent K-REIT Asia units granted under KRAM Restricted Unit Plan, and 300,000 contingent K-REIT Asia units granted under KRAM Performance Unit Plan. The grants will be settled in K-REIT Asia units owned by KRAM. Details and terms of the unit plans have been disclosed in the Directors' Report of Keppel Land Limited.

9. Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board

Choo Chiau Beng

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Senior Executive Director

Singapore, 27 February 2012

Statement by Directors

For the financial year ended 31 December 2011

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 consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 131 to 203 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 2011, 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

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Senior Executive Director

Singapore, 27 February 2012

Independent Auditors' Report

to the Members of Keppel Corporation Limited
For the financial year ended 31 December 2011

Report on the Financial Statements
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 2011, 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 131 to 203.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide 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 accounts and balance sheets and to maintain accountability of assets.

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 about 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 of financial statements that give a true and fair view 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, 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 2011 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.

Report on Other Legal and Regulatory Requirements
In our opinion, 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

Cheung Pui Yuen
Partner
Appointed on 21 April 2011

27 February 2012

Balance Sheets

As at 31 December 2011

	Note	Group			Company	
		31 December 2011 $'000	31 December 2010 $'000 Restated	1 January 2010 $'000 Restated	**31 December 2011 $'000**	31 December 2010 $'000
Share capital	3	**1,016,112**	906,409	832,908	**1,016,112**	906,409
Reserves	4	**6,374,270**	5,508,975	4,939,957	**4,193,452**	3,783,517
Share capital & reserves		**7,390,382**	6,415,384	5,772,865	**5,209,564**	4,689,926
Non-controlling interests		**3,800,674**	2,866,384	2,614,242	**-**	-
Capital employed		**11,191,056**	9,281,768	8,387,107	**5,209,564**	4,689,926
Represented by:						
Fixed assets	5	**2,715,517**	2,243,150	2,157,172	**4,080**	5,120
Investment properties	6	**4,610,107**	3,207,539	3,051,247	**-**	-
Subsidiaries	7	**-**	-	-	**3,928,160**	3,580,409
Associated companies	8	**4,232,047**	3,586,904	2,651,068	**-**	55
Investments	9	**310,759**	299,896	152,046	**-**	-
Long term assets	10	**267,060**	28,646	547,665	**339**	360
Intangibles	11	**98,573**	107,676	90,118	**-**	-
		12,234,063	9,473,811	8,649,316	**3,932,579**	3,585,944
Current assets						
Stocks & work-in-progress in excess of related billings	12	**6,218,945**	3,940,126	2,877,664	**-**	-
Amounts due from:						
- subsidiaries	13	**-**	-	-	**2,204,813**	1,732,273
- associated companies	13	**403,775**	305,162	287,922	**1,483**	2,575
Debtors	14	**2,027,933**	1,958,993	1,727,099	**78,164**	82,416
Short term investments	15	**577,400**	536,872	456,515	**-**	-
Bank balances, deposits & cash	16	**3,020,454**	4,245,990	2,935,787	**1,621**	207,073
		12,248,507	10,987,143	8,284,987	**2,286,081**	2,024,337
Current liabilities						
Creditors	17	**5,323,267**	4,342,963	4,051,972	**234,396**	138,435
Billings on work-in-progress in excess of related costs	12	**1,863,881**	1,638,193	1,683,392	**-**	-
Provisions	18	**77,674**	83,586	68,856	**-**	-
Amounts due to:						
- subsidiaries	13	**-**	-	-	**229,852**	241,792
- associated companies	13	**63,918**	180,609	168,186	**-**	-
Term loans	19	**808,475**	391,764	839,117	**17,668**	9,047
Taxation	27	**478,911**	455,079	428,515	**22,244**	26,147
Bank overdrafts	20	**-**	736	1,668	**-**	-
		8,616,126	7,092,930	7,241,706	**504,160**	415,421
Net current assets		**3,632,381**	3,894,213	1,043,281	**1,781,921**	1,608,916
Non-current liabilities						
Term loans	19	**4,068,696**	3,675,968	918,410	**500,000**	500,000
Deferred taxation	21	**606,692**	410,288	387,080	**4,936**	4,934
		4,675,388	4,086,256	1,305,490	**504,936**	504,934
Net assets		**11,191,056**	9,281,768	8,387,107	**5,209,564**	4,689,926

See accompanying notes to the financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2011

	Note	2011 $'000	2010 $'000 Restated
Revenue	22	**10,082,467**	9,139,608
Materials and subcontract costs		**(6,273,001)**	(5,767,767)
Staff costs	23	**(1,432,889)**	(1,367,077)
Depreciation and amortisation		**(208,571)**	(188,633)
Other operating expenses		**(270,699)**	(259,820)
Operating profit	24	**1,897,307**	1,556,311
Investment income	25	**24,589**	7,946
Interest income	25	**113,982**	111,350
Interest expenses	25	**(98,230)**	(64,701)
Share of results of associated companies	8	**239,772**	278,211
Profit before tax and exceptional items		**2,177,420**	1,889,117
Exceptional items	26	**1,135,282**	661,101
Profit before taxation		**3,312,702**	2,550,218
Taxation	27	**(640,506)**	(560,060)
Profit for the year		**2,672,196**	1,990,158
Attributable to:			
Shareholders of the Company			
Profit before exceptional items		**1,491,214**	1,307,132
Exceptional items	26	**349,298**	203,932
		1,840,512	1,511,064
Non-controlling interests		**831,684**	479,094
		2,672,196	1,990,158
Earnings per ordinary share	28		
Before exceptional items			
- basic		**83.8 cts**	74.3 cts
- diluted		**83.0 cts**	73.8 cts
After exceptional items			
- basic		**103.5 cts**	85.9 cts
- diluted		**102.4 cts**	85.3 cts
Gross dividend per ordinary share	29		
Interim dividend paid		**17.0 cts**	14.5 cts
Final dividend proposed		**26.0 cts**	23.7 cts
Total distribution		**43.0 cts**	38.2 cts

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2011

	2011 $'000	2010 $'000 Restated
Profit for the year	**2,672,196**	1,990,158
Available-for-sale assets		
- Fair value changes arising during the year	**(146,669)**	130,996
- Realised & transferred to profit and loss account	**(18,906)**	1,663
Cash flow hedges		
- Fair value changes arising during the year, net of tax	**(116,932)**	(1,247)
- Realised & transferred to profit and loss account	**10,725**	(47,508)
Foreign exchange translation		
- Exchange difference arising during the year	**15,617**	(100,559)
- Realised & transferred to profit and loss account	**(4,077)**	10,013
Share of other comprehensive (expense)/income of associated companies	**(13,880)**	3,133
Other comprehensive (expense)/income for the year, net of tax	**(274,122)**	(3,509)
Total comprehensive income for the year	**2,398,074**	1,986,649
Attributable to:		
Shareholders of the Company	**1,570,211**	1,547,122
Non-controlling interests	**827,863**	439,527
	2,398,074	1,986,649

See accompanying notes to the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2011

	Attributable to shareholders of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
Group							
2011							
As at 1 January							
As previously reported	**906,409**	**653,624**	**5,318,836**	**(139,083)**	**6,739,786**	**2,984,097**	**9,723,883**
Effect of INT FRS 115	**-**	**-**	**(324,402)**	**-**	**(324,402)**	**(117,713)**	**(442,115)**
As restated	**906,409**	**653,624**	**4,994,434**	**(139,083)**	**6,415,384**	**2,866,384**	**9,281,768**
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**1,840,512**	**-**	**1,840,512**	**831,684**	**2,672,196**
Other comprehensive income *	**-**	**(273,886)**	**-**	**3,585**	**(270,301)**	**(3,821)**	**(274,122)**
Total comprehensive income for the year	**-**	**(273,886)**	**1,840,512**	**3,585**	**1,570,211**	**827,863**	**2,398,074**
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividend paid	**-**	**-**	**(723,857)**	**-**	**(723,857)**	**-**	**(723,857)**
Share-based payment	**-**	**48,981**	**-**	**-**	**48,981**	**2,213**	**51,194**
Transfer of statutory, capital and other reserves to revenue reserves	**-**	**34,788**	**(34,788)**	**-**	**-**	**-**	**-**
Dividend paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**(157,867)**	**(157,867)**
Cash subscribed by non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**245,275**	**245,275**
Other adjustments	**-**	**382**	**-**	**-**	**382**	**750**	**1,132**
Shares issued	**109,703**	**(10,422)**	**-**	**-**	**99,281**	**-**	**99,281**
Total contributions by and distributions to owners	**109,703**	**73,729**	**(758,645)**	**-**	**(575,213)**	**90,371**	**(484,842)**
Changes in ownership interests in subsidiaries							
Acquisition of additional interest in subsidiaries	**-**	**-**	**(26,890)**	**-**	**(26,890)**	**(1,625)**	**(28,515)**
Disposal of interest in a subsidiary company without loss of control	**-**	**6,890**	**-**	**-**	**6,890**	**18,101**	**24,991**
Disposal of interest in a subsidiary company with loss of control	**-**	**-**	**-**	**-**	**-**	**(420)**	**(420)**
Total changes in ownership interests in subsidiaries	**-**	**6,890**	**(26,890)**	**-**	**(20,000)**	**16,056**	**(3,944)**
Total transactions with owners	**109,703**	**80,619**	**(785,535)**	**-**	**(595,213)**	**106,427**	**(488,786)**
As at 31 December	**1,016,112**	**460,357**	**6,049,411**	**(135,498)**	**7,390,382**	**3,800,674**	**11,191,056**

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

See accompanying notes to the financial statements.

	Attributable to shareholders of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Capital Employed $'000
Group							
2010							
As at 1 January							
As previously reported	832,908	540,289	4,695,478	(83,328)	5,985,347	2,727,226	8,712,573
Effect of INT FRS 115	-	-	(212,482)	-	(212,482)	(112,984)	(325,466)
As restated	832,908	540,289	4,482,996	(83,328)	5,772,865	2,614,242	8,387,107
Total comprehensive income for the year							
Profit for the year	-	-	1,511,064	-	1,511,064	479,094	1,990,158
Other comprehensive income *	-	91,717	-	(55,659)	36,058	(39,567)	(3,509)
Total comprehensive income for the year	-	91,717	1,511,064	(55,659)	1,547,122	439,527	1,986,649
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividend paid	-	-	(991,006)	-	(991,006)	-	(991,006)
Share-based payment	-	36,633	-	-	36,633	1,608	38,241
Transfer of statutory, capital and other reserves to revenue reserves	-	(345)	441	(96)	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(129,580)	(129,580)
Cash subscribed by non-controlling shareholders	-	-	-	-	-	5,091	5,091
Equity component of convertible bond issued by a subsidiary	-	6,317	-	-	6,317	5,733	12,050
Other adjustments	-	-	(1)	-	(1)	9,495	9,494
Shares issued	73,501	-	-	-	73,501	-	73,501
Total contributions by and distributions to owners	73,501	42,605	(990,566)	(96)	(874,556)	(107,653)	(982,209)
Changes in ownership interests in subsidiaries							
Disposal to non-controlling shareholders	-	-	-	-	-	282	282
Acquisition of additional interest in subsidiaries	-	(20,987)	(9,060)	-	(30,047)	(96,987)	(127,034)
Acquisition of subsidiaries	-	-	-	-	-	16,973	16,973
Total changes in ownership interests in subsidiaries	-	(20,987)	(9,060)	-	(30,047)	(79,732)	(109,779)
Total transactions with owners	73,501	21,618	(999,626)	(96)	(904,603)	(187,385)	(1,091,988)
As at 31 December	906,409	653,624	4,994,434	(139,083)	6,415,384	2,866,384	9,281,768

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

See accompanying notes to the financial statements.

	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Capital Employed $'000
Company				
2011				
As at 1 January	**906,409**	**126,020**	**3,657,497**	**4,689,926**
Profit/Total comprehensive income for the year	**-**	**-**	**1,098,316**	**1,098,316**
Transactions with owners, recorded directly in equity				
Dividend paid	**-**	**-**	**(723,857)**	**(723,857)**
Share-based payment	**-**	**45,898**	**-**	**45,898**
Shares issued	**109,703**	**(10,422)**	**-**	**99,281**
Total transactions with owners	**109,703**	**35,476**	**(723,857)**	**(578,678)**
As at 31 December	**1,016,112**	**161,496**	**4,031,956**	**5,209,564**
2010				
As at 1 January	832,908	91,555	3,833,363	4,757,826
Profit/Total comprehensive income for the year	-	-	815,140	815,140
Transactions with owners, recorded directly in equity				
Dividend paid	-	-	(991,006)	(991,006)
Share-based payment	-	34,465	-	34,465
Shares issued	73,501	-	-	73,501
Total transactions with owners	73,501	34,465	(991,006)	(883,040)
As at 31 December	906,409	126,020	3,657,497	4,689,926

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	Note	2011 $'000	2010 $'000 Restated
Operating activities			
Operating profit		**1,897,307**	1,556,311
Adjustments:			
Depreciation and amortisation		**208,571**	188,633
Share-based payment expenses		**51,274**	38,437
Profit on sale of fixed assets and investment properties		**(26,959)**	(4,949)
Impairment of assets		**-**	10,715
Operational cash flow before changes in working capital		**2,130,193**	1,789,147
Working capital changes:			
Stocks & work-in-progress		**(1,856,459)**	(594,375)
Debtors		**(314,907)**	(292,304)
Creditors		**563,681**	(65,033)
Investments		**(217,518)**	(71,646)
Intangibles		**(10,199)**	(5,256)
Advances to associated companies		**(223,772)**	928
Translation of foreign subsidiaries		**9,414**	(73,660)
		80,433	687,801
Interest received		**119,032**	112,888
Interest paid		**(98,118)**	(57,223)
Income taxes paid, net of refunds received		**(343,424)**	(293,226)
Net cash (used in)/from operating activities		**(242,077)**	450,240
Investing activities			
Acquisition of subsidiary and business	A	**-**	(49,184)
Advance payment for acquisition of a subsidiary		**(207,930)**	-
Acquisition and further investment in associated companies		**(477,340)**	(343,788)
Acquisition of fixed assets and investment properties		**(875,773)**	(873,073)
Proceeds from disposal of interest in a subsidiary		**-**	16,281
Disposal of subsidiaries	B	**(153)**	-
Return of capital and disposal of associated companies		**53,970**	303,165
Proceeds from disposal of fixed assets and investment properties		**73,936**	58,430
Dividend received from investments and associated companies		**175,516**	245,119
Net cash used in investing activities		**(1,257,774)**	(643,050)
Financing activities			
Proceeds from share issues		**99,281**	73,501
Proceeds from non-controlling shareholders of subsidiaries		**245,275**	5,091
Proceeds from disposal of interest in a subsidiary		**24,991**	-
Proceeds from term loans		**1,231,567**	3,221,224
Repayment of term loans		**(422,128)**	(921,644)
Acquisition of additional shares in subsidiaries		**(22,211)**	(117,464)
Dividend paid to shareholders of the Company		**(723,857)**	(627,183)
Dividend paid to non-controlling shareholders of subsidiaries		**(157,867)**	(129,580)
Net cash from financing activities		**275,051**	1,503,945
Net (decrease)/increase in cash and cash equivalents		**(1,224,800)**	1,311,135
Cash and cash equivalents as at 1 January		**4,245,254**	2,934,119
Cash and cash equivalents as at 31 December	C	**3,020,454**	4,245,254

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows

		2011 $'000	2010 $'000
A.	**Acquisition of Subsidiary and Business**		
	In prior year, the fair values of net assets of subsidiary and business acquired were as follows:		
	Fixed assets	**-**	123,536
	Investments	**-**	185
	Long term receivables	**-**	120
	Stocks & work-in-progress	**-**	8,425
	Debtors	**-**	20,764
	Bank balances and cash	**-**	16,643
	Creditors	**-**	(25,679)
	Amounts due to associated companies	**-**	(494)
	Current tax	**-**	(415)
	Term loans	**-**	(10,625)
	Non-controlling interests	**-**	(16,973)
		-	115,487
	Goodwill on consolidation (Note 11)	**-**	10,560
	Amount previously accounted for as associated company	**-**	(42,689)
	Purchase consideration	**-**	83,358
	Less: Purchase consideration payable	**-**	(17,531)
	Less: Bank balances and cash acquired	**-**	(16,643)
	Cash flow on acquisition net of cash acquired	**-**	49,184
B.	**Disposal of Subsidiaries**		
	During the financial year, the book values of net assets of subsidiaries disposed were as follows:		
	Fixed assets	**(258)**	(1,007)
	Long term receivables	**-**	(589,440)
	Stocks & work-in-progress	**(932)**	(14,538)
	Debtors	**(297)**	(86,376)
	Bank balances and cash	**(1,583)**	(57,949)
	Creditors	**5,388**	21,492
	Current and deferred tax	**120**	14,441
	Non-controlling interests	**420**	-
		2,858	(713,377)
	Amount accounted for as associated company	**-**	349,552
	Amount accounted for as advance from associated company	**-**	(57,947)
	Distribution of dividend in specie (less expenses)	**-**	363,823
		2,858	(57,949)
	Net profit on disposal	**(4,288)**	-
	Sale proceeds	**(1,430)**	(57,949)
	Add: Bank balances and cash disposed	**1,583**	57,949
	Cash outflow on disposal net of cash disposed	**153**	-
C.	**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)	**3,020,454**	4,245,990
	Bank overdrafts (Note 20)	**-**	(736)
		3,020,454	4,245,254

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, logistics and data centres;
- 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 2011 and the balance sheet and statement of changes in equity of the Company at 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2012.

2. Significant accounting 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 2011. 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 24 (Revised)	Related Party Disclosures
Amendments to FRS 32	Financial Instruments: Presentation - Amendments relating to Classification of Rights Issues
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
INT FRS 115	Agreements for the Construction of Real Estate
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments
Improvements to FRSs (issued in 2010)	

2. Significant accounting policies (continued)

The adoption of the above FRS and INT FRS did not have any significant impact on the financial statements of the Group, except as disclosed below:

INT FRS 115 Agreements for the Construction of Real Estate
On 26 August 2010, the Accounting Standards Council ("ASC") issued INT FRS 115 with an accompanying note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework. INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that such contracts which are not classified as construction contracts in accordance with FRS 11 Construction Contracts can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Following the implementation of INT FRS 115 and its Accompanying Note with effect from 1 January 2011, the Group has adopted the completion of construction ("COC") method to account for its overseas trading projects after taking into consideration the legal framework and industry practices in those countries in which the Group operates.

For Singapore trading projects under progressive payment scheme, the Group has continued to apply the POC method. The ASC has issued a clarification note on 7 June 2011 to highlight that the Accompanying Note does not address the accounting treatment for sales under deferred payment scheme ("DPS"). With this clarification note and after various consultations, sales of real estate under DPS have to be accounted under the COC method instead of the POC method in the previous financial years.

The change in accounting policy has been applied retrospectively. The effects of adopting INT FRS 115 are as follows:

	2011 $'000	2010 $'000
Group Profit and Loss Account		
Decrease in revenue	**(507,875)**	(643,314)
Decrease in materials and subcontract costs	**236,764**	443,131
Increase in share of results of associated companies	**5,015**	62,962
Decrease in taxation	**39,381**	20,572
Decrease in profit for the year	**(226,715)**	(116,649)
Attributable to:		
Shareholders of the Company	**(225,090)**	(111,920)
Non-controlling interests	**(1,625)**	(4,729)
	(226,715)	(116,649)
Decrease in basic EPS before exceptional items	**12.7 cts**	6.3 cts
Decrease in diluted EPS before exceptional items	**12.5 cts**	6.3 cts

	2011 $'000	2010 $'000	2009 $'000
Group Balance Sheet			
Decrease in revenue reserves	**(549,492)**	(324,402)	(212,482)
Decrease in non-controlling interests	**(119,338)**	(117,713)	(112,984)
Decrease in associated companies	**(15,689)**	(19,819)	(72,101)
Decrease in stocks & work-in-progress in excess of related billings	**(771,812)**	(500,701)	(300,518)
Decrease in taxation	**(22,442)**	(29,620)	(22,436)
Decrease in deferred taxation	**(96,229)**	(48,785)	(24,717)

(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 acquisition 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. Acquisition-related costs are recognised in profit or loss as incurred. 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 non-controlling interest.

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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

On a transaction-by-transaction basis, the measurement of non-controlling interests (previously referred to as 'minority' interests) is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss.

(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:

Buildings on freehold land	20 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 5 to 80 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	1 to 41 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.

2. Significant accounting policies (continued)

(d) Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations 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.

Where there is a change in use, transfers to or from investment properties to another asset category are at the carrying values of the properties at the date of transfer.

(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. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Other Intangible Assets

Intangible assets include development expenditure and customer contracts. 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 3 to 17 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.

(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.

2. Significant accounting policies (continued)

(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, financing charges and other net costs 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 completion of construction, 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 recognises 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.

(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.

2. Significant accounting policies (continued)

(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 completion of construction method;
- 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, which are held for sale is based on the following methods:

- For Singapore trading properties under progressive payment scheme, 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 Singapore trading projects under deferred payment scheme and overseas trading properties, profit recognition is recognised upon the transfer of significant risks and rewards of ownership to the purchasers under the completion of construction method; and

- 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.

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.

(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.

2. Significant accounting policies (continued)

(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 and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued.

(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) Segment Reporting

The Group has four reportable segments, namely Offshore & Marine, Infrastructure, Property and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

(w) 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.

2. Significant accounting policies (continued)

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.

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 percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumptions are 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 assumptions are 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, latent defects 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			
	Number of Shares		Amount	
	2011	2010	**2011 $'000**	2010 $'000
Ordinary Shares ("Shares")				
Issued and paid up:				
Balance 1 January	**1,605,513,880**	1,594,496,680	**906,409**	832,908
Bonus issue	**161,883,330**	-	**-**	-
Issued during the financial year	**16,319,541**	11,017,200	**109,703**	73,501
Balance 31 December	**1,783,716,751**	1,605,513,880	**1,016,112**	906,409

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

On 6 May 2011, 161,883,330 bonus shares had been allotted and issued pursuant to the bonus issue at one bonus share for every ten existing ordinary share ("bonus issue").

During the financial year, the Company issued 15,064,000 Shares for cash upon exercise of options under the KCL Share Option Scheme. This comprised 70,000 Shares at $3.01 per Share, 354,500 Shares at $3.81 per Share, 360,000 Shares at $5.46 per Share, 767,800 Shares at $5.60 per Share, 1,232,800 Shares at $6.75 per Share, 1,998,930 Shares at $8.09 per Share, 49,700 Shares at $11.56 per Share, 1,885,900 Shares at $8.85 per Share, 1,782,470 Shares at $9.12 per Share, 5,666,100 Shares at $3.46 per Share, 774,000 Shares at $7.25 per Share and 121,800 Shares at $7.28 per Share.

During the financial year, 1,255,541 Shares vested under the KCL Restricted Share Plan.

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
Danny Teoh

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

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 2010 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:

	2011		2010	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**53,391,000**	**$8.40**	59,594,000	^ $8.15
Granted	**-**	**-**	8,079,000	$8.01
Exercised	**(15,064,000)**	**$6.59**	(11,017,200)	$6.55
Cancelled	**(808,200)**	**$9.02**	(3,264,800)	$9.24
Share adjustment for bonus issue	**4,097,220**	**$8.07**	-	-
Balance at 31 December	**41,616,020**	**$8.21**	53,391,000	$8.40
Exercisable at 31 December	**33,403,420**	**$8.44**	30,561,000	$9.70

^ Weighted average exercise price adjusted for dividend in specie in K-Green Trust's units

The weighted average share price at the date of exercise for options exercised during the financial year was $11.39 (2010: $9.84). The options outstanding at the end of the financial year had a weighted average exercise price of $8.21 (2010: $8.40) and a weighted average remaining contractual life of 6.6 years (2010: 7.6 years).

On 9 February 2010, the Company granted 8,079,000 options under the KCL Share Option Scheme. The estimated fair value of the options granted was $1.97 per share. The fair value was determined using the Black-Scholes pricing model. The significant inputs into the model were as follows:

	2010
Date of grant	09.02.2010
Prevailing share price at grant	$8.24
Exercise price	$8.24
Expected volatility	42.98%
Expected life	4.0 years
Risk free rate	1.15%
Expected dividend yield	4.61%

The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 4.0 years. The expected lives used in the model had 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.

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP and the KCL PSP are as follows:

	KCL RSP	KCL PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	a) Economic Value Added b) Absolute Total Shareholder's Return c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN)
Final Award	0% or 100% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfillment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfillment of service requirements

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

	2011		2010	
	KCL RSP	**KCL PSP**	KCL RSP	KCL PSP
Balance at 1 January	**3,757,966**	**680,000**	-	-
Adjustment for bonus issue	**240,945**	**68,000**	-	-
Granted	**4,175,900**	**640,000**	3,796,500	680,000
Vested	**(1,255,541)**	**-**	-	-
Cancelled	**(108,223)**	**-**	(38,534)	-
Balance at 31 December	**6,811,047**	**1,388,000**	3,757,966	680,000

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2011, there were 2,652,870 (2010: Nil) restricted shares that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 4,158,177 (2010: 3,757,966) under the KCL RSP and 1,388,000 (2010: 680,000) under the KCL PSP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could be zero or 4,158,177 under the KCL RSP and range from zero to a maximum of 2,082,000 under the KCL PSP.

The fair values of the contingent award of shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

3. Share capital (continued)

On 30 June 2011 (2010: 30 June 2010), the Company granted contingent awards of 4,175,900 (2010: 3,796,500) shares under the KCL RSP and 640,000 (2010: 680,000) shares under the KCL PSP. The estimated fair value of the shares granted ranges from $10.12 to $10.92 (2010: $7.72 to $8.30) under the KCL RSP and amounts to $10.29 (2010: $7.92) under the KCL PSP. The significant inputs into the model are as follows:

	2011		2010	
	KCL RSP	**KCL PSP**	KCL RSP	KCL PSP
Date of grant	**30.06.2011**	**30.06.2011**	30.06.2010	30.06.2010
Prevailing share price at date of grant	**$11.08**	**$11.08**	$8.51	$8.51
Expected volatility:				
Company	**45.99%**	**45.99%**	47.54%	47.54%
MXAPJIN	**#**	**37.11%**	#	40.13%
Correlation with MXAPJIN	**#**	**84.50%**	#	82.60%
Expected term	**0.5 - 2.5 years**	**2.5 years**	0.5 - 2.5 years	2.5 years
Risk free rate	**0.43% - 0.54%**	**0.54%**	0.42% - 0.53%	0.53%
Expected dividend yield	*****	*****	*	*

This input is not required for the valuation of shares granted under the KCL RSP.
* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price and the MXAPJIN price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

Details of share plans 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**	
	2011 $'000	2010 $'000 Restated	2009 $'000 Restated	**2011 $'000**	2010 $'000
Capital Reserves					
Share option and share plan reserve	**175,969**	137,410	100,777	**161,496**	126,020
Fair value reserve	**199,046**	370,162	231,920	**-**	-
Hedging reserve	**(7,296)**	95,474	141,999	**-**	-
Bonus issue by subsidiaries	**40,000**	40,000	40,000	**-**	-
Others	**52,638**	10,578	25,593	**-**	-
	460,357	653,624	540,289	**161,496**	126,020
Revenue Reserves	**6,049,411**	4,994,434	4,482,996	**4,031,956**	3,657,497
Foreign Exchange Translation Account	**(135,498)**	(139,083)	(83,328)	**-**	-
	6,374,270	5,508,975	4,939,957	**4,193,452**	3,783,517

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity.

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						
2011						
Cost						
At 1 January	**121,558**	**1,353,706**	**320,642**	**1,991,375**	**256,398**	**4,043,679**
Additions	**8,507**	**22,854**	**5,163**	**45,193**	**553,566**	**635,283**
Disposals	**(1,225)**	**(10,124)**	**(30,127)**	**(34,908)**	**-**	**(76,384)**
Write-off	**-**	**-**	**(1,202)**	**(1,005)**	**(5)**	**(2,212)**
Subsidiary disposed	**-**	**(67)**	**-**	**(1,463)**	**-**	**(1,530)**
Reclassification						
- Stocks	**-**	**13,559**	**-**	**-**	**-**	**13,559**
- Investment properties	**-**	**24,500**	**-**	**64,500**	**-**	**89,000**
- Other assets	**9**	**76**	**(12,276)**	**(2,460)**	**(698)**	**(15,349)**
- Other fixed assets categories	**(26,645)**	**47,559**	**132,019**	**60,882**	**(213,815)**	**-**
Exchange differences	**338**	**(5,279)**	**(1,975)**	**(3,964)**	**(706)**	**(11,586)**
At 31 December	**102,542**	**1,446,784**	**412,244**	**2,118,150**	**594,740**	**4,674,460**
Accumulated Depreciation & Impairment Losses						
At 1 January	**33,757**	**572,107**	**141,732**	**1,052,933**	**-**	**1,800,529**
Depreciation charge	**3,616**	**52,052**	**24,472**	**121,855**	**-**	**201,995**
Impairment loss (Note 26)	**891**	**16,900**	**-**	**-**	**-**	**17,791**
Disposals	**(636)**	**(4,147)**	**(9,229)**	**(32,313)**	**-**	**(46,325)**
Write-off	**-**	**-**	**(1,023)**	**(782)**	**-**	**(1,805)**
Subsidiary disposed	**-**	**(66)**	**-**	**(1,206)**	**-**	**(1,272)**
Reclassification						
- Stocks	**-**	**-**	**-**	**248**	**-**	**248**
- Other assets	**25**	**67**	**(4,166)**	**(2,031)**	**-**	**(6,105)**
- Other fixed assets categories	**-**	**260**	**-**	**(260)**	**-**	**-**
Exchange differences	**(117)**	**(2,816)**	**(762)**	**(2,418)**	**-**	**(6,113)**
At 31 December	**37,536**	**634,357**	**151,024**	**1,136,026**	**-**	**1,958,943**
Net Book Value	**65,006**	**812,427**	**261,220**	**982,124**	**594,740**	**2,715,517**

5. Fixed assets (continued)

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery & Equipment $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2010						
Cost						
At 1 January	54,337	1,333,783	233,049	1,855,079	278,232	3,754,480
Additions	147	30,454	48,017	52,817	99,405	230,840
Disposals	-	(2,573)	(22,797)	(20,062)	-	(45,432)
Write-off	(22)	(68)	-	(4,751)	(7,442)	(12,283)
Subsidiary acquired	68,377	3,762	44,033	60,517	-	176,689
Subsidiaries disposed	-	-	-	(1,239)	-	(1,239)
Reclassification						
- Stocks	-	-	-	(946)	-	(946)
- Investment properties	(676)	-	-	162	-	(514)
- Other assets	(92)	(7,615)	-	(30)	(945)	(8,682)
- Other fixed assets categories	606	16,100	21,247	71,480	(109,433)	-
Exchange differences	(1,119)	(20,137)	(2,907)	(21,652)	(3,419)	(49,234)
At 31 December	121,558	1,353,706	320,642	1,991,375	256,398	4,043,679
Accumulated Depreciation & Impairment Losses						
At 1 January	18,852	522,729	125,689	930,038	-	1,597,308
Depreciation charge	2,319	48,382	22,760	113,254	-	186,715
Impairment loss (Note 26)	-	10,319	-	17,453	-	27,772
Disposals	-	(1,742)	(11,532)	(16,839)	-	(30,113)
Write-off	(22)	(470)	(3,913)	(3,634)	-	(8,039)
Subsidiary acquired	13,254	2,539	10,522	26,838	-	53,153
Subsidiaries disposed	-	-	-	(232)	-	(232)
Reclassification						
- Stocks	-	-	-	178	-	178
- Other assets	(26)	(1,158)	-	(89)	-	(1,273)
- Other fixed assets categories	-	450	-	(450)	-	-
Exchange differences	(620)	(8,942)	(1,794)	(13,584)	-	(24,940)
At 31 December	33,757	572,107	141,732	1,052,933	-	1,800,529
Net Book Value	87,801	781,599	178,910	938,442	256,398	2,243,150

During the financial year, the Group recognised impairment losses of $17,791,000 (2010: $27,772,000) which relates to write-down of non-performing assets in the Property and Investment divisions.

Certain plant, machinery and equipment with carrying amount of $74,754,000 (2010: $83,665,000) are mortgaged to banks for loan facilities (Note 19).

Interest capitalised during the financial year amounted to $1,444,000 (2010: $Nil).

	Freehold Land & Buildings $'000	Plant, Machinery & Equipment $'000	Total $'000
Company			
2011			
Cost			
At 1 January	**6,569**	**6,867**	**13,436**
Additions	**-**	**101**	**101**
Disposals	**-**	**(80)**	**(80)**
At 31 December	**6,569**	**6,888**	**13,457**
Accumulated Depreciation			
At 1 January	**1,793**	**6,523**	**8,316**
Depreciation charge	**41**	**209**	**250**
Impairment loss	**891**	**-**	**891**
Disposals	**-**	**(80)**	**(80)**
At 31 December	**2,725**	**6,652**	**9,377**
Net Book Value	**3,844**	**236**	**4,080**
2010			
Cost			
At 1 January	6,569	7,046	13,615
Additions	-	133	133
Disposals	-	(312)	(312)
At 31 December	6,569	6,867	13,436
Accumulated Depreciation			
At 1 January	1,752	6,433	8,185
Depreciation charge	41	298	339
Disposals	-	(208)	(208)
At 31 December	1,793	6,523	8,316
Net Book Value	4,776	344	5,120

6. Investment properties

	Group	
	2011 **$'000**	2010 $'000
At 1 January	**3,207,539**	3,051,247
Acquisition of properties	**119,237**	379,891
Development expenditure	**225,336**	262,342
Fair value gain (Note 26)	**1,117,155**	64,719
Disposals	**(12,210)**	(32,258)
Reclassification		
- Fixed assets	**(53,117)**	514
- Stocks	**-**	(509,564)
Exchange differences	**6,167**	(9,352)
At 31 December	**4,610,107**	3,207,539

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 2011:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, and Cushman & Wakefield for properties in Singapore;
- Knight Frank Network Global and m3 Property Strategists for properties in Australia;
- DTZ Debenham Tie Leung (Vietnam) Co. Ltd for properties in Vietnam; and
- KJPP Wilson & Rekan (an affiliate of Knight Frank) for properties in Indonesia.

Interest capitalised during the financial year amounted to $551,000 (2010: $1,968,000).

Certain investment properties with carrying amount of $3,343,322,000 (2010: $2,024,600,000) are mortgaged to banks for loan facilities (Note 19).

7. Subsidiaries

	Company	
	2011 **$'000**	2010 $'000
Quoted shares, at cost		
Market value: $2,257,423,000 (2010: $4,276,939,000)	**1,925,049**	1,788,191
Unquoted shares, at cost	**2,478,111**	2,169,218
	4,403,160	3,957,409
Provision for impairment	**(475,000)**	(377,000)
	3,928,160	3,580,409

Movements in the provision for impairment of subsidiaries are as follows:

At 1 January	**377,000**	265,000
Charge to profit and loss account	**98,000**	112,000
At 31 December	**475,000**	377,000

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 38.

8. Associated companies

	Group			Company	
	2011 **$'000**	2010 $'000 Restated	2009 $'000 Restated	**2011** **$'000**	2010 $'000
Quoted shares, at cost Market value: $906,665,000 (2010: $885,408,000)	**563,986**	561,226	208,176	**-**	-
Unquoted shares, at cost	**1,341,158**	966,034	795,997	**-**	55
	1,905,144	1,527,260	1,004,173	**-**	55
Provision for impairment	**(166,687)**	(147,800)	(94,207)	**-**	-
	1,738,457	1,379,460	909,966	**-**	55
Share of reserves	**1,344,782**	1,156,956	455,448	**-**	-
	3,083,239	2,536,416	1,365,414	**-**	55
Advances to associated companies	**1,148,808**	1,050,488	1,285,654	**-**	-
	4,232,047	3,586,904	2,651,068	**-**	55

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2011 **$'000**	2010 $'000
At 1 January	**147,800**	94,207
Impairment loss (Note 26)	**18,869**	1,544
Reclassification	**-**	52,522
Exchange differences	**18**	(473)
At 31 December	**166,687**	147,800

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 0.78% to 3.58% (2010: 1.18% to 3.63%) per annum. During the financial year, the Group recognised an impairment loss of $18,869,000 (2010: $1,544,000) on investment in associated companies. The carrying amount of the associated companies were reduced to its recoverable amount, which was based on the estimated future cash flow from operations discounted to present value ranging from 6.37% to 15.00% (2010: 5.53% to 6.05%).

	Group	
	2011 **$'000**	2010 $'000 Restated
The share of net profit of associated companies is as follows:		
Share of profit before tax and exceptional items	**239,772**	278,211
Share of exceptional items (Note 26)	**208,245**	775,821
Share of profit before taxation	**448,017**	1,054,032
Share of taxation (Note 27)	**(80,571)**	(195,410)
Share of net profit #	**367,446**	858,622

This comprises share of net profit before exceptional items of $194,536,000 (2010: $230,577,000) and share of exceptional items (net of tax) of $172,910,000 (2010: $628,045,000).

8. Associated companies (continued)

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

	Group	
	2011 $'000	2010 $'000 Restated
Total assets	**19,160,688**	16,314,048
Total liabilities	**9,562,245**	8,003,543
Revenue	**4,913,441**	4,469,989
Net profit before exceptional items	**600,517**	723,128
Net profit after exceptional items	**1,098,739**	2,806,826

Information relating to significant associated companies whose results are included in the financial statements is given in Note 38.

9. Investments

	Group	
	2011 $'000	2010 $'000
Available-for-sale investments:		
Quoted equity shares	**107,772**	126,343
Unquoted equity shares	**68,339**	51,738
Unquoted property funds	**117,314**	104,130
Unquoted bonds	**17,334**	17,685
	310,759	299,896

10. Long term assets

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Advance payment and financing for acquisition of subsidiary	**207,930**	-	**-**	-
Staff loans	**2,586**	2,543	**534**	560
Long term trade receivables and others	**67,859**	27,534	**-**	-
	278,375	30,077	**534**	560
Less: Amounts due within one year and included in debtors (Note 14)	**(11,315)**	(1,431)	**(195)**	(200)
	267,060	28,646	**339**	360

The advance payment for acquisition of subsidiary includes the acquisition of a 100% interest in Aether Pte Ltd for a consideration of $167,400,000 (Note 36), and other advances required under the terms of the acquisition.

Included in staff loans are interest free advances to certain Directors amounting to $130,000 (2010: $259,000) and to directors of related corporations amounting to $359,000 (2010: $221,000) under an approved car loan scheme.

Long term receivables are unsecured, largely repayable after five years and bears effective interest ranging from 2.00% to 13.00% (2010: 2.00% to 13.00%) per annum.

The fair value of long term receivables for the Group is $69,944,000 (2010: $28,329,000). 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	Customer Contracts $'000	Total $'000
Group				
2011				
At 1 January	**72,949**	**11,232**	**23,495**	**107,676**
Additions	**-**	**11,040**	**-**	**11,040**
Amortisation	**-**	**(5,108)**	**(1,468)**	**(6,576)**
Impairment loss (Note 26)	**(13,538)**	**-**	**-**	**(13,538)**
Exchange differences	**(141)**	**112**	**-**	**(29)**
At 31 December	**59,270**	**17,276**	**22,027**	**98,573**
Cost	**59,270**	**32,474**	**24,963**	**116,707**
Accumulated amortisation	**-**	**(15,198)**	**(2,936)**	**(18,134)**
	59,270	**17,276**	**22,027**	**98,573**
2010				
At 1 January	87,004	3,114	-	90,118
Additions	10,560	5,256	-	15,816
Amortisation	-	(450)	(1,468)	(1,918)
Impairment loss (Note 26)	-	(314)	-	(314)
Reclassification	(24,615)	3,883	24,963	4,231
Exchange differences	-	(257)	-	(257)
At 31 December	72,949	11,232	23,495	107,676
Cost	72,949	21,050	24,963	118,962
Accumulated amortisation	-	(9,818)	(1,468)	(11,286)
	72,949	11,232	23,495	107,676

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Goodwill allocated to Offshore & Marine division amounted to $2,092,000 (2010: $15,771,000). 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 7.32% to 15.25% (2010: 7.32% to 15.25%). 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.

11. Intangibles (continued)

Goodwill allocated to Infrastructure division amounted to $57,178,000 (2010: $57,178,000). The recoverable amount of goodwill at balance sheet date is based on current bid prices of the cash-generating unit.

During the current financial year, goodwill allocated to Offshore & Marine division of $13,538,000 was impaired as the recoverable amount based on value-in-use calculation using the most recent financial budgets approved by management for the next five years was lower than the carrying amount.

12. Stocks and work-in-progress

		Group		
		2011 $'000	2010 $'000 Restated	2009 $'000 Restated
Work-in-progress in excess of related billings	(a)	**1,118,214**	605,210	648,925
Stocks	(c)	**326,646**	164,400	248,109
Properties held for sale	(d)	**4,774,085**	3,170,516	1,980,630
		6,218,945	3,940,126	2,877,664
Billings on work-in-progress in excess of related costs	(b)	**(1,863,881)**	(1,638,193)	(1,683,392)

(a) Work-in-Progress in excess of Related Billings

	2011	2010	2009
Costs incurred and attributable profits	**8,203,393**	2,279,293	7,027,504
Provision for loss on work-in-progress	**(4,137)**	(3,651)	(2,809)
	8,199,256	2,275,642	7,024,695
Less: Progress billings	**(7,081,042)**	(1,670,432)	(6,375,770)
	1,118,214	605,210	648,925

Movements in the provision for loss on work-in-progress are as follows:

	2011	2010	2009
At 1 January	**3,651**	2,809	1,534
Charge to profit and loss account	**486**	1,597	1,963
Amount utilised	**-**	(768)	(611)
Exchange differences	**-**	13	(77)
At 31 December	**4,137**	3,651	2,809

(b) Billings on Work-in-Progress in excess of Related Costs

	2011	2010	2009
Costs incurred and attributable profits	**9,166,938**	14,541,819	11,753,627
Less: Progress billings	**(11,030,819)**	(16,180,012)	(13,437,019)
	(1,863,881)	(1,638,193)	(1,683,392)

(c) Stocks

	2011	2010	2009
Consumable materials and supplies	**293,471**	161,620	235,984
Finished products for sale	**33,175**	2,780	12,125
	326,646	164,400	248,109

		Group	
	2011 **$'000**	2010 $'000 Restated	2009 $'000 Restated
(d) Properties Held For Sale			
Properties under development			
Land cost	**2,768,549**	2,493,896	1,450,638
Development cost incurred to date	**703,193**	1,334,228	882,035
Related overhead expenditure	**300,351**	555,463	462,374
Progress billing* and recognised profit	**(660,278)**	(1,220,978)	(982,004)
	3,111,815	3,162,609	1,813,043
Completed properties held for sale	**1,703,286**	51,854	215,788
	4,815,101	3,214,463	2,028,831
Provision for properties held for sale	**(41,016)**	(43,947)	(48,201)
	4,774,085	3,170,516	1,980,630

* Progress billing includes deferred revenue relating to agreements whose revenue are recognised on a completion of construction basis, which amounts to $386,635,000 (2010: $988,709,000, 2009: $828,421,000).

Movements in the provision for properties held for sale are as follows:

	2011	2010	2009
At 1 January	**43,947**	48,201	72,187
Charge to profit and loss account	**11,116**	3,128	(13,237)
Amount utilised	**(14,271)**	(7,378)	(10,739)
Exchange differences	**224**	(4)	(10)
At 31 December	**41,016**	43,947	48,201

The following table provides information about agreements that are in progress at the reporting date whose revenue are recognised on a percentage of completion basis:

	2011	2010	2009
Aggregate amount of costs incurred and recognised profit (less recognised losses) to date	**1,418,742**	2,086,761	1,029,747
Less: Progress billings	**(264,297)**	(332,537)	(204,682)
At 31 December	**1,154,445**	1,754,224	825,065

Interest capitalised during the financial year amounted to $47,975,000 (2010: $16,368,000) at rates ranging from 0.67% to 2.50% (2010: 1.00% to 2.50%) per annum for Singapore properties and 2.04% to 23.30% (2010: 2.88% to 15.50%) per annum for overseas properties.

Certain properties held for sale with carrying amount of $778,508,000 (2010: $444,705,000) are mortgaged to banks for loan facilities (Note 19).

13. Amounts due from/to

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Subsidiaries				
Amounts due from				
- trade	**-**	-	**6,998**	6,876
- advances	**-**	-	**2,204,415**	1,731,997
	-	-	**2,211,413**	1,738,873
Provision for doubtful debts	**-**	-	**(6,600)**	(6,600)
	-	-	**2,204,813**	1,732,273
Amounts due to				
- trade	**-**	-	**157,426**	161,893
- advances	**-**	-	**72,426**	79,899
	-	-	**229,852**	241,792

Movements in the provision for doubtful debts are as follows:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
At 1 January/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 0.05% to 5.35% (2010: 0.07% to 5.25%) per annum on interest-bearing advances.

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Associated Companies				
Amounts due from				
- trade	**106,094**	76,959	**1,483**	2,575
- advances	**297,919**	228,872	**-**	-
	404,013	305,831	**1,483**	2,575
Provision for doubtful debts	**(238)**	(669)	**-**	-
	403,775	305,162	**1,483**	2,575
Amounts due to				
- trade	**9,371**	5,867	**-**	-
- advances	**54,547**	174,742	**-**	-
	63,918	180,609	**-**	-

Movements in the provision for doubtful debts are as follows:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
At 1 January	**669**	6,136	**-**	-
Write-back to profit and loss account	**(431)**	(5,467)	**-**	-
At 31 December	**238**	669	**-**	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.14% to 12.50% (2010: 0.18% to 12.50%) per annum on interest-bearing advances.

14. Debtors

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Trade debtors	**1,249,437**	1,053,217	**-**	-
Provision for doubtful debts	**(39,367)**	(39,156)	**-**	-
	1,210,070	1,014,061	**-**	-
Long term receivables due within one year (Note 10)	**11,315**	1,431	**195**	200
Sundry debtors	**83,154**	62,598	**853**	371
Prepaid project cost & prepayments	**85,628**	57,275	**210**	197
Derivative financial instruments (Note 33)	**96,736**	106,488	**76,541**	81,228
Tax recoverable	**21,652**	23,189	**-**	-
Goods & Services Tax receivable	**92,094**	88,466	**-**	-
Interest receivable	**14,701**	19,751	**31**	42
Deposits paid	**19,479**	18,246	**334**	378
Land tender deposits	**38,020**	140,021	**-**	-
Advance land payments	**115,493**	241,796	**-**	-
Recoverable accounts	**42,057**	41,765	**-**	-
Accrued receivables	**17,981**	9,459	**-**	-
Advances to subcontractors	**103,294**	116,386	**-**	-
Advances to corporations in which the Group has investment interests	**249**	250	**-**	-
Advances to non-controlling shareholders of subsidiaries	**104,474**	44,759	**-**	-
	846,327	971,880	**78,164**	82,416
Provision for doubtful debts	**(28,464)**	(26,948)	**-**	-
	817,863	944,932	**78,164**	82,416
Total	**2,027,933**	1,958,993	**78,164**	82,416

Movements in the provision for debtors are as follows:

	Group 2011	Group 2010	Company 2011	Company 2010
At 1 January	**66,104**	64,372	**-**	-
Charge to profit and loss account	**4,619**	5,609	**-**	-
Amount written off	**(2,370)**	(2,598)	**-**	-
Subsidiary disposed	**(228)**	-	**-**	-
Exchange differences	**(294)**	(1,279)	**-**	-
At 31 December	**67,831**	66,104	**-**	-

15. Short term investments

	Group	
	2011 $'000	2010 $'000
Available-for-sale investments:		
Quoted equity shares	**349,153**	412,438
Unquoted equity shares	**129,842**	1,223
Unquoted unit trust	**42,704**	52,323
Total available-for-sale investments	**521,699**	465,984
Investments held for trading:		
Quoted equity shares	**55,701**	70,888
Total short term investments	**577,400**	536,872

16. Bank balances, deposits and cash

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Bank balances and cash	**1,023,667**	1,225,434	**1,563**	2,845
Fixed deposits with banks	**1,731,377**	2,910,461	**58**	204,228
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**23,635**	24,141	**-**	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**241,775**	85,954	**-**	-
	3,020,454	4,245,990	**1,621**	207,073

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (2010: 1 day to 3 months). This comprised Singapore dollar fixed deposits of $338,506,000 (2010: $1,474,593,000) at interest rates ranging from 0.02% to 4.47% (2010: 0.00% to 1.13%) per annum, and foreign currency fixed deposits of $1,392,871,000 (2010: $1,435,868,000) at interest rates ranging from 0.00% to 18.65% (2010: 0.00% to 14.00%) per annum.

Fixed deposits with banks of the Company mature on varying periods, substantially in 2 months (2010: 5 days). This comprised foreign currency fixed deposits of $58,000 (2010: $204,228,000) at interest rate of 0.90% (2010: 0.28% to 1.20%) per annum.

17. Creditors

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Trade creditors	**850,953**	682,357	**-**	38
Customers' advances and deposits	**98,334**	74,999	**57**	57
Derivative financial instruments (Note 33)	**141,422**	51,720	**90,665**	26,950
Sundry creditors	**1,000,570**	754,078	**3,404**	16,905
Accrued operating expenses	**2,720,461**	2,305,512	**136,798**	90,980
Advances from non-controlling shareholders	**361,795**	337,410	**-**	-
Retention monies	**132,489**	119,756	**-**	-
Interest payables	**17,243**	17,131	**3,472**	3,505
	5,323,267	4,342,963	**234,396**	138,435

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.93% to 12.00% (2010: 1.04% to 6.00%) per annum on interest-bearing loans.

18. Provisions

	Warranties $'000	Claims $'000	Total $'000
Group			
2011			
At 1 January	**68,198**	**15,388**	**83,586**
Write-back to profit and loss account	**(5,887)**	**(296)**	**(6,183)**
Amount utilised	**(172)**	**-**	**(172)**
Reclassification	**-**	**(86)**	**(86)**
Exchange differences	**531**	**(2)**	**529**
At 31 December	**62,670**	**15,004**	**77,674**
2010			
At 1 January	60,953	7,903	68,856
Charge to profit and loss account	11,213	14,989	26,202
Amount utilised	(963)	(2,000)	(2,963)
Reclassification	-	(5,500)	(5,500)
Exchange differences	(3,005)	(4)	(3,009)
At 31 December	68,198	15,388	83,586

19. Term loans

		2011		2010	
		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)	**-**	**500,000**	-	500,000
Keppel Land Medium Term Notes	(b)	**50,000**	**330,000**	20,000	380,000
Keppel Land 2.5% Convertible Bonds 2013	(c)	**-**	**289,426**	282,536	-
Keppel Land 1.875% Convertible Bonds 2015	(d)	**-**	**482,683**	-	478,436
Keppel Structured Notes Commodity-linked Notes	(e)	**-**	**-**	41,920	-
Bank and other loans					
- secured	(f)	**444,098**	**912,950**	29,808	1,221,141
- unsecured	(g)	**314,377**	**1,553,637**	17,500	1,096,391
		808,475	**4,068,696**	391,764	3,675,968
Company					
Keppel Corporation Medium Term Notes	(a)	**-**	**500,000**	-	500,000
Unsecured bank loans		**17,668**	**-**	9,047	-
		17,668	**500,000**	9,047	500,000

(a) The $500,000,000 Fixed Rate Notes due 2020 were issued in 2010 under the US$600,000,000 Multi-Currency Medium Term Note Programme by the Company. The notes were unsecured and carried fixed interest rate at 3.10% per annum.

(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 $380,000,000. The notes are unsecured and are issued in series or tranches, and comprised fixed rate notes due 2012 to 2017 of $380,000,000. Interest payable is based on money markets rates ranging from 2.67% to 4.25% (2010: 2.67% to 4.25%) per annum.

(c) The $300,000,000 2.50%, 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. As the 2006 Bond may be redeemed at the option of the bondholders on 23 June 2011, it was reclassified to short-term borrowings in 2010. As no bondholder exercised the option on 23 June 2011, the 2006 Bond has been reclassified to long-term borrowings during the year.

The convertible bonds are recognised on the balance sheet as follows:

	Group	
	2011 $'000	2010 $'000
Balance at 1 January	**282,536**	275,925
Interest expense	**14,390**	14,111
Interest paid	**(7,500)**	(7,500)
Liability component at 31 December	**289,426**	282,536

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 4.78% (2010: 4.78%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

(d) The $500,000,000 1.875%, 5 year convertible bonds were issued in 2010 by Keppel Land Limited. Interest is payable semi-annually. The bonds, maturing on 29 November 2015, are convertible at the option of bondholders to Keppel Land ordinary shares at a conversion price of $6.72 per share. Any bondholder may request to redeem all of its bonds 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	
	2011 $'000	2010 $'000
At 1 January	**478,436**	-
Face value of convertible bonds issued	**-**	500,000
Equity conversion component, net of deferred tax liability	**-**	(12,050)
Deferred tax liability	**-**	(2,468)
Bond issue expenses	**-**	(7,400)
Liability component on initial recognition	**-**	478,082
Interest expense	**13,622**	1,135
Interest paid	**(9,375)**	(781)
Liability component at 31 December	**482,683**	478,436

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 2.50% (2010: 2.50%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

(e) 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 and have matured on 28 November 2011. The notes were unsecured and bore 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 were unconditionally and irrevocably guaranteed by the Company. KSN had 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 was that KSN paid an interest rate based on money market rates ranging from 0.77% to 1.21% per annum.

(f) The secured bank loans consist of:

- A $410,222,000 bank loan 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 0.66% to 0.81% (2010: 0.62% to 2.34%) per annum.

- A term loan of $158,600,000 drawn down by a subsidiary. The term loan is repayable in 2013 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 1.11% to 1.37% (2010: 1.37% to 1.60%) per annum.

- A term loan of $240,000,000 drawn down by a subsidiary. The term loan is repayable in 2014 and is secured on other assets of the subsidiary. Interest is based on money market rates ranging from 0.67% to 1.10% (2010: 1.00% to 1.10%) per annum.

19. Term loans (continued)

- Bank loans of $425,000,000 drawn down by a subsidiary. The term loans are repayable in 2015 and are secured on the investment properties of the subsidiary. Interest is based on money market rates ranging from 1.09% to 1.41% (2010: 1.24% to 1.35%) per annum.

- Term loans of $48,000,000 drawn down by subsidiaries. The term loans are repayable between one to five years and are secured on certain fixed assets of the subsidiaries. Interest is based on money market rates ranging from 0.68% to 0.90% (2010: 0.85% to 0.86%) per annum.

- Other secured bank loans comprised $75,226,000 of foreign currency loans. They are repayable between one to three 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 6.50% to 9.93% (2010: 6.25% to 11.75%) per annum.

(g) The unsecured bank and other loans of the Group totalling $1,868,014,000 comprised $1,446,010,000 of loans denominated in Singapore dollar and $422,004,000 of foreign currency loans. They are repayable between one to five years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 0.82% to 2.98% (2010: 0.85% to 2.54%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.90% to 23.30% (2010: 0.90% to 15.50%) per annum.

The net book value of property and assets mortgaged to the banks amounted to $4,196,584,000 (2010: $2,552,970,000). These are securities given to the banks for loans and overdraft facilities.

The fair values of term loans for the Group and Company are $4,918,390,000 (2010: $4,008,904,000) and $520,933,000 (2010: $481,832,000) respectively. These fair values are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		**Company**	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Years after year-end:				
After one but within two years	**937,206**	527,257	**-**	-
After two but within five years	**2,531,490**	2,548,711	**-**	-
After five years	**600,000**	600,000	**500,000**	500,000
	4,068,696	3,675,968	**500,000**	500,000

20. Bank overdrafts

	Group	
	2011 $'000	2010 $'000
Secured	**-**	718
Unsecured	**-**	18
	-	736

In the prior year, interest on the bank overdrafts was payable at the banks' prevailing prime rates ranging from 5.50% to 6.66% per annum. The secured bank overdrafts were secured by certain land and building of a subsidiary.

21. Deferred taxation

	Group			Company	
	2011 $'000	2010 $'000 Restated	2009 $'000 Restated	**2011 $'000**	2010 $'000
Deferred tax liabilities:					
Accelerated tax depreciation	**181,768**	161,896	167,141	**-**	-
Investment properties valuation	**352,927**	192,534	175,860	**-**	-
Offshore income & others	**93,235**	73,886	63,400	**4,936**	4,934
	627,930	428,316	406,401	**4,936**	4,934
Deferred tax assets:					
Other provisions	**(12,648)**	(13,821)	(13,498)	**-**	-
Unutilised tax benefits	**(8,590)**	(4,207)	(5,823)	**-**	-
	(21,238)	(18,028)	(19,321)	**-**	-
Net deferred tax liabilities	**606,692**	410,288	387,080	**4,936**	4,934

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 $501,582,000 (2010: $547,551,000) 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	Subsidiaries disposed $'000	Reclassifi-cation $'000	Exchange differences $'000	At 31 December $'000
Group							
2011							
Deferred Tax Liabilities							
Accelerated tax depreciation	**161,896**	**20,152**	**-**	**(8)**	**(132)**	**(140)**	**181,768**
Investment properties valuation	**192,534**	**160,633**	**-**	**-**	**-**	**(240)**	**352,927**
Offshore income & others	**73,886**	**19,467**	**(27)**	**45**	**(36)**	**(100)**	**93,235**
Total	**428,316**	**200,252**	**(27)**	**37**	**(168)**	**(480)**	**627,930**
Deferred Tax Assets							
Other provisions	**(13,821)**	**1,221**	**-**	**15**	**64**	**(127)**	**(12,648)**
Unutilised tax benefits	**(4,207)**	**(4,592)**	**-**	**-**	**212**	**(3)**	**(8,590)**
Total	**(18,028)**	**(3,371)**	**-**	**15**	**276**	**(130)**	**(21,238)**
Net Deferred Tax Liabilities	**410,288**	**196,881**	**(27)**	**52**	**108**	**(610)**	**606,692**
2010 (Restated)							
Deferred Tax Liabilities							
Accelerated tax depreciation	167,141	3,885	-	(12,659)	3,600	(71)	161,896
Investment properties valuation	175,860	16,917	-	-	382	(625)	192,534
Offshore income & others	63,400	12,887	688	-	(3,825)	736	73,886
Total	406,401	33,689	688	(12,659)	157	40	428,316
Deferred Tax Assets							
Other provisions	(13,498)	(310)	-	-	-	(13)	(13,821)
Unutilised tax benefits	(5,823)	1,244	-	-	-	372	(4,207)
Total	(19,321)	934	-	-	-	359	(18,028)
Net Deferred Tax Liabilities	387,080	34,623	688	(12,659)	157	399	410,288
Company							
2011							
Deferred Tax Liabilities							
Offshore income	**4,934**	**2**	**-**	**-**	**-**	**-**	**4,936**
2010							
Deferred Tax Liabilities							
Offshore income	5,377	(443)	-	-	-	-	4,934

22. Revenue

	Group	
	2011 $'000	2010 $'000 Restated
Revenue from construction contracts	**5,974,949**	5,931,575
Sale of property and goods		
- Recognised on completion on construction method	**431,489**	416,141
- Recognised on percentage of construction method	**712,942**	323,385
Sale of goods	**100,023**	97,898
Rental income from investment properties	**192,516**	192,705
Revenue from services rendered	**2,627,241**	2,165,992
Dividend income from quoted shares	**40,967**	6,182
Others	**2,340**	5,730
	10,082,467	9,139,608

23. Staff costs

	Group	
	2011 $'000	2010 $'000
Wages and salaries	**1,146,706**	1,078,364
Employer's contribution to Central Provident Fund	**102,113**	114,952
Share options and share plans granted to Directors and employees	**51,274**	38,437
Other staff benefits	**132,796**	135,324
	1,432,889	1,367,077

24. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2011 $'000	2010 $'000 Restated
Auditors' remuneration		
- auditors of the Company	**1,415**	1,409
- other auditors of subsidiaries	**4,597**	3,764
Fees and other remuneration to Directors of the Company	**1,533**	964
Shares granted to Directors of the Company	**368**	410
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**725**	801
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**34,227**	33,807
- post-employment benefits	**304**	100
- share options and share plans granted	**12,399**	7,993
Depreciation of fixed assets	**201,995**	186,715
Write-off of fixed assets and investment properties	**407**	4,244
Amortisation of intangibles	**6,576**	1,918
Profit on sale of fixed assets and investment properties	**(26,959)**	(4,949)
Profit on sale of investments	**(35,434)**	(11,795)

24. Operating profit (continued)

	Group	
	2011 $'000	2010 $'000 Restated
Fair value loss/(gain) on		
- investments	**27,980**	(8,028)
- forward foreign exchange contracts	**(14,111)**	(14,813)
- interest rate caps and swaps	**7,589**	1,742
(Write-back)/provision for		
- warranties	**(5,887)**	11,213
- claims	**(296)**	14,989
Provision for		
- work-in-progress	**486**	1,597
- properties held for sale	**11,116**	3,128
- stocks	**268**	379
Provision for doubtful debts		
- trade debts	**3,337**	4,055
- other debts	**1,282**	1,554
Bad debts written off/(recovered)		
- trade debts	**33**	(79)
- other debts	**98**	80
Cost of stocks & properties held for sale recognised as expense	**854,572**	518,443
Stocks recovered	**(60)**	(169)
Rental expense		
- operating leases	**76,162**	64,632
Direct operating expenses		
- investment properties that generated rental income	**61,927**	56,766
Loss on differences in foreign exchange	**14,318**	53,161
Non-audit fees paid to		
- auditors of the Company	**11**	135
- other auditors of subsidiaries	**1,313**	2,121

25. Investment income, interest income and interest expenses

	Group	
	2011 $'000	2010 $'000
Investment income from:		
Shares - quoted outside Singapore	**2,899**	2,055
Shares - unquoted	**21,690**	5,891
	24,589	7,946
Interest income from:		
Bonds, debentures, deposits and associated companies	**113,982**	111,350
Interest expenses on:		
Bonds, debentures, fixed term loans and overdrafts	**(90,641)**	(62,959)
Fair value loss on interest rate caps and swaps	**(7,589)**	(1,742)
	(98,230)	(64,701)

26. Exceptional items

	Group	
	2011 **$'000**	2010 $'000
Gain on disposal of subsidiaries, associated companies and investments	**25,309**	8,645
Impairment (loss)/write-back of:		
- Fixed assets (Note 5)	**(17,791)**	(27,772)
- Associated companies (Note 8)	**(18,869)**	(1,544)
- Long term receivables	**-**	55,000
- Intangibles (Note 11)	**(13,538)**	(314)
- Claims of certain overseas operations and others	**26,681**	(12,556)
Other assets written off	**-**	(9,984)
Loss provision for cost overruns and completion delays	**(141,783)**	(186,775)
Fair value gain on investment properties (Note 6)	**1,117,155**	64,719
Share of associated companies * (Note 8)	**208,245**	775,821
Cost associated with restructuring of operations and others	**(50,127)**	(4,139)
	1,135,282	661,101
Taxation (Note 27)	**(195,971)**	(164,150)
	939,311	496,951
Non-controlling interests	**(590,013)**	(293,019)
Attributable exceptional items	**349,298**	203,932

* This represents substantially the Group's share of fair value gain on investment properties of associated companies.

27. Taxation

(a) Income tax expense

	Group	
	2011 **$'000**	2010 $'000 Restated
Tax expense comprised:		
Current tax	**379,110**	330,089
Adjustment for prior year's tax	**(24,725)**	2,471
Share of taxation of associated companies (Note 8)	**80,571**	195,410
Others	**8,669**	(2,533)
Deferred tax movement:		
Movements in temporary differences (Note 21)	**196,881**	34,623
	640,506	560,060

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	
	2011 $'000	2010 $'000 Restated
Profit before tax and exceptional items	**2,177,420**	1,889,117
Tax calculated at tax rate of 17% (2010: 17%)	**370,161**	321,150
Income not subject to tax	**(80,809)**	(40,094)
Expenses not deductible for tax purposes	**138,449**	95,189
Utilisation of previously unrecognised tax benefits	**(21,566)**	(22,376)
Effect of different tax rates in other countries	**63,025**	39,570
Adjustment for prior year's tax	**(24,725)**	2,471
Tax expense of exceptional items (Note 26)	**195,971**	164,150
	640,506	560,060

(b) Movement in current income tax liabilities

	Group		Company	
	2011 $'000	2010 $'000 Restated	**2011 $'000**	2010 $'000
At 1 January	**455,079**	428,515	**26,147**	27,169
Exchange differences	**(1,151)**	(6,067)	**-**	-
Tax expense	**379,110**	330,089	**8,000**	8,000
Adjustment for prior year's tax	**(24,725)**	2,471	**(5,107)**	-
Income taxes paid	**(335,608)**	(301,546)	**(6,796)**	(9,022)
Subsidiary acquired	**-**	415	**-**	-
Subsidiaries disposed	**(172)**	(1,782)	**-**	-
Reclassification	**6,323**	2,924	**-**	-
Others	**55**	60	**-**	-
At 31 December	**478,911**	455,079	**22,244**	26,147

28. Earnings per ordinary share

	Group			
	2011 $'000		2010 $'000 Restated	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders before exceptional items	**1,491,214**	**1,491,214**	1,307,132	1,307,132
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies, before exceptional items	**-**	**(794)**	-	(760)
Adjusted net profit before exceptional items	**1,491,214**	**1,490,420**	1,307,132	1,306,372
Exceptional items	**349,298**	**348,504**	203,932	203,932
Adjusted net profit after exceptional items	**1,840,512**	**1,838,924**	1,511,064	1,510,304

	Group			
	2011 Number of Shares ’000		2010 Number of Shares ’000	
	Basic	**Diluted**	Basic	Diluted
Weighted average number of ordinary shares	**1,778,594**	**1,778,594**	1,759,177	1,759,177
Adjustment for dilutive potential ordinary shares	**-**	**17,659**	-	12,118
Weighted average number of ordinary shares used to compute earnings per share	**1,778,594**	**1,796,253**	1,759,177	1,771,295
Earnings per ordinary share*				
Before exceptional items	**83.8 cts**	**83.0 cts**	74.3 cts	73.8 cts
After exceptional items	**103.5 cts**	**102.4 cts**	85.9 cts	85.3 cts

* Comparatives for earnings per ordinary share have been adjusted for the bonus issue of shares.

29. Dividends

The Directors are pleased to recommend a final dividend of 26.0 cents per share tax exempt one-tier (2010: final dividend of 23.7 cents per share tax exempt one-tier, adjusted for the bonus issue) in respect of the financial year ended 31 December 2011 for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend of 17.0 cents per share tax exempt one-tier (2010: 14.5 cents per share tax exempt one-tier, adjusted for the bonus issue), total cash dividend paid and proposed in respect of the financial year ended 31 December 2011 will be 43.0 cents per share tax exempt one-tier (2010: 38.2 cents per share tax exempt one-tier, adjusted for the bonus issue).

During the financial year, the following dividends were paid:

	$'000
A final dividend of 23.7 cents per share tax exempt one-tier (adjusted for the bonus issue) on the issued and fully paid ordinary shares in respect of the previous financial year	420,898
An interim dividend of 17.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	302,959
	723,857

30. Commitments

(a) Capital commitments

	Group 2011 $'000	Group 2010 $'000
Capital expenditure not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**3,837**	102,718
- for purchase of other fixed assets	**547,908**	413,760
- for purchase/subscription of shares in other companies	**526,731**	571,943
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**124,614**	152,072
- for purchase of other fixed assets	**434,533**	181,316
- for purchase/subscription of shares in other companies	**37,734**	99,304
	1,675,357	1,521,113
Less: Non-controlling shareholders' shares	**(327,231)**	(415,033)
	1,348,126	1,106,080

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 is as follows:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Years after year-end:				
Within one year	**67,912**	55,484	**122**	322
From two to five years	**227,210**	194,599	**-**	119
After five years	**712,915**	629,552	**-**	-
	1,008,037	879,635	**122**	441

(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 is as follows:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Years after year-end:				
Within one year	**277,564**	173,405	**-**	-
From two to five years	**647,773**	271,723	**-**	-
After five years	**189,165**	150,676	**-**	-
	1,114,502	595,804	**-**	-

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.

31. Contingent liabilities (unsecured)

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**258,492**	154,618	**904,867**	477,213
Bank guarantees	**62,370**	61,198	**-**	-
Others	**21,588**	53,885	**-**	-
	342,450	269,701	**904,867**	477,213

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.

32. 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	
	2011 $'000	2010 $'000
Sale of residential properties to directors and their associates	**-**	1,119

33. 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 was chaired by the Group Finance Director up till 31 December 2011, and subsequently chaired by the Chief Financial Officer of the Company beginning 1 January 2012. The committee also includes 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.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling $8,516,890,000 (2010: $3,666,123,000). The net negative fair value of forward foreign exchange contracts is $2,003,000 (2010: net positive fair value $68,794,000) comprising assets of $90,812,000 (2010: $97,480,000) and liabilities of $92,815,000 (2010: $28,686,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

33. Financial risk management (continued)

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $8,139,093,000 (2010: $3,476,028,000). The net negative fair value of forward foreign exchange contracts is $14,124,000 (2010: net positive fair value $54,278,000) comprising assets of $76,541,000 (2010: $81,228,000) and liabilities of $90,665,000 (2010: $26,950,000). 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:

	2011			2010		
	USD $'000	**Euro $'000**	**Others $'000**	USD $'000	Euro $'000	Others $'000
Group						
Financial Assets						
Debtors	**35,576**	**1,037**	**27,172**	107,696	1,063	49,587
Investments	**149,916**	**16,587**	**224,413**	138,338	-	255,355
Bank balances, deposits & cash	**629,222**	**71,521**	**199,852**	68,980	2,429	79,061
Financial Liabilities						
Creditors	**49,342**	**17,551**	**50,688**	54,269	1,208	59,209
Term loans	**235,371**	**-**	**-**	58,029	-	27,052
Company						
Financial Assets						
Debtors	**302**	**-**	**164**	1,365	-	228
Bank balances, deposits & cash	**214**	**-**	**1,705**	-	-	1,815
Financial Liabilities						
Creditors	**-**	**-**	**57**	-	-	95

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2010: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		**Equity**	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Group				
USD against SGD				
- Strengthened	**18,945**	3,243	**7,472**	6,970
- Weakened	**(18,945)**	(3,243)	**(7,472)**	(6,970)
Euro against SGD				
- Strengthened	**2,737**	114	**827**	-
- Weakened	**(2,737)**	(114)	**(827)**	-
Company				
USD against SGD				
- Strengthened	**26**	69	**-**	-
- Weakened	**(26)**	(69)	**-**	-

(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 31 December 2010, the Group had the following outstanding interest rate cap agreements.

Year	Notional amount	Maturity	Interest rate caps
2010	$45,758,000	2011	3%

The positive fair values of interest rate caps for the Group as at 31 December 2010 were $Nil.

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 $905,807,000 (2010: $929,075,000) whereby it receives variable rates equal to SIBOR (2010: SIBOR) and pays fixed rates of between 1.43% and 3.62% (2010: 1.43% and 3.62%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $45,763,000 (2010: $19,807,000) comprising assets of $Nil (2010: $3,217,000) and liabilities of $45,763,000 (2010: $23,024,000). 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% (2010: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $8,278,000 (2010: $5,040,000) 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 $182,927,000 (2010: $93,331,000). The net positive fair value of HSFO forward contracts for the Group is $3,080,000 (2010: $5,781,000) comprising assets of $5,924,000 (2010: $5,791,000) and liabilities of $2,844,000 (2010: $10,000). 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% (2010: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $7,719,000 (2010: $4,956,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2010: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $2,785,000 (2010: $3,544,000) as a result of higher/lower fair value gains on investments held for trading, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $24,982,000 (2010: $29,555,000) as a result of higher/lower fair value gains on available-for-sale investments.

33. 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	
	2011 $'000	2010 $'000
Past due 0 to 3 months but not impaired	**222,060**	96,298
Past due 3 to 6 months but not impaired	**23,544**	30,152
Past due over 6 months and partially impaired	**97,878**	82,611
	343,482	209,061

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 and borrowings 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	After five years $'000
Group				
2011				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,177,071**	**3,368,019**	**915,506**	**-**
- Payments	**(4,143,081)**	**(3,408,451)**	**(949,178)**	**-**
Net-settled HSFO forward contracts				
- Receipts	**5,870**	**54**	**-**	**-**
- Payments	**(869)**	**(1,856)**	**(119)**	**-**
Borrowings	**(909,331)**	**(1,019,193)**	**(2,679,328)**	**(661,522)**
2010				
Gross-settled forward foreign exchange contracts				
- Receipts	2,791,408	830,045	171,831	-
- Payments	(2,704,945)	(804,220)	(172,359)	-
Net-settled HSFO forward contracts				
- Receipts	5,335	448	8	-
- Payments	(10)	-	-	-
Borrowings	(474,902)	(606,921)	(2,703,133)	(680,179)
Company				
2011				
Gross-settled forward foreign exchange contracts				
- Receipts	**3,910,519**	**3,257,639**	**910,341**	**-**
- Payments	**(3,886,020)**	**(3,307,987)**	**(944,178)**	**-**
Borrowings	**(33,473)**	**(15,500)**	**(46,500)**	**(559,417)**
2010				
Gross-settled forward foreign exchange contracts				
- Receipts	2,593,056	781,779	171,831	-
- Payments	(2,546,137)	(773,457)	(172,359)	-
Borrowings	(24,596)	(15,500)	(46,500)	(574,917)

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 2010. The Group and the Company are in compliance with externally imposed capital requirements for the financial year ended 31 December 2011.

33. Financial risk management (continued)

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	
	2011 $'000	2010 $'000 Restated
Net (debt)/cash	**(1,856,717)**	177,522
Total capital	**11,191,056**	9,281,768
Net (gearing)/cash ratio	**(0.17x)**	0.02x

Fair Value of Financial Instruments

The Group classifies 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 (i.e. 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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2011				
Assets				
Derivative financial instruments	**-**	**96,736**	**-**	**96,736**
Investments				
- Available-for-sale investments	**107,772**	**-**	**202,987**	**310,759**
Short term investments				
- Available-for-sale investments	**349,153**	**42,704**	**129,842**	**521,699**
- Investments held for trading	**55,701**	**-**	**-**	**55,701**
	512,626	**139,440**	**332,829**	**984,895**
Liabilities				
Derivative financial instruments	**-**	**141,422**	**-**	**141,422**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2010				
Assets				
Derivative financial instruments	-	106,488	-	106,488
Investments				
- Available-for-sale investments	126,343	-	173,553	299,896
Short term investments				
- Available-for-sale investments	412,438	52,323	1,223	465,984
- Investments held for trading	70,888	-	-	70,888
	609,669	158,811	174,776	943,256
Liabilities				
Derivative financial instruments	-	51,720	-	51,720
Company				
2011				
Assets				
Derivative financial instruments	**-**	**76,541**	**-**	**76,541**
Liabilities				
Derivative financial instruments	**-**	**90,665**	**-**	**90,665**
2010				
Assets				
Derivative financial instruments	-	81,228	-	81,228
Liabilities				
Derivative financial instruments	-	26,950	-	26,950

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	2011 $'000	2010 $'000
Group		
At 1 January	**174,776**	124,338
Purchases	**228,490**	77,123
Sales	**(2,658)**	(57,124)
Fair value gain recognised in profit and loss account	**-**	417
Fair value loss recognised in equity	**(58,697)**	(3,795)
Subsidiary acquired	**-**	185
Transfer from Level 2	**-**	6,683
Reclassification	**(8,194)**	28,347
Exchange differences	**(888)**	(1,398)
At 31 December	**332,829**	174,776

During the financial year ended 31 December 2010, the Group transferred investments from Level 2 to Level 3 of the fair value hierarchy as the inputs to the valuation models for investments ceased to be observable.

34. Segment analysis

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Offshore & Marine

Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) Infrastructure

Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iii) Property

Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

(iv) Investments

The Investments division consists mainly of the Group's investments in k1 Ventures Ltd and M1 Limited.

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable segments is presented in the following table:

	Offshore & Marine $'000	Infrastructure $'000	Property $'000	Investments $'000	Elimination $'000	Total $'000
2011						
Revenue						
External sales	**5,705,966**	**2,862,389**	**1,467,043**	**47,069**	**-**	**10,082,467**
Inter-segment sales	**-**	**107,829**	**2,342**	**66,589**	**(176,760)**	**-**
Total	**5,705,966**	**2,970,218**	**1,469,385**	**113,658**	**(176,760)**	**10,082,467**
Segment Results						
Operating profit	**1,317,759**	**102,377**	**457,565**	**16,420**	**3,186**	**1,897,307**
Investment income	**3,046**	**-**	**19,300**	**2,243**	**-**	**24,589**
Interest income	**59,022**	**3,184**	**53,585**	**87,769**	**(89,578)**	**113,982**
Interest expenses	**(7,504)**	**(18,343)**	**(79,452)**	**(79,323)**	**86,392**	**(98,230)**
Share of results of associated companies	**44,266**	**32,661**	**131,391**	**31,454**	**-**	**239,772**
Profit before tax & exceptional items	**1,416,589**	**119,879**	**582,389**	**58,563**	**-**	**2,177,420**
Exceptional items	**(45,223)**	**(84,475)**	**1,292,622**	**(27,642)**	**-**	**1,135,282**
Profit before taxation	**1,371,366**	**35,404**	**1,875,011**	**30,921**	**-**	**3,312,702**
Taxation	**(309,521)**	**(24,092)**	**(300,538)**	**(6,355)**	**-**	**(640,506)**
Profit for the year	**1,061,845**	**11,312**	**1,574,473**	**24,566**	**-**	**2,672,196**
Attributable to:						
Shareholders of Company						
Profit before exceptional items	**1,064,243**	**82,441**	**299,647**	**44,883**	**-**	**1,491,214**
Exceptional items	**(44,994)**	**(90,524)**	**512,452**	**(27,636)**	**-**	**349,298**
	1,019,249	**(8,083)**	**812,099**	**17,247**	**-**	**1,840,512**
Non-controlling interests	**42,596**	**19,395**	**762,374**	**7,319**	**-**	**831,684**
	1,061,845	**11,312**	**1,574,473**	**24,566**	**-**	**2,672,196**
Other information						
Segment assets	**6,734,279**	**3,354,860**	**16,275,376**	**5,266,419**	**(7,148,364)**	**24,482,570**
Segment liabilities	**4,916,110**	**2,512,787**	**9,562,374**	**3,448,607**	**(7,148,364)**	**13,291,514**
Net assets	**1,818,169**	**842,073**	**6,713,002**	**1,817,812**	**-**	**11,191,056**
Investment in associated companies	**386,014**	**514,592**	**3,108,211**	**223,230**	**-**	**4,232,047**
Additions to non-current assets	**349,612**	**519,864**	**703,706**	**19,980**	**-**	**1,593,162**
Depreciation and amortisation	**141,360**	**52,652**	**14,220**	**339**	**-**	**208,571**

Geographical information

	Singapore $'000	Far East & other ASEAN countries $'000	Americas $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	**7,555,667**	**926,092**	**944,067**	**656,641**	**-**	**10,082,467**
Non-current assets	**9,328,697**	**1,615,746**	**183,488**	**736,243**	**-**	**11,864,174**

Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2011.

34. Segment analysis (continued)

	Offshore & Marine $'000	Infrastructure $'000	Property $'000	Investments $'000	Elimination $'000	Total $'000
2010 (Restated)						
Revenue						
External sales	5,577,010	2,510,113	1,041,472	11,013	-	9,139,608
Inter-segment sales	-	111,958	2,537	63,541	(178,036)	-
Total	5,577,010	2,622,071	1,044,009	74,554	(178,036)	9,139,608
Segment Results						
Operating profit	1,119,047	75,027	352,974	12,316	(3,053)	1,556,311
Investment income	2,441	-	5,425	80	-	7,946
Interest income	74,888	4,037	36,765	86,339	(90,679)	111,350
Interest expenses	(4,787)	(23,306)	(71,860)	(58,480)	93,732	(64,701)
Share of results of associated companies	50,061	37,197	164,957	25,996	-	278,211
Profit before tax & exceptional items	1,241,650	92,955	488,261	66,251	-	1,889,117
Exceptional items	(31,743)	(136,932)	844,176	(14,400)	-	661,101
Profit before taxation	1,209,907	(43,977)	1,332,437	51,851	-	2,550,218
Taxation	(242,119)	(26,978)	(280,463)	(10,500)	-	(560,060)
Profit for the year	967,788	(70,955)	1,051,974	41,351	-	1,990,158
Attributable to:						
Shareholders of Company						
Profit before exceptional items	987,202	56,627	214,036	49,267	-	1,307,132
Exceptional items	(24,762)	(135,998)	379,092	(14,400)	-	203,932
	962,440	(79,371)	593,128	34,867	-	1,511,064
Non-controlling interests	5,348	8,416	458,846	6,484	-	479,094
	967,788	(70,955)	1,051,974	41,351	-	1,990,158
Other information						
Segment assets	6,211,833	2,886,615	12,012,328	5,998,926	(6,648,748)	20,460,954
Segment liabilities	4,350,655	1,974,392	7,055,440	4,447,447	(6,648,748)	11,179,186
Net assets	1,861,178	912,223	4,956,888	1,551,479	-	9,281,768
Investment in associated companies	171,501	499,445	2,684,678	231,280	-	3,586,904
Additions to non-current assets	244,138	421,006	887,326	13,299	-	1,565,769
Depreciation and amortisation	133,189	44,824	10,194	426	-	188,633

Geographical information

	Singapore $'000	Far East & other ASEAN countries $'000	Americas $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	6,552,279	938,335	1,117,208	531,786	-	9,139,608
Non-current assets	7,155,063	1,280,372	161,592	548,242	-	9,145,269

Information about a major customer

Revenue of $1,308,330,000 was derived from a single external customer and was attributable to Offshore & Marine division for the financial year ended 31 December 2010.

Note: Pricing of inter-segment goods and services is at fair market value.

35. Comparatives

Certain adjustments have been made to the previous years' financial statements to conform to the current year's presentation in connection with the adoption of INT FRS 115 Agreements for the Construction of Real Estate.

As a result, certain line items have been restated in the balance sheets of the Group as at 31 December 2010 and 2009, the consolidated statements of changes in equity of the Group, the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2010, and the related notes to the financial statements.

36. Subsequent events

On 19 January 2012, the Group announced that its wholly-owned subsidiary company has entered into a sale and purchase agreement to acquire a 100% interest in Aether Pte Ltd ("Aether Singapore") for a consideration of US$136,200,000 (approximately S$167,400,000). Aether Singapore owns an indirect 51% interest in Beijing Aether Property Development Ltd, which is a property development company involved in a commercial project in Beijing, China.

The acquisition is not expected to have any material impact on the net tangible assets per share or earnings per share of the Group for the financial year ending 31 December 2012.

37. New accounting standards and interpretations

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 have been issued but are not yet effective:

Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Revised FRS 19	Employee Benefits
FRS 27	Separate Financial Statements
FRS 28	Investments in Associates and Joint Ventures
Amendments to FRS 107	Financial Instruments: Disclosures – Transfers of Financial Assets
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
FRS 113	Fair Value Measurements

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 except for the following:

(a) Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 on presentation of items of other comprehensive income ("OCI") will require the Group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss and those items that would not be recycled. As the Amendments only affect the presentation of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after 1 July 2012, with full retrospective application.

37. New accounting standards and interpretations (continued)

(b) Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

The Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets are effective for annual periods beginning on or after 1 January 2012.

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group provides for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of the Amendments to FRS 12, there is a presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. Accordingly, there will be no deferred tax liability on investment properties in Singapore as there is no capital gains tax in Singapore. The Group expects the adoption of Amendments to FRS 12 to result in a decrease in deferred tax liabilities of the Group and a corresponding increase in retained earnings upon initial application of the amendments.

(c) FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

FRS 110 will take effect from financial years beginning on or after 1 January 2013, with full retrospective application.

(d) FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures

FRS 111 classifies joint arrangements either as joint operations or joint ventures based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 Investments in Associates and Joint Ventures to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the Group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

The Group is currently determining the impact of the changes in the period of initial adoption.

(e) FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after 1 January 2013 and the Group is currently determining the impact of the extent of additional disclosure required. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented.

(f) FRS 113 Fair Value Measurement

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 Share-based Payment, FRS 17 Leases, net realisable value in FRS 2 Inventories and value-in-use in FRS 36 Impairment of Assets.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for periods before initial application.

The Group is currently determining the effects of FRS 113 in the period of initial adoption.

38. 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 2011 %	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Cost of Investment 2011 $'000	Cost of Investment 2010 $'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	68	60	60	#	#	Singapore	Holding of long-term investments
Benniway Pte Ltd	88	88	88	#	#	Singapore	Holding of long-term investments
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
Estaleiro BrasFELS Ltda(1a) (formerly known as BrasFELS SA)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
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
Hygrove Investments Ltd(4)	100	100	100	#	#	BVI/HK	Holding of long-term investments
Keppel AmFELS, LLC(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 2011 %	Effective Equity Interest 2011 %	2010 %	Cost of Investment 2011 $'000	2010 $'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 on marine and offshore engineering
Keppel Offshore & Marine USA Inc(3)	100	100	100	#	#	USA	Offshore and marine-related services
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	Holding of long-term investments
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
Seafox 5 Ltd	75	75	75	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platform
Topaz Atlantic Unlimited(4)	100	100	100	#	#	BVI	Holding of long-term investments
Wideluck Enterprises Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
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
FloaTEC Singapore Pte Ltd	50	50	50	#	#	Singapore	Manufacturing and repair of oil rigs
Floatel International Pte Ltd(3)	47	47	-	#	-	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Keppel Kazakhstan LLP(3)	50	50	50	#	#	Kazakhstan	Construction and repair of offshore drilling units and structures and specialised vessels
Marine Housing Services Pte Ltd	50	50	50	#	#	Singapore	Provision of housing services for marine workers
Marine							
Subsidiaries							
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Shiprepairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	96	#	#	Philippines	Shipbuilding and repairing

	Gross Interest 2011 %	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Cost of Investment 2011 $'000	Cost of Investment 2010 $'000	Country of Incorporation /Operation	Principal Activities
Alpine Engineering Services Pte Ltd	100	100	100	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag
Keppel Nantong Shipyard Company Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Brasil Ltda(1a)	100	100	100	#	#	Brazil	Shipbuilding
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding and repairing
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Keppel Subic Shipyard Inc(1a) (formerly known as Subic Shipyard & Engineering Inc)	87+	86+	84+	3,020	3,020	Philippines	Shipbuilding and repairing
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
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)	49	36	39+	#	55	Philippines	Property owners
Dyna-Mac Holdings Ltd(3)	27	27	-	#	-	Singapore	Investment holding
Kejora Resources Sdn Bhd(3)	49	25	25	#	#	Malaysia	Provision of towage services
Nakilat-Keppel Offshore & Marine Ltd(3)	20	20	20	#	#	Qatar	Shiprepairing
PV Keez Pte Ltd	20	20	20	#	#	Singapore	Chartering of ships, barges and boats with crew
INFRASTRUCTURE							
Power and Gas							
Subsidiaries							
Keppel Energy Pte Ltd	100	100	100	330,914	330,914	Singapore	Investment holding
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

	Gross Interest 2011 %	Effective Equity Interest 2011 %	2010 %	Cost of Investment 2011 $'000	2010 $'000	Country of Incorporation /Operation	Principal Activities
New Energy Industrial Ltd(4)	100	100	100	#	#	BVI/Ecuador	Holding of long-term investments
Termoguayas Generation SA(1a)	100	100	100	#	#	Ecuador	Commercial power generation
Environmental Engineering							
Subsidiaries							
Keppel Integrated Engineering Ltd	100	100	100	761,848	540,290	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
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	100	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
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(3)	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 UK Ltd(1a)	100	100	100	#	#	United Kingdom	Design, supply and installation of flue gas treatment equipment
Associated Companies							
K-Green Trust	49	49	49	#	#	Singapore	Infrastructure business trust
GE Keppel Energy Services Pte Ltd(2)	50	50	50	#	#	Singapore	Precision engineering, repair, services and agencies

	Gross Interest 2011 %	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Cost of Investment 2011 $'000	Cost of Investment 2010 $'000	Country of Incorporation /Operation	Principal Activities
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
Logistics & Data Centres							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd(2)	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
ECHO Broadband Gmbh(4)	-	-	80	-	#	Germany	Disposed
Keppel Communications Pte Ltd(2)	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Data Centres Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd(n)(2)	100+	72+	-	#	-	Singapore	Data centre facilities and co-location services
Keppel Datahub Pte Ltd(2)	100+	72+	80	#	#	Singapore	Data centre facilities and co-location services
Keppel Digihub Ltd(2)	100+	72+	52	#	#	Singapore	Data centre facilities and co-location services
Keppel Logistics (Foshan) Ltd(3)	70	56	56	#	#	China	Shipping operations, warehousing and distribution
Keppel Logistics Pte Ltd(2)	100	80	80	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Telecoms Pte Ltd(2)	100	80	80	#	#	Singapore	Telecommunications services and investment holding
Transware Distribution Services Pte Ltd(2)	100	80	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	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 2011 %	Effective Equity Interest 2011 %	2010 %	Cost of Investment 2011 $'000	2010 $'000	Country of Incorporation /Operation	Principal Activities
Securus Data Property Fund Pte Ltd(n)(3)	30	24	-	#	-	Singapore	Investment holding and fund management
Securus Guernsey 2 Ltd(n)(3)	51	41	-	#	-	Guernsey/ Australia	Data centre facilities and co-location services
SVOA Public Company Ltd(2a)	32	26	26	#	#	Thailand	Distribution of IT products and telecommunications services
Trisilco Folec Sdn Bhd(4)	-	-	24	-	#	Malaysia	Disposed
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(4)	-	-	28	-	#	China	Disposed
PROPERTY							
Subsidiaries							
Keppel Land Ltd(2)	53	53	52	1,526,909	1,390,051	Singapore	Holding, management and investment company
K-REIT Asia(2)	77	55	54	#	#	Singapore	Real estate investment trust
Keppel Land China Ltd(2) (formerly known as Keppel Land China Pte Ltd)	100	53	52	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100+	86+	86+	626	626	Singapore	Property development
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90	75	75	#	#	Singapore	Investment holding
Keppel Philippines Properties Inc(2a)	79+	56+	55+	493	493	Philippines	Investment holding
Acresvale Investment Pte Ltd(2)	100	53	52	#	#	Singapore	Property development and investment
Aintree Assets Ltd(4)	100	53	52	#	#	BVI/Asia	Investment holding
Alpha Investment Partners Ltd(2)	100	53	52	#	#	Singapore	Fund management
Avenue Park Development(2)	52	28	27	#	#	Singapore	Property development
Bayfront Development Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Beijing Kingsley Property Development Co Ltd(3)	100	53	52	#	#	China	Property development
Belwynn-Hung Phu Joint Venture LLC(n)(2a)	60	32	-	#	-	Vietnam	Property development
Bintan Bay Resort Pte Ltd(2)	90	48	47	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(3)	100	53	52	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(3)	100	53	52	#	#	China	Property development

	Gross Interest 2011 %	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Cost of Investment 2011 $'000	Cost of Investment 2010 $'000	Country of Incorporation /Operation	Principal Activities
Chengdu Hilltop Development Co Ltd(3)	100	53	52	#	#	China	Property development
Chengdu Hillwest Development Co Ltd(3)	100	53	52	#	#	China	Property development
Devonshire Development Pte Ltd(2)	60	32	31	#	#	Singapore	Property development
DL Properties Ltd(2)	65	34	34	#	#	Singapore	Property investment
Double Peak Holdings Ltd(4)	100	53	52	#	#	BVI/Singapore	Investment holding
Estella JV Co Ltd(2a)	55	29	29	#	#	Vietnam	Property development
Evergro Properties Ltd(2)	100	53	52	#	#	Singapore	Property investment and development
Hillwest Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
International Centre(1a)	79	59	58	#	#	Vietnam	Property investment
Jiangyin Evergro Properties Co Ltd(3)	99	52	52	#	#	China	Property development
KeplandeHub Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Keppel Al Numu Development Ltd(2a)	51	27	27	#	#	Singapore/ Saudi Arabia	Property development
Keppel Bay Property Development (Shenyang) Co Ltd(3)	100	53	52	#	#	China	Property development
Keppel China Marina Holdings Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(3)	100	74	74	#	#	China	Property development
Keppel Lakefront (Nantong) Property Development Co Ltd(n)(3)	100	53	-	#	-	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(n)(3)	100	53	-	#	-	China	Property development
Keppel Land (Mayfair) Pte Ltd(2)	100	53	52	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd(3)	100	53	52	#	#	HK	Investment holding
Keppel Land (Tower D) Pte Ltd(2)	100	53	52	#	#	Singapore	Property development and investment
Keppel Land Financial Services Pte Ltd(2)	100	53	52	#	#	Singapore	Financial services
Keppel Land International Ltd(2)	100	53	52	#	#	Singapore	Property services

	Gross Interest 2011 %	Effective Equity Interest 2011 %	2010 %	Cost of Investment 2011 $'000	2010 $'000	Country of Incorporation /Operation	Principal Activities
Keppel Land Properties Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd(2)	100	53	52	#	#	Singapore	Property development and investment
Keppel Land Watco I Co Ltd(2a)	68	36	35	#	#	Vietnam	Property investment and development
Keppel Puravankara Development Pvt Ltd(2a)	51	27	27	#	#	India	Property development
Keppel Thai Properties Public Co Ltd(2a)	45	24	23	#	#	Thailand	Property development and investment
Keppel Tianjin Eco-City Investment Pte Ltd(2)	100+	74+	74+	64,725	41,010	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd(3)	100	53	52	#	#	China	Property development
K-REIT (Australia) Subtrust1(2a)	100	55	54	#	#	Australia	Investment in real estate properties
K-REIT (Australia) Subtrust2(n)(2a)	100	55	-	#	-	Australia	Investment in real estate properties
K-REIT Asia (Australia) Pte Ltd(2)	100	55	54	#	#	Singapore	Investment holding
K-REIT Asia (Australia) Trust(2a)	100	55	54	#	#	Australia	Investment in real estate properties
K-REIT Asia (Bermuda) Ltd(4)	100	55	54	#	#	Bermuda	Investment holding
K-REIT Asia Investment Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
K-REIT Asia Management Ltd(2)	100	53	52	#	#	Singapore	Property fund management
K-REIT Asia Property Management Ltd(2)	100	53	52	#	#	Singapore	Property management services
K-REIT Finance Co Pte Ltd(n)(2)	100	55	-	#	-	Singapore	Provision of treasury services
Le Vision Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Mansfield Developments Pte Ltd(2)	100	53	52	#	#	Singapore	Property development
Merryfield Investment Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd(2)	100	53	52	#	#	Singapore	Property and investment holding
Ocean Properties LLP(2) (formerly known as Ocean Properties Pte Ltd)	88	48	46	#	#	Singapore	Property investment
Oceansky Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Pembury Properties Ltd(4)	100	53	52	#	#	BVI/Singapore	Investment holding
PT Kepland Investama(2a)	100	53	52	#	#	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
PT Ria Bintan(1a)	100	24	24	#	#	Indonesia	Golf course ownership and operation

	Gross Interest 2011 %	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Cost of Investment 2011 $'000	Cost of Investment 2010 $'000	Country of Incorporation /Operation	Principal Activities
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	21	20	#	#	Indonesia	Hotel ownership and operations
Quang Ba Royal Park JV Co(2a)	70	37	36	#	#	Vietnam	Property investment
Riviera Cove JV LLC(2a)	60	32	31	#	#	Vietnam	Property development
Riviera Point LLC(2a)	75	40	39	#	#	Vietnam	Property development
Saigon Centre Holdings Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Saigon Riviera JV Co Ltd(2a)	90	48	47	#	#	Vietnam	Property development
Saigon Sports City(2a)	100	48	47	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(3)	99	52	51	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd(3)	100	53	52	#	#	China	Property development
Shanghai Merryfield Land Co Ltd(3)	99	52	51	#	#	China	Property development
Shanghai Minghong Property Co Ltd(3)	99	52	51	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(3)	99	52	51	#	#	China	Property development
Sherwood Development Pte Ltd(2)	100	53	52	#	#	Singapore	Property development
Spring City Resort Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Straits Greenfield Ltd(3)	100	53	52	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd(2)	100	53	52	#	#	Singapore	Property development and investment
Straits Property Investments Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding
Success View Enterprises Ltd(4)	55	29	29	#	#	BVI/China	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd(3)	100	42	42	#	#	China	Development of marina lifestyle cum residential properties
Sunseacan Investment (HK) Co Ltd(3)	80	42	42	#	#	HK	Investment holding
Tat Chuan Development (Pte) Ltd(2)	100	53	52	#	#	Singapore	Property development
Third Dragon Development Pte Ltd(2)	100	53	52	#	#	Singapore	Investment holding and marketing agent
Tianjin Fushi Property Development Co Ltd(3)	100	53	52	#	#	China	Property development

	Gross Interest 2011 %	Effective Equity Interest 2011 %	2010 %	Cost of Investment 2011 $'000	2010 $'000	Country of Incorporation /Operation	Principal Activities
Tianjin Merryfield Property Development Co Ltd(3)	100	53	52	#	#	China	Property development
Wiseland Investment Myanmar Ltd(3)	100	53	52	#	#	Myanmar	Hotel ownership and operations
FELS Property Holdings Pte Ltd	100	100	100	70,214	70,214	Singapore	Investment holding
Brightway Property Pte Ltd(4)	-	-	100	-	#	Singapore	Liquidated
FELS SES International Pte Ltd	98+	90+	90+	48	48	Singapore	Investment holding
Petro Tower Ltd(3)	76	68	68	#	#	Vietnam	Property investment
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+	84+	83+	67,624	40,948	Singapore	Investment holding
Keppel (USA) Inc(4)	100	100	100	7,117	7,117	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
Keppel Hi-Tech InnovationPark Holdings Pte Ltd(n)	100+	84+	-	450	-	Singapore	Investment holding
Substantial Enterprises Ltd(4)	100	84	83	#	#	BVI/China	Investment holding
Associated Companies							
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(1a)	50	38	37	#	#	China	Property development
Asia Real Estate Fund Management Ltd(2)	50	27	26	#	#	Singapore	Fund management
BFC Development Pte Ltd(2)	33	18	18	#	#	Singapore	Property development and investment
Central Boulevard Development Pte Ltd(2)	33	17	17	#	#	Singapore	Property development
CityOne Development (Wuxi) Co Ltd(3)	50	27	26	#	#	China	Property development
CityOne Township Development Pte Ltd(2)	50	27	26	#	#	Singapore	Investment holding
Dong Nai Waterfront City LLC(2a)	50	27	26	#	#	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

	Gross Interest 2011 %	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Cost of Investment 2011 $'000	Cost of Investment 2010 $'000	Country of Incorporation /Operation	Principal Activities
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	27	26	#	#	Singapore	Investment holding
One Raffles Quay Pte Ltd(2)	33	18	18	#	#	Singapore	Property development and investment
Parksville Development Pte Ltd(2)	50	27	26	#	#	Singapore	Property investment
PT Pantai Indah Tateli(2a)	50	27	26	#	#	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(1a)	20	11	10	#	#	Indonesia	Property investment
Raffles Quay Asset Management Pte Ltd(2)	33	17	17	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(2a)	40	21	21	#	#	Malaysia	Property investment
SAFE Enterprises Pte Ltd(3)	25	13	13	#	#	Singapore	Investment holding
Suzhou Property Development Pte Ltd(3)	25	13	13	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd(3)	30	27	27	#	#	Vietnam	Property investment
INVESTMENTS							
Subsidiaries							
Keppel Philippines Holdings Inc(2a)	55+	55+	55+	-	-	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
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Kepventure Pte Ltd	100	100	100	85,270	48,526	Singapore	Investment holding
KI Investments (HK) Ltd(3)	100	100	100	#	#	HK	Investment company
KV Management Pte Ltd(4)	-	-	100	-	250	Singapore	Strike-off
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency
The Vietnam Investment Fund (Singapore) Ltd	100	100	100	#	#	Singapore	Venture capital fund

	Gross Interest 2011 %	Effective Equity Interest 2011 %	2010 %	Cost of Investment 2011 $'000	2010 $'000	Country of Incorporation /Operation	Principal Activities
Associated Companies							
k1 Ventures Ltd	36	36	36	#	#	Singapore	Investment holding
M1 Ltd(2)	20	16	16	#	#	Singapore	Telecommunications services
Total							
Subsidiaries				4,403,160	3,957,409		
Associated Companies				-	55		

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; 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 239 significant subsidiaries and associated companies as at 31 December 2011. 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.

Interested Person Transactions

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 21 April 2011. 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)	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Transaction for the Sale of Goods and Services				
Certis CISCO Security Pte Ltd	**-**	-	**-**	2,400
Gas Supply Pte Ltd	**-**	-	**9,000**	19,300
Mapletree Investments Pte Ltd	**-**	-	**3,312**	-
SembCorp Marine Group	**-**	-	**-**	1,988
Singapore Airlines Group	**-**	-	**4,200**	14,500
Singapore Airport Terminal Services Group	**-**	-	**-**	21,000
Transaction for the Purchase of Goods and Services				
Gas Supply Pte Ltd	**-**	-	**39,900**	40,000
Mapletree Investments Pte Ltd	**-**	-	**719**	668
Divestment Transaction				
Singbridge International Singapore Pte Ltd	**-**	10,582	**-**	-
Joint Venture				
Temasek Holdings (Private) Limited and its associate	**26,740**	-	**-**	-
Total Interested Person Transactions	**26,740**	10,582	**57,131**	99,856

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.

Key Executives

In addition to the Chief Executive Officer (Mr Choo Chiau Beng), the Senior Executive Directors (Messrs Teo Soon Hoe and Tong Chong Heong), the following are the key executive officers ("Key Executives") of the Company and its principal subsidiaries:

Loh Chin Hua, 50
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 Chief Financial Officer of Keppel Corporation Limited, appointed with effect from 1 January 2012. He is also the Chairman of Alpha Investment Partners Limited (Alpha), the real estate fund management arm of the Keppel Land Group. He joined Alpha in September 2002.

He has served as an Executive Chairman in Asia Real Estate Fund Management Ltd. He has over 25 years of experience in real estate investing and funds management, spanning the USA, 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 is a director of Keppel Offshore Marine Ltd, Keppel Land China Limited and various fund companies and subsidiaries.

Past principal directorships in the last five years
Pteris Global Limited (previously known as InterRoller Engineering Limited).

Kevin Wong Kingcheung, 56
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.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel Land Limited; Evergro Properties Limited; Singapore Hotel Association; Singapore International Chamber of Commerce.

Ong Tiong Guan, 53
Bachelor of Engineering (First Class Honours), Monash University; 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 energy business, which develops, owns and operates power generation projects.

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., Keppel Integrated Engineering Ltd and Keppel DHCS Pte Ltd.

Past principal directorships in the last five years
Corporacion Electrica Nicaraguense S.A..

Chow Yew Yuen, 56
Bachelor of Science degree in Mechanical Engineering (First Class Honours), University of Newcastle Upon Tyne; attended Advanced Management Program, Harvard Business School.

Mr Chow is appointed the Chief Operating Officer of Keppel Offshore & Marine Ltd with effect from 1 March 2012. Prior to this, he was the Managing Director of Keppel Offshore & Marine Ltd with effect from 1 June 2011. He is also the 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 Keppel AmFels Inc, Deputy Chairman of Keppel Fels Brazil SA and President of Keppel Offshore and Marine USA Inc. He has been with the company for 30 years and was based in the USA for 18 years. His experience is diverse, covering areas of technical, production, operations, commercial and management across different geographical and cultural boundaries. Mr Chow also serves as Director on the Board of Keppel FELS Ltd, Keppel Shipyard Ltd, KOMTech Limited, Keppel AmFels Inc, AmFels Offshore Ltd, KOM USA Inc, KOM USA Holdings LLC, Keppel Marine Agencies, Keppel FELS Brasil S.A., BrasFels S.A. (Brazil), Deepwater Marine Technology LLC, Floatec LLC, FSTP Pte Ltd, Joy Pride Investments (BVI), LLC, Keppel SLP LLC, Keppel BASS LLC, Offshore Innovations Solution LLC and Floatec De Mexico SA de CV.

Mr. Chow is also a member of The American Bureau of Shipping.

Past principal directorships in the last five years
Kep Holdings Ltd; Kepital Management Ltd; Keppel FELS Invest (HK) Ltd; KI Investments (HK) Ltd; Floatec Singapore Pte Ltd; Fornost Limited (HK); Wideluck Enterprises Limited; Willalph Limited; Floatel International Limited.

Michael Chia Hock Chye, 59
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 Director (Group Strategy & Development) of Keppel Corporation and the Managing Director (Offshore) of Keppel Offshore & Marine Ltd. 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 Deputy Chairman of Keppel Integrated Engineering Limited. He has more than 26 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, Keppel FELS Brasil SA (Brazil), Keppel Amfels Inc (USA), Keppel FELS Ltd, Deepwater Technology Group Pte Ltd, Willalpha Ltd, Bintan Offshore Fabricators Pte Ltd, Keppel FELS Engineering Shenzhen Co Ltd, Offshore Innovative Solutions LLC, Keppel Shipyard Ltd, Keppel Offshore & Marine USA (Holdings) LLC., Keppel Offshore & Marine USA Inc, Keppel Integrated Engineering Limited, Keppel Ventus Pte Ltd, Keppel Seghers Belgium N.V., Keppel Seghers Holding B.V., Fels Tekform (Singapore) Pte Ltd, Keppel Seghers Holdings Pte Ltd, Keppel Seghers UK Ltd, Keppel Seghers Iberica S.A., Keppel Infrastructure Environment Development Inc, Keppel Seghers Netherlands B.V., Seghers Keppel Technology for Services & Machinery, Ruisbroek N.V., Seghers Keppel Technology for Services & Machinery, Zele N.V., Keppel Energy Pte. Ltd. and Keppel Seghers Gmbh.

Past principal directorships in the last five years
Nil

Yeo Chien Sheng Nelson, 55
Bachelor of Science in Mechanical Engineering (First Class Honours), University of Birmingham; Master of Engineering in Energy Technology, Asian Institute of Technology; 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 Ltd. He is Chairman of Keppel Philippines Marine Inc., Keppel Subic Shipyard Inc., Keppel Batangas Shipyard, Inc., Keppel Smit Towage Pte Ltd, Maju Maritime Pte Ltd, Keppel Singmarine Pte Ltd and DPS Bristol (Holdings) Limited. 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, PV Keez Pte Ltd, DYNA-MAC Holdings Pte Ltd, Keppel Offshore & Marine Technology Centre, Offshore Technology Development Pte Ltd, Marine Technology Development Pte Ltd and Nakilat-Keppel Offshore & Marine.

Mr Yeo serves as a member of the Workplace Safety and Health (WSH) Council 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 joined Keppel in 1982.

Past principal directorships in the last five years
Alpine Engineering Services Pte Ltd; Blastech Abrasives Pte Ltd; Keppel Tuas Pte Ltd.

Wong Kok Seng, 61
BSc (Hons) Naval Architecture, University of Newcastle Upon Tyne; attended the programme for Management Development in Harvard Business School in 1984.

Mr Wong is the Managing Director of Keppel FELS Ltd (KFELS). Prior to this appointment, he was the Executive Director of KFELS. His career in KFELS began in 1977 and he has held appointments as Structural Engineer, Project Engineer, Project Manager, Quality Assurance Manager, Planning and Estimating Manager, Assistant General Manager (Commercial) and Executive Director (Operations).

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.

In addition to his current appointment, he is also the Chairman of the Centre of Innovation, Marine and Offshore Technology (COI-MOT) Advisory Committee and a member of the Workplace Safety & Health (WSH) Council Marine Industries Committee.

Mr Wong is a Chartered Engineer and member of the Royal Institution of Naval Architects.

Past principal directorships in the last five years
Keppel Shipyard Limited; Keppel Nantong Shipyard Company Limited; FloaTEC LLC (Chairman); Offshore Technology Development Pte Ltd (Chairman); Bintan Offshore Fabricators Pte Ltd; Seafox 5 Limited (Chairman); Keppel FELS Ltd; Keppel Offshore & Marine Technology Centre.

Hoe Eng Hock, 61
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 started his professional career with Keppel Group upon his graduation. After serving various business units under Keppel Group both in Singapore and the Philippines, Mr Hoe has taken up the position of Executive Director of Keppel Singmarine Pte Ltd in 2005 and Executive Director of Keppel Singmarine Basil Ltda in 2011. His directorships include Keppel Offshore & Marine Technology Centre Pte Ltd, Marine Technology Development Pte Ltd, Keppel Smit Towage Private Limited, Maju Maritime Pte Ltd, Prime Steelkit Pte Ltd, Keppel Nantong Shipyard Co., Ltd, Keppel Singmarine Philippines, Inc. and Baku Shipyard LLC.

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. Mr Hoe is the current President of Keppel Recreation Club.

Past principal directorships in the last five years
Keppel Philippines Holdings Inc.

Ang Wee Gee, 50
Bachelor of Science summa cum laude, University of Denver, USA; Master of Business Administration, Imperial College, University of London, UK.

Mr Ang joined Keppel Land Group in 1991. He is currently Executive Vice Chairman of Keppel Land China Limited and Executive Director of Keppel Land International Limited. Keppel Land China, a wholly-owned subsidiary of Keppel Land Limited, owns and independently operates Keppel Land's businesses in China.

Mr Ang was previously Executive Director & Chief Executive Officer Keppel Land International Limited, responsible for the Group's overseas businesses. He was also 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 has previously held positions in business & project development for Singapore and overseas markets; corporate planning & development in the Group's hospitality arm; was the Group's country head for Vietnam; and had also concurrently headed Sedona Hotels International.

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.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel Land Limited; Evergro Properties Limited.

Pang Hee Hon, 51
Bachelor of Science and Bachelor of Commerce, University of Birmingham; Masters in Public Administration, Harvard University.

Mr Pang is the Chief Executive Officer of Keppel T&T, appointed with effect from 4 January 2010. Previously the Deputy President (Operations) of ST Electronics (Info-Software Systems), Mr Pang oversaw business operations and international marketing. He was Chairman of the eGov Chapter in the Singapore IT Federation, which provides feedback on eGov policies and promotes internationalisation of local ICT companies.

Mr 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
PM-B Pte Ltd; INFA Systems Limited; ST Electronics (e-Services) Pte Ltd.

Tay Lim Heng, 48
Bachelor (Honours) in Engineering Science and Economics, University of Oxford; Masters in Public Administration, Harvard University; attended Advanced Management Programme, Harvard Business School.

BG(NS) Tay is the Chief Executive Officer of Keppel Integrated Engineering Ltd, appointed with effect from 1 January 2011. He is also Head, Sustainable Development, of Keppel Group.

Prior to joining Keppel Group, BG(NS) Tay served in the Singapore Administrative Service as Deputy Secretary (Development) in the Ministry of National Development (MND). Before that, he was the Chief Executive of the Maritime and Port Authority of Singapore (MPA), where he was also a Board Member of the Singapore Maritime Foundation, Centre of Maritime Studies (NUS), Tropical Marine Science Institute (NUS), a Member of Class NK Singapore Committee and a Vice President of the International Association of Ports and Harbours (IAPH).

BG(NS) Tay held various key appointments in the Singapore Armed Forces (SAF), including Director of Joint Intelligence Directorate, 6th Division Commander and Assistant Chief of General Staff (Operations). He was awarded the Public Administration Medal (Gold) (Military).

His directorships include Keppel Seghers Engineering Singapore Pte Ltd, Keppel Seghers Belgium NV, Keppel Infrastructure Fund Management Pte Ltd, Keppel DHCS Pte Ltd, Keppel FMO Pte Ltd, Keppel Sea Scan Pte Ltd, Keppel Prince Engineering Pty Ltd, GE Keppel Energy Services Pte Ltd, EM Services Pte Ltd, Singapore Tianjin Eco-City Investment Holdings Pte Ltd and Keppel Land China Limited. He is a Council Member of the Singapore Water Association.

Past principal directorships in the last five years
Director of DSO National Laboratory, Singapore.

Ng Hsueh Ling, 45
Bachelor of Science Degree in Real Estate, National University of Singapore.

Ms Ng has been the Chief Executive Officer and Executive Director of K-REIT Asia Management Limited (the manager of K-REIT Asia) since 17 August 2009. She has 22 years of experience in the real estate industry.

Her experience encompasses the strategic sourcing, investment, asset and portfolio management and development of assets in key Asian cities, as well as extensive fund management experience in the areas of real estate fund product creation, deal origination, distribution and structuring of real-estate-based financial products.

Prior to this appointment, Ms Ng has held key positions with two other real estate companies, CapitaLand Limited and Ascendas Pte Ltd.

Before her appointment as Chief Executive Officer and Executive Director in K-REIT Asia Management Limited, she was Chief Executive Director (Korea & Japan) at Ascendas Pte Ltd.

Ms Ng is a Licensed Appraiser for land and buildings and is a Fellow of the Singapore Institute of Surveyors and Valuers.

Ms Ng is a director of various subsidiaries and associated companies in K-REIT Asia and is currently a director on the Board of The National Art Gallery, Singapore.

Past principal directorships in the last five years
Central Boulevard Development Pte Ltd, Raffles Quay Asset Management Pte Ltd; Ascendas Korea Inc; Ascendas Japan Pte Ltd; Ascendas Japan Inc; Ascendas China Fund Management Pte. Ltd.; Ascendas China Commercial Fund Management Pte. Ltd.

Thomas Pang Thieng Hwi, 47
Bachelor of Arts (Honours) and Master of Arts, University of Cambridge; Investment Management Certificate from The CFA Society of the UK.

Mr Pang has been the Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of K-Green Trust (KGT)) since 29 June 2010. He is seconded to the Trustee-Manager on a full-time basis but remains under the employment of Keppel Offshore & Marine Ltd. As the CEO of the Trustee-Manager, he is responsible for working with the board to determine the strategy for KGT. He works with the other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Pang joined Keppel Offshore & Marine Ltd in 2002 as a Senior Manager (merger integration office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to be the assistant General Manager (corporate development) in 2003 and subsequently the General Manager (corporate development) in 2007 to focus on the investment, mergers and acquisitions and strategic planning of Keppel Offshore & Marine Ltd. Before joining Keppel Offshore & Marine Ltd, Mr Pang was the vice president (finance and business development) of Arrakiis Pte Ltd, where he was involved in fund raising and business development. Prior to that, he was an investment manager with Vertex Management (UK) from 1998 to 2001.

Mr Pang was also the Vice-President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as assistant head at the Economic Development Board of Singapore, responsible for local enterprise development from 1988 to 1995.

Past principal directorships in the last five years
Nil

Tan Swee Yiow, 51
Bachelor of Science Degree (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration Degree in Accountancy, Nanyang Technological University.

Mr Tan joined Keppel Land Group in 1990 and is concurrently President, Singapore Commercial and Head, Regional Investments, overseeing the Group's investment and development operations in the Singapore commercial market, as well as investment and development activities in several regional countries.

Prior to joining the Keppel Land Group, Mr Tan was with a banking group, advising on property valuation, taxation and investment.

Mr Tan is the Chairman of Keppel Thai Properties Public Company Limited which is listed on The Stock Exchange of Thailand. He is a Director of a number of subsidiaries and associated companies of the Keppel Land Group, including Asia No.1 Property Fund Ltd, Sedona Hotels International Pte Ltd and Raffles Quay Asset Management Pte Ltd. Mr Tan also holds alternate directorship to Mr Kevin Wong Kingcheung in K-REIT Asia Management Limited.

In addition, he serves on the Board of the Singapore Green Building Council, the Management Council of Real Estate Developers' Association of Singapore, the Workplace Safety Health Council (Construction and Landscape Committee) and the Malaysia-Singapore Business Council.

Past principal directorships in the last five years
Various subsidiaries and associated companies in Keppel Land Limited.

Augustine Tan Wee Kiong, 53
Bachelor of Science Degree in Estate Management, National University of Singapore; Master of Business Administration Degree, University of Birmingham, UK.

Mr Tan joined Keppel Land Group in 1991 and is currently President, Singapore Residential, overseeing the Group's residential developments and investments in Singapore and the Group's marina developments, namely Marina at Keppel Bay in Singapore and Nongsa Point Marina in Indonesia. He is also Head, Regional Investments, responsible for the Group's property developments and investments in India and Middle East.

Mr Tan's previous appointments include Chief Executive Officer of Singapore Residential and General Manager for Marketing, overseeing the marketing of the Keppel Land Group's developments and investments in Singapore and overseas.

Prior to joining Keppel Land Group, Mr Tan had extensive experience in the design development and marketing of commercial, retail, industrial and residential developments with other listed real estate developers.

Mr Tan is a Member of the Singapore Institute of Surveyors and Valuers, and is a Director of Keppel Land International Limited and a number of other Keppel Land Group's subsidiaries and associated companies.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel Land Limited.

Foo Kok Seng, 49
Bachelor of Engineering (First Class Honours) in Mechanical Engineering from University of Strathclyde; Doctor of Philosophy in Mechanical Engineering from University of Strathclyde.

Dr Foo is the Centre Director for Keppel Offshore & Marine Technology Centre and Executive Director of Offshore Technology Development Pte Ltd. Prior to this, he was the General Manager for Offshore Technology Development Pte Ltd since 2002.

Dr Foo serves as a director on the Board of DPS Bristol (Holdings) Ltd, Keppel AmFels LLC, Keppel FELS Offshore and Engineering Services Mumbai Pvt Ltd, Keppel Offshore & Marine Technology Centre, Offshore Technology Development Pte Ltd, Regency Steel Japan Ltd, Keppel Ventus Pte Ltd and Blue Ocean Solutions Pte Ltd. He is also a Member of Energy Ventures Advisory Board.

Past principal directorships in the last five years
Arab Heavy Industries

Aziz Amirali Merchant, 47
Bachelor of Engineering (First Class Honours) in Naval Architecture & Ocean Engineering from University of Glasgow; Master of Science in Naval Architecture from University College London (UCL), University of London.

Mr Merchant is the Executive Director of Keppel FELS Ltd and Head of Deepwater Technology Group Ltd. Prior to this, he was the General Manager (Group Design & Engineering) for Keppel Offshore & Marine and the General Manager (Engineering) for Keppel FELS Ltd since 2002.

Mr Merchant is a director of Keppel Singmarine Ltd, Deepwater Technology Group Ltd, Keppel Offshore & Marine Technology Centre Pte Ltd, Floatec LLC, Keppel FELS Baltech Ltd, Keppel FELS Shenzhen and Keppel FELS Offshore and Engineering Services Mumbai Pvt Ltd.

Mr Merchant is a member of the Ngee Ann Polytechnic Marine & Offshore Technology Advisory Committee and the American Bureau of Shipping South East Asia Technical Committee. He is a Fellow of the Society of Naval Architects and Marine Engineers Singapore.

Mr Merchant recently graduated from Harvard Business School in 2011 from the General Management Program.

Past principal directorships in the last five years
Nil

Chor How Jat, 50
Bachelor of Science (Honours) in Naval architecture, University of Newcastle Upon Tyne; Master of Science in Marine Technology, University of Newcastle Upon Tyne.

Mr Chor is the Executive Director of Keppel Shipyard Limited, appointed with effect from 1 January 2011. Mr Chor began his professional career with Keppel Offshore and Marine in 1988 and held appointments as Shiprepair Manager, Deputy Shipyard Manager, Shipyard Manager and prior to his appointment as Executive Director of Keppel Shipyard Limited, he was General Manager (Operations) of Keppel FELS Limited.

Mr Chor serves as director on the Board of Keppel Shipyard Limited, Regency Steel Japan Limited, Asian Lift Pte Ltd, Keppel FELS Offshore and Engineering Services Mumbai Pvt. Ltd. and Atwin Offshore and Marine Pte. Ltd. Mr Chor is also Director/ Chairman of Blastech Abrasives Pte Ltd, Nusa Maritime Pte Ltd and Alpine Engineering Services Pte Ltd. In addition, Mr Chor is a council member of Association of Singapore Marine Industries (ASMI).

Past principal directorships in the last five years
Nil

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Completed properties					
Ocean Properties LLP	48%	Ocean Financial Centre Collyer Quay, Singapore	Land area: 2,557 sqm 43-storey office building	999 years leasehold	Commercial office building with rentable area of 72,069 sqm
K-REIT Asia	55%	Prudential Tower Cecil Street & Church Street, Singapore	30-storey office building	99 years leasehold	Commercial office building with rentable area of 19,520 sqm (92.8% of the strata area)
		Bugis Junction Towers Victoria Street, Singapore	15-storey office building	99 years leasehold	Commercial office building with rentable area of 22,876 sqm
		275 George Street Brisbane, Australia	Land area: 7,074 sqm 30-storey Grade A commercial building	Freehold	Commercial office building with rentable area of 20,874 sqm (50% interest)
		77 King Street Sydney, Australia	Land area: 1,284 sqm Grade A commercial building with office and retail space	Freehold	Commercial office building with rentable area of 13,748 sqm
BFC Development Pte Ltd	18%	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
One Raffles Quay Pte Ltd	18%	One Raffles Quay Singapore	Land area: 11,367 sqm Two office towers	99 years leasehold	Commercial office building with rentable area of 41,353 sqm (1/3 interest)
Mansfield Development Pte Ltd	53%	Keppel Towers Hoe Chiang Rd, Singapore	Land area: 7,760 sqm 27-storey office building	Freehold	Commercial office building with rentable area of 32,580 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
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 23,468 sqm

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
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 36,072 sqm
HarbourFront Two Pte Ltd	33%	HarbourFront Tower One and Two HarbourFront Place, Singapore	Land area: 10,923 sqm 18-storey and 16-storey office buildings	99 years leasehold	Commercial office building with rentable area of 48,668 sqm
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
Spring City Golf & Lake Resort (owned by Kingsdale Development Pte Ltd)	21%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,884,749 sqm Two 18-hole golf courses, a club house	70 years lease	Integrated resort comprising golf courses, resort homes and resort facilities
PT Straits-CM Village	21%	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	53%	International Financial Centre (Tower 1) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 27,933 sqm
Keppel Land Watco Co Ltd	36%	Saigon Centre (Phase 1) Ho Chi Minh City, Vietnam	Land area: 2,730 sqm 25-storey office, retail cum serviced apartments development	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					
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 *(2012/2014)
K-REIT Asia	55%	8 Chifley Square Sydney, Australia	Land area: 1,581 sqm	99 years leasehold	Commercial office buildings with rentable area of 9,559 sqm (50% interest) *(2013)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Bay Pte Ltd	86%	Keppel Bay Plot 3 and 6, Singapore	Land area: 82,523 sqm	99 years leasehold	Waterfront condominium development
Keppel Land (Mayfair) Pte Ltd	53%	The Lakefront Residences Lakeside Drive, Singapore	Land area: 16,117 sqm	99 years leasehold	A 629-unit condominium development *(2015)
Keppel Land Realty Pte Ltd	53%	The Luxurie Compassvale Road, Singapore	Land area: 17,700 sqm	99 years leasehold	A 622-unit condominium development *(2015)
Beijing Aether Property Development Ltd	27%	Commercial Development Beijing, China	Land area: 26,081 sqm	40/50 years lease	An office and retail development in Chaoyang District *(2014)
Shanghai Ji Xiang Land Co Ltd	53%	Residence Development Shanghai, China	Land area: 71,621 sqm	70 years lease	A 1,036-unit residential development in Nanxiang Town, Jiading District *(2015)
Shanghai Pasir Panjang Land Co Ltd	52%	Eight Park Avenue Shanghai, China	Land area: 33,432 sqm	70 years lease	A 930-unit residential apartment development (Plot B) *(2014)
Shanghai Hongda Property Development Co Ltd	53%	The Springdale 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	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 (Hillcrest Residence Phase 1) *(2012)
Keppel Lakefront (Wuxi) Property Development Co Ltd	53%	Residential Development Wuxi, China	Land area: 215,230 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,500-unit prime residential development with commercial facilities in Binhu District *(2018)
CityOne Development (Wuxi) Co Ltd	27%	Central Park City Wuxi, China	Land area: 352,534 sqm	70 years lease (residential) 40 years lease (commercial)	A 4,984-unit residential township development with integrated facilities *(2012 Phase 3)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Township Development (Shenyang) Co Ltd	53%	The Seasons Shenyang, China	Land area: 348,312 sqm	50 years lease (residential) 40 years lease (commercial)	A 3,836-unit residential township with integrated facilities in Shenbei New District in Shenyang *(2012 Phase 1A)
Keppel Hongda (Tianjin Eco-City) Property Development Co Ltd	74%	Development in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 365,722 sqm	70 years lease (residential) 40 years lease (commercial)	A mixed development, primarily residential (4,354-units) together with some commercial space *(2012/2013 Phase 1)
Tianjin Fushi Property Development Co Ltd	53%	Serenity Cove Tianjin, China	Land area: 128,685 sqm	70 years lease	A 340-unit residential development in Tianjin Eco-City *(2013 Phase 3)
Chengdu Hillstreet Development Co Ltd	53%	Residential Development Chengdu, China	Land area: 50,782 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,551-unit prime residential development in Jinjiang District *(2014)
Chengdu Hilltop Development Co Ltd	53%	Villa Development Chengdu, China	Land area: 249,330 sqm	70 years lease	A 273-unit villa development in Xinjin County *(2014)
Sunsea Yacht Club (Zhongshan) Co Ltd	42%	Integrated Marina Lifestyle Development Zhongshan, China	Land area: 857,753 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,647-unit residential development with a mix of villas and apartments, and integrated marina lifestyle facilities *(2014 Phase 1)
Jiangyin Evergro Properties Co Ltd	52%	Stamford City Jiangyin, China	Land area: 82,987 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,327-unit mixed development with residential, office and retail space *(2015 Phase 2 and 3)
Keppel Lakefront (Nantong) Property Development Co Ltd	53%	Residential Development Nantong, China	Land area: 172,215 sqm	70 years lease	A 1,202-unit residential development *(2015)
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 *(2012 Phase 1 & 2013 Phase 2)
Keppel Al Numu Development Ltd	27%	Al Mada Towers Jeddah, Saudi Arabia	Land area: 36,236 sqm	Freehold	A 1,005-unit high-rise luxury residential development *(2016)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
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)	27%	Dong Nai Waterfront City Dong Nai Province, Vietnam	Land area: 3,667,127 sqm	50 years lease	A 7,850-unit residential township *(2015 Phase 1)
Industrial properties					
Keppel FELS Limited	100%	Jurong, Pioneer, Crescent and Tuas South Yard, Singapore	Land area: 735,181 sqm buildings, workshops, building berths and wharves	3 - 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: 799,111 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

* Expected year of completion

Group Five-Year Performance

	2007	2008	2009	2010	**2011**
Selected Profit & Loss Account Data ($ million)					
Revenue	10,144	11,784	11,990	9,140	**10,082**
Operating profit	969	1,222	1,424	1,556	**1,897**
Profit before tax & exceptional items	1,455	1,573	1,748	1,889	**2,177**
Net profit before exceptional items	957	1,079	1,190	1,307	**1,491**
Attributable profit after exceptional items	1,062	1,080	1,551	1,511	**1,841**
Selected Balance Sheet Data ($ million)					
Fixed assets & properties	4,732	4,977	5,208	5,451	**7,326**
Investments	4,008	3,611	3,260	4,423	**5,120**
Stocks, debtors, cash & long term assets	6,891	7,961	8,376	10,479	**11,938**
Intangibles	68	78	90	108	**99**
Total assets	15,699	16,627	16,934	20,461	**24,483**
Less:					
Creditors	6,139	7,647	6,401	6,701	**7,808**
Borrowings	2,234	1,970	1,759	4,068	**4,877**
Other liabilities	376	367	387	410	**607**
Net assets	6,950	6,643	8,387	9,282	**11,191**
Share capital & reserves	5,136	4,510	5,773	6,415	**7,390**
Non-controlling interests	1,814	2,133	2,614	2,867	**3,801**
Capital employed	6,950	6,643	8,387	9,282	**11,191**
Per Share					
Earnings (cents) (Note 1):					
Before tax & exceptional items	69.3	75.5	85.1	93.4	**105.4**
After tax & before exceptional items	55.0	61.7	67.9	74.3	**83.8**
After tax & exceptional items	61.1	61.8	88.5	85.9	**103.5**
Total distribution (cents)	58.2	31.8	55.5	38.2	**43.0**
Net assets ($)	2.95	2.57	3.29	3.63	**4.14**
Net tangible assets ($)	2.91	2.53	3.24	3.57	**4.09**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax and exceptional items	25.8	27.4	29.0	27.0	**27.2**
Net profit before exceptional items	20.5	22.4	23.2	21.5	**21.6**
Dividend cover (times)	0.9	1.9	1.2	1.9	**1.9**
Net cash/(gearing) (times)	(0.09)	0.04	0.14	0.02	**(0.17)**
Employees					
Number	31,914	35,621	31,775	31,360	**33,747**
Wages & salaries ($ million)	1,132	1,329	1,372	1,367	**1,433**

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, bonus issue in 2011 and retrospective application of INT FRS 115.

2011

Group revenue exceeded $10 billion, which was 10% higher than 2010. Revenue from Offshore & Marine Division of $5,706 million was slightly above that of the previous year. During the year, the Division completed and delivered eight rigs, seven major FPSO/FSO conversion projects and eleven specialised vessels, among other repair, upgrade and completion projects. Revenue from Infrastructure Division increased by $353 million or 14% to $2,863 million. Higher revenue generated from the cogen power plant in Singapore was partly offset by lower revenue from Keppel Integrated Engineering. Revenue from Property Division of $1,467 million was $425 million or 41% above the previous year. Overseas operations reported higher revenue, due largely to the completion of several projects/phases in India, China and Vietnam in 2011. Higher revenue was also reported by Singapore trading projects, such as Reflections at Keppel Bay, The Lakefront Residences, The Luxurie and Madison Residences due to higher sales and percentage of physical completion achieved.

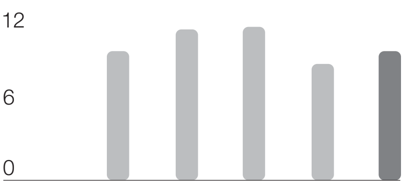
At the pre-tax level, Group profit of $2,177 million was 15% higher than FY 2010. Pre-tax earnings from Offshore & Marine Division increased by 14% to $1,417 million. This was due to cost savings and higher margins on jobs. Profit from Infrastructure Division increased by 29% to $120 million as a result of better performance from Keppel Energy, partly offset by losses from Keppel Integrated Engineering. Property Division recorded profit of $582 million, an increase of 19% over the preceding year. This was mainly attributable to higher contribution from several residential projects in Singapore, China and Vietnam. Profit from Investments Division was lower due to higher costs in 2011.

2010

Group revenue of $9,140 million was 24% lower than last year. Revenue from Offshore & Marine Division of $5,577 million decreased by $2,696 million or 33% because of a lower volume of work. During the year, the Division completed and delivered twelve rigs, seventeen specialised vessels, five FPSO conversions/upgrades and several rig upgrade/repair contracts. Revenue from Infrastructure Division increased by $83 million or 3% to $2,510 million. Higher revenue generated from the cogen power plant in Singapore was partly offset by lower revenue from Engineering, Procurement and Construction (EPC) contracts in Qatar. Revenue from Property Division of $1,042 million was $209 million or 17% lower than the previous year. The decrease was mainly attributable to lower sales of residential homes partially offset by higher progressive revenue recognition from Reflections at Keppel Bay. Rental income from investment properties improved because of the acquisitions of investment buildings in Australia in 2010 and additional six strata floors of Prudential Tower in November 2009.

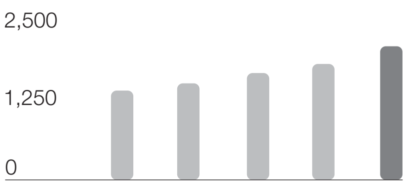
At the pre-tax level, Group profit of $1,889 million was 8% higher than FY 2009. Pre-tax earnings from Offshore & Marine Division increased by 15% to $1,242 million. This was due to improved margins driven by cost efficiencies and higher productivity on delivered contracts. Profit from Infrastructure Division decreased by 38% to $93 million as a result of losses from EPC contracts in Qatar, partly offset by better performance from the cogen power plant in Singapore. Property Division recorded profit of $488 million, an increase of 33% over the preceding year. This was mainly attributable to higher contribution from several residential projects in Singapore, China and Vietnam, and share of profit of the associated company developing Marina Bay Suites in Singapore. Profit from Investments Division was lower as the previous year included contribution from Singapore Petroleum Company which was disposed in June 2009.

Revenue ($ billion)



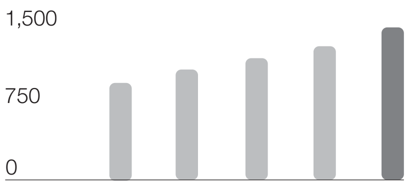
2007*	2008*	2009*	2010*	**2011**
10.1	11.8	12.0	9.1	**10.1**

Pre-Tax Profit ($ million)



2007*	2008*	2009*	2010*	**2011**
1,455	1,573	1,748	1,889	**2,177**

Net Profit ($ million)



2007*	2008*	2009*	2010*	**2011**
957	1,079	1,190	1,307	**1,491**

* 2007 to 2010 comparative figures are restated due to retrospective application of INT FRS 115.

2009
Group revenue rose by $206 million or 2% to $11,990 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 fourteen rigs, fourteen 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 $1,251 million was 35% 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.

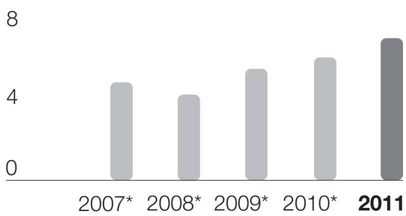
At the pre-tax profit level, Group earnings of $1,748 million were 11% higher than FY 2008. Earnings from Offshore & Marine Division of $1,081 million were 15% above the previous year. Higher operating margins achieved in the year contributed to the increased profit. Infrastructure Division continued 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 $368 million, 8% higher. Earnings have increased because of higher revenue recognition from residential properties and share of profit of associated companies developing Marina Bay Residences in Singapore. Profit from Investments was lower following the disposal of Singapore Petroleum Company in June 2009.

2008
Group revenue of $11,784 million was $1,640 million or 16% 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 73% of Group revenue. The Division completed and delivered three semisubmersibles and thirteen 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 $929 million was $619 million or 40% 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 $1,573 million was 8% 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 $341 million, $29 million or 8% 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 Singapore Petroleum Company.

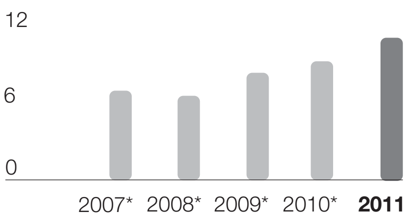
The income tax expense of the Group included a write-back of $15 million for tax provision in respect of prior years. After minority share of profit, the net profit before exceptional items was $1,097 million.

Shareholders' Funds ($ billion)



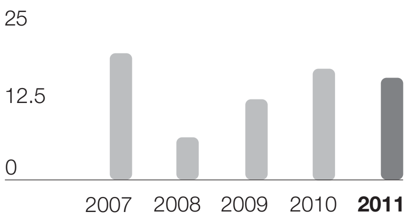
2007*	2008*	2009*	2010*	2011
5.1	4.5	5.8	6.4	**7.4**

Capital Employed ($ billion)



2007*	2008*	2009*	2010*	2011
7.0	6.6	8.4	9.3	**11.2**

Market Capitalisation ($ billion)



2007	2008	2009	2010	2011
20.6	6.9	13.1	18.2	**16.6**

* 2007 to 2010 comparative figures are restated due to retrospective application of INT FRS 115.

2007

Group revenue of $10,144 million was $2,543 million or 33% 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 72% 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 $1,548 million, $393 million or 34% 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.

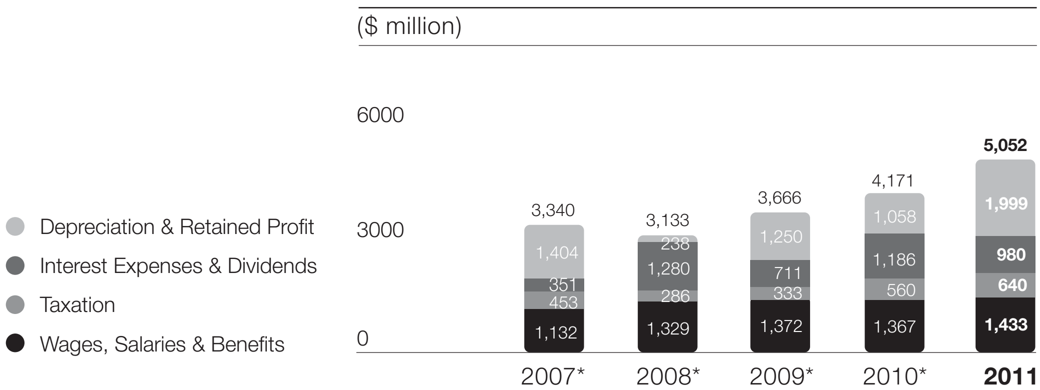
Group profit before tax was $1,455 million or 28% more than the previous year's. Earnings from Offshore & Marine Division at $700 million were 12% above the previous year. Production activities continued to increase at the shipyards, however operating margins were lower because of lower margins from its Brazilian operations. Infrastructure Division returned firmly to profitability contributing $51 million or 4% 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 increased to $370 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 Singapore Petroleum Company, 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 net profit before exceptional items was $957 million.

Group Value-Added Statements

($ million)	2007	2008	2009	2010	**2011**
Value added from:					
Revenue earned	10,144	11,784	11,990	9,140	**10,082**
Less: purchases of materials and services	(7,918)	(9,094)	(9,020)	(6,028)	**(6,544)**
Gross value added from operation	2,226	2,690	2,970	3,112	**3,538**
In addition:					
Interest and investment income	91	83	79	120	**139**
Share of associated companies' profits	458	347	295	278	**240**
Exceptional items	565	13	322	661	**1,135**
	3,340	3,133	3,666	4,171	**5,052**
Distribution of Group's value added:					
To employees in wages, salaries and benefits	1,132	1,329	1,372	1,367	**1,433**
To government in taxation	453	286	333	560	**640**
To providers of capital on:					
Interest on borrowings	63	79	50	65	**98**
Dividends to our partners in subsidiaries	46	103	87	130	**158**
Dividends to our shareholders	242	1,098	574	991	**724**
	351	1,280	711	1,186	**980**
Total Distribution	1,936	2,895	2,416	3,113	**3,053**
Balance retained in the business:					
Depreciation & amortisation	126	139	174	189	**208**
Minority share of profits in subsidiaries	458	117	99	349	**674**
Retained profit for the year	820	(18)	977	520	**1,117**
	1,404	238	1,250	1,058	**1,999**
	3,340	3,133	3,666	4,171	**5,052**
Number of employees	31,914	35,621	31,775	31,360	**33,747**
Productivity data:					
Gross value added per employee ($'000)	70	76	93	99	**105**
Gross value added per dollar employment cost ($)	1.97	2.02	2.16	2.28	**2.47**
Gross value added per dollar sales ($)	0.22	0.23	0.25	0.34	**0.35**

Notes:
2007 to 2010 comparative figures are restated due to retrospective application of INT FRS 115.



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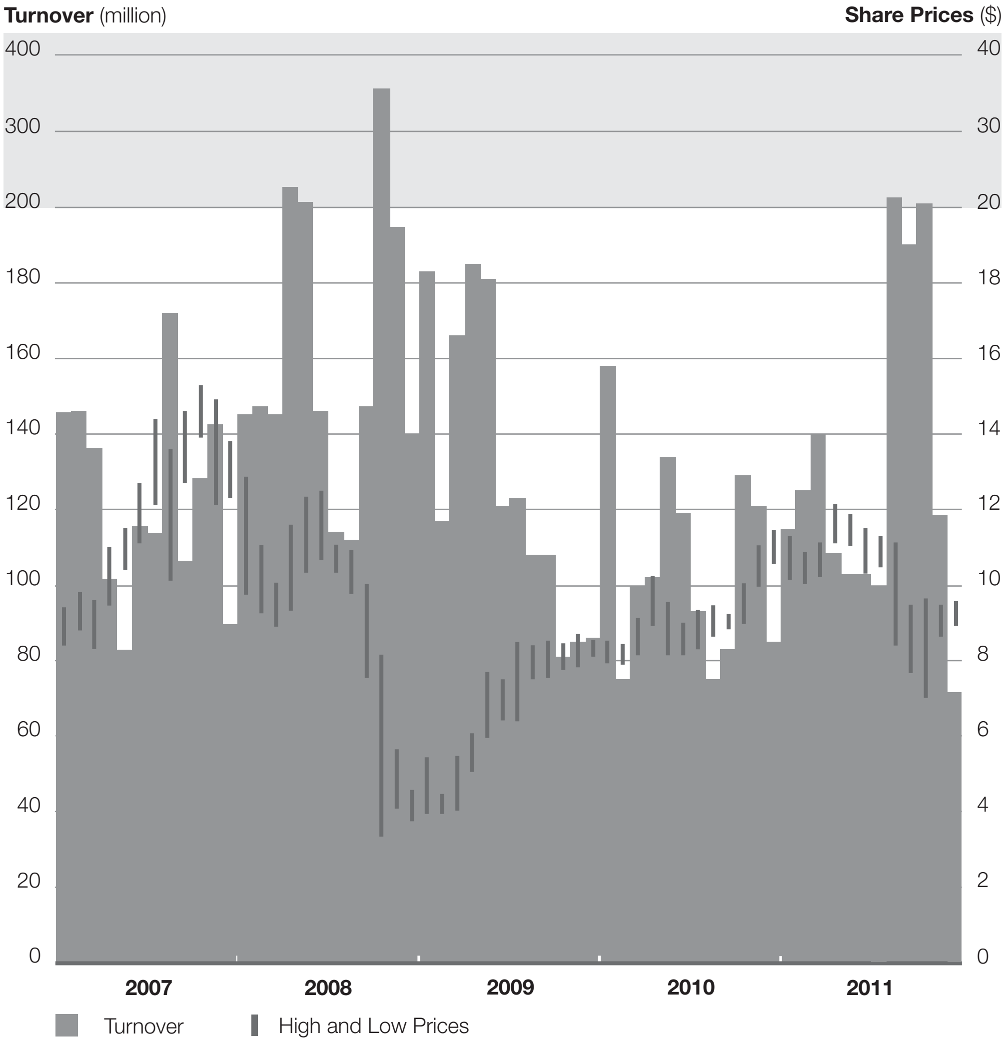
Share Performance



	2007	2008	2009	2010	**2011**
Share Price ($)*					
Last transacted (Note 3)	11.82	3.94	7.48	10.29	**9.30**
High	13.91	11.67	7.91	10.42	**12.18**
Low	7.55	3.05	3.61	7.15	**7.02**
Volume weighted average (Note 2)	10.51	7.81	5.82	8.27	**9.88**
Per Share					
Earnings (cents) (Note 1)	55.0	61.7	67.9	74.3	**83.8**
Total distribution (cents)	58.2	31.8	55.5	38.2	**43.0**
Distribution yield (%) (Note 2)	5.5	4.1	9.5	4.6	**4.4**
Net price earnings ratio (Note 2)	19.1	12.7	8.6	11.1	**11.8**
At Year End					
Share price ($)	11.82	3.94	7.48	10.29	**9.30**
Distribution yield (%) (Note 3)	4.9	8.1	7.4	3.7	**4.6**
Net price earnings ratio (Note 3)	21.5	6.4	11.0	13.8	**11.1**
Net price to book ratio (Note 3)	4.1	1.6	2.3	2.9	**2.3**
Net assets backing ($)	2.91	2.53	3.24	3.57	**4.09**

Notes:
1. Earnings per share are calculated based on the Group net profit 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, bonus issue in 2011 and retrospective application of INT FRS 115.

* Historical share prices are not adjusted for special dividends, capital distribution and dividend in specie.

Shareholding Statistics

As at 2 March 2012

Total number of issued shares : 1,790,561,704
Issued and fully paid-up capital : $1,070,367,324.39
Class of Shares : Ordinary Shares with equal voting rights

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	1,957	5.34	550,782	0.03
1,000 - 10,000	29,830	81.45	88,829,918	4.96
10,001 - 1,000,000	4,808	13.13	148,980,764	8.32
1,000,001 & Above	31	0.08	1,552,200,240	86.69
Total	36,626	100.00	1,790,561,704	100.00

Twenty Largest Shareholders as at 2 March 2012	Number of Shares	%
Temasek Holdings (Pte) Ltd	371,408,292	20.74
Citibank Nominees Singapore Pte Ltd	359,165,092	20.06
DBS Nominees Pte Ltd	239,045,304	13.35
DBSN Services Pte Ltd	205,535,396	11.48
HSBC (Singapore) Nominees Pte Ltd	165,940,269	9.27
United Overseas Bank Nominees Pte Ltd	58,635,244	3.27
Raffles Nominees (Pte) Ltd	43,665,141	2.44
BNP Paribas Securities Services S'pore Pte Ltd	27,846,757	1.56
DB Nominees (S) Pte Ltd	10,873,823	0.61
Bank of S'pore Nominees Pte Ltd	10,510,398	0.59
Merrill Lynch (Singapore) Pte Ltd	7,633,984	0.43
Shanwood Development Pte Ltd	7,040,000	0.39
Teo Soon Hoe	4,853,480[(i)]	0.27
OCBC Nominees Singapore Pte Ltd	4,456,589	0.25
Lim Chee Onn	4,414,282	0.25
BNP Paribas Nominees Singapore Pte Ltd	3,765,454	0.21
Choo Chiau Beng	3,216,532[(ii)]	0.18
OCBC Securities Private Ltd	3,040,602	0.17
Phillip Securities Pte Ltd	2,629,491	0.15
UOB Kay Hian Pte Ltd	2,455,732	0.14
Total	1,536,131,862	85.81

Note:
(i) Includes 44,000 shares held by OCBC Nominees Singapore Pte Ltd on his behalf.
(ii) Includes 1,540,000 shares and 554,000 shares held by HSBC (Singapore) Nominees Pte Ltd and DBS Nominees Pte Ltd respectively on his behalf.

Substantial Shareholder

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Temasek Holdings (Pte) Ltd	371,408,292	20.74	10,031,094[(i)]	0.56	381,439,386	21.30

Note:
(i) By operation of Section 7 of the Companies Act, Temasek Holdings (Pte) Ltd is deemed to be interested in an aggregate of 10,031,094 shares in which its subsidiaries and associated companies have an aggregate interest.

Public Shareholders

Based on the information available to the Company as at 2 March 2012, approximately 78% 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 2 March 2012, there are no treasury shares held.

Notice of Annual General Meeting and Closure of Books

Keppel Corporation

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

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of the Company will be held at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 on Friday, 20 April 2012 at 3.00 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 2011. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 26 cents per share for the year ended 31 December 2011 (2010: final dividend of 23.7 cents per share tax-exempt (one-tier), adjusted for the bonus issue). **Resolution 2**

3. To re-elect the following directors, each of whom will be retiring by rotation pursuant to Article 81B of the Company's Articles of Association and who, being eligible, offers himself/herself for re-election pursuant to Article 81C (see Note 3):

   (i) Dr Lee Boon Yang **Resolution 3**

   (ii) Mr Choo Chiau Beng **Resolution 4**

   (iii) Mrs Oon Kum Loon **Resolution 5**

   Note: Mr Lim Hock San, who will be retiring by rotation pursuant to Article 81B of the Company's Articles of Association, and, although eligible, has given notice to the Company that he does not wish to stand for re-election (see Note 3).

   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, although eligible, has given notice to the Company that he does not wish to stand for re-election (see Note 3).

4. To approve the ordinary remuneration of the non-executive directors of the Company for the financial year ended 31 December 2011, comprising the following: **Resolution 6**

   (1) the payment of directors' fees of an aggregate amount of $1,382,500 in cash (2010: $944,170); and

   (2) (a) the award of an aggregate number of 34,000 existing ordinary shares in the capital of the Company (the "Remuneration Shares") to Dr Lee Boon Yang, 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, Mr Tan Ek Kia and Mr Danny Teoh as payment in part of their respective remuneration for the financial year ended 31 December 2011 as follows:

   (i) 10,000 Remuneration Shares to Dr Lee Boon Yang;

   (ii) 3,000 Remuneration Shares to Mr Lim Hock San;

   (iii) 3,000 Remuneration Shares to Mr Sven Bang Ullring;

(iv) 3,000 Remuneration Shares to Mr Tony Chew Leong-Chee;

(v) 3,000 Remuneration Shares to Mrs Oon Kum Loon;

(vi) 3,000 Remuneration Shares to Mr Tow Heng Tan;

(vii) 3,000 Remuneration Shares to Mr Alvin Yeo Khirn Hai;

(viii) 3,000 Remuneration Shares to Mr Tan Ek Kia; and

(ix) 3,000 Remuneration Shares to Mr Danny Teoh;

(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 34,000 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 4).

5. To re-appoint the Auditors and authorise the directors of the Company to fix their remuneration. **Resolution 7**

Special Business

To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Chapter 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 8**

(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 of the Company 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;

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) shall not exceed fifty (50) per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed five (5) per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) 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;

(iii) 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

(iv) (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 5).

7. That: **Resolution 9**

(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 five (5) 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 (as hereafter defined), 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 (as hereafter defined); 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 6).

8. That: **Resolution 10**

(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 7).

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 Share Transfer Books and the Register of Members of the Company will be closed on 28 April 2012, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 27 April 2012 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 9 May 2012; and

(b) the electronic copy of the Company's Annual Report 2011 will be published on the Company's website on 29 March 2012. The Company's website address is http://www.kepcorp.com, and the electronic copy of the Annual Report 2011 can be viewed or downloaded from the "Financial Reports" section, which can be accessed from the main menu item "Investor Centre". To view the electronic copy of the Annual Report 2011, 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

Kenny Lee
Company Secretary

Singapore, 29 March 2012

Notes:

1. The Chairman of this annual general meeting will be exercising his right under Article 67 of the Company's Articles of Association to demand a poll in respect of each of the resolutions to be put to the vote of members at the annual general meeting and at any adjournment thereof. Accordingly, each resolution at the annual general meeting will be voted on by way of a poll.

2. 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.

3. Detailed information on these directors can be found in the "Board of Directors" section of the Company's Annual Report. Dr Lee Boon Yang will upon re-election continue to serve as Chairman and member of the Remuneration, Nominating and Board Safety Committees. Mr Choo Chiau Beng will upon re-election continue to serve as member of the Board Safety Committee. Mrs Oon Kum Loon will upon re-election continue to serve as Chairman of the Board Risk Committee and member of the Audit and Remuneration Committees. Except for Mr Choo Chiau Beng who is the Chief Executive Officer of the Company, these directors are considered by the Nominating Committee to be independent directors.

   Mr Lim Hock San and Mr Sven Ullring who will have served as non-executive directors for 22 years and 6 months and 11 years and 10 months respectively as at the date of this annual general meeting, are due to retire and will not be seeking re-election. Mr Danny Teoh will replace Mr Lim as the Chairman of the Audit Committee, Chairman of the Remuneration Committee and member of the Board Risk Committee upon Mr Lim's retirement at the conclusion of this annual general meeting. Mr Tan Ek Kia will replace Mr Ullring as the Chairman of the Board Safety Committee upon Mr Ullring's retirement at this annual general meeting. Detailed information on Mr Danny Teoh and Mr Tan Ek Kia can be found in the "Board of Directors" section of the Company's Annual Report.

4. 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 2011, and is in addition to the proposed directors' fees in cash mentioned in this Resolution 6. 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 10,000 Shares as part of his ordinary remuneration as non-executive Chairman for the financial year ended 31 December 2011. The non-executive directors who have served for the full financial year will each be awarded 3,000 Shares as part of their remuneration. The Chairman and the non-executive directors will abstain from voting, and will procure their respective associates to abstain from voting, in respect of this Resolution.

5. Resolution 8 is to empower the directors from the date of this annual general meeting until the date of the next annual general meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury Shares) (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). 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. Of the 5 per cent. sub-limit, in relation to the Company's Restricted Share Plan and Performance Share Plan (collectively, the "Share Plans"), the Company shall not award shares ("Awards") under the Share Plans exceeding in aggregate 2 per cent. of the total number of issued Shares ("Yearly Limit"). However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by the Company to make grants of Awards in subsequent years. 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 this Resolution 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 8 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

6. Resolution 9 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 21 April 2011. At this annual general meeting, the Company is seeking a "Maximum Limit" of 5 per cent. of the total number of issued Shares, which is lower than the 10 per cent. Maximum Limit allowed under the Companies Act, Chapter 50 of Singapore. Please refer to Appendix 1 to this Notice of Annual General Meeting for further details.

7. Resolution 10 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 to 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
Tan Ek Kia
Danny Teoh
Teo Soon Hoe
Tong Chong Heong

Audit Committee

Lim Hock San (Chairman)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Alvin Yeo Khirn Hai
Danny Teoh

Remuneration Committee

Lim Hock San (Chairman)
Lee Boon Yang
Sven Bang Ullring
Oon Kum Loon (Mrs)
Tow Heng Tan
Danny Teoh

Nominating Committee

Tony Chew Leong-Chee (Chairman)
Lee Boon Yang
Sven Bang Ullring
Tow Heng Tan
Tan Ek Kia

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
Tan Ek Kia

Company Secretaries

Caroline Chang
Kenny Lee

Registered Office

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Telephone: (65) 6270 6666
Facsimile No.: (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: Cheung Pui Yuen
Year appointed: 2011

Financial Calendar

FY 2011

Financial year-end	31 December 2011
Announcement of 2011 1Q results	20 April 2011
Announcement of 2011 2Q results	21 July 2011
Announcement of 2011 3Q results	20 October 2011
Announcement of 2011 full year results	26 January 2012
Despatch of Annual Report to Shareholders	29 March 2012
Annual General Meeting	20 April 2012
2011 Proposed final dividend	
Books closure date	5.00 p.m., 27 April 2012
Payment date	9 May 2012

FY 2012

Financial year-end	31 December 2012
Announcement of 2012 1Q results	April 2012
Announcement of 2012 2Q results	July 2012
Announcement of 2012 3Q results	October 2012
Announcement of 2012 full year results	January 2013

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Keppel Corporation

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

ANNUAL GENERAL MEETING

Proxy Form

IMPORTANT

1. For investors who have used their CPF monies to buy Keppel Corporation Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified timeframe, with the Company's Share Registrar. (CPF Approved Nominee: Please refer to Note No. 7 on the reverse side of this form on the required details.)
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

I/We ______________________________ (Name) ______________________ (NRIC/Passport Number)

of ____ (Address)

being a Shareholder(s) of KEPPEL CORPORATION LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Shareholders of the Company ("AGM") to be held on 20 April 2012 at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting and at any adjournment thereof.

NOTE: The Chairman of the AGM will be exercising his right under Article 67 of the Articles of Association of the Company to demand a poll in respect of the resolutions to be put to the vote of the Shareholders at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of poll.

Resolutions	Number of Votes For *	Number of Votes Against *
Ordinary Business		
1. Adoption of Directors' Report and Audited Financial Statements		
2. Declaration of dividend		
3. Re-election of Dr Lee Boon Yang as director		
4. Re-election of Mr Choo Chiau Beng as director		
5. Re-election of Mrs Oon Kum Loon as director		
6. Approval of remuneration to non-executive directors comprising payment of directors' fees and award of Remuneration Shares		
7. Re-appointment of Auditors		
Special Business		
8. Authority to issue shares and convertible instruments		
9. Renewal of Share Purchase Mandate		
10. Renewal of Shareholders' Mandate for Interested Person Transactions		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✔) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this ________ day of ________________ 2012

Total Number of Shares held	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

Fold and glue along dotted line

Fold and glue along dotted line

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A Shareholder of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a Shareholder of the Company. Where a Shareholder appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.

3. The instrument appointing a proxy or proxies 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 the Annual General Meeting.

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
Keppel Corporation Limited
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. A corporation which is a Shareholder may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shareholders whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Shareholders are not shown to have Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

7. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Annual General Meeting as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 at least 48 hours before the time fixed for the Annual General Meeting.

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Edited and Compiled by
Group Corporate Communications, Keppel Corporation

Designed by
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