Keppel Corporation

SHAPING THE FUTURE

Report to Shareholders 2012

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.

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KEY FIGURES FOR 2012

Net Profit**

$1,914m

Increased 28% from
FY 2011's $1,491 million

Our Offshore & Marine and Property divisions delivered strong performance, bringing net profit before revaluation, major impairment and divestments to a new high of $1,914 million.

Return On Equity**

22.6%

Increased by 9% from
FY 2011's 20.8%*

Return On Equity exceeded 20% for the sixth consecutive year.

Distribution Per Share

72.4¢

Increased 68% from
FY 2011's 43.0 cents per share

Total distribution for 2012 comprised a special dividend *in specie* of one Keppel REIT unit for every five shares in the Company (approximately 27.4 cents per share), a final dividend of 27.0 cents and an interim dividend of 18.0 cents that had already been paid.

Revenue

$13,965m

Increased 39% from
FY 2011's $10,082 million

Earnings Per Share**

106.8¢

Increased 27% from
FY 2011's 83.8 cents per share

Economic Value Added**

$1,375m

Increased $351 million from
FY 2011's $1,024 million

Net Gearing Ratio

0.23x

Increased from
FY 2011's net gearing of 0.16x*

Net Asset Value Per Share

$5.14

Increased 19% from
FY 2011's $4.32 per share*

* Comparative figures have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.
** Figures exclude revaluation, major impairment and divestments.

1 Reflections at Keppel Bay in Singapore underpinned strong earnings in the Property Division.

2 The Offshore & Marine Division's orderbook was replenished with $10 billion worth of new orders won in 2012.

GROUP FINANCIAL HIGHLIGHTS

Earnings Per Share** (cents)

+27%

from FY 2011

Return On Equity** (%)

+9%

from FY 2011

Distribution Per Share (cents)

+68%

from FY 2011

Economic Value Added** ($ million)

+34%

from FY 2011

* Comparative figures have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

** Figures exclude revaluation, major impairment and divestments.

Group Quarterly Results ($ million)

	2012					2011				
	1Q	**2Q**	**3Q**	**4Q**	**Total**	1Q	2Q	3Q	4Q	Total
Revenue	**4,266**	**3,481**	**3,219**	**2,999**	**13,965**	2,288	2,287	2,703	2,804	10,082
EBITDA	**996**	**660**	**469**	**482**	**2,607**	455	508	574	569	2,106
Operating profit*	**946**	**610**	**415**	**425**	**2,396**	408	460	524	505	1,897
Profit before tax*	**994**	**680**	**482**	**539**	**2,695**	450	511	580	636	2,177
Net profit*	**751**	**521**	**337**	**305**	**1,914**	312	384	406	389	1,491
Earnings Per Share (cents)*	**41.9**	**29.1**	**18.8**	**17.0**	**106.8**	17.6	21.6	22.8	21.8	83.8

* Figures exclude revaluation, major impairment and divestments.

	2012	2011 Restated*	% Change
For the year ($ million)			
Revenue	**13,965**	10,082	+39%
Profit (before revaluation, major impairment and divestments)			
EBITDA	**2,607**	2,106	+24%
Operating	**2,396**	1,897	+26%
Before tax	**2,695**	2,177	+24%
Net profit	**1,914**	1,491	+28%
Net profit after revaluation, major impairment and divestments	**2,237**	1,946	+15%
Operating cash flow	**1,006**	(224)	n.m.
Free cash flow	**(63)**	(1,482)	n.m.
Economic Value Added (EVA)			
Before revaluation, major impairment and divestments	**1,375**	1,024	+34%
After revaluation, major impairment and divestments	**1,430**	838	+71%
Per share			
Earnings (cents)			
Before tax & revaluation, major impairment and divestments	**130.4**	105.4	+24%
After tax & before revaluation, major impairment and divestments	**106.8**	83.8	+27%
After tax & revaluation, major impairment and divestments	**124.8**	109.4	+14%
Net assets ($)	**5.14**	4.32	+19%
Net tangible assets ($)	**5.08**	4.26	+19%
At year-end ($ million)			
Shareholders' funds	**9,246**	7,699	+20%
Non-controlling interests	**4,332**	4,062	+7%
Capital employed	**13,578**	11,761	+15%
Net debt	**3,153**	1,857	+70%
Net gearing ratio (times)	**0.23**	0.16	+44%
Return on shareholders' funds (%)			
Profit before tax & revaluation, major impairment and divestments	**27.6**	26.2	+5%
Net profit before revaluation, major impairment and divestments	**22.6**	20.8	+9%
Shareholders' value			
Distribution (cents per share)			
Interim dividend	**18.0**	17.0	+6%
Final dividend	**27.0**	26.0	+4%
Special dividend *in specie*	**27.4**	–	n.m.
Total distribution	**72.4**	43.0	+68%
Share price ($)	**11.00**	9.30	+18%
Total Shareholder Return (%)	**22.9**	(6.4)	n.m.

n.m. not meaningful
* Comparative figures have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

CHAIRMAN'S STATEMENT

"In shaping Keppel's future, we have to stay the course of our multi-business strategy, focusing our collective strengths on achieving sustainable growth in our businesses and delivering value to our stakeholders."

Net Profit*

$1,914m

Increased 28% from FY 2011's $1,491 million

DEAR SHAREHOLDERS,
The global economy in 2012 was marked by the spillover effects of an anaemic US economy and a Eurozone hobbled by a continuing debt crisis. Asia, while resilient, was not impervious to external shocks. China's growth slowed to 7.8% while Singapore narrowly avoided a recession in the fourth quarter, managing a modest 1.2% GDP growth for the whole of 2012.

2013 is expected to be another challenging year as the issues facing the US and the Eurozone have yet to be fully resolved. We must be prepared for an extension of the recent tumultuous years. There will be uncertainties and potential risks which must be factored into our business strategy.

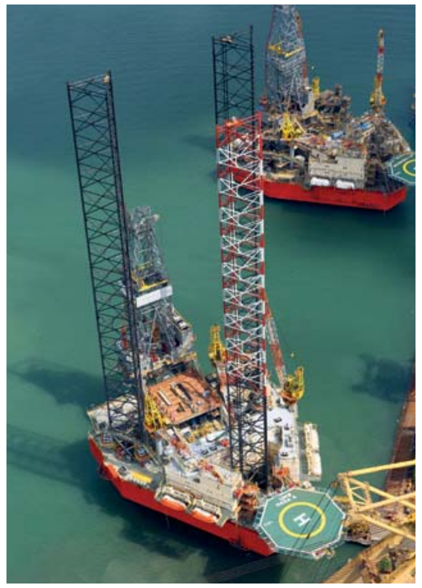
CREDITABLE PERFORMANCE
Despite the uncertainties and volatile environment, Keppel was able to deliver another set of creditable results.

For 2012, excluding revaluations, major impairment and divestments, our net profit grew by 28% to $1.9 billion. Our Return On Equity continued to be healthy at 22.6% while Economic Value Added increased to about $1.4 billion for the year.

With the record performance, the Board of Directors has recommended a final dividend of 27.0 cents per share. To commemorate Keppel Corporation's 45th anniversary and reward our shareholders for their continued support, we have proposed a distribution *in specie* of one Keppel REIT unit for every five shares held by entitled shareholders equivalent to approximately 27.4 cents. Together with the interim dividend of 18.0 cents, total distribution for 2012 will be 72.4 cents per share.

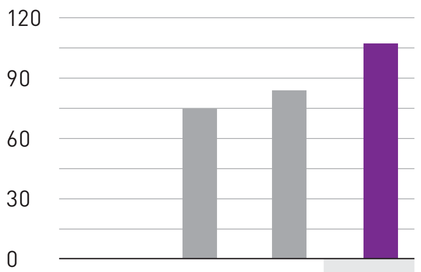
OFFSHORE & MARINE
In 2012, Keppel Offshore & Marine (Keppel O&M) was able to secure about $10 billion in new contracts from customers across Brazil, the Caspian Sea and Mexico. This almost matched the record new orders achieved in 2011. Our net orderbook was $12.8 billion as at end December 2012, with projects stretching into 2019.

Notably, in August 2012, Keppel FELS Brasil secured another five repeat semisubmersible orders amounting to about US$4.1 billion from Sete Brasil, following the award of the first unit at end-2011. The semisubmersibles, which are based on Keppel's proprietary DSS™ 38E design, are well-suited to meet the stringent requirements of the deepwater "Golden Triangle" region of Brazil, West Africa and the Gulf of Mexico.



With 40 units operating worldwide and counting, the KFELS B class jackup rig has become an industry benchmark.

Earnings Per Share* (cents)



2010	2011	**2012**
74.3	83.8	**106.8**

* Figures exclude revaluation, major impairment and divestments.

With record deliveries of 20 rigs by Keppel FELS expected in 2013, we will further improve our execution, engineering and design capabilities to sustain our market leadership in the light of growing competition.

The *Near Market, Near Customer* strategy continues to work well for us. Our Asian network of yards across the Philippines, Indonesia and China has been assisting the Singapore yards with offshore work.

In this regard, our yards in the Philippines are good examples. Keppel Batangas and Keppel Subic Shipyard are supporting the construction of pontoons for Sete Brasil's DSS™ 38E semisubmersibles and Floatel's floating accommodation unit. Keppel Batangas is also teaming with Keppel Singmarine to construct three units of 4,000 dwt bulk ore/fuel carriers for OK Tedi.

We are heartened that our Philippines yards have also been winning the confidence of international operators and drillers. In November 2012, Keppel Subic Shipyard secured the Malampaya Phase 3 Depletion Compression Platform (DCP) newbuilding contract from Shell Philippines Exploration.

Ongoing productivity enhancements and mechanisation have equipped our satellite yards to take on more complex projects. The sustained efforts to improve the skills and efficiency of our satellite yards will help mitigate the foreign labour constraint that we are facing in Singapore.

Despite lingering uncertainties in the global economy, fundamentals in the offshore and marine industry remain sound over the longer term. Keppel O&M will continue to invest in R&D to come up with innovative solutions for new offshore frontiers as it builds on strong relationships with trend-setting customers and sharpens its technology edge.

INFRASTRUCTURE

At our Infrastructure Division, we have chosen to offer sustainable solutions for power generation, environmental engineering and business connectivity. Our Infrastructure Division is still in its early growth phase and its immediate focus will be on honing expertise, efficient delivery and smooth execution in scalable businesses. We will be more focused on selecting projects that are value-enhancing.

Keppel Energy, with a strong integrated power and gas platform, remains highly competitive and will continue to grow its market share in Singapore.

The 800MW expansion of its Keppel Merlimau Cogen plant is on track for completion by mid-2013, and will soon add to the Group's recurring income stream. The first unit of 400MW started commissioning in the third quarter of 2012, ahead of schedule.

Wholly-owned subsidiary, Keppel Gas has secured a long-term agreement with Petronas to import additional piped natural gas into Singapore. With the additional gas import, Keppel Gas is well-positioned to serve the gas needs of industrial and commercial users. In light of the challenges faced in its EPC contracts, Keppel Integrated Engineering (KIE) is more deliberate and selective in the pursuit of new projects and remains focused on the execution and delivery of existing ones.

In Qatar, KIE's wholly-owned subsidiary, Keppel Seghers, completed its first year of operations and maintenance for the Domestic Solid Waste Management Centre and achieved ISO certification in November 2012. The Doha North Sewage Treatment Works in Qatar has also begun commissioning works and its first phase is expected to be completed in 2013.

In August 2012, a Keppel Seghers' consortium was awarded a Waste-to-Energy (WTE) combined heat and power project in Bialystok, Poland for about $124 million. The consortium, led by Budimex SA, one of Poland's largest construction companies, will provide engineering, construction and procurement expertise. To be

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1 Keppel Merlimau Cogen plant's 800MW expansion is on track for completion in 2013.

2 Keppel Land will extend its expertise and experience in developing quality commercial properties overseas.

completed by end-2015, the plant will have the capacity to treat 120,000 tonnes of waste per year.

Keppel Telecommunications & Transportation (Keppel T&T) continued its growth track in tandem with strong domestic demand experienced in most Southeast Asian economies which have ramped up plans to build up key logistics infrastructure.

During the year, Keppel T&T made its first foray into Indonesia to provide services for the consumer and retail goods sector through a joint venture (JV) with PT Puninar Jaya, a leading local third party logistics service provider.

Over in China, Keppel T&T has entered into the niche of food logistics. In March 2012, it sealed a JV Agreement with the Jilin City Government to develop and operate a food logistics park in Jilin City, Jilin Province. The first phase of the logistics park spread out over 40-ha will begin operations in 2014.

Its second food logistics project, a JV with private investors and the Lu'an City Jin'an District Government, is in Lu'an City, Anhui Province.

Keppel T&T also continued its growth thrust in the data centre business through the Securus Data Property Fund (Securus Fund), acquiring two more facilities in London, UK and Selangor, Malaysia respectively. In addition, it is investing another US$50 million as part of the Securus Fund's second round capital raising. This will make Keppel T&T the single largest shareholder of the Fund, which now holds a diversified portfolio of four high quality assets spread across the UK, Malaysia and Australia.

In line with the increasing global emphasis on sustainable businesses, Keppel T&T will develop greener data centres with a modular expansion strategy, which will allow it to adopt the latest features and designs to optimise energy and resource efficiency.

PROPERTY

In Property, Singapore and China continue to be our core markets where we are confident that fundamentals remain positive in the medium to long term. The stringent property market cooling measures introduced by the governments in these two countries will support sustainable and healthy development of these markets.

Both Singapore and China were key contributors to last year's total sales of about 2,350 homes, with about 430 and 1,650 homes sold in Singapore and China respectively. Last year, we invested about $1 billion, mostly on acquisitions of new sites in Singapore and China.

In Singapore, new home prices were driven by demand for suburban developments in well-located, popular estates. Notably, homes sold at Reflections at Keppel Bay strongly boosted our property profits for the year. The Luxurie, our 622-unit suburban residential development

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"As we embrace change and develop ourselves to stay relevant and resilient, Keppel will continue to nurture a strong and united team of leaders and employees who embrace the same vision and excitement about our future."

in Sengkang, is almost sold out. In October 2012, Keppel Land secured a prime residential site along New Upper Changi Road, on which it plans to develop about 700 homes. On Plot 3 in the Keppel Bay waterfront precinct, design work is at an advanced stage. We will monitor the market closely for a suitable time to launch these two projects.

In China, Keppel Land's current portfolio comprises more than 42,000 homes spanning 10 cities. We will step up our presence in key gateway cities like Shanghai and Beijing, as well as promising secondary cities like Tianjin, Chengdu and Wuxi. In 2012, we acquired a prime commercial site in Beijing's CBD, a landed housing site in an upmarket low-density housing district in Chengdu, as well as a city-centre mixed-use development site in Wuxi.

With continued economic growth, we are optimistic about the commercial property markets in key cities in the region. For a balanced portfolio, we have strategically expanded our commercial presence overseas in the last two years. We are developing some 420,000 sm of prime commercial space in Beijing, Tianjin, Jakarta and Ho Chi Minh City, leveraging our experience and expertise in this sector in Singapore.

Our property fund management business, through Keppel REIT and Alpha Investment Partner, has grown steadily to achieve total assets under management of $15.3 billion as at end-2012. Keppel REIT, which changed its name from K-REIT Asia in October 2012, continued to expand its Grade A office portfolio with income-accretive acquisitions of a 50% stake in a new office development in Perth, Western Australia and an additional interest in Ocean Financial Centre (OFC), raising its stake in OFC from 87.5% to 99.9%. Alpha's latest fund, Alpha Asia Macro Trends Fund II is targeting to close at US$1 billion in the first half of 2013.

SHAPING THE FUTURE

The Keppel story is 45 years in the making in 2013. We have successfully weathered many ups and downs to emerge resilient and stronger with each challenge and opportunity.

In shaping Keppel's future, we have to stay the course of our multi-business strategy, focusing our collective strengths on achieving sustainable growth in our businesses and delivering value to our stakeholders. At the same time, we have to maintain our competitive edge by building new capabilities and investing to further improve our productivity and technological edge.

At the heart of every good company are its people. As we embrace change and develop ourselves to stay relevant and resilient, Keppel will continue to

1 The Outstanding Keppelite Awards recognise employees who exemplify Keppel's core values and passion for excellence.

2 Keppel Care Foundation was launched in 2012 to aid the needy and under-privileged, promote education and encourage eco-friendly mindsets and initiatives.

nurture a strong and united team of leaders and employees who embrace the same vision and excitement about our future.

Leadership succession remains a key priority of the Board. Over the past year, our succession plans have ensured key positions are anchored by capable and experienced people who exemplify the Keppel core values and continue to contribute to our Group's growth. We will groom a new generation of Keppelites who share a deep corporate pride and commitment to build successful and sustainable businesses and create value for shareholders.

Even as we continue to celebrate our achievements, we never forget our responsibilities to the communities we are a part of, whose well-being contribute to the sustainability of our businesses. We launched Keppel Care Foundation in 2012 through which we will aid the needy and under-privileged, promote education and encourage eco-friendly mindsets and initiatives.

ACKNOWLEDGEMENTS

Faced with global volatility and uncertainties, we are most appreciative of our shareholders' support, trust and confidence in Keppel.

We commend all Keppelites worldwide for your bold and resounding demonstration of the *Can-Do!* spirit and passion to sustain Keppel's success amidst a challenging environment. In doing so, you continue to strengthen the 45-year old fabric of the Keppel tapestry and lay the groundwork for future successes.

We are privileged to have Mr Tan Puay Chiang, a veteran in the oil, gas and petrochemicals sector, come onboard in 2012 to bring his extensive experience to bear for the benefit of the Group.

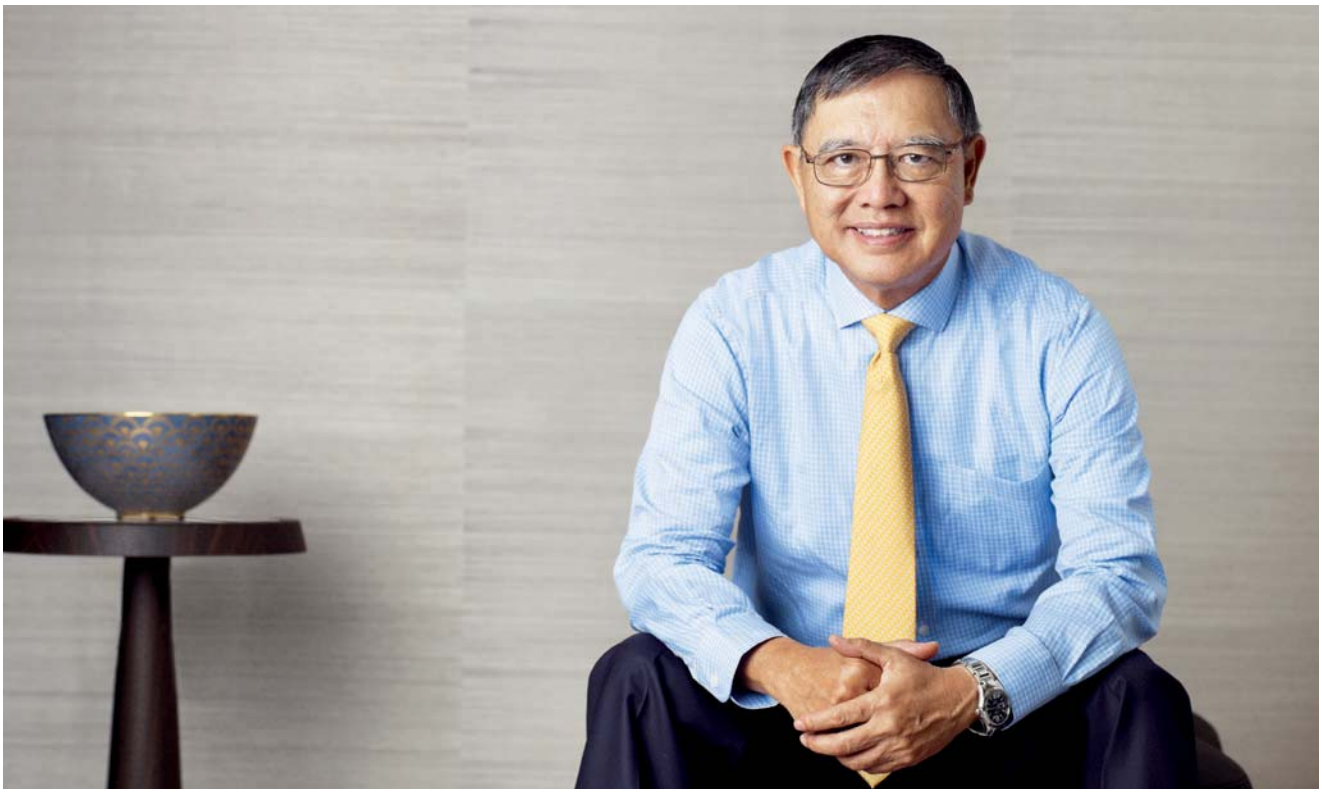
Last but not least, I wish to express my appreciation to Directors, Management, partners, customers and all stakeholders for their staunch support. Thank you.

Yours sincerely,

LEE BOON YANG
CHAIRMAN
27 February 2013

INTERVIEW WITH THE CEO

"The Group has laid firm foundations that have allowed us to deliver creditable results year on year, as well as emerge more agile, resilient and stronger through every challenge. In shaping our future, we will be further growing our human capital and deepening our bench-strengths in core disciplines."



Q Keppel Corporation achieved another bumper year in 2012. In the absence of one-time gains from units sold at Reflections at Keppel Bay, what will the outlook be like for 2013?

A 2013 will still be affected by the spillover effects of the recent turbulent years. While we do not expect to repeat 2012's results, our investments and efforts to improve our core businesses and competencies put us in a good position to capture good opportunities amidst challenging times.

In 2013, our yards will be busy delivering a record of 22 newbuild rigs, working down from a hefty $12.8 billion backlog as at end December 2012 which extends into 2019. Growing global energy demand and stable Brent crude prices of above US$100 per barrel continue to support global exploration and production (E&P) spending. On the back of our *Near Market, Near Customer* strategy and proven track record, we continue to garner healthy interest for jackups and semisubmersibles from customers across major and emerging oil and gas markets worldwide. While we are mindful of keen competition, we are confident of capturing a fair share of new orders in 2013.

In the Infrastructure Division, Keppel Energy's 800MW power plant expansion is progressing well, and is expected to start contributing towards the Group's earnings in 2013. At the same time, Keppel Integrated Engineering (KIE) is working hard to deliver the first phases of the Doha North Sewage Treatment Works and Greater Manchester projects this year. We have made additional provisions for these two projects in 2012 based on our best estimates.

Keppel Telecommunications & Transportation (Keppel T&T) is expected to begin trial operations for the Wuhu Sanshan port in Wuhu City, Anhui Province, in early 2013, and will focus on operating its other logistics parks in China well. Keppel T&T's Securus Fund will also continue to seek out prime data centres for acquisition in building up its portfolio of quality assets.

In Property, Keppel Land will launch new properties in tandem with market conditions in the region and selectively buy sites with good attributes for both residential and commercial development. Keppel Land will further leverage its synergy with its property fund management arms to improve the quality and performance of assets, as well as explore opportunistic acquisitions. A good example is the joint venture between Keppel Land China and Alpha Investment Partners, which acquired a prime mixed-use development in Shanghai in February 2013. The Group has laid firm foundations that have allowed us to deliver creditable results year on year, as well as emerge more agile, resilient and stronger through every challenge.

Q What are the global trends affecting your businesses, and how do you plan to address or leverage them?

A The world's urban population is expected to increase 72% by 2050, from the current 3.6 billion to 6.3 billion. The effects of urbanisation are pervasive. Around the world, cities contend with pressing issues on energy security, clean water, waste management and environmental impact. Through our key businesses in offshore and marine, infrastructure and property, we are providing solutions to help address some of the world's most crucial needs in a sustainable way.

The world will still remain highly dependent on fossil fuels to support its growth. Growing demand for energy continues to drive E&P into new frontiers, which are deeper and harsher. Political agenda and pressures have also nudged governments of emerging countries to quickly exploit their own oil and gas resources. We see a lot of interest in the ultra-deepwater segment. The shallow water segment remains robust with the bifurcation of the jackup market. We are in a good position to provide solutions to meet these different needs.

Shale gas is a game-changer. With technology spurring the recent growth of shale gas production and the possible export of LNG from the US, there is expectation that gas prices in the US, Asia and Europe could converge over time. With our competencies to convert vessels into Floating Storage Re-gasification Units, as well as service and repair LNG carriers, we are positioning ourselves to tap opportunities in this area. We are also looking at projects in the area of Floating LNG facilities.

The Group's Infrastructure Division will focus on honing expertise, efficiency and execution in scalable businesses.

Other areas that we can explore include providing solutions for the exploration of stranded gas reserves in smaller fields with under 1 trillion cubic feet of gas. As an integrated power and gas player, Keppel Energy could also leverage this trend.

A third trend is the rising focus on the environment and sustainable development. The Group is committed to develop environmentally-friendly solutions for office and residential buildings, rigs as well as renewable energy. Seafox 5, Keppel FELS's Multi-Purpose Self-Elevating Platform, is an innovative solution, which we have developed to meet the needs of the offshore wind energy sector.

We also have proprietary Waste-to-Energy (WTE) technology. In Singapore, we are operating two of the country's four WTE plants. We have built and are now operating one of the Middle East's most advanced WTE plants in Qatar. We also sell technology packages to China. In addition, through vehicles such as K-Green Trust and the Securus Fund, the Group is investing in green infrastructure assets and data centres.

Q What is the outlook for the Offshore & Marine industry? With intensifying competition from the Korean and Chinese shipyards, how will Keppel stay ahead?

A Global energy consumption is growing because of developing countries. We can expect energy prices to remain relatively high in the near future, which will in turn spur exploration in deeper waters and harsher environments.

Presently, stable oil prices of above US$100 per barrel continue to support E&P in the Gulf of Mexico, North Sea, Brazil and Africa. Scaling new frontiers requires highly advanced solutions. We can therefore expect global E&P spending to rise further.

The outlook for Singapore's commercial property sector remains encouraging with the country's continuing appeal to financial institutions and regional head offices.

On the supply side, recent years of demand growth coupled with the retirement of older rigs have tightened the market, lifting utilisation and dayrates for newer and more advanced jackups and ultradeepwater units. We will continue to see good industry prospects and healthy interest in both our jackup and floating solutions.

However, with shipbuilding in the doldrums, yards in China and Korea are chasing after offshore work. The competition continues to exert pressure on newbuild prices and margins in some product segments. As such, we must choose our battles wisely, competing on value creation rather than price and in areas where we have good prospects for success.

We have also established ourselves in key and emerging oil and gas markets across the world, in places where the Chinese and Korean yards are not yet present. We are confident that our *Near Market, Near Customer* strategy will continue to differentiate Keppel from the competition, and enable us to capture a fair share of global new orders. We hope to sustain healthy margins in the range of 10 to 12% for the mid to long term. We will continue to enhance the productivity and capabilities of our global yards, and deepen our technology expertise and customer partnerships to stay ahead of the curve.

Q How does the Infrastructure Division fit in with Keppel's business strategy and what are the plans to improve its performance?

A Infrastructure development driven by urbanisation and sustainability will continue to be a major growth driver for most emerging economies. We are looking at how the Group's businesses in power and gas, environmental engineering, logistics and data centres can best leverage their respective expertise to address the growing emphasis on sustainable development.

We have several units in the Infrastructure Division that are doing well, and which have helped to offset cost overruns from projects in the environmental engineering business in 2012. In particular, our power and gas business managed by Keppel

Energy has been contributing stable recurring income to the Group. The logistics and data centre businesses under Keppel T&T have also been maintaining high occupancy levels, and are selectively expanding their overseas footprint.

Still in early growth stages, our infrastructure units are deepening their roots, and will focus on honing expertise, efficiency and execution in scalable businesses. We will be very selective in undertaking projects that we are confident will bring us a fair return. Meanwhile, we are examining how the Division can be restructured and streamlined for value creation.

Q Cooling measures continue to depress residential markets across the region; what is Keppel doing to weather the situation? What is the outlook for the Property Division as a whole?

A Singapore's government announced its seventh wave of cooling measures in January 2013. This, coupled with the lacklustre global economy, and a fairly large supply of newly completed units, is likely to depress the local market. In China, the new leaders are expected to maintain a tight rein over property speculation and prices to balance cooling measures with economic growth.

Nonetheless, we remain confident of the long-term potential of the Singapore and China markets. The cooling measures are targeted at speculators, to prevent asset bubbles and help sustain a healthy property market, which will be good for us. In the meantime, some consolidation can be expected and weaker developers will be pressured to cut prices or sell their assets cheaply. This will provide opportunity for us to grow our portfolio. We will review the launch of our residential properties and concurrently seek good sites with strong marketing attributes for development.

Despite global uncertainties, urbanisation trends and low interest rates continue to drive strong demand for quality homes and office spaces in Asia. The outlook for Singapore's commercial sector remains encouraging with the country's continuing appeal to financial institutions and regional head offices. Marina Bay Financial Centre Tower 3 for instance, which is about 85% occupied, has been attracting multinational tenants from various industries such as technology, energy and resources and commodities.

With sizeable young populations and growing middle-income groups, countries such as Vietnam and Indonesia also possess favourable demographics for the property sector. Additionally, the improved liquidity and availability of low-cost financing options will support growing office values in the region, as well as provide sound fundamentals for our property fund management businesses. Having built up a strong balance sheet with low gearing, Keppel Land stands to benefit from these trends and is in a position to seize the right opportunities as they surface.

Q Keppel has invested into companies such as KrisEnergy and Floatel International. What are your plans for these strategic investments?

A We are always looking for opportunities to grow our core businesses and competitive strengths.

Through selectively investing in niche areas, we expect to tap into synergistic market segments that can produce sustainable returns and greater value for our shareholders in the long run.

KrisEnergy's portfolio contains a good balance of exploration and developmental stage assets, and proven reserves with the potential to grow. Floatel International is expanding its fleet to meet rising demand for floating accommodation semisubmersibles in places such as offshore Brazil and the North Sea. Our stakes in these companies will enable us to widen the acceptance of our own solutions, as well as participate in and extract value from more segments of the oil and gas industry. There will also be many opportunities to pursue areas of common interests and mutual benefit.

Q What are your priorities and strategies for allocating capital across the Group?

A We take capital allocation very seriously. The underlying principle is to see how we can make the best use of our funds to generate good returns.

We look for opportunities to recycle capital. By being very disciplined and selective in our investments and capital expenditure, we have consistently achieved a Return On Equity of above 20%, and a compounded annual net profit growth of 15% over the last five years.

We will continue to devote resources to our offshore and marine business but remain cautious about over-investing in an up-cycle to the extent that capital would be difficult to recover when the downturn hits. Where possible, we prefer to enhance existing assets or acquire and resurrect brown field shipyards, as opposed to building new yards where a massive capital outlay is needed. Annually, we have been investing about $200 million to improve our shipyards worldwide.

Uncertain economic conditions can also generate good opportunities. An example is Keppel Land's acquisition of a 51% stake in a prime commercial development in Beijing's city centre in early 2012. There are potential assets in the current market that we can acquire to strengthen our property and infrastructure portfolios. What is important is maintaining a strong balance sheet and sources of funding that will give us the flexibility to capitalise on opportunities when they arise.

Q The Keppel Group issued about $1.8 billion in bonds in 2012. What was the rationale for entering the bond market? What are your plans for the funds?

A As a Group, we operate in highly competitive industries where an edge in funding is an important tool for success. We are constantly scanning the horizon and reviewing our funding needs and sources to prepare ourselves to capture the right opportunities.

The global economic turmoil and European debt crisis have dampened market confidence and caused interest rates in many countries to fall to historically low levels. These events have diverted investors' attention to corporate credits and created a very conducive and liquid environment for bond issuers. We saw this as a good opportunity for the Group to tap the credit markets to extend our average tenure of loans and diversify funding sources.

We have raised about $1.8 billion in 2012, and stretched our average debt maturity from three years to over five. The funds raised will be used for general corporate and

1 Keppel seeks to tap into synergistic market segments, such as floating accommodation solutions, to create sustainable returns.

2 Infused with common core values and the *Can-Do!* spirit, Keppelites are ready to chart the Group's future.

working capital requirements as well as investments. This puts us in a comfortable position to meet current and future needs.

Q The Company has grown significantly over the past decade. What systems have you set in place to sustain long-term growth and value creation?

A An organisation cannot expect to succeed in every area, so we have to choose and compete in the businesses where we have an edge. We are focused on building up our key businesses and competencies, while being selective in growing adjacencies and new markets. We believe that we must be very pragmatic and disciplined in pursuing our business activities, and will not hesitate to walk away from potential projects and opportunities that are not value-enhancing.

The Group's established risk management framework helps to align all business units and enable them to assess and mitigate risks in their activities. We are focused on the bottom line as much as the top line. This focus on value creation helps us generate good profits and optimise returns.

We continually invest in technology innovation and R&D to create commercially viable and cost-effective solutions. This is vital to distance ourselves from competitors and enhance our value-proposition to our customers. We are continuously cascading the best practices and effective processes from our centres of excellence to other operations worldwide. Any lessons learnt, such as in safety which is imperative in all our operations, are also exchanged globally.

Finally, growth and value creation can only be achieved by a capable and committed workforce, infused with the right values and motivated to give of its best to achieve the company's objectives. Keppel has been driven by good people, who have diligently contributed to the growth and success of the Company since its inception. Many of these individuals who carved their careers in the Group are still with us today, training and mentoring the next generation of Keppel leaders.

We are also actively developing our talents from different parts of the world, offering them training and development opportunities and overseas exposure. While many key overseas positions are currently filled by Singaporeans, we aim to localise these as and when the right talents are available.

Today, we have managed to galvanise over 40,000 employees in more than 30 countries with a common vision and mission, embracing a set of core values. Looking ahead, we will be further growing our human capital and deepening our bench-strengths in core disciplines. We will be relentless in our efforts to sustain a safe work environment for our people. I am confident that we have the right people, core values and systems in place to drive the Group's growth and create value for shareholders in the years to come.

GROUP AT A GLANCE

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) and technology innovation 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 to enhance presence in existing markets and enter new ones.

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

Revenue ($ million)

2012	13,965
2011	10,082
2010	9,140
2009	11,990
2008	11,784

Net Profit* ($ million)

2012	1,914
2011	1,491
2010	1,307
2009	1,190
2008	1,079

* Figures exclude revaluation, major impairment and divestments.

Offshore & Marine

FOCUS FOR 2013/2014

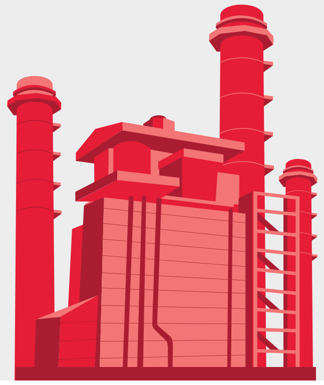
- Deliver on excellent execution, enhance productivity and manage costs.
- Continue R&D efforts to fortify market leadership in selected segments.
- Explore opportunities in new markets and adjacent businesses.
- Continue emphasis on Health, Safety and the Environment.

Revenue ($ million)

2012	7,963
2011	5,706
2010	5,577
2009	8,273
2008	8,569

Net Profit* ($ million)

2012	937
2011	1,064
2010	987
2009	810
2008	705



Infrastructure

FOCUS FOR 2013/2014

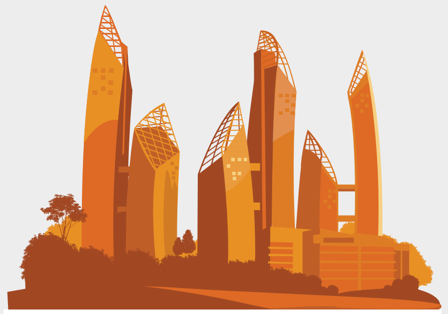
- Keppel Energy to grow its share of Singapore's power market and further enhance its integrated platform in gas and utilities businesses.
- KIE to complete construction of remaining projects in Qatar and the UK, as well as enhance operations and maintenance capabilities.
- Keppel T&T to leverage new technologies to enhance services and further expand customer base and geographical presence.

Revenue ($ million)

2012	2,832
2011	2,863
2010	2,510
2009	2,427
2008	2,232

Net (Loss)/Profit* ($ million)

2012	(1)
2011	82
2010	57
2009	126
2008	63



Property

FOCUS FOR 2013/2014

- Focus on core markets of Singapore and China, as well as growth markets of Vietnam and Indonesia.
- Scale up in high-growth cities to develop competitive advantage.
- Expand commercial portfolio overseas.
- Increase fee income from fund management for sustainable growth.

Revenue ($ million)

2012	3,018
2011	1,467
2010	1,042
2009	1,251
2008	929

Net Profit* ($ million)

2012	784
2011	300
2010	214
2009	135
2008	139

Investments

FOCUS FOR 2013/2014

- k1 Ventures to manage its current investment portfolio to maximise shareholder value and distribute excess cash as investments are monetised.
- M1 to continue strengthening its position in the mobile market and capitalise on Singapore's national fibre network for growth opportunities.

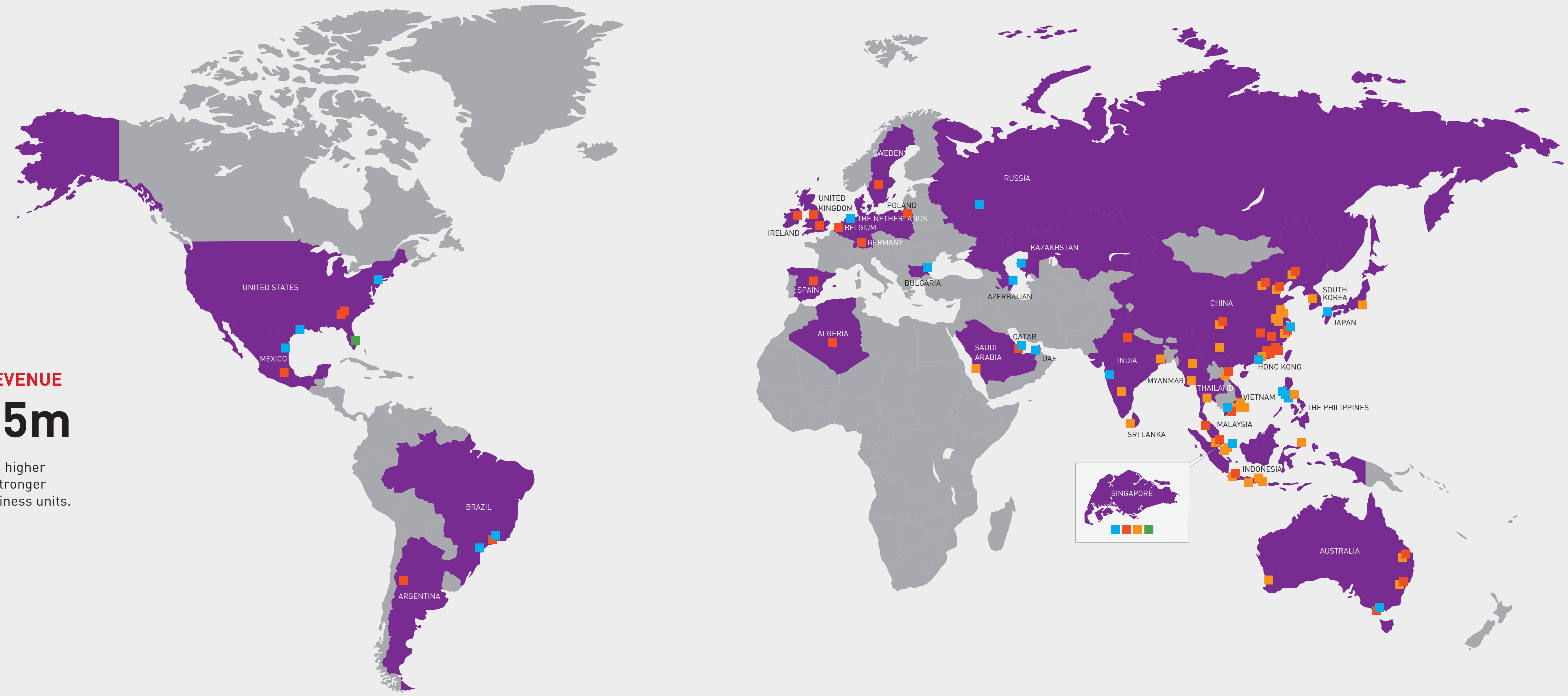
Revenue ($ million)

2012	152
2011	46
2010	11
2009	39
2008	54

Net Profit* ($ million)

2012	194
2011	45
2010	49
2009	119
2008	172

KEPPEL AROUND THE WORLD



TOTAL FY 2012 REVENUE

$13,965m

Group revenue was 39% higher than in FY 2011 due to stronger performance by the business units.

LEGEND

- Offshore & Marine
- Infrastructure
- Property
- Investments

NORTH AMERICA

$2,270m

EUROPE

$3,191m

SOUTH AMERICA

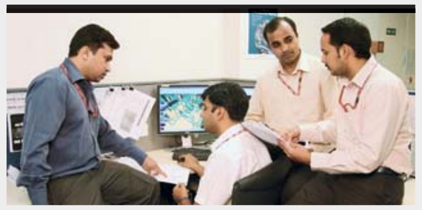
$720m

MIDDLE EAST

$647m

INDIA

$184m



SINGAPORE

$5,462m

JAPAN & SOUTH KOREA

$324m

REST OF ASEAN

$545m

CHINA & HONG KONG

$434m

AUSTRALIA

$188m

BOARD OF DIRECTORS

LEE BOON YANG, 65
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:
20 April 2012

Length of service as a director
(as at 31 December 2012):
3 years 8 months

Board Committee(s) served on:

Remuneration Committee (Member)

Nominating Committee (Member)

Board Safety Committee (Member)

Present Directorships
(as at 31 December 2012):

Listed companies

Singapore Press Holdings Limited
(Chairman)

Other principal directorships

Keppel Care Foundation Limited; Singapore Press Holdings Foundation Limited

Major Appointments
(other than directorships):

Nil

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

Nil

Others:

Former Minister for Information, Communications and the Arts (May 2003 to Mar 2009); Former Member of Parliament (Dec 1984 to April 2011)

CHOO CHIAU BENG, 65
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:
20 April 2012

Length of service as a director
(as at 31 December 2012):
29 years 10 months

Board Committee(s) served on:

Board Safety Committee (Member)

Present Directorships
(as at 31 December 2012):

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); KrisEnergy Ltd

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 (Board & Council Member); American Bureau of Shipping's Southeast Asia Regional Committee (Member); Special Committee on Mobile Offshore Drilling Units (Member); Singapore University of Technology and Design (Member of the Board of Trustee); Asean Council on Petroleum (Council Member); Institute for Engineering Leadership of the National University of Singapore (Management Board Member)

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

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

TONY CHEW LEONG-CHEE, 66
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 2012):
10 years 9 months

Board Committee(s) served on:

Nominating Committee (Chairman)

Audit Committee (Member)

Present Directorships (as at 31 December 2012):

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 2008 to 31 December 2012):

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 (MRS), 62
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:
20 April 2012

Length of service as a director (as at 31 December 2012):
8 years 8 months

Board Committee(s) served on:

Board Risk Committee (Chairman)

Audit Committee (Member)

Remuneration Committee (Member)

Present Directorships (as at 31 December 2012):

Listed companies

Keppel Land Limited

Other principal directorships

Singapore Power Limited; SP PowerAssets Limited; PowerGas Limited; Keppel Land China Limited

Major Appointments (other than directorships):

Nil

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

Schmidt Electronics Group Ltd; PSA International Pte Ltd; SP PowerGrid Ltd; China Resources Microelectronics Limited; Aviva Life Insurance Company Limited; Aviva Ltd; Navigator Investment Services Ltd

Others:

Former Chief Financial Officer of DBS Group

TOW HENG TAN, 57
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 2012):
8 years 4 months

Board Committee(s) served on:

Nominating Committee (Member)

Remuneration Committee (Member)

Board Risk Committee (Member)

Present Directorships (as at 31 December 2012):

Listed companies

ComfortDelGro Corporation Limited

Other principal directorships

Pavilion Capital Holdings Pte Ltd; Pavilion Capital International Pte Ltd; Fullerton Financial Holdings Pte Ltd; Avondale Properties Limited; Union Charm Development Limited; Germiston Developments Limited; Crown Pacific Development Limited, Surbana Corporation Pte Ltd; ST Asset Management Ltd

Major Appointments (other than directorships):

Centre for Asset Management Research & Investment, NUS (Member); National Council of Social Services (Member of Investment Committee); SAFRA Board of Governors (Member)

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

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, 51
NON-EXECUTIVE
AND INDEPENDENT DIRECTOR

LLB Honours, King's College London, University of London

Gray's Inn (Barrister-at-Law)

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 2012):
3 years 7 months

Board Committee(s) served on:

Audit Committee (Member)

Board Risk Committee (Member)

Present Directorships (as at 31 December 2012)

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):

Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation (Member); Singapore International Arbitration Centre's Council of Advisors (Member); Member of Parliament

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

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, 65
NON-EXECUTIVE
AND INDEPENDENT DIRECTOR

BSc Mechanical Engineering (First Class Honours), 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 2012):
2 year 3 months

Board Committee(s) served on:

Board Safety Committee (Chairman)

Nominating Committee (Member)

Present Directorships
(as at 31 December 2012):

Listed companies

SMRT Corporation Ltd; PT Chandra Asli Petrochemical Tbk; CitySpring Infrastructure Management Pte Ltd (as Trustee-Manager of CitySpring Infrastructure Trust); Transocean Ltd

Other principal directorships

Keppel Offshore & Marine Ltd; City Gas Pte Ltd (Chairman); Star Energy Group Holdings Pte Ltd (Chairman)

Major Appointments
(other than directorships):

Nil

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

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); Former Chairman, Shell companies in North East Asia; Former Managing Director, Shell Malaysia Exploration and Production

DANNY TEOH, 58
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 2012):
2 year 3 months

Board Committee(s) served on:

Audit Committee (Chairman)

Remuneration Committee (Chairman)

Board Risk Committee (Member)

Present Directorships
(as at 31 December 2012):

Listed companies

DBS Group Holdings Ltd; DBS Bank Ltd; CapitaMall Trust Management Limited (as manager of CapitaMall Trust)

Other principal directorships

Changi Airport Group (Singapore) Pte Ltd; JTC Corporation

Major Appointments
(other than directorships):

Singapore Olympic Foundation

Pro-Tem Singapore Accountancy Council

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

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 Limited

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

TAN PUAY CHIANG, 65
NON-EXECUTIVE
AND INDEPENDENT DIRECTOR

Bachelor of Science (First Class Honours), University of Singapore

MBA (Distinction), New York University

Date of first appointment as a director:
20 June 2012

Date of last re-election as a director:
n.a.

Length of service as a director
(as at 31 December 2012):
7 months

Board Committee(s) served on:

Board Safety Committee (Member)

Board Risk Committee (Member)

Present Directorships
(as at 31 December 2012):

Listed companies

Neptune Orient Lines Limited

Other principal directorships

Singapore Power Limited;
SP Services Limited

Major Appointments
(other than directorships):

Energy Studies Institute,
National University of Singapore

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

Nil

Others:

Nil

TEO SOON HOE, 63
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 2012):
27 years 7 months

Board Committee(s) served on:

Nil

Present Directorships
(as at 31 December 2012):

Listed companies

Keppel Telecommunications & Transportation Ltd (Chairman); M1 Limited (Chairman); Keppel Philippines Holding Inc (Chairman); 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 2008 to 31 December 2012):

Singapore Petroleum Company Limited; Travelmore Pte Ltd; Keppel Land Limited

Others:

Former Group Finance Director of Keppel Corporation Limited

TONG CHONG HEONG, 66
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, DNV Southeast Asia Offshore Committee, Germanishcer Lloyd's Asean Committee and Nippon Kaiji Kyokai (Class NK)

Fellow of The Royal Institute of Naval Architects (RINA) UK

Fellow of Institute of Marine Engineering, Science & Technology

Fellow 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 2012):
3 years 5 months

Board Committee(s) served on:

Nil

Present Directorships
(as at 31 December 2012):

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); Singapore Maritime Institute Governing Council (Member)

Past Directorships held over the preceding 5 years (from 1 January 2008 to 31 December 2012):

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

TONG CHONG HEONG
Chief Executive Officer;
Senior Executive Director,
Keppel Corporation

CHOW YEW YUEN
Chief Operating Officer

SIT PENG SANG
Director

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 of 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

LIM CHIN LEONG
Former Chairman of Asia,
Schlumberger

LOH CHIN HUA
Chief Financial Officer,
Keppel Corporation

KEPPEL ENERGY

CHOO CHIAU BENG
CHAIRMAN
Chief Executive Officer,
Keppel Corporation

DR ONG TIONG GUAN
Managing Director

TEO SOON HOE
Senior Executive Director,
Keppel Corporation

KHOO CHIN HEAN
Director

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

MICHAEL CHIA HOCK CHYE
Managing Director (Marine)
and Managing Director (Technology),
Keppel Offshore & Marine;
Managing Director,
Keppel Offshore & Marine
Technology Centre (KOMTech)

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

LOH CHIN HUA
Chief Financial Officer,
Keppel Corporation

CHOW YEW YUEN
Chief Operating Officer,
Keppel Offshore & Marine

KEPPEL INTEGRATED ENGINEERING

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

DR ONG TIONG GUAN
Managing Director,
Keppel Energy

MICHAEL CHIA HOCK CHYE
Managing Director (Marine) and
Managing Director (Technology),
Keppel Offshore & Marine;
Managing Director,
Keppel Offshore & Marine
Technology Centre (KOMTech)

BG (NS) TAY LIM HENG
Chief Executive Officer;
Head of Sustainable Development,
Keppel Group

LOH AH TUAN
Director

ONG HO SIM
Director

KEPPEL INFRASTRUCTURE FUND MANAGEMENT (AS TRUSTEE-MANAGER OF K-GREEN TRUST)

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

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

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

BG (NS) TAY LIM HENG
Chief Executive Officer,
Keppel Integrated Engineering;
Head of Sustainable Development,
Keppel Group

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION

TEO SOON HOE
CHAIRMAN
Senior Executive Director,
Keppel Corporation

DR TAN TIN WEE
Associate Professor of Biochemistry,
National University of Singapore

PROF BERNARD TAN TIONG GIE
Professor of Physics,
National University of Singapore

WEE SIN THO
Vice President, Endowment
and Institutional Development,
National University of Singapore

TAN BOON HUAT
Independent Director

PROF NEO BOON SIONG
Professor (Division of Strategy,
Management and Organisation),
Nanyang Business School,
Nanyang Technological University

KARMJIT SINGH
Independent Director

MICHAEL CHIA HOCK CHYE
Managing Director (Marine) and
Managing Director (Technology),
Keppel Offshore & Marine;
Managing Director,
Keppel Offshore & Marine
Technology Centre (KOMTech)

KEPPEL LAND

CHOO CHIAU BENG
CHAIRMAN
Chief Executive Officer,
Keppel Corporation

ANG WEE GEE
Chief Executive Officer; Executive
Vice Chairman, Keppel Land China

LIM HO KEE
Chairman,
Singapore Post

PROF TSUI KAI CHONG
Provost and Professor of Finance,
SIM University

LEE AI MING (MRS)
Senior Partner,
Rodyk & Davidson 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
Former Ambassador to Indonesia

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

OON KUM LOON (MRS)
Non-Executive,
Non-Independent Director

LOH CHIN HUA
Chief Financial Officer,
Keppel Corporation

KEPPEL REIT MANAGEMENT (AS MANAGER OF KEPPEL REIT)

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

NG HSUEH LING
Chief Executive Officer

TAN CHIN HWEE
Co-Head of Asia Pacific,
Apollo Global Management

LEE CHIANG HUAT
Executive Director,
Icurrencies Pte Ltd;
Non-Executive Director,
Chanoil Asia Pte Ltd

DANIEL CHAN CHOONG SENG
Managing Director,
DCG Capital Pte Ltd

LOR BAK LIANG
Director, Werone Connect Pte Ltd

LOH CHIN HUA
Chief Financial Officer,
Keppel Corporation

ANG WEE GEE
Chief Executive Officer,
Keppel Land; Executive Vice
Chairman, Keppel Land China

PROF TAN CHENG HAN
Professor of Law,
National University of Singapore

k1 VENTURES

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

CHOO CHIAU BENG
Chief Executive Officer,
Keppel Corporation

DR LEE SUAN YEW
Medical Practitioner and
Past President of the
Singapore Medical Council

TEO SOON HOE
Senior Executive Director,
Keppel Corporation

JEFFREY ALAN SAFCHIK
Chief Financial Officer and
Chief Operating Officer

ALEXANDAR VAHABZADEH
President, Safanad SA

PROF NEO BOON SIONG
Professor (Division of Strategy,
Management and Organisation),
Nanyang Business School,
Nanyang Technological University

PROF ANNIE KOH
Vice President, Business Development
and External Relations, Singapore
Management University

KEPPEL TECHNOLOGY ADVISORY PANEL

(From left) First row: Dr Brian Clark, Choo Chiau Beng (CEO of Keppel Corporation), Sven Bang Ullring, Dr Lee Boon Yang (Chairman of Keppel Corporation), Professor Sir Eric Ash. Second row: Dr Malcolm Sharples, Professor Jim Swithenbank, Professor Ng Wun Jern, Professor Kazuo Nishimoto, Professor Tom Curtis, Professor Minoo Homi Patel. Not in photo: Professor Stefan Thomke

The Keppel Technology Advisory Panel (KTAP) was established in 2004 to advance the Group's technology leadership. It comprises eminent business leaders, professionals and industry experts. KTAP members have been contributing to new ideas and developments, ranging from drilling and production technology, offshore wind, coal gasification and Waste-to-Energy, to potential disruptive technologies in subsea and 3D additive manufacturing.

With active participation from Keppel's board and senior management, KTAP convenes up to twice a year and has met 15 times since its inception. Significant current events, lessons learnt and implications are discussed at these meetings. Distinguished guest speakers are also invited to add to the knowledge pool and robust discourses.

TECHNOLOGY INITIATIVES
KTAP provides support and suggestions to improve the Group's Research and Development (R&D) processes. It encouraged the setting up of Keppel Offshore & Marine Technology Centre in 2007 to focus on long-term projects, and recommended the Stage Gate® Process to screen R&D proposals.

KTAP is advising Keppel on carbon capture and storage issues relating to the introduction of carbon tax in Singapore, as well as technologies for coal gasification, district heating and cooling, Waste-to-Energy and wastewater treatment. New areas being explored include managing and treating water used in shale gas extraction, raising the efficiency of power generation and improving drilling and production automation.

SVEN BANG ULLRING
CHAIRMAN (APPOINTED IN APRIL 2012)
Master of Science, Swiss Federal Institute of Technology (ETH), Zurich.

He was Chairman of the Executive Board of Det Norske Veritas, Oslo from 1985 – 2000 and President and CEO of NORCONSULT, Oslo from 1981 – 1985. He worked for SKANSKA, Malmo, Sweden from 1962 – 1981 and was Director of the International Department from 1972. He was an Independent Director on Keppel Corporation's Board from 2000 to April 2012.

He is the Chairman of the Board of The Fridtjof Nansen Institute, Oslo, Norway. He was the Chairman of the Maritime and Port Authority of Singapore's First, Second and Third Maritime and Research and Development Advisory Panel. He is a fellow and Honorary fellow of the Norwegian Academy of Technological Sciences and a fellow of the Royal Swedish Academy of Engineering Sciences.

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 – 1993 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 (Keppel O&M), 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 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 O&M.

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.

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

He is the 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 President of the Institute of Energy (1986 – 1987) and has served on many UK government/DTI/EPSRC Committees. He is a prolific researcher with over 300 refereed papers to his credit and holder of more than 30 patents.

PROFESSOR NG WUN JERN
(APPOINTED IN JANUARY 2012)
BSc (CE) QMC London University, MSc (Water Resources) and PhD University of Birmingham, PE(S), FIES, FSEng.

He is the Executive Director at the Nanyang Environment & Water Research Institute (NEWRI) and Professor, Environmental Engineering in the School of Civil & Environmental Engineering at Nanyang Technological University. He has some 400 publications including technical papers, books and patents. He was Chairman on the Board of directors of a major consulting firm in Singapore. He is technical advisor to a number of environmental companies operating in ASEAN, China and India.

PROFESSOR STEFAN THOMKE
(APPOINTED IN JANUARY 2012)
BS (Electrical Engineering), University of Oklahoma; MS (Electrical & Computer Engineering), Arizona State University; SM (Operations Research), SM (Mgmt.), PhD (Electrical Engineering & Mgmt.), Massachusetts Institute of Technology; AM (Honorary), Harvard University.

He is an authority on the management of innovation and the William Barclay Harding Professor of Business Administration at Harvard Business School (HBS).

He is Chair of the Executive Education Program Leading Product Innovation and is faculty Chair of HBS executive education in India. He is currently on the core faculty of the General Management Program (GMP) and has previously taught in the Advanced Management Program (AMP).

He was faculty Chair of the MBA Required Curriculum and faculty Co-Chair of the doctoral programme in Science, Technology and Management (S, T&M).

Professor Thomke is a widely published author. Prior to joining the Harvard faculty, he was with McKinsey & Company in Germany.

PROFESSOR KAZUO NISHIMOTO
(APPOINTED IN JANUARY 2012)
B.S.E. Naval Architect and Marine Engineer, University of São Paulo; M.S. Eng, Yokohama National University, Japan and PhD Naval Architecture & Ocean Engineering, University of Tokyo, Japan.

He served as a Visiting Professor of the University of Tokyo in 1991 and in the University of Michigan Ann Arbor from 1996 – 1997. He is a Full Professor of the University of São Paulo, Head of Department of Naval Architecture & Ocean Engineering of Polytechnic School of USP and Director of Numerical Offshore Tank Center of USP.

He also coordinated several development projects in the field of naval and ocean engineering, mainly related to offshore systems and military vessels. He has been developing the Numerical Offshore Tank (TPN) and DYNASIM simulators coupling several numerical codes to analyse moored floating systems.

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)

WANG LOOK FUNG
DIRECTOR
(GROUP CORPORATE AFFAIRS)

PAUL TAN
(GROUP CONTROLLER)

ONG YE KUNG
DIRECTOR
(GROUP STRATEGY & DEVELOPMENT)

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)

JACOB TONG
GENERAL MANAGER
(GROUP INFORMATION SYSTEMS)

GOH TOH SIM
CHIEF REPRESENTATIVE (CHINA)

OFFSHORE & MARINE

TONG CHONG HEONG
CHIEF EXECUTIVE OFFICER
Keppel Offshore & Marine

CHOW YEW YUEN
CHIEF OPERATING OFFICER
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 (MARINE)
MANAGING DIRECTOR
(TECHNOLOGY)
Keppel Offshore & Marine
MANAGING DIRECTOR
Keppel Offshore & Marine
Technology Centre (KOMtech)

WONG KOK SENG
MANAGING DIRECTOR (OFFSHORE)
Keppel Offshore & Marine
MANAGING DIRECTOR
Keppel FELS

CHOR HOW JAT
MANAGING DIRECTOR
Keppel Shipyard

HOE ENG HOCK
MANAGING DIRECTOR
Keppel Singmarine

TOH KO LIN
EXECUTIVE DIRECTOR
Keppel Singmarine

WONG FOOK SENG
EXECUTIVE DIRECTOR (OPERATIONS)
Keppel FELS

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
EXECUTIVE DIRECTOR
Deepwater Technology Group

CHARLES FOO CHEE LEE
DIRECTOR/ADVISOR
KOMtech

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

ANG WEE GEE
CHIEF EXECUTIVE OFFICER
Keppel Land
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)
Keppel Land International

HO CHEOK KONG
PRESIDENT
Keppel Land China

LINSON LIM
PRESIDENT
(VIETNAM & PHILIPPINES)
Keppel Land International

SAM MOON THONG
PRESIDENT (INDONESIA)
Keppel Land International

NG OOI HOOI
PRESIDENT
(REGIONAL INVESTMENTS)
Keppel Land International

NG HSUEH LING
CHIEF EXECUTIVE OFFICER/
DIRECTOR
Keppel REIT Management

CHRISTINA TAN
MANAGING DIRECTOR
Alpha Investment Partners

UNIONS

KEPPEL FELS EMPLOYEES' UNION

VINCENT HO MUN CHOONG
PRESIDENT

ATYYAH HASSAN
GENERAL SECRETARY

KEPPEL EMPLOYEES UNION

RAZALI BIN MAULOD
PRESIDENT

MOHD YUSOF BIN MOHD
GENERAL SECRETARY

SHIPBUILDING & MARINE ENGINEERING EMPLOYEES' UNION

WONG WENG ONG
PRESIDENT

EILEEN YEO CHOR GEK
ASSISTANT GENERAL SECRETARY

MAH CHEONG FATT
EXECUTIVE SECRETARY

GOH SOR IMM
DEPUTY EXECUTIVE SECRETARY

SINGAPORE INDUSTRIAL & SERVICES EMPLOYEES' UNION

TAN PENG HENG
PRESIDENT

LIM KUANG BENG
GENERAL SECRETARY

SYLVIA CHOO
EXECUTIVE SECRETARY

UNION OF POWER & GAS EMPLOYEES

TAY SENG CHYE
PRESIDENT

S. THIAGARAJAN
EXECUTIVE SECRETARY

NACHIAPPAN RKS
GENERAL SECRETARY

INVESTOR RELATIONS

1 The investing community enjoys access to Keppel Corporation's top management.

2 Institutional investors visited Keppel's yards for a better understanding of the rigbuilding operations and facilities.

A slow global economic recovery laden with uncertainties has made company valuation and investment decision making even more challenging. Against this backdrop, Keppel Corporation employs a robust investor relations programme to engage its shareholders.

Strong corporate governance, transparent disclosures and effective communication with shareholders guide the Company's investor relations efforts. With a dedicated investor relations team, the management proactively builds relationships with analysts and investors worldwide, understanding their concerns and addressing these promptly through various platforms.

These continuous efforts help the Company in achieving a fair valuation that reflects its astute management, sound strategy and strong competencies, empowering it to shape its future.

PROACTIVE OUTREACH

In 2012, Keppel Corporation held about 170 one-on-one investor meetings and conference calls with local and overseas institutional investors. Members of the senior management went on non-deal roadshows to Japan, Hong Kong, the US and UK and had 60 meetings. The Company provides access to its management at these meetings, and briefs investors on its business thrusts and developments. Such proactive outreach enables Keppel to foster deeper relationships with long-term shareholders as well as cultivate new ones.

During the year, the Company created opportunities for investors to visit major operational centres and projects in Singapore and overseas. Responding to keen interests in its offshore newbuilding and conversion business, Keppel held over 10 yard tours and dialogue sessions for institutional investors attending major conferences in Singapore.

Several visits to the BrasFELS shipyard in Brazil and the Sino-Singapore Tianjin Eco-City in China were also held to help investors understand the Company's *Near Market, Near Customer* strategy and sustainable development business.

Keppel also took part in selected investor conferences such as the Annual Oil & Offshore Conference organised by Pareto Securities in Norway. Such conferences are strategic platforms for the management to renew and strengthen ties with investors and industry stakeholders.

EFFECTIVE COMMUNICATION

To reach out to our stakeholders worldwide in a timely and effective manner, the Company continued 'live' webcasts of its quarterly results and presentations. These webcasts allow viewers worldwide to watch presentations by the management and post questions online in real time.

Market sensitive news is promptly posted on Keppel Corporation's website, www.kepcorp.com, as well as the Singapore Exchange website, at the end or beginning of each market day. This ensures that pertinent company information is promptly disseminated and easily accessible to shareholders.

In 2012, the corporate website was further enhanced for information access and user-experience. Website visitors can now sign up for and

Total Shareholder Return (TSR)

22.9%

Increased from negative 6.4% in FY 2011

10-Year TSR Growth

26.0% (compounded)

This is significantly higher than STI's compounded annual TSR growth rate of 11%

customise notifications on updates to media releases, the annual report, newsletters and results announcements under a new email alert system. This system also allows the Company to broadcast important information to a large group of stakeholders.

Keppel Corporation produced its second sustainability report in 2012, disclosing the Group's environmental, social and governance performance in line with the internationally-accepted Global Reporting Initiative (GRI) framework's Application Level B (GRI-checked). The report will be produced annually to give stakeholders insights into the Company's sustainability efforts.

The Company actively seeks investors' feedback and monitors analyst and media reports which help it to continuously improve its investor relations efforts. Contact details of the Company's investor relations personnel are put on the corporate website for shareholders to make enquiries or provide feedback; any significant concerns or constructive suggestions will be promptly communicated to the management.

SUSTAINED VALUE CREATION

Keppel Corporation continued to sustain its returns to shareholders in 2012.

Return On Equity exceeded 20% for the sixth consecutive year at 22.6%, excluding revaluation, major impairment and divestments.

Total Shareholder Return (TSR) in 2012 grew to 22.9% from negative 6.4% in 2011, which is close to the benchmark Straits Times Index's (STI) TSR of 23.3%. The Company's Compounded Annual Growth Rate (CAGR) TSR of 26% over the past decade, is also significantly higher than STI's CAGR TSR of 11%.

Keppel Corporation's share price gained 18% over the year closing at $11.00 at the end of 2012, close to STI's gain of 19.7% in the same period.

To reward its shareholders, the Company announced a total dividend distribution of 72.4 cents per share for 2012. This includes the interim dividend of 18.0 cents per share, a final dividend of 27.0 cents per share, and a dividend *in specie* of Keppel REIT units equivalent to 27.4 cents.

The distribution for 2012 is 68% higher than 2011's total distribution of 43.0 cents per share. The payout for 2012 represents 68% of the Group's net profit before revaluation, major impairment and divestments. This is equivalent to a gross yield of 6.6% on the Company's last transacted price as at 31 December 2012.

During the year, the Company received several accolades from the business and investing communities for its robust investor relations efforts. Details of these investor relations awards can be found on page 34 of this annual report.

AWARDS & ACCOLADES

CORPORATE GOVERNANCE & TRANSPARENCY

SECURITIES INVESTORS ASSOCIATION OF SINGAPORE 13TH INVESTORS' CHOICE AWARDS

- KEPPEL CORPORATION
  - Winner, Singapore Corporate Governance Award (Big Cap)
  - Most Improved Company, Singapore Corporate Governance Award
  - Brendan Wood TopGun CEO Designation, Mr Choo Chiau Beng

- KEPPEL LAND
  - Merit, Singapore Corporate Governance Award (Big Cap)
  - Runner-up, Most Transparent Company Award (Property)

- KEPPEL REIT
  - Runner-up, Most Transparent Company Award (REITs)

SINGAPORE CORPORATE AWARDS

- KEPPEL LAND
  - Gold, Best Annual Report
  - Silver, Best Managed Board (Market cap of $1 billion and above)

- KEPPEL TELECOMMUNICATIONS & TRANSPORTATION (KEPPEL T&T)
  - Bronze, Best Investor Relations (Market cap of $300 million to less than $1 billion)

IR MAGAZINE SOUTHEAST ASIA CONFERENCE & AWARDS

- KEPPEL CORPORATION
  - Best Investor Relations Award by Section (Industrials)

- KEPPEL LAND
  - Grand Prix for Best Overall Investor Relations Award (Mid or Small Cap)

SOUTHEAST ASIA INSTITUTIONAL INVESTOR CORPORATE AWARDS

- KEPPEL CORPORATION
  - The Best Annual Report in Southeast Asia
  - Top three companies with the strongest adherence to corporate governance in Singapore
  - Top eight most preferred companies by institutional investors

GOVERNANCE AND TRANSPARENCY INDEX

- Keppel Corporation was ranked fourth, Keppel Land was sixth while Keppel T&T was 13th out of 674 companies assessed.

- Keppel Corporation was named the Overall Best Managed Company in Singapore (Large Cap), at the Asiamoney Annual Best Managed Companies Awards.

BUSINESS EXCELLENCE

- Keppel Shipyard won the Repair Yard and Shipyard of the Year awards from Seatrade and Lloyd's List respectively.

- Nakilat-Keppel Offshore & Marine won the Ship Repair/Shipyard and Shipyard of the Year awards for the Middle East & Indian Subcontinent from Seatrade and Lloyd's List respectively.

- The BrasFELS yard garnered the Quality and Sustainability Naval Award for large companies from Brazil's National Union of Construction, Ship Repair and Offshore Industry and the ARO Foundation.

- Keppel Logistics was named, for the third time, the Best Domestic Logistics Service Provider of the Year (Singapore) at the annual Frost & Sullivan Asia Pacific Best Practices Awards 2012.

- Keppel Land clinched four Euromoney Real Estate Awards:
  - Best Office Developer, Singapore (fifth consecutive year)
  - Best Developer, Vietnam
  - Best Residential Developer, Vietnam
  - Best Mixed-Use Developer, Vietnam

- Keppel Land was among the top 10 developers in Singapore and Vietnam at the BCI Asia Awards.

- Keppel Land received the Highly Commended Best Developer Singapore award at the South East Asia Property Awards.

- Keppel Land won the Best Property Development Organisation for Mature Markets (Merit) at the Asia Pacific Real Estate Association Best Practices Awards.

- Reflections at Keppel Bay (Reflections) topped the FIABCI Singapore Property Awards' high-rise residential category.

- Reflections was lauded at the International Architecture Awards, conferred by The Chicago Athenaeum: Museum of Architecture and Design; the European Centre for Architecture Art Design and Urban Studies, and the Metropolitan Arts Press.

- Reflections clinched the Design and Engineering Safety Excellence Award (Merit) and the Universal Design Award (Silver) at the Building and Construction Authority of Singapore (BCA) Awards. It also achieved a high score of 95.9 for BCA's Construction Quality Assessment System.

- Reflections received a Special Award as the Residential Building of the Year (Multiple Occupancy) by Emirates Glass LEAF (Leading European Architects Forum).

- Marina Bay Financial Centre Phase 1 topped the FIABCI Prix d'Excellence Awards office category, while Marina Bay Residences (MBR) was runner-up in the high-rise residential category.

- MBR clinched BCA's Construction Excellence Award.

- Ocean Financial Centre (OFC) received Five Star ratings for Best Commercial High-Rise Development, Best Office Development and Best Office Architecture at the International Property Awards.

It also won Merit for Commercial Interior at the Pinnacle Awards.

- Riviera Point was awarded the Highly Commended Mixed-Use Development in Vietnam.

- Jakarta Garden City (Phase 1) was named the Best Villa Development in Indonesia at the South East Asia Property Awards.

- Sedona Hotel Yangon was named Myanmar's Leading Hotel for the fifth consecutive year, while Hotel Sedona Manado was Indonesia's Leading Business Hotel for the second year at the World Travel Awards.

SUSTAINABILITY

- The Keppel Group won 34 Workplace Safety and Health (WSH) Awards from the WSH Council and Singapore's Ministry of Manpower, the highest number ever attained by a single organisation.

- Mr Choo Chiau Beng, CEO of Keppel Corporation, was awarded the Corporate Social Responsibility Award by CNBC.

- Keppel Land was ranked among the top sustainable companies on the Dow Jones Sustainability Asia Pacific and World Indices 2012/2013.

- Keppel Land was named Regional Sector Leader (Office) in the Global Real Estate Sustainability Benchmark.

- Keppel Land received special mention in the Singapore Compact CSR Award's Green Champion category.

BCA GREEN MARK AWARDS

- SINGAPORE
  - Keppel DHCS's District Cooling System plant, Platinum
  - The Lakefront Residences, Gold
  - Marina at Keppel Bay, Gold
  - Bugis Junction Towers, Gold
  - Capital Square, Gold
  - 158 Cecil Street, Gold
  - Cassia @ Penjuru, Gold
  - Keppel Offshore & Marine Technology Centre, Certification

- OVERSEAS
  - International Financial Centre Jakarta Tower 2, Platinum
  - Saigon Centre Phase 2 in Ho Chi Minh City (HCMC), Gold
  - Riviera Point in HCMC, Gold
  - Elita Garden Vista in Kolkata, Certification (Provisional)

- Bugis Junction Towers was re-certified with the Eco-Office Label (2011 – 2013) by the Singapore Environmental Council.

- OFC was certified under the United States' Leadership in Energy and Environmental Design Green Building Rating System (Platinum Level LEED-CS), and received Merit for Buildings Under Construction in Asia Pacific at the Green Building Award.

- Alpha Investment Partners' 158 Cecil Street won two Gold Awards at the World Green Roof Congress for the design and construction quality of its vertical garden.

- Keppel REIT's 8 Chifley Square in Sydney was awarded the 6-Star Green Star Office Design v2 rating by the Green Building Council of Australia. Its Grade A commercial building, 275 George Street, in Brisbane achieved an energy rating of 5-stars under the National Australian Built Environment Rating System.

- Jakarta Garden City (Phase 1) topped the Green Development category at the South East Asia Property Awards.

- Spring City Golf & Lake Resort received the Best Eco-Friendliness Award by Golf Magazine China.

CORPORATE CITIZENRY

- The Keppel Group garnered its fifth consecutive Distinguished Patron of the Arts Award from Singapore's National Arts Council, and received the SSO Benefactor Award from the Singapore Symphony Orchestra.

- Keppel Corporation was conferred the 'Friend of Heritage' award by the National Heritage Board.

- Keppel Corporation was conferred the title of Distinguished Fellow by the Singapore Scout Foundation Fund.

- Keppel Offshore & Marine (Keppel O&M) was conferred the Distinguished Partner in Progress Award by Singapore's Economic Development Board.

- Keppel Land's joint venture, Royal Park Sedona Suites Hanoi, received the prestigious 2nd Order Labour of Med Award.

HUMAN RESOURCE

- Keppel Corporation was named Singapore's 11th most attractive employer at the inaugural Randstad Award.

- The Keppel Group won five accolades at the 'Helping Employees Achieve Life-time Health' Awards by Singapore's Health Promotion Board.

- Mr Tong Chong Heong, CEO of Keppel O&M, was named Champion of HR at the HRM Awards.

- The late MD (Marine) of Keppel O&M and MD of Keppel Shipyard, Mr Nelson Yeo, was conferred the Lifetime Achievement Award by Lloyd's List.

- Keppel Land garnered seven awards from the Singapore HR Institute, including the HR Advocate Award in CSR.

SHAPING THE FUTURE

We will strengthen our core and invest for growth to build successful and sustainable businesses.

Photo courtesy of Woh Hup

PROPRIETARY DESIGNS	POWER GENERATION	RESIDENTIAL PIPELINE
27	**800MW**	**75,000**
Jackup, semisubmersible and drillship solutions	Additional capacity ready in 2013	Homes across Asia

Firm foundations have enabled us to deliver solid results year on year and emerge stronger through every challenge. We will continue to fortify our strengths and competencies, harnessing human, knowledge and financial capital to shape Keppel's future.

Keppel has chosen to be in the businesses where our core competencies lie and where we can create the most value – offshore & marine, infrastructure and property – providing sustainable solutions to help address the world's needs for energy, homes, connectivity and a clean environment.

Majulah (in Malay) Keppel or Onward Keppel – this continues to be our rallying call. It was the banner under which our Keppel veterans boldly made their stride more than four decades ago when they decided to forge the future with a distinct management and culture.

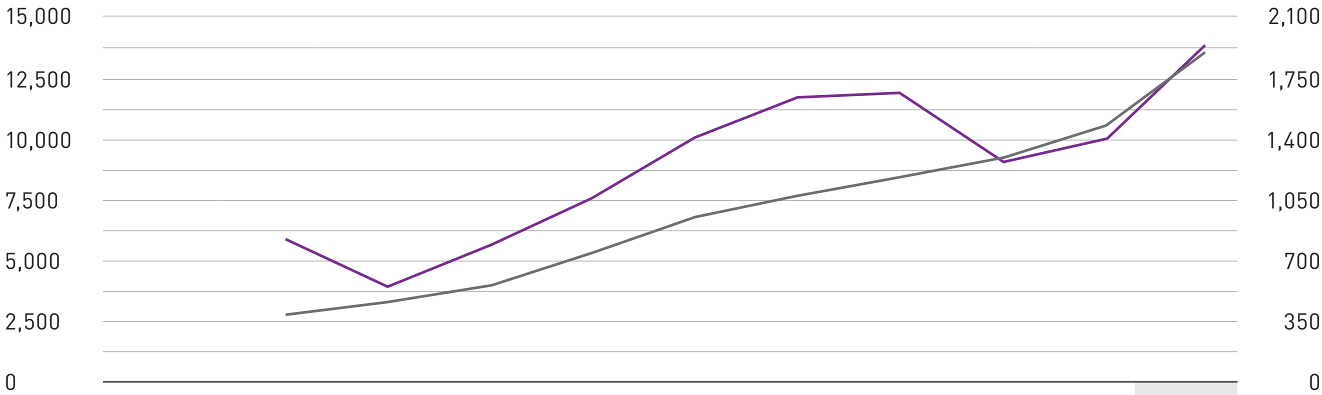
In 2013, Keppel is 45 and still on the march. What drives 40,000 of our people worldwide is that same vision and mission of building quality and enduring businesses with the stamp of the Keppel brand. Today, the brand has grown to be synonymous with world-class quality, innovation and execution excellence.

Keppel was listed as a shipyard on the Stock Exchange of Singapore in 1980 and our market capitalisation was $396 million. As at end December 2012, our market capitalisation grew to $19.7 billion. Our full year revenue and net profit have risen from about $723.2 million and $87.2 million in 1981 to $13.9 billion and $1.9 billion (before revaluation, major impairment and divestments) respectively in 2012.

We stay on track with our multi-business growth strategy. We will enhance the performance of the Group's businesses, prudently manage resources, harness synergies, build our human capital and sharpen our competitive edge to seize new opportunities and deliver greater value. Technology and innovation are our key value propositions, enabling us to offer cost-effective, leading-edge solutions to customers.

For Keppel, it has always been about shaping the future.

Keppel Corporation's 10-Year Revenue and Net Profit ($ million)



	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**
Revenue	5,947	3,963	5,688	7,601	10,144	11,784	11,990	9,140	10,082	**13,965**
Net Profit*	394	465	564	751	957	1,079	1,190	1,307	1,491	**1,914**

* Figures exclude revaluation, major impairment and divestments.

THROUGH STRATEGY

Keppel has chosen to be in the businesses where our core competencies lie and where we can create the most value – offshore & marine, infrastructure and property – providing sustainable solutions to help address the world's needs for energy, homes, connectivity and a clean environment.

The world's urban population is projected to grow to over six billion by 2050. Rapid urbanisation of the world's fast-growing population creates both challenges and opportunities. Challenges will include resource pressures on housing, energy and water supply, as well as the diminishing ability of the natural environment to absorb human-induced pollution and waste.

At the same time, rising global demand for energy is driving exploration and production into new frontiers, which are deeper and harsher. Stable oil prices of above US$100 per barrel continue to support exploration in the Gulf of Mexico, North Sea, Brazil and West Africa.

We firmly believe that we shall realise much value both immediately and for the future if we build upon our existing world leadership in offshore rig construction. The collective and synergistic strengths of the business units in Keppel O&M continues to deliver strong results.

Revenue for Keppel O&M has grown three-fold from $1.9 billion in 2002 to about $7.9 billion in 2012. Economic Value Added also reached $708 million in 2012, from $20.2 million in 2002. By eliminating duplication and internal competition, streamlining the operations of our yards as well as harnessing synergies and combined strengths, we continue to maximise value for not only ourselves, but also our customers and business partners.

Keppel Land is now a focused developer of outstanding properties for sale and a successful manager of property funds. Our diversified-business portfolio enables us to enjoy the counter-cyclical advantages of the offshore and marine, infrastructure and property sectors.

Even as we build up our core competencies, we are also constantly on the look-out for investments, which provide long-term growth potential and sustainable returns and to which we can add value. One of the most recent examples is our purchase of a 20% stake in KrisEnergy, an independent upstream oil and gas company with a diverse portfolio in Southeast Asia. At the same time, we continue to invest in areas, closely related to our core businesses. Our interest in topside module fabricator Dyna-Mac Holdings allows us to have better control over the process of designing and fabricating oil and gas production modules while our stake in Floatel International reflects our growing confidence in the long-term prospects for high quality floating accommodation semisubmersibles in Brazil and the North Sea.

These efforts are supplemented by opportune divestment of our assets. For Keppel, there are no sacred cows. Our sale of Keppel Capital Holdings in 2001 and Singapore Petroleum Company in 2009 provided the cash

By harnessing collective strengths and synergies across yards, Keppel O&M continues to maximise value for the Company and its stakeholders.

flow and a stronger balance sheet for the Group to focus on the growth of key businesses.

Keppel's drive to constantly rationalise and grow its businesses has buttressed the Group's overall prospects. Our diversified-business model is well-suited for extracting synergies and drawing on complementary strengths to develop new business platforms and exploit opportunities.

THROUGH SOLUTIONS

Our vision is to be the provider of choice for solutions to the offshore and marine industries, sustainable environment and urban living.

In our respective businesses, we have been privileged to deepen relationships with our customers which has enabled us to better understand and anticipate their requirements. Bringing together the best of our technology and operational experience, we seek to develop market-relevant and commercially viable products, improving upon existing solutions and addressing future needs.

We continue to pursue our *Near Market, Near Customer* strategy, which allows us to be responsive to our customers and keep abreast of market conditions. Notably, Keppel secured contracts from Sete Brasil for six semisubmersible drilling rigs of its proprietary DSS™ 38E design, on the count of our proven shipyard and track record in Brazil.

Today, emerging economies dominate energy production growth, with the Asia Pacific accounting for nearly half of global growth. According to the BP World Energy Outlook 2030, the Asia Pacific region is the largest regional energy producer, showing the most rapid growth rate (2.2% per annum) and accounting for 48% of global energy production growth. This augurs well for our Asian network of yards across the Philippines, Indonesia and China. Ongoing productivity enhancements and mechanisation have equipped our satellite yards to support our operations in Singapore as well as to take on more complex projects. This will increasingly help to alleviate the labour constraints in Singapore.

We are unrelenting in our emphasis on improving productivity through process technology. Steering our efforts in this area is the Productivity Improvement Taskforce responsible for overseeing the development of related strategic plans, and ensuring that the initiatives are executed across all the yards in our global network. Annually, we invest about $200 million in yard maintenance and enhancements.

Continuous efforts and investments to raise efficiency over the years have reaped substantial benefits for the Keppel O&M Group. With improved processes and systems, Keppel FELS doubled its output in 2009 and delivered 13 rigs, compared to six rigs in 2007. In 2013, Keppel FELS will achieve a new record of delivering 20 rigs.

Our feats are achieved with minimal capital expenditure by leveraging breakthrough innovations in construction methodology, adopting new manufacturing concepts as well as integrating operations management and control of critical processes. The activities of our engineering offices in Singapore, Bulgaria, Mumbai and Shenzhen are seamlessly integrated through an advanced web-based environment offering 3D design tools and data management functions. The system enhances design accuracy, speeds up communications and prevents unnecessary revisions as well as enables our engineering centres operating in different time zones to work on projects with high efficiency, round-the-clock.

As the world's demand for energy continues to spur exploration and production, our comprehensive suite of offshore and marine solutions address the operating challenges of virtually all frontiers. In the area of Arctic drilling, Keppel O&M and ConocoPhillips are jointly designing a jackup that can operate efficiently and safely in ice environments.

Our focus on research and development (R&D), and commitment to technological innovation are key engines to sustaining growth. Driving our R&D efforts and technology foresight further is the Keppel Technology Advisory Panel, supported by our centres of excellence.
The recent restructuring of Keppel Offshore & Marine's Technology Division highlights our continued efforts to advance our technology edge and productivity in our yards globally.

Across businesses in the Group, we apply the same commitment to innovation. Whether it is implementing proprietary

Keppel O&M is partnering ConocoPhillips to jointly design the first ice-worthy jackup for the Arctic.

"Our focus on research and development, and commitment to technological innovation are key engines to sustaining growth."

technology in Waste-to-Energy management or wastewater treatment in the desert of Qatar or building integrated eco-townships in Asia, we are in the business to better the quality of lives and the environment.

THROUGH PRUDENCE

Prudent capital allocation and disciplined financial management together with sound operating policies are Keppel's hallmarks, whether in good times or bad.

Our solid balance sheet provides financial strength to invest in growth and enables us to seize opportunities as they present themselves.

In our property business, for example, the establishment and listing of K-REIT Asia, now renamed Keppel REIT, represented an important milestone to unlock value. For Keppel Land, the strategic move facilitates the re-deployment of capital in investment properties to property development projects to generate higher returns; this creates an enlarged platform to generate fee-based income and better Return On Equity to shareholders.

Demonstrating continuing acumen, Keppel Land entered into a conditional share purchase agreement with then K-REIT Asia for the divestment of its one-third interest in Phase One of Marina Bay Financial Centre (MBFC) at an agreed value of $1,426.8 million (inclusive of rental support).

As part of the asset swap, Keppel Land had signed a conditional sale and purchase agreement with K-REIT Asia for the purchase of two properties, Keppel Towers and GE Tower, at an agreed value of $573.0 million, for redevelopment into premium residences for city living.

For Keppel Land, the acquisition presented the opportunity to increase its residential pipeline with the potential redevelopment of Keppel Towers and GE Tower. The rapid transformation of the business district into an area for live-work-play and future development plans for the Tanjong Pagar precinct present good investment opportunities.

At the same time, the world-class MBFC development will continue to augment Keppel Land's sterling portfolio of prime commercial properties through its interest in Keppel REIT. Importantly, the net cash proceeds of about $812.0 million provided Keppel Land additional capital to invest in more projects that could generate higher returns for the company.

As a Group, we are always looking out for good assets and adjacencies that will further enhance our suite of core businesses. Often times, when good assets come by, it may not be the best time to borrow. The global economic turmoil followed by the European debt crisis have diverted investors' attention to corporate credits and created a very conducive and liquid environment for bond issuers.

1 Continuous productivity improvements enable the Group to sharpen execution and tackle labour constraints.

2 Shareholder value is maximised through the Group's prudent investments and recycling of capital.

We saw this as a good opportunity for the Group to tap the credit markets for long-term funds, extend the average tenure of loans and diversify funding sources. In 2012, we raised about $1.8 billion and stretched our average debt maturity from three years to over five. The funds raised put us in a comfortable position to meet current and future needs.

For us, prudent financial management is important in growing our businesses in good times and sustaining them in bad times. We will continue to manage our finances wisely, guided by stringent risk management and strong corporate governance frameworks.

THROUGH PEOPLE

Our people, or Keppelites as we call ourselves, have learnt through the years to make adversity a friend, developing a discipline and a culture which are definitively Keppel. Through ups and downs, the core values of passion, integrity, customer focus, people-centredness, safety, agility and innovativeness, collective strength and accountability bond us and drive us.

Keppel's performance in and beyond this new constant of volatility will depend on our core of dedicated leaders, talented managers, as well as our competent and committed workforce. As we embrace change and stay relevant, we continue to place strong emphasis on nurturing a sustainable and cohesive cast of future leaders and employees to steer the Group through evolving landscapes.

We attract the best and brightest into the Group through scholarships and recruitment campaigns. Our talent management programmes include overseas assignments, special projects and job rotations. Keppel's senior management frequently meet and exchange views with our talents at dialogue sessions. We recognise succession planning has a vital business imperative and have in place a rigorous internal process for that purpose. This succession planning process is closely linked with talent management to provide a dynamic closed-loop process and build our pipeline of high-calibre successors over the mid to long term.

Training and development of our people is being stepped up, so that our workforce will be equipped and ready to bring Keppel to the next level of growth.

Through our in-house Keppel College and training centres, we are growing the capabilities of our people with a structured learning and development framework and programmes that are tailored to our Group's business needs.

Keppel College centralises the Group's programmes for leadership and executive development. A suite of courses such as the Keppel Group Young Leaders Programme, General Management Programme and Keppel Global Advanced Management Programme are customised in collaboration with reputable business schools and professional training institutions. These initiatives also

2

"Keppel's performance in and beyond this new constant of volatility will depend on our core of dedicated leaders, talented managers, as well as our competent and committed workforce. As we embrace change and stay relevant, we continue to place strong emphasis on nurturing a sustainable and cohesive cast of future leaders and employees to steer the Group through evolving landscapes."

CHOO CHIAU BENG,
CEO, KEPPEL CORPORATION

contribute to our upskilling and inclusiveness of staff in our operations worldwide. To date, Keppel College has an alumnus of 2,577.

We also value retirees and older employees as active mentors and support re-employment beyond the statutory retirement age. This allows our experienced staff to pass on their expertise and wealth of experience, and coach the younger generation of employees.

Keppel believes that a pay-for-performance philosophy encourages ownership of collective goals, whereby a high-performance culture creates long-term shareholder value. We have in place a robust performance management system to ensure that all employees receive regular performance and career development reviews.

We engage and nurture communities with the aim of achieving a sustainable future together. Employee volunteerism is a key thrust of the Group's community engagement programme. Across the Group, employees are given up to two days of paid volunteerism leave each year to participate in activities organised by Keppel Volunteers which was started in 2000 as a Group-wide volunteer movement. In 2011, Keppel Volunteers launched fresh initiatives that leveraged employees' skills and interests, and expanded its range of supported causes to include elderly care, environmental protection, education, and animal welfare.

Wherever we operate, we are committed to *Sustaining Growth, Empowering Lives* and *Nurturing Communities*.

ONWARD KEPPEL

While we do not know what the future will bring, we offer insight into how we think and address challenges, what they mean for the Group, and how we will manage, and indeed thrive, through them.

Can-Do! That is the ultimate result of our strong culture. We aim to reward the unwavering trust of our investors by delivering sustainable growth.

We are ever mindful about competition and are compelled to continually innovate and improve – to do things safer, faster and better.

This is Keppel shaping the future.

The mentorship scheme in Keppel allows experienced staff to pass on their wealth of experience to younger Keppelites.

Keppel will forge forward, shaping the future with its trademark *Can-Do!* spirit.

OPERATING & FINANCIAL REVIEW

Keppel Corporation creates sustainable value through its key businesses in Offshore & Marine, Infrastructure and Property. The Group serves a global customer base through its presence in over 30 countries, and as at end-2012 had total assets of $29.17 billion.

Some of the key factors influencing the Group's businesses include global and regional economic conditions, oil and gas exploration and production activities, real estate markets, currency fluctuations, capital flows, interest rates, taxation and 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 nor the profitability of its operations.

This section provides the strategic market and business overview of the Keppel Group's operations and financial performance, based on its consolidated financial statements as at 31 December 2012. Also discussed are the impacts of key business activities on the Group's performance, challenges in the operating environment, as well as the long-term strategies which Keppel uses to shape its future.

CONTENTS

GROUP STRUCTURE

KEPPEL CORPORATION LIMITED

OFFSHORE & MARINE

- Offshore rig design, construction, repair and upgrading
- Ship conversion 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, *China*	100%
Offshore Technology Development Pte Ltd	100%
Deepwater Technology Group Pte Ltd	100%
Marine Technology Development Pte Ltd	100%
Keppel AmFELS LLC *United States*	100%
Keppel Verolme BV *The Netherlands*	100%
Keppel FELS Brasil SA *Brazil*	100%
Keppel Singmarine Brasil Ltda *Brazil*	100%
Keppel Philippines Marine Inc *The Philippines*	98%
Keppel Subic Shipyard Inc *The Philippines*	87%
Keppel Kazakhstan LLP *Kazakhstan*	50%
Caspian Shipyard Company Limited *Azerbaijan*	45%
Arab Heavy Industries PJSC *UAE*	33%
Nakilat-Keppel Offshore & Marine Ltd *Qatar*	20%
Dyna-Mac Holdings Limited	24%

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 *Belgium*	100%
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 *China*	70%

PROPERTY

- Property development
- Property fund management
- Property trusts

Keppel Bay Pte Ltd 100%
70%

↑ 30%

Keppel Land Limited 55%

↓ 46%

Keppel REIT 72%
26%

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

INVESTMENTS

- Investments
- Telco

k1 Ventures Limited 36%

M1 Limited[2] 20%

[1] Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.

[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]**, China** 50%

GROUP CORPORATE SERVICES

- Control & Accounts
- Corporate Communications
- Strategy & Development
- Corporate Development/ Planning
- Human Resources
- Legal
- Risk Management
- Audit
- Tax
- Treasury
- Information Systems

Updated as at 4 March 2013.
The complete list of subsidiaries and significant associated companies is available at Keppel Corporation's website www.kepcorp.com.

MANAGEMENT DISCUSSION & ANALYSIS

Key Performance Indicators

$ million	2012	12 vs 11 % +/(-)	2011 Restated*	11 vs 10 % +/(-)	2010 Restated*
Revenue	**13,965**	+39	10,082	+10	9,140
Net profit**	**1,914**	+28	1,491	+14	1,307
Revaluation, major impairment and divestments	**323**	-29	455	+60	284
Net profit after revaluation, major impairment and divestments	**2,237**	+15	1,946	+22	1,591
Operating cash flow	**1,006**	n.m.	(224)	n.m.	450
Free cash flow	**(63)**	n.m.	(1,482)	n.m.	(193)
Economic Value Added (EVA)**	**1,375**	+34	1,024	+6	964
Earnings Per Share (EPS)**	**106.8 cts**	+27	83.8 cts	+13	74.3 cts
Return On Equity (ROE)**	**22.6%**	+9	20.8 %	–	20.8 %
Total Distribution Per Share	**~72.4 cts**	+68	43.0 cts	+13	38.2 cts

* Comparatives have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.
** Figures exclude revaluation, major impairment and divestments.

GROUP OVERVIEW
The Group performed well in 2012 despite the challenging global environment. Excluding revaluation, major impairment and divestments, Group net profit increased 28% to reach $1,914 million, while the compounded annual growth for net profit from 2007 to 2012 was 15%. Net profit after revaluation, major impairment and divestments was $2,237 million.

EPS rose by 27% to 106.8 cents. ROE was 22.6%. EVA was $1,375 million, $351 million above the previous year's.

Net cash from operating activities was $1,006 million compared to net cash used in operating activities of $224 million in 2011. This was due mainly to higher operational cash flow and lower cash outflow from working capital requirements.

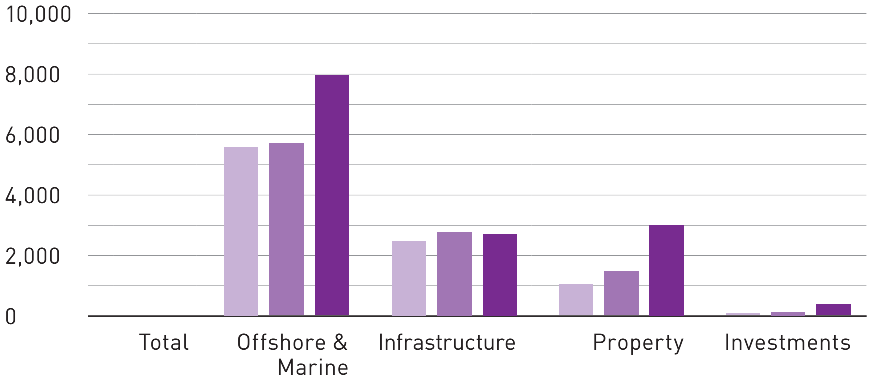
Net cash used in investment activities was $1,069 million. The Group spent $1,323 million on acquisitions and operational capital expenditure (capex). This mainly comprised acquisitions of an associated company KrisEnergy and other subsidiaries (Kingsdale and Chengdu Shengshi Jingwei Real Estate Investment Co Ltd); further investments in associated companies; the expansion of Keppel Merlimau Cogen power plant, and other operational capex. Divestment and dividend income totalled $254 million, including proceeds from the partial divestment of interests in Saigon Centre Phases 1 and 2. The resultant free cash outflow was $63 million.

With the strong performance, shareholders will be rewarded with a total distribution of approximately 72.4 cents per share for 2012. This comprises a final dividend of 27.0 cents per share, special dividend *in specie* of one Keppel REIT unit for every five shares in the Company (approximately 27.4 cents per share) and the interim dividend of 18.0 cents per share paid in August 2012. The total distribution for 2012 will be approximately $1,301 million.

SEGMENT OPERATIONS
Group revenue of $13,965 million was $3,883 million or 39% higher than that of the previous year. The Offshore & Marine Division's revenue of $7,963 million was $2,257 million or 40% higher, and accounted for 57% of Group revenue. The Infrastructure Division's revenue of $2,832 million was $31 million or 1% lower. Lower revenue from Keppel Integrated Engineering was partly offset by higher revenue from the co-generation power plant in Singapore. The Property Division's revenue of $3,018 million was $1,551 million or 106% higher due largely to revenue recognition from Reflections at Keppel Bay.

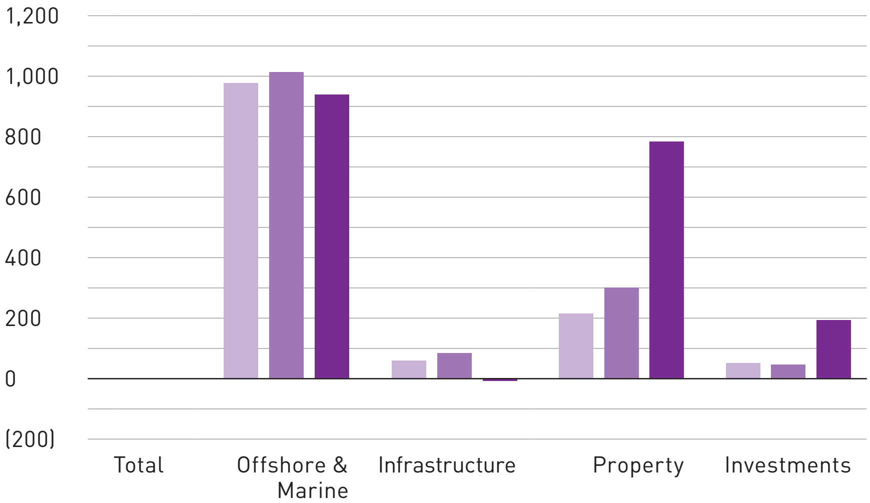
Group net profit of $1,914 million was $423 million or 28% higher than that of 2011. The Offshore & Marine Division's profit of $937 million was $127 million or 12% lower. The Infrastructure Division made a loss of $1 million compared to a profit of $82 million in 2011 as Keppel Energy's improved performance had offset Keppel Integrated Engineering's losses. The Property Division's profit of $784 million was $484 million or 161% higher due mainly to greater contribution from Reflections at Keppel Bay. Profit from Investments Division was higher due to the disposal of investments.

Revenue ($ million)



	Total	Offshore & Marine	Infrastructure	Property	Investments
2010	9,140	5,577	2,510	1,042	11
2011	10,082	5,706	2,863	1,467	46
2012	**13,965**	**7,963**	**2,832**	**3,018**	**152**

Net Profit ($ million)



	Total	Offshore & Marine	Infrastructure	Property	Investments
2010	1,307	987	57	214	49
2011	1,491	1,064	82	300	45
2012	**1,914**	**937**	**(1)**	**784**	**194**

Note: Figures exclude revaluation, major impairment and divestments.

OFFSHORE & MARINE:

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

Profit Before Tax*

$1,181m

Dipped 17% from
FY 2011's $1,417 million

Net Profit*

$937m

Dipped 12% from
FY 2011's $1,064 million

MAJOR DEVELOPMENTS IN 2012

- Maintained record of $10 billion in new contracts won.
- Secured five deepwater drilling rig contracts in Brazil.
- Won first jackup contract in Kazakhstan, based on KFELS B Class design.
- Partnered ConocoPhillips to design a unique ice-worthy jackup for the Arctic.
- Made inroads into FLNG vessel conversion.
- Established Keppel O&M Technology Division to boost expertise and processes.

FOCUS FOR 2013/14

- Deliver on excellent execution, enhance productivity and manage costs.
- Continue R&D efforts to fortify market leadership in selected segments.
- Explore opportunities in new markets and adjacent businesses.
- Continue emphasis on Health, Safety and the Environment.

EARNINGS REVIEW

The Offshore & Marine Division secured about $10 billion of new orders for 2012. The net orderbook stood at $12.8 billion as at December 2012, with deliveries extending into 2019. Revenue of $7,963 million was $2,257 million or 40% higher. Operating profit margin for 2012 was 13.5%. Pre-tax earnings decreased 17% to $1,181 million due to lower margins. Net profit of $937 million was $127 million or 12% lower than in 2011. The Division remains the largest contributor to Group net profit with a 49% share.

MARKET REVIEW

Global economic recovery was tepid in 2012, amidst continuing uncertainties in the US and EU, as well as lower-than-expected growth in emerging economies. The Eurozone debt crisis and US fiscal policies continued to pose downside risks to the global economy. Oil prices remained range-bound, influenced by ongoing tensions in the Middle East and concerns over dampened economic prospects. Notwithstanding the overall headwinds, capital spending in the oil and gas industry was sustained in 2012, driven mainly by sufficiently high oil prices averaging about US$110 per barrel, and the industry's move to higher quality assets post-Macondo.

OPERATING REVIEW

Keppel O&M and its global network of yards achieved steady growth and performance in 2012. Together, they delivered seven rigs, eight Floating Production Storage Offloading (FPSO)/ Floating Storage Offloading (FSO)/ Floating Storage Unit (FSU) conversion and upgrade projects, and six specialised vessels, among other jobs. During the year, Keppel O&M almost repeated its record order wins in 2011. These new contracts from customers in Brazil, the Caspian Sea and Mexico, replenished the company's orderbook to $12.8 billion as at end-2012.

OFFSHORE

Keppel FELS delivered a total of seven rigs comprising six newbuilds and one rebuild project. These included the last two of seven ENSCO 8500 semisubmersibles to Ensco; four KFELS B Class jackups, one each to Chernomornaftogaz, Saudi Aramco, Oro Negro and Safin Gulf FZCO; and Seafox 5, a Multi-Purpose Self-Elevating Platform to Seafox Group. All the projects were completed either ahead of schedule or on time, and within budget, benefitting from

Net Profit* ($ million)

(12)%
from FY 2011

Earnings Highlights

$ million	2012	2011	2010
Revenue	**7,963**	5,706	5,577
EBITDA*	**1,211**	1,459	1,252
Operating Profit*	**1,077**	1,318	1,119
Profit before Tax*	**1,181**	1,417	1,242
Net Profit*	**937**	1,064	987
Manpower (Number)	**29,765**	25,830	23,832
Manpower Cost	**1,080**	949	975

* Figures exclude revaluation, major impairment and divestments.

1 The KFELS B class jackup is gaining traction amongst a growing number of new customers such as Safin Gulf.

2 The final two units of the seven-strong fleet of ENSCO 8500 Series® semisubmersibles were delivered safely, on time and within budget.

ongoing productivity improvements at the yard.

Keppel FELS with its proven proprietary designs and engineering expertise, continued to entrench its position as the market leader in offshore rig design and construction. Repeat customers such as Maersk Drilling and Floatel International (Floatel) awarded the yard a third Gusto MSC CJ70 ultra harsh environment jackup and a fourth DSS™ 20NS Dynamic Positioning III floating accommodation unit respectively. Keppel FELS also secured orders from Petroleos Mexicanos (PEMEX), Mexico's state-owned petroleum company, to build two jackups based on the KFELS B Class design, which has become an industry standard.

Despite the heavy workload and pressure to deliver on time, Keppel FELS redoubled its commitment to Health, Safety and Environment (HSE). For its excellent safety record on projects, the yard was bestowed 12 Workplace Safety and Health (WSH) Safety and Health Awards Recognition for Projects (SHARP). Seadrill's West Pelaut, a semisubmersible drilling tender (SSDT) designed and built by Keppel FELS in 1994, was awarded the Best Performing Rig of the Year 2012 by Shell World Wide for the fourth time.

Keppel AmFELS completed a number of rig repair and refurbishment jobs as well as docked vessels for long-time customers including Rowan Companies (Rowan), Noble Drilling (Noble) and Cal Dive International. It also won a contract from Diamond Offshore (Diamond) to upgrade a deepwater semisubmersible, and another from Perforadora Central to build a LeTourneau Super 116E jackup for delivery in 1Q 2014. The latest jackup for Perforadora Central is a repeat of the first unit, which is targeted for delivery in 2Q 2013. Other work in progress at Keppel AmFELS includes the refurbishment and upgrading of Sedco 707 for Transocean Offshore Deepwater Drilling.

Keppel FELS Brasil fortified its leadership position and reputation

for reliability amongst a growing base of customers operating in Brazil. Its BrasFELS yard completed the first of two FPSO projects for MODEC and Toyo Offshore Production Systems Pte Ltd (MTOPS) 19 days early and incident-free. This stellar delivery earned the yard a US$2 million early delivery bonus and another R$350,000 for safety performance. Additionally, BrasFELS completed several repair jobs for Noble, Floatel, Diamond and Ensco.

In August 2012, Keppel FELS Brasil secured another five repeat DSS™ 38E semisubmersible orders from Sete Brasil, after it had won the first unit at end-2011. It also clinched two contracts from Petrobras-led consortiums, Guara BV and Tupi BV, to fabricate and integrate topside modules for the Replicante FPSO units P-66 and P-69. Finally, it received a repeat order from MTOPS to construct and integrate modules for FPSO Cidade de Mangaratiba, adding to its track record for diverse and complex offshore projects.

The yard is on track with ongoing projects including Single Buoy Mooring's FPSO Cidade de Paraty, Sete Brasil's first DSS™ 38E semisubmersible and MTOP's FPSO Cidade de Mangaratiba. It has also commenced engineering and procurement for the first Replicante FPSO, P-66, with strike steel in 1Q 2013.

Delivering on collective strength, Caspian Shipyard Company (CSC) successfully reinstated the legs of Chernomornaftogaz's two KFELS B Class jackups jointly with Keppel FELS at the Giresun Yard in Turkey. Both units were delivered ahead of schedule; the first unit was completed a month early, earning CSC a US$500,000 bonus from the customer. CSC also completed several jobs on TOPAZ Marine's specialised vessels during the year,

1 Seafox 5, one of the world's most advanced multi-purpose offshore wind turbine installers, was delivered ahead of schedule.

2 Keppel Shipyard provides a full range of conversion services, including the fabrication and integration of topsides for floating production systems.

SIGNIFICANT EVENTS

January
- KV Ventus acquired a 49.9% stake in OWEC Tower, an industry-leading designer of offshore wind turbine jacket foundations.
- Keppel AmFELS secured a US$150 million contract from Diamond Offshore to construct and upgrade a deepwater semisubmersible.
- Keppel Singmarine delivered ROCKPIPER, a new-generation rock dumping fall pipe vessel safely, on time and on budget to Royal Boskalis Westminster.

February
- KOMtech partnered ConocoPhillips in designing a unique ice-worthy jackup for the Arctic Seas.
- ENSCO 8505, the sixth of seven ENSCO 8500 Series® semisubmersibles, was delivered on time, within budget and incident-free.

March
- Mr Chow Yew Yuen was appointed Chief Operating Officer of Keppel O&M.

April
- Keppel O&M's Technology Division was established to integrate the company's research and process improvement units, and advance its technology leadership.
- Keppel AmFELS won a US$205 million contract from repeat customer Perforadora Central to build a LeTourneau Super 116E jackup.
- Keppel Shipyard secured $170 million worth of FPSO upgrading contracts from SBM Offshore and Bumi Armada.

May
- Keppel FELS delivered Piter Godovanets, Ukraine's first KFELS B Class jackup.

and received the ISO 14001:2004 and OHSAS 18001:2007 certifications from the American Bureau of Shipping.

Meanwhile, Keppel Kazakhstan and Ersai Caspian Contractor jointly won a KFELS B class jackup newbuild contract from Teniz Burgylau. This jackup will be deployed in the Caspian Sea when it is delivered in 1Q 2015.

Over in the Netherlands, Keppel Verolme completed major upgrading works on Saipem's Scarabeo 6 semisubmersible and redelivered the rig swiftly in six months. It was also awarded a bonus for the early and incident-free completion of a special periodic survey of COSL Drilling Europe's accommodation jackup, COSL Rigmar. Other projects in progress at the yard include a survey of Heerema Marine Contractors' deepwater construction vessel, and the drydocking and maintenance of Saipem's semisubmersible crane and pipelaying DP vessel.

MARINE

Keppel Shipyard performed well amidst the sluggish shiprepair market in 2012. The company completed 298 repair jobs, mainly from repeat clients who accounted for more than 80% of total repair revenue. Product-wise, tankers, gas carriers, drilling vessels and dredgers made up over half of repair turnover for the year.

In 2012, Keppel Shipyard converted and upgraded six FPSOs, an FSO and an FSU, as well as completed a pipe-laying vessel. During the year, it won new contracts from SBM, Bumi Armada, PTSC Asia Pacific, Perenco and BC Petroleum, adding to its proven track record for converting, upgrading and repairing FPSOs/FSOs/FSUs/Floating Storage and Regasification Units (FSRU). The yard also secured the job of fabricating an internal turret for INPEX's Ichthys FPSO. At end-2012, it had six FPSOs and an FSO in various stages of work.

Keppel Shipyard was bestowed the Repair Yard Award by Seatrade, and its eighth consecutive Shipyard of the Year Award by Lloyd's List Asia. It also garnered 11 WSH SHARP medals for its major contracts, as well as a Gold and a Silver for two of its Innovation and Quality Circles projects at the Team Excellence Symposium.

To enhance capacity and productivity, the yard expanded a graving dock and added more fabrication space to its Tuas facility. It also extended the quay at its Benoi facility and deepened the draft.

Keppel Philippines Marine Inc's (KPMI) consolidated revenue in 2012 was lifted by a good mix of shiprepair and offshore work. Its yards in Batangas and Subic repaired a total of 121 vessels, which contributed to slightly over half of KPMI's revenue for the year.

Ongoing productivity enhancements and mechanisation have allowed the Philippine yards to take on more complex offshore work. Keppel Batangas and Keppel Subic Shipyard completed five coal transhipment barges and a dredger barge. The two yards are supporting the construction of pontoons for Sete Brasil's DSS™ 38E semisubmersible and Floatel's floating accommodation unit. Keppel Batangas is also supporting Keppel Singmarine in constructing three units of 4,000 dwt bulk ore/fuel carriers for OK Tedi.

In November 2012, Keppel Subic Shipyard secured the Malampaya Phase 3 Depletion Compression Platform offshore newbuilding contract from Shell Philippines Exploration. Ramping up for more offshore work, the Subic yard is expanding its facilities to include an assembly area with a 1,000-tonne gantry crane, a new fabrication area with two 100-tonne gantry cranes, as well as movable sheds with a 20-tonne overhead crane.

Arab Heavy Industries repaired a total of 170 vessels in 2012. Noteworthy projects included upgrading a dredger and renewing the steel of three barges for its customers, Middle East Dredging Co, Athena C.R.Y. and Otto Industrial Marine. The yard also secured installation and repair work from new customers such as Hercules Offshore Middle East Ltd and World Wide Auctioneries.

Meanwhile, Nakilat-Keppel Offshore & Marine (N-KOM) in Qatar is making swift progress in establishing itself as the Middle East's leading shipyard. In 2012, the yard repaired an impressive 63 vessels, the majority of which were LNG carriers, tankers and containers. It also dry-docked its first VLCC, LPG, Q-flex and Q-max LNG vessels.

SIGNIFICANT EVENTS

June
- Keppel FELS secured a third contract from Maersk Drilling Holdings Singapore to build a Gusto MSC CJ70 ultra harsh environment jackup worth about US$560 million.
- Keppel FELS delivered NEZALEZHNIST, Ukraine's second KFELS B Class jackup safely, early and within budget.
- Keppel Shipyard delivered its 100th FPSO / FSO / FSRU conversion and upgrading project, FPSO Cidade de Paraty, to SBM Offshore.

July
- Keppel FELS delivered ENSCO 8506, the final unit in the fleet of seven ENSCO 8500 Series® semisubmersibles it had constructed for Ensco.
- Keppel Kazakhstan and Ersai Caspian Contractor jointly won a KFELS B Class jackup newbuild contract from Teniz Burgylau worth US$242 million.
- Keppel FELS Brasil secured an FPSO topside contract worth US$200 million from MODEC and Toyo Offshore Production Systems.
- Keppel Shipyard secured three conversion and upgrading contracts worth $103 million from PTSC Asia Pacific, Perenco Group and BC Petroleum.

August
- Keppel O&M firmed up contracts worth US$4.1 billion to design and build five DSS™ 38E semisubmersibles for Sete Brasil.
- Keppel FELS Brasil clinched two contracts worth US$950 million to fabricate and integrate topside modules for Petrobras' P-66 and P-69 FPSOs.
- Keppel FELS sealed a US$315 million contract to build another DSS™ 20NS accommodation semisubmersible for Floatel International.

1 Keppel FELS Brasil delivered FPSO Cidade de Sao Paolo 19 days ahead of schedule and with an excellent safety record.

2 Keppel Subic Shipyard was awarded a contract to build a Depletion Compression Platform by Shell Philippines Exploration BV.

Leveraging its reputation for quality, N-KOM won 27 LNG carrier repair projects for delivery in 2013.

Growing its track record for offshore work, N-KOM repaired, modified and refurbished four jackups for Gulf Drilling International, Rowan and Ensco. The yard also repaired its first land-rig for Weatherford Drilling.

During the year, N-KOM began operating the fifth phase of the 43-ha world class facility. This latest phase is equipped with mobile boat hoists and repair jetties to serve smaller vessels supporting the region's oil and gas industry.

For its business and operational excellence, N-KOM won two Middle East & Indian Subcontinent awards from Seatrade and Lloyd's List. Certified to international quality and HSE standards, N-KOM received further accreditations in 2012 from the American Society of Mechanical Engineers, National Board R Stamp and the American Petroleum Institute.

SPECIALISED SHIPBUILDING

Keppel Singmarine delivered four vessels in 2012, including a fall pipe rock dumping vessel for Royal Boskalis and a diving support vessel designed in-house by Marine Technology Development (MTD) for Target Resources. It also collaborated with Keppel Shipyard on the completion of Saipem's Castorone, one of the world's largest and most technologically advanced DP III pipelay vessels.

Keppel Singmarine secured two major contracts in 2012, namely a catamaran air dive support vessel from Bhagwan Marine and a high-specification deepwater pipelay vessel designed by MTD for McDermott. The pipelay vessel's construction will take two and a half years to complete, beginning 1Q 2013.

Keppel Singmarine garnered the Group's Chairman Safety Challenge award in 2012 for maintaining an incident-free workplace for four consecutive years. To further improve its productivity and reduce man-hours, Keppel Singmarine invested in a robotic welding machine, and is in the process of automating steel cutting and some fabrication work.

Keppel Nantong Shipyard (Keppel Nantong) continued to support Keppel O&M's Singapore yards in 2012. It delivered a floating dock with a 12,000-tonne lifting capacity to Keppel Shipyard and a set of pontoons to Keppel FELS for Floatel's accommodation rig. Projects under construction at year-end included a 5,000-tonne sheerleg crane and two 45-tonne bollard pull Azimuth Stern Drive (ASD) tugs.

The yard secured new jobs to extend the jib for Asian Hercules II sheerleg crane and fabricate upper hull blocks for Floatel's accommodation rig. Both projects will be delivered in 3Q 2013. For its good HSE performance, Keppel Nantong was recognised by customer Floatel, and also received a safety award from the Nantong Municipal Government.

1

1 N-KOM is strengthening its credentials as a leading shipyard in the Middle East.

2 Keppel Singmarine delivered ROCKPIPER, a new-generation rock dumping fall pipe vessel, with zero incidents.

3 Keppel Singmarine celebrates 125 years' journey of shipbuilding excellence.

Meanwhile, the development of Keppel Nantong Heavy Industries (KNHI) in China is progressing well. Located next to Keppel Nantong, KNHI is designed to build jackups and undertake other heavy offshore work. The new yard will be completed in phases over 2013.

Over in Brazil, Keppel Singmarine Brasil's first phase, comprising core amenities such as a slipway, a wharf, a 120-tonne gantry crane, a pipe shop and mobile sheltered workshops, was completed in 2012. During the year, work in progress at the yard comprised six SMIT Rebras 45-tonne bollard pull ASD harbour tugs and a Guanabara Navegacao's (GNL) 4,500-DWT platform supply vessel (PSV). In April 2012, it was awarded another contract by GNL for a second PSV, which is also presently under construction.

Keppel Singmarine Brasil is advancing into its second phase of yard development, with licensing approval expected in 1Q 2013. The second phase comprises a

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SIGNIFICANT EVENTS

September

- Keppel FELS delivered Seafox 5, an offshore wind turbine installer built to its proprietary Multi-Purpose Self-Elevating Platform design, to the Seafox Group.

- Keppel Shipyard delivered FPSO Cidade de Anchieta to SBM Offshore.

October

- Mr Michael Chia and Mr Wong Kok Seng were respectively appointed as Keppel O&M's Managing Director (Marine) and Managing Director (Offshore), while Mr Chor How Jat was appointed as Keppel Shipyard's Managing Director.

- Keppel FELS made an early and safe delivery of Paradise 400, Safin Gulf's first KFELS B Class jackup.

- Keppel Shipyard delivered FPSO Armada Sterling to Bumi Armada.

- Keppel Singmarine marked its 125th Anniversary.

3

graving dock, a blasting chamber as well as additional workshops and equipment.

In the Caspian region, Keppel O&M's second yard developed jointly with Azeri national oil company SOCAR, is expected to be ready for partial operations in 4Q 2013. The key amenities under construction at Baku Shipyard include a floating dock with 9,000-tonne lifting capacity, as well as shiprepair and shipbuilding berths. Ahead of its completion, the yard has been receiving enquiries for various specialised newbuild vessels.

INDUSTRY OUTLOOK

The International Energy Agency (IEA) expects global oil consumption to rise in tandem with improving economic conditions in China and the US to about 90.8 mb/d in 2013, up 0.86 mb/d from 2012. In the base-case scenario, IEA forecasts that global oil demand would increase to 99.7 mb/d by 2035 from 87.4 mb/d in 2011, with China accounting for 50% of the net increase.

Fossil fuels will remain the principal source of energy worldwide, although the market for renewables is expected to grow rapidly. In particular, demand for oil, gas and coal will grow in absolute terms through 2035. However, IEA expects their combined share of the global energy mix to fall from 81% to 75% in the same period.

On the exploration and production (E&P) front, Barclays Capital forecasts that global capital spending will grow for the fourth consecutive year to reach US$644 billion in 2013. Findings from its latest E&P survey suggest that the industry is still in the early stages of an international spending up cycle.

International oil companies are expected to continue high levels of spending due to a confluence of factors; these include years of underinvestment in the early to mid-2000s, the nationalisation of resources which has led to more deepwater drilling activity, as well as the need to find and replace reserves and increase production. Despite uncertainties in the global economy, offshore and marine industry fundamentals remain sound over the longer term.

SHALLOW WATER POTENTIAL

The jackup market continues to put a premium on high-specification jackups over commodity rigs. This bifurcation is mainly due to operators requiring higher HSE standards post-Macondo and better rig capabilities to drill challenging wells. Utilisation rates for high-specification jackups continue to be healthy and are close to 100%.

About 35% of the world's jackup fleet is at least 30 years old. As such, the sizeable number of new jackups entering the market in 2013 is expected to be readily absorbed as the older rigs phase out.

Douglas Westwood expects the number of jackup wells to be drilled to steadily increase over the next few years, supporting a sustainable replacement cycle over the mid-term. With the consistently high crude oil prices, drilling contractors are finding it increasingly attractive to revisit marginal fields or explore in harsh environments in the North Sea and the Arctic.

SIGNIFICANT EVENTS

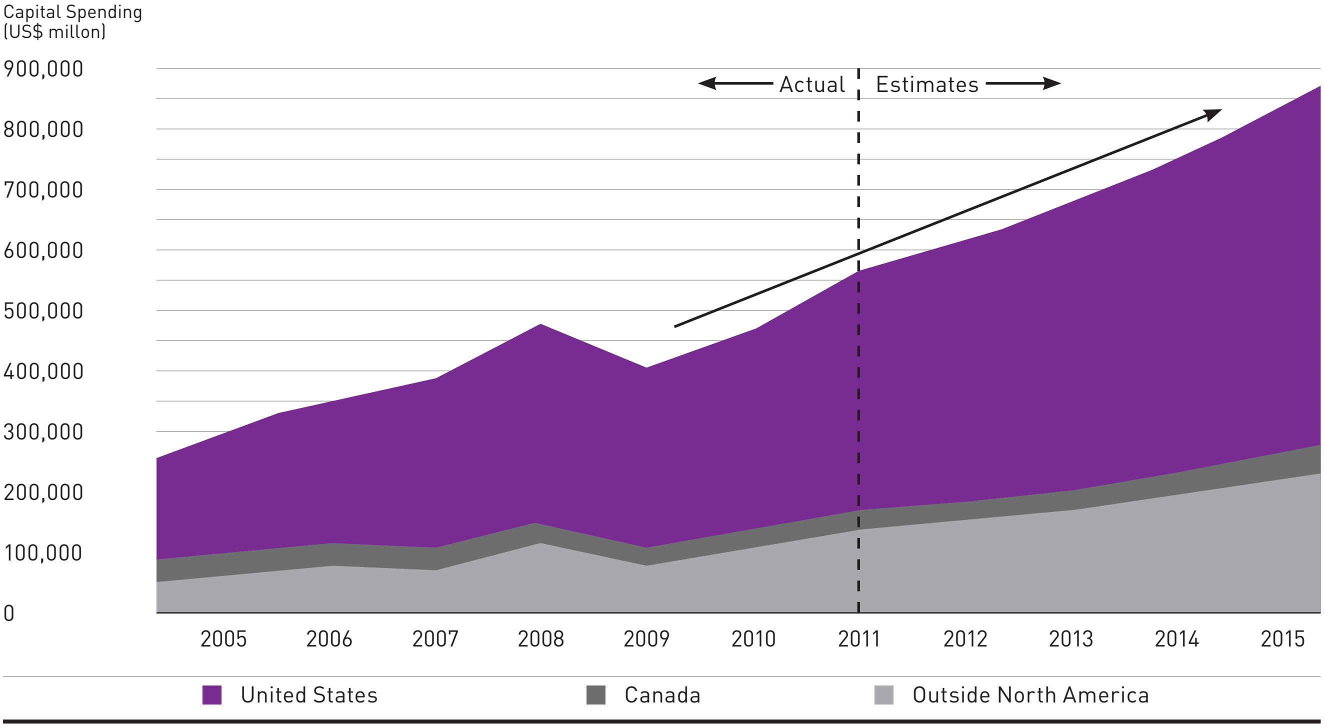
November

- Keppel Shipyard and Keppel Singmarine delivered Castorone, one of the world's largest and most capable pipelay vessels to Saipem.
- Keppel Subic Shipyard won a contract from Shell Philippines Exploration to build a depletion compression platform for the Malampaya gas field.
- Keppel Verolme was engaged by Heerema Marine Contractors to perform a deepwater construction survey of one of its vessels.
- MODEC and Toyo Offshore Production Systems awarded US$2 million in bonuses to Keppel FELS Brasil for the early and safe delivery of FPSO Cidade de Sao Paulo.
- Keppel O&M celebrated its 10th Anniversary graced by Deputy Prime Minister and Minister for Finance, Mr Tharman Shanmugaratnam.

December

- Keppel FELS delivered a KFELS B Class jackup to Mexican oil field services company, Oro Negro, early and without incidents.
- Keppel FELS won a contract to build two KFELS B Class jackups worth US$420 million from PEMEX's subsidiary.
- Keppel Singmarine and Keppel Shipyard secured contracts worth $420 million to construct Hydro Marine Services' high-specification deepwater pipelay vessel and Bhagwan Marine's catamaran air dive support vessel, as well as to upgrade EMAS Offshore's FPSO Lewek Arunothai.

E&P Spending Forecast



Source: Barclays

DEEPWATER PROSPECTS

The global deepwater market continued to enjoy healthy growth with about 40 deepwater units ordered in 2012, including some 15 semisubmersibles. In fact, the number of orders for highly capable sixth-generation semisubmersibles more than doubled over the 2011 – 2012 period. Notwithstanding this, the supply of semisubmersibles is likely to remain tight over the next few years, due to the absence of orders between 2009 and 2011.

Underpinned by a huge development backlog and successful recent explorations, ultra-deepwater dayrates have stabilised at above US$600,000 per day in 2012, compared to over US$500,000 per day in 2011. The Golden Triangle region, comprising the Gulf of Mexico, Brazil and West Africa, is expected to dominate deepwater expenditure over the next five years. Outside of this region, growth will be led by Australia, the Mediterranean, and East Africa.

Notably, Asia and Australasia will become increasingly important areas for deepwater activity. Douglas Westwood forecasts Asian capital expenditure to reach US$19 billion over the next five years, with important deepwater projects being developed off India, Malaysia and Indonesia. Meanwhile, Australasia deepwater activity will be focused in basins off the western coast, with substantial projects in LNG.

PRODUCTION UNITS & SPECIALISED SHIPS

There are currently about 250 floating production systems in service globally with FPSOs comprising 60% of the total fleet. Brazil, Northern Europe and the Gulf of Mexico are the top three regions in the production floaters space, based on the current order backlog.

1 Having delivered FSRU conversions to Golar LNG, Keppel O&M is growing its capability in FLNG conversion.

2 President of Petrobras, Ms Maria das Gracas Silva Foster (centre), expressed her confidence in BrasFELS' capability to deliver projects safely and promptly.

3 With its proven track record, BrasFELS can offer a diverse range of services including the repair and upgrade of drillships.

4 Keppel O&M celebrated 10 years of excellence in November 2012.

International Maritime Associates has identified another 250 projects in the bidding, design or planning stages, which potentially require a floating production or storage system. This number is up 65% from five years ago.

The long-term outlook for floating production systems remains robust as the development of marginal and deepwater reserves speeds up, corresponding to a decline in shallow-water opportunities. This augurs well for service providers who can help operators improve on performance.

Rising E&P spending has also encouraged growth in the Offshore Support Vessel (OSV) sector. While the expected supply of Anchor Handling Tug Supply (AHTS) vessels and PSVs will outpace demand, there is still potential upside from increasing offshore drilling activities and production infrastructure.

There has also been a gradual bifurcation in the OSV fleet; dayrates and utilisation levels of newbuild and older vessels have diverged over the past few years, with rising demand for construction and subsea support vessels in the deepwater markets of Brazil, Southeast Asia, the North Sea and the Gulf of Mexico.

Demand for construction and subsea support vessels is projected to remain healthy. However, as the value of such vessels is generally higher than the common AHTSs and PSVs, competition is likely to come from various quarters, apart from shipyards specialising in OSVs.

NEW GROWTH AREAS

As the world's demand for energy continues to drive E&P into new frontiers, Keppel O&M will step up its R&D efforts to meet the changing needs of its global customers with cost-effective solutions. In the area of Arctic drilling, Keppel O&M and ConocoPhillips are jointly designing a unique jackup that can operate efficiently and safely in ice environments. The rig's ice-worthy features include the ability to operate self-sustained for 14 days and a hull designed for towing in ice. This joint design project is expected to be completed by end-2013.

In the area of Floating LNG (FLNG), Keppel O&M is working with Golar FLNG on the Front-End Engineering and Design (FEED) study to convert LNG vessels into FLNG vessels.

Keppel O&M continues to partner trend-setting customers to develop innovative solutions for new offshore frontiers and sharpen its technology edge. It will also fortify its leadership positions in both key and emerging oil and gas markets, as well as further improve the skills and productivity of its global yards.

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3

4

INFRASTRUCTURE:

Keppel's Infrastructure Division continues to seek value-enhancing projects in power and gas, environmental engineering, logistics and data centres.

Profit Before Tax*

$42m

Dipped 65% from FY 2011's $120 million

Net (Loss)/Profit*

($1m)

Dipped 101% from FY 2011's $82 million

1

MAJOR DEVELOPMENTS IN 2012

- Keppel Energy's capacity expansion of KMC is on track.
- Keppel Gas imported additional piped natural gas from Petronas.
- KIE was in a consortium that won a $124 million WTE contract in Poland.
- Keppel T&T widened its logistics network with three JVs in China and Indonesia.
- Securus Fund acquired two data centres in Australia and Malaysia.

FOCUS FOR 2013/14

- Keppel Energy to grow its share of Singapore's power market and further enhance its integrated platform in its gas and utilities businesses.
- KIE to complete construction of remaining projects in Qatar and the UK, as well as enhance operations and maintenance capabilities.
- Keppel T&T to leverage new technologies to enhance services and further expand customer base and geographical presence.

2

EARNINGS REVIEW

The Infrastructure Division's revenue decreased by $31 million to $2,832 million, with higher revenue generated from the co-generation power plant in Singapore offset by lower revenue from Keppel Integrated Engineering (KIE). Profit before tax decreased by 65% to $42 million as a result of losses from KIE partly offset by better performance from Keppel Energy.

POWER AND GAS

MARKET REVIEW

Singapore's average electricity demand continued to grow at a modest pace, registering an increase of about 2.7% in 2012.

OPERATING REVIEW

Keppel Energy continued to deliver strong earnings through its integrated power and gas businesses in Singapore in 2012. Its wholly-owned subsidiary, Keppel Gas entered into a long-term gas agreement with Petronas to import additional piped natural gas into Singapore. With the additional gas import, Keppel Gas is well-positioned to serve the gas needs of industrial and commercial users.

The 800MW expansion of the Keppel Merlimau Cogen (KMC) plant is on track to be completed in 2013. The first unit of 400MW started commissioning in the third quarter of 2012, ahead of schedule.

During the year in review, Keppel Energy successfully divested its last remaining non-core assets in relation to the power barge operations in Ecuador. Meanwhile, Keppel Energy's operations in Singapore achieved zero reportable safety incidents or lost time injury in 2012.

Keppel Energy is committed to continually improve safety while maintaining a high level of efficiency in its operations.

BUSINESS OUTLOOK

Keppel Energy expects its power and gas businesses in Singapore to deliver sustainable earnings in 2013.

With the uncertainties in the European and US economies, electricity demand in Singapore is not expected to show strong growth in 2013. Competition in the power market is expected to intensify with the increased supply from competitors and new market entrants. With a strong integrated power and gas platform and the strategic 800MW plant expansion, Keppel Energy remains highly competitive and will continue to grow its market share in Singapore.

Net (Loss)/Profit* ($ million)

(101)%

from FY 2011

Earnings Highlights

$ million	2012	2011	2010
Revenue	**2,832**	2,863	2,510
EBITDA*	**84**	155	120
Operating Profit*	**29**	102	75
Profit before Tax*	**42**	120	93
Net (Loss)/Profit*	**(1)**	82	57
Manpower (Number)	**4,175**	4,552	4,366
Manpower Cost	**278**	255	236

* Figures exclude revaluation, major impairment and divestments.

1 K-Green Trust ensures that its assets' operational standards are closely benchmarked to the best in the industry.

2 Keppel Energy continued to deliver strong earnings through its integrated power and gas businesses.

POWER & GAS

Keppel Energy aims to deliver competitive energy in a carbon and resource constrained world essential for a better, safer and healthier life.

Moreover, the expected completion of Singapore's Liquefied Natural Gas (LNG) Terminal in mid-2013 will facilitate local LNG imports and KMC's strategy to diversify its fuel sources.

ENVIRONMENTAL ENGINEERING

MARKET REVIEW

According to the World Bank, the amount of municipal waste generated annually is expected to increase from the current 1.3 billion tonnes to 2.2 billion tonnes by 2025. With many countries facing dramatic population growth, urbanisation and resource scarcity, Waste-to-Energy (WTE) is considered an attractive, proven and sustainable option to address the issue of increasing waste.

China is one of the largest producers of municipal solid waste in the world, due to rising urbanisation. The Middle East produces over 150 million tonnes of waste each year. Managing the waste sustainably is a key concern for the policy-makers, and countries like UAE, Qatar and Saudi Arabia.

According to McKinsey research, the global annual water requirement is set to grow from the current 4,500 billion m^3 to 6,900 billion m^3 by 2030. Increasing demand from homes and businesses, coupled with the dwindling supply of fresh water has triggered more water infrastructure investment projects, especially in Asia. With limitations in public funding, the private sector is expected to play a bigger role in water and wastewater treatment.

Climate change and reliance on non-renewable fuel sources have prompted policy makers around the world to consider alternative energy options that are more environmentally friendly. District heating and cooling is a proven technology which provides low carbon heating and cooling for towns and cities. The European Technology Platform on Renewable Heating and Cooling estimates that renewable heating and cooling will be 20% of the EU's renewable energy sources by 2020. Underpinned by rapid urbanisation, Asia's demand for district heating and cooling sector is expected to be sustained.

OPERATING REVIEW

In Singapore, Keppel Seghers, a wholly-owned subsidiary of KIE, continued to operate three facilities optimally: Keppel Seghers Tuas WTE plant, Senoko WTE plant and Ulu Pandan NEWater plant. Keppel Seghers also completed the flue gas treatment upgrade for the Senoko WTE plant to improve emission standards.

In Qatar, Keppel Seghers completed its first year of operations for the Domestic Solid Waste Management Centre (DSWMC) and achieved ISO certification in November 2012. The DSWMC treats up to 2,300 tonnes of mixed domestic solid waste daily, serving the needs of the whole of Qatar. Concurrently, the Doha North Sewage Treatment Works in Qatar has commenced commissioning and its first phase is expected to be completed in 2013.

Keppel Seghers' consortium was awarded a PLN 333 million (approximately $124 million) contract for a WTE combined heat and power project in Bialystok, Poland in August 2012. The consortium, led by Budimex SA, one of Poland's largest construction companies, will provide engineering, construction and procurement expertise for this project. The plant, with a capacity to treat 120,000 tonnes of waste per year, is expected to be completed by end-2015.

In China, Keppel Seghers started trial operations of the WTE plants in

1 The first phase of KMC's 800MW expansion was commissioned in the third quarter of 2012.

2 DSWMC in Qatar completed its first year of operations.

SIGNIFICANT EVENTS

February
- Securus Data Property Fund (Securus Fund) acquired a data centre in London, UK.
- Keppel DHCS secured new contracts to provide district cooling systems services at Biopolis and Fusionopolis at one-north.

March
- Keppel T&T formed a joint venture (JV) with the Jilin City Government to develop a food logistics park in Jilin City, China.

April
- Keppel Energy entered into an agreement with Petronas to import an additional 43 million cubic feet per day of natural gas.

May
- Keppel T&T appointed Professor Neo Boon Siong and Mr Michael Chia to its Board of Directors.

June
- Securus Fund acquired an 80% stake in a data centre in Cyberjaya, Malaysia.
- Keppel T&T established a $500 million multicurrency medium term note programme.

July
- Keppel FMO won a five-year facilities management contract to serve Changi Airport Terminal 2.

August
- Keppel T&T issued $120 million fixed rate notes due in 2019 under its $500 million multicurrency medium term note programme.
- Keppel Energy started commissioning the first 400MW unit of KMC's 800MW expansion.

September
- Keppel Seghers was part of a consortium that won a $124 million contract for a WTE combined heat and power project in Bialystok, Poland.

October
- K-Green Trust was awarded a Solar Pioneer Award for Singapore's largest photovoltaic installation at Keppel Seghers Ulu Pandan NEWater Plant.
- Keppel T&T and the Jilin City Government commenced work on the Sino-Singapore Jilin Food Zone International Logistics Park.

November
- Keppel T&T joined hands with Chinese partners to develop and operate the Keppel Wanjiang International Coldchain Logistics Park in Lu'an City, Anhui, China.

December
- Keppel Logistics made its first foray into Indonesia, partnering PT Puninar Jaya to provide integrated logistics services for the fast moving consumer goods, retail and healthcare sectors.

ENVIRONMENTAL ENGINEERING

Keppel Integrated Engineering seeks to provide quality environmental engineering solutions that support the world's sustainable development.

Shenzhen and Chengdu using its proprietary technology. The first waste firing was also completed successfully on each of the 750 tonnes per day line in the Shenzhen Baoan II WTE project, which has entered into the trial production phase. When completed, the Baoan project will be the largest WTE plant in China with a capacity to treat 4,200 tonnes of municipal waste daily.

Keppel DHCS, a wholly-owned subsidiary of KIE, secured contracts to provide its environmentally-friendly district cooling systems services to leading companies at the one-north research hub and Changi Business Park in Singapore. In July 2012, Keppel DHCS was awarded the Sustainable Business Award by the Singapore Business Federation.

Keppel FMO, another wholly-owned subsidiary of KIE, was awarded a five-year maintenance contract by Changi Airport Group, which commenced in August 2012. The contract was for the mechanical and electrical systems in Singapore Changi Airport Terminal 2. Keppel FMO also renewed its maintenance contract with Republic Polytechnic for another three years.

KIE is the sponsor of K-Green Trust (KGT), a business trust with an investment focus on green infrastructure assets. KGT's current portfolio comprises Senoko WTE plant, Keppel Seghers Tuas WTE plant and Keppel Seghers Ulu Pandan NEWater plant. KGT was awarded a Solar Pioneer Award for its one mega-watt-peak solar photovoltaic (PV) installation on the rooftops of Ulu Pandan NEWater Plant as part of its asset enhancement programme to reduce the intake of grid electricity. This is the single largest solar PV installation in Singapore to date. KGT proposed a Distribution Per Unit of 7.82 cents to its unitholders for 2012, similar to the previous year.

BUSINESS OUTLOOK

Rapid population growth, urbanisation and economic development drive the need for sustainable environmental solutions. KIE is positioned to capture opportunities in Singapore, Europe, Greater China and the Middle East, leveraging its environmental engineering expertise to seek out value-enhancing projects.

Keppel Seghers will enhance its technology and execution capabilities to deliver competitive and innovative solutions to customers. Keppel Seghers will also continue to expand its revenue streams in the operations and maintenance of WTE and water treatment plants.

Riding on growing demand for district heating and cooling systems in Asia, Keppel DHCS will explore business opportunities to expand its revenue stream in Singapore and the region. Backed by strong growth prospects in Asia and the Middle East, Keppel FMO aims to secure more contracts both locally and overseas.

KGT will continue to evaluate enhancement opportunities for its assets, and will seek out good acquisitions in waste management, water treatment, renewable energy and energy efficiency in Asia Pacific and Europe.

LOGISTICS

MARKET REVIEW

2012 was a year of robust growth for most Southeast Asian economies, which continued to attract foreign investors. Plans to build up key logistics infrastructure in the form of highways, ports and temperature controlled warehouses are still on track in developing countries.

The Chinese economy has maintained strong growth despite a dip in the second half of 2012. The Chinese Central Government remains committed to further develop the logistics industry. Inland water transport will continue to play an important role in transportation due to its cost competitiveness.

OPERATING REVIEW

Keppel Logistics maintained high occupancy rates in Singapore, Malaysia and Vietnam. In September 2012, Keppel Logistics won the Best Domestic Logistics Service Provider of the Year (Singapore) for the third time at the annual Frost & Sullivan Asia Pacific Best Practices Awards.

The company also expanded its operations at 44 Benoi Road facility to include trucking services, which will better cater to the growing offshore and marine sector. Automated equipment and temperature control enhancements have also been installed at other warehouses to provide better services for biomedical customers.

During the year, Keppel Logistics entered into Indonesia to provide services for the retail goods sector through a JV with PT Puninar Jaya, a leading local third-party logistics service provider. The JV company, PT Keppel Puninar Logistics, is 49% owned by Keppel Logistics and 51% owned by Puninar Logistics.

Meanwhile, Keppel Logistics Foshan's Lanshi Port, located in the Pearl River Delta in Guangzhou Province, continued to operate at near full capacity despite stiff competition and the Chinese economy's slowdown. Trial operations for Wuhu Sanshan port, a JV with Sinotrans Ltd along

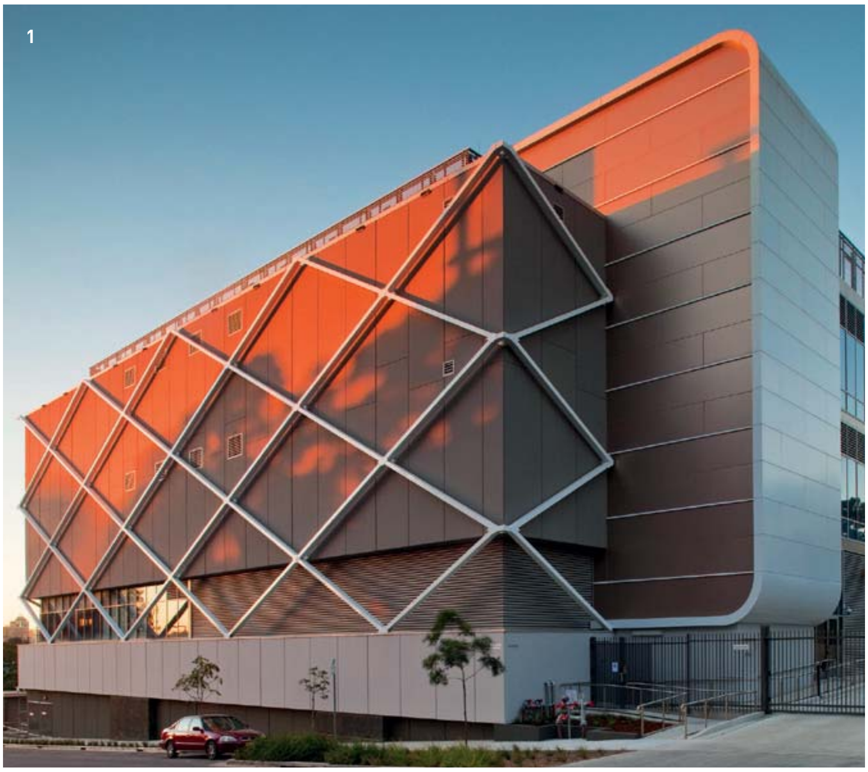
1 Keppel has the capacity to treat about half of Singapore's incinerable waste.

2 The Jilin food logistics park is on track to begin operations in 2014.

2

LOGISTICS & DATA CENTRES

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



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the Yangtze River in Wuhu City, Anhui Province, had commenced in February 2013. Construction for the integrated logistics distribution centre within the Eco-Industrial Park of the Sino-Singapore Tianjin Eco-City will also start in 2013.

Keppel T&T has also made headway in food logistics. It formed a JV with the Jilin City Government in March 2012 to develop and operate a food logistics park in Jilin City, Jilin Province. The JV company is 70% held by Keppel T&T and 30% by the Jilin City Government. The logistics park's first phase of about 40-ha is expected to begin operations in 2014.

The company embarked on its second food logistics project in Anhui Province, taking the majority stake in a 60/40 JV with private investors and the Lu'an City Jin'an District Government. The 33-ha site is close to Hefei, the capital of Anhui Province, the upcoming Hefei Xin Qiao International Airport, and the Lu'an City Centre.

The logistics parks in Jilin and Anhui provinces will play a crucial role in enhancing manufactured food distribution and trading efficiencies, as well as in improving food safety in China. Both projects are strongly supported by the Chinese government and will also incorporate green features.

BUSINESS OUTLOOK

Southeast Asian economies are expected to experience high growth as the region's infrastructure and financial systems become more developed. However, growth stability in the region will hinge on the outcome of upcoming political elections. China's fast-growing domestic consumer market and deep foreign reserves are expected to sustain its economy in spite of lingering uncertainties in the EU and US.

Notwithstanding the challenges, rising urbanisation and the need for specialist logistics providers present windows of opportunities, which Keppel T&T will leverage to further expand in current markets and grow its presence in China and Southeast Asia.

DATA CENTRES

MARKET REVIEW

Global trends fuelling in corporate data, cloud computing, as well as social and new media further strengthened demand for data centres. Investments in new data centres continued to grow on the back of a supply shortage and high utilisation rates of existing data centres in Asia, Europe and the Middle East.

In response to the increasing global emphasis on greener data centres, the Singapore government introduced the BCA-iDA Green Mark for Data Centres – a dedicated green building rating system designed to encourage local operators to adopt environmentally-friendly technologies.

OPERATING REVIEW

Keppel T&T's data centres in Singapore, Sydney and Ireland continued to enjoy near full occupancy. In Singapore, the consolidation of Keppel Digihub and

Keppel Datahub since January 2011 had been successful in improving efficiencies. Several phases of expansion have been activated to serve requirements from both existing and new customers.

Keppel Digihub became one of the pioneering companies to undergo the Threats, Vulnerability, and Risk Assessment set by the Monetary Authority of Singapore for data centres serving financial institutions. Leveraging a decade of data centre expertise and operational know-how, Keppel T&T set up Keppel Data Centre Facility Management to provide both project and operation support for its overseas assets.

Through the Securus Fund, Keppel T&T acquired a 100% stake in GV7 data centre in London, UK and an 80% stake in a data centre in Selangor, Malaysia. With the latest acquisitions, Securus Fund now holds a diversified portfolio of four high quality assets spread across the UK, Malaysia and Australia.

BUSINESS OUTLOOK

Escalating growth in data and the adoption of cloud computing by enterprises, financial institutions, government agencies and social media companies are expected to drive global demand for data centres. Having served blue-chip clients for over a decade, Keppel T&T's data centre business is well-positioned to leverage these fundamentals to grow in Asia, Europe and the Middle East.

Moreover, in line with increasing global emphasis on more sustainable businesses, Keppel T&T's commitment to develop greener data centres together with its modular expansion strategy, will allow it to adopt the latest features and designs to optimise energy and resource efficiency of its data centres.

1 Securus Fund holds a portfolio of quality assets including the Gore Hill data centre in Sydney, Australia.

2 Keppel Wanjiang International Coldchain Logistics Park in Lu'an City will be Keppel T&T's second logistics project in Anhui, China.

3 Keppel Logistics will continue to grow its expertise to provide quality integrated logistics solutions.

PROPERTY:

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

Profit Before Tax*

$1,276m

Grew 119% from FY 2011's $582 million

Net Profit*

$784m

Grew 161% from FY 2011's $300 million

MAJOR DEVELOPMENTS IN 2012

- Sold about 2,350 homes, mainly in Singapore and China.
- Acquired four prime residential sites, which will add over 2,600 homes in Singapore, China and Sri Lanka.
- Acquired a 2.6-ha prime commercial site in Beijing CBD, marking Keppel Land's foray into the Beijing office market.
- Grew total Assets Under Management of Keppel REIT and Alpha Investment Partners (Alpha) to $15.3 billion as at end-2012.

FOCUS FOR 2013/14

- Focus on core markets of Singapore and China and growth markets of Vietnam and Indonesia.
- Scale up in high-growth cities to develop competitive advantage.
- Expand commercial portfolio overseas.
- Increase fee income from fund management for sustainable growth.

Photo courtesy of Woh Hup

EARNINGS REVIEW

Revenue from the Property Division of $3,018 million in 2012 was $1,551 million above the previous year's. This was contributed largely by revenue recognition from Reflections at Keppel Bay following the handover of units sold under the deferred payment scheme. Pre-tax profit of $1,276 million was an increase of $694 million over 2011. This was mainly due to higher contributions from Reflections at Keppel Bay. With a net profit of $784 million, the Division contributed 41% to the Group's overall earnings in 2012.

MARKET REVIEW

In Singapore and China, governments continued to impose extensive measures on the property markets to avoid asset bubbles. Although buyers' sentiments were affected, strong liquidity and the low interest rate environment have supported these markets.

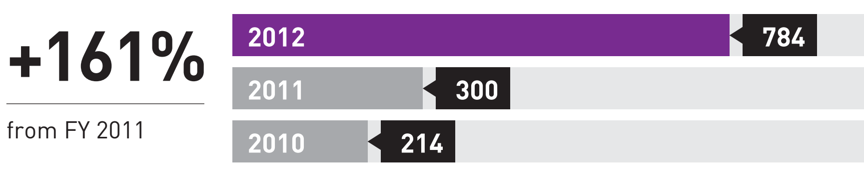
Singapore's economy registered a modest 1.3% growth in 2012 compared with a 5.2% growth in 2011. Despite the slower economy, new private residential sales hit a record high of 22,197 units, exceeding the take-up of 16,292 units in 2010 and the strong sales of just under 16,000 units in 2011. Private residential prices rose 2.8% in 2012, compared with 5.9% in 2011.

To ensure a sustainable property market, the Singapore government introduced the seventh round of cooling measures in January 2013. The new measures implemented include higher additional buyer's stamp duties, lower loan-to-value limits and higher cash down payments for purchasers with second and subsequent home loans.

Based on statistics from the Urban Redevelopment Authority, the office market saw healthy net take-up of 1.87 million sf in 2012. According to CB Richard Ellis, Grade A office rents moderated 2.2% quarter-on-quarter to reach $9.58 psf in 4Q 2012. However, core Central Business District (CBD) occupancy remained stable at 92.2% in 2012, reflecting a resilient office market with demand supported by higher take-up from diverse non-financial sectors such as commodities, legal and professional services. New Grade A office supply continues to be limited with about 780,000 sf from Asia Square Tower 2, which will be ready in 2013.

China achieved a 7.8% GDP growth in 2012, the slowest expansion since 1999 and a clear drop from the average 10% growth seen over the last two decades. The government maintained property

Net Profit* ($ million)



Earnings Highlights

$ million	2012	2011	2010
Revenue	**3,018**	1,467	1,042
EBITDA*	**1,178**	472	363
Operating Profit*	**1,157**	457	353
Profit before Tax*	**1,276**	582	488
Net Profit*	**784**	300	214
Manpower (Number)	**4,280**	3,210	3,015
Manpower Cost	**126**	136	91

* Figures exclude revaluation, major impairment and divestments.

1 Keppel Land acquired a prime commercial site in the heart of Beijing's CBD in 2012.

2 Reflections at Keppel Bay redefines urban waterfront living in Singapore and internationally.


1

curbs throughout 2012, demonstrating its resolve to stabilise the market. However, the government has fine-tuned several mortgage and home purchase restriction policies aimed at supporting first-time homebuyers. As a result, property prices and transaction volumes improved over the second half of 2012, with price growth recorded in 41 out of 70 cities across China year-on-year in December 2012.

In Vietnam, the government has made progressive fiscal corrections to rein in the double-digit inflation of 18.7% in 2011 to 9.1% in 2012. The State Bank of Vietnam has also conducted six rounds of interest rate cuts in 2012 to spur economic growth. With lower inflation and interest rates, the residential market is seeing increasing demand from owner occupiers, especially for mid-market and landed homes.

Indonesia's residential market continues to strengthen with domestic consumption as its main growth driver as well as an expanding and increasingly affluent middle-class population. Office space has also been tight due to limited supply, with Jakarta CBD office rents soaring 34.5% year-on-year in 2012.

OPERATING REVIEW

SINGAPORE

In 2012, Keppel Land sold about 430 homes, mainly from The Luxurie. The 622-unit development located in Sengkang was almost fully sold as at end-February 2013. Capitalising on demand for well-located suburban developments near MRT stations, retail amenities and reputable schools, Keppel Land acquired a new site near the Tanah Merah MRT station in October 2012. The project is currently being designed. A prime waterfront project at Keppel Bay Plot 3 is at an advanced stage of design development.

Completed in 2012, Marina Bay Financial Centre (MBFC) Tower 3 continued to attract tenants, with leasing commitment improving to about 84% as at end-February 2013.

In addition to anchor tenant DBS, MBFC Tower 3 has established a strong and diverse tenant base, including global financial information company McGraw-Hill, Denmark-based Lego and New York-based legal firm, Milbank.

OVERSEAS

Keppel Land sold about 1,920 units overseas, mainly in China, in 2012. Despite stringent home purchase restrictions and credit control, projects in China registered encouraging sales with more than 1,650 units sold, primarily from The Botanica in Chengdu, Central Park City in Wuxi and The Springdale in Shanghai, reflecting demand from owner-occupiers and first-time homebuyers for well-planned developments and integrated townships.

Tapping on the immense growth potential and rapid urbanisation of second-tier cities, Keppel Land China further secured two prime residential sites in Chengdu and Wuxi in 2012.

The Group's residential projects in Indonesia and India continued to make encouraging sales progress. Elita Promenade in Bangalore, India, was fully sold. In Indonesia, Jakarta Garden City sold 95% of 1,104 launched homes, as well as 68% of 48 launched shophouses as at end-February 2013. This gated township development was named the Best Villa Development and Highly Commended Green Development at the South East Asia Property Awards 2012.

During the year, the Group entered the Sri Lankan residential market to ride on the country's rapid growth as well as improved economic and political conditions. Keppel Land will jointly develop a 260-unit condominium development in Colombo with a leading local developer.

To establish a balanced portfolio, Keppel Land has scaled up its commercial presence overseas in the last two years, capitalising on

1 Keppel's Grade A offices continue to attract quality tenants across industries.

2 IFC Jakarta Tower 2, Indonesia's first BCA Green Mark Platinum office tower, will meet rising demand for quality office spaces there.

SIGNIFICANT EVENTS

January
- Keppel Land China acquired a 51% stake in a prime 2.6-ha commerical site in Beijing's CBD.

February
- Takashimaya became an anchor tenant of Saigon Centre Phase 2 in Ho Chi Minh City, Vietnam, pre-committing to 15,000 sm of retail space.

March
- Master architect Mr Daniel Libeskind was appointed to design the Plot 3 residential development at Keppel Bay.
- MBFC Tower 3 attained temporary occupation permit.

June
- Keppel Land announced that Mr Ang Wee Gee would succeed Mr Kevin Wong as CEO of Keppel Land in 2013.
- Keppel REIT acquired another 12.4% stake in Ocean Properties, increasing its total interest in Ocean Financial Centre to 99.9%.
- Keppel Land broke ground for International Financial Centre (IFC) Jakarta Tower 2 in Indonesia.

2

its reputation as a premier office developer in Singapore. In 2012, Keppel Land China acquired a 2.6-ha prime commercial site in the heart of Beijing's CBD and is planning to develop three office towers with supporting retail premises on the site. Including the Beijing commercial development and projects in Tianjin Eco-City, Ho Chi Minh City and Jakarta, more than 420,000 sm of commercial gross floor area are currently under development.

FUND MANAGEMENT

Keppel Land's property fund management business, through Keppel REIT and Alpha Investment Partners (Alpha) grew to $15.3 billion as at end-2012 from $14.8 billion as at end-2011. Keppel REIT, which has changed its name from K-REIT Asia, continued to expand its Grade A office portfolio with income-accretive acquisitions. These included a 50% stake in a new office development in Perth, Western Australia, and additional interest in Ocean Financial Centre (OFC), which raised its stake in the latter from 87.5% to 99.9%.

Alpha's latest fund, Alpha Asia Macro Trends Fund (AAMTF) II acquired a 50% stake in 78 Shenton Way and some high-end residential units at 8 Napier in 2012. Alpha's fully-invested funds also divested several properties in Hong Kong, China, South Korea, Japan and Singapore during the year.

BUSINESS OUTLOOK

SINGAPORE

2013 is expected to be another challenging year. Economic growth is expected to remain modest at 1-3%. With the latest set of property measures announced in January 2013, residential prices and sales volume may be affected.

While any further property cooling measures will exert downward pressure on the residential market, liquidity and the low interest rate environment continue to support demand. Well-located suburban projects with strong attributes such as being close to key transportation nodes, reputable schools and tertiary institutions as well as shopping and recreational amenities will continue to attract strong interest from buyers. Meanwhile, world-class waterfront homes remain a preferred lifestyle choice for discerning homeowners.

Keppel Land will monitor the market closely to launch its new residential projects at New Upper Changi Road, as well as Plot 3 at Keppel Bay in 2013.

As office demand is closely co-related to the state of economy, the uncertain global economic conditions may affect the take-up of space from the financial sector. However, the limited supply of Grade A office space as well as take-up from non-financial sectors will mitigate the impact. Multinational corporations continue to establish and grow their operations in Singapore given its appeal as a pro-business hub in Asia.

OVERSEAS

Asia's growth will persist on the back of major economic reforms in India, Myanmar and China to stimulate investments and growth. Its pace however, may be affected by poor economic conditions in the US and Europe. Economic growth, favourable demographics and rapid urbanisation will continue to drive demand for quality homes in markets where Keppel Land operates.

Keppel Land will monitor the regional market, where homeownership aspirations remain strong with rising middle-class populations, for appropriate opportunities to launch new developments and phases. The company will also continue to look out for attractive residential and commercial development sites with good marketing attributes. Riding on its reputable brand name and experience as a premier office developer in Singapore, Keppel Land

SIGNIFICANT EVENTS

July
- Keppel Land formed a JV with CT Properties to develop luxury condominiums in Colombo, Sri Lanka.

September
- Keppel REIT topped off its landmark Sydney office building at 8 Chifley Square.
- Keppel REIT acquired a 50% interest in a new office tower in Perth, Western Australia.

October
- K-REIT Asia was renamed Keppel REIT.
- Keppel Land secured a 3.2-ha prime residential site along New Upper Changi Road for the development of about 700 homes.
- Keppel Land China acquired a 28.7-ha prime residential site in Xinjin County of Chengdu.

November
- MBFC Tower 3 secured new leases, bringing the total commitment level to about 960,000 sf or 76% of the building.

1 The Luxurie in Sengkang is almost fully sold.

2 Keppel REIT announced the acquisition of a 50% interest in a Grade A office development to be built on the Old Treasury Building site in Perth.

3 Jakarta Garden City is an eco-conscious integrated township.

will continue to expand its commercial portfolio overseas.

FUND MANAGEMENT

Keppel REIT's strong average portfolio occupancy of above 98% by a diversified tenant base and extended lease expiry profile will continue to provide sustainable returns. The Pan-Asian commercial REIT will remain focused on retaining good tenants and pursuing selective income-accretive acquisitions to grow its earnings.

Alpha will continue to expand its existing portfolio across Asia, while actively monitoring opportunities to buy into global fund management platforms. AAMTF II will actively seek out potential acquisitions while the other fully-invested funds continue to review divestment opportunities focusing on asset management and the timing of asset disposal. Having raised more than US$700 million to-date, AAMTF II is targeting to close at US$1 billion in the first half of 2013.

Looking ahead, Keppel Land stays on track with its asset-light strategy, keeping a lookout for capital recycling opportunities.

The company will continue to focus on its core markets of Singapore and China, as well as strengthen its growth markets of Vietnam and Indonesia. It will also scale up in high-growth cities to develop a competitive advantage in those regions.

With a strong cash position of $1.6 billion and low debt-to-equity ratio of 0.22x as at end-2012, Keppel Land stands in good stead to capture acquisition opportunities, focusing on quality residential developments, townships, as well as commercial and mixed-use developments.

1 Tapping the growth potential of second-tier Chinese cities, Keppel Land China acquired its fifth site in Wuxi.

2 Singapore's Prime Minister Lee Hsien Loong (extreme right) and former Deputy Secretary of the Communist Party of China Tianjin Municipal Committee, He Lifeng (extreme left) planting a spruce tree at the Yongding Zhou Cultural Theme Park in the Sino-Singapore Tianjin Eco-City.

SIGNIFICANT EVENTS

December

- Keppel Land China secured its fifth site in Wuxi. The 6.6-ha prime city centre site will yield 1,135 high-rise residential apartments and commercial components.

1

SUSTAINABLE DEVELOPMENT TAKES ROOT

2

In 2012, the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City) attracted an additional RMB300 million in investments, bringing its total registered capital to over RMB60 billion. The number of companies that have signed on with Tianjin Eco-City also grew from 500 in 2011 to 850 in 2012. To attract even more Singapore-based businesses, some $9.5 million in financial incentives were rolled out by Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. (SSTEC) and IE Singapore.

The high-profile project continues to garner attention at international platforms, including the United Nation Conference on Sustainable Development (Rio+20 Conference) in Brazil, where it won the Global Human Settlements Award. It was also visited on several occasions by dignitaries including Singapore's Prime Minister Lee Hsien Loong, Deputy Prime Minister Teo Chee Hean and Minister for National Development Khaw Boon Wan.

Tianjin Eco-City welcomed its first wave of residents and companies in 2012. With a resident population of 2,000 and growing, a green community is quickly taking root in the core of Tianjin Eco-City. As at end-January 2013, close to 7,000 homes, as well as key components of the Eco-Business Park including The Landmark and Ready-Built Offices were completed.

Keppel's eco-developments in the Start-Up Area also made good progress. About 80% of 787 launched homes in Keppel Land's 1,672-unit Seasons Park, were sold by end-February 2013. Meanwhile, the first phase of the company's commercial development Seasons City is expected to be completed in 2015.

In 2013, Keppel Land plans to launch its other residential projects such as the 1,190-unit Seasons Garden, as well as the third phase of Serenity Cove which comprises 340 low-density eco-friendly homes. Serenity Cove is being developed over three phases and will yield a total of 573 landed homes. Phase 1, featuring 83 bungalows, as well as Phase 2, consisting of 110 semi-detached and 40 terrace units, have been completed and sold out.

In the Eco-Industrial Park, the Group's green integrated logistics distribution centre will begin construction soon. Over at the Eco-Business Park, Keppel's district heating and cooling system plant will commence operations in 2013.

Tianjin Eco-City is developed by SSTEC, a 50/50 JV between the Keppel-led Singapore Consortium and a Chinese Consortium helmed by Tianjin TEDA Investment Holding Co., Ltd.

INVESTMENTS:
Keppel is committed to deliver good value to shareholders while seeking growth opportunities.

Profit Before Tax*

$196m

Grew 238% from FY 2011's $58 million

Net Profit*

$194m

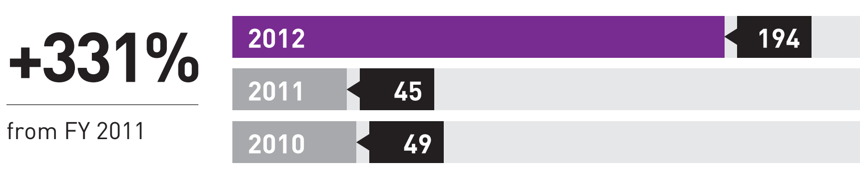
Grew 331% from FY 2011's $45 million

1

MAJOR DEVELOPMENTS IN 2012
- GKB Holdings Pte Ltd made a voluntary conditional cash offer for k1 Ventures, which did not garner the necessary votes from k1 shareholders to proceed.
- M1 was the first telecommunications operator in Southeast Asia to offer nationwide 4G service in the last quarter of 2012.

FOCUS FOR 2013/14
- k1 Ventures to manage its current investment portfolio to maximise shareholder value, and distribute excess cash as investments are monetised.
- M1 to continue strengthening its position in the mobile market and capitalise on Singapore's national fibre network for growth opportunities.

Net Profit* ($ million)



Earnings Highlights

$ million	2012	2011	2010
Revenue	**152**	46	11
EBITDA*	**134**	20	10
Operating Profit*	**133**	20	9
Profit before Tax*	**196**	58	66
Net Profit*	**194**	45	49
Manpower (Number)	**170**	155	147
Manpower Cost	**95**	93	65

* Figures exclude revaluation, major impairment and divestments.

1 M1 continued to perform well in 2012, with a resilient growth in revenue of 2.8%.

EARNINGS REVIEW
Pre-tax earnings from the Investments Division of $196 million was $138 million higher compared to 2011 due to the disposals of investments.

Net profit of $194 million was $149 million above that of the previous year. Investments contributed 10% to the Group's earnings in 2012.

k1 VENTURES
k1 Ventures (k1) is an investment company with interests in diverse sectors including transportation leasing, education, oil and gas exploration, financial services and automotive retail.

For the financial year ended 30 June 2012, k1 reported a revenue of $78.7 million compared to $71.2 million in the prior year, due to an increase in revenue from investments, offset in part by a decrease in revenue from transportation leasing-related activities.

Operating loss was $58.7 million compared to $4.7 million in the prior year. The decline in operating results was driven by the impairment of goodwill and other intangibles of $55.4 million, a fixed assets impairment loss of $18.3 million associated with Helm Holding Corporation, and a decrease in revenue from transportation-related activities offset in part by an increase in revenue from investments.

During the year, there was a write-back of prior years' tax provisions of $44.4 million and a tax benefit of $11.4 million related to the fixed assets and other intangible impairment losses.

For 2012, k1 paid a dividend of 0.5 cent per share to shareholders, increasing cumulative distributions to shareholders to 23.3 cents per share or more than $480 million since 2005.

k1's US$100 million investment in Guggenheim Capital LLC, comprising mainly Preferred Units and detachable Warrants to acquire common units, has performed as expected. The Preferred Units delivered a 7% annual dividend.

Knowledge Universe Holdings' global education business is doing well. Its new, state-of-the art $140 million Canadian International School Lakeside campus in Singapore opened in early 2012.

China Grand Auto, k1's investment in automotive retail, continues to perform well and has filed for an initial public offering to list on the Shanghai Stock Exchange.

In December 2012, it was announced that McMoRan Exploration Company (MMR), in which k1 owns 2,309,000 common shares, signed an agreement with Freeport-McMoRan Copper & Gold Inc (FCX) whereby FCX will acquire MMR for a per share consideration of US$14.75 in cash and 1.15 units of a royalty trust. The sale of MMR is conditional upon the approval of MMR shareholders and other customary conditions, and is expected to close in the second quarter of 2013.

During the year, GKB Holdings Pte Ltd, a company formed by the three largest shareholders of k1 for the purpose of making a voluntary conditional cash offer for k1, did not garner the necessary votes as shareholders elected to remain shareholders of k1.

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

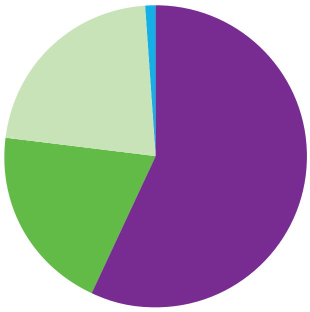
M1 continued to perform well in 2012, with a resilient growth in service revenue of 2.8%. It also strengthened its market position with the total mobile customer base growing 94,000 to reach 2.11 million customers as at end-2012. Additionally, the total fibre service customer base grew over two folds to 52,000 persons.

M1 achieved another milestone in September 2012 as the first telecommunications operator in Southeast Asia to offer nationwide 4G service in the last quarter of the year. Take-up rate for the service was brisk and is expected to grow steadily in 2013.

FINANCIAL REVIEW & OUTLOOK

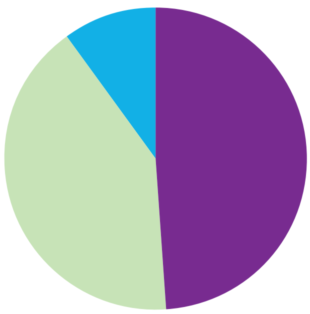
Revenue by Division 2012 (%)

	%
Offshore & Marine	57
Infrastructure	20
Property	22
Investments	1
Total	100



Net Profit by Division 2012 (%)

	%
Offshore & Marine	49
Infrastructure	–
Property	41
Investments	10
Total	100



Note: Figures exclude revaluation, major impairment and divestments.

PROSPECTS

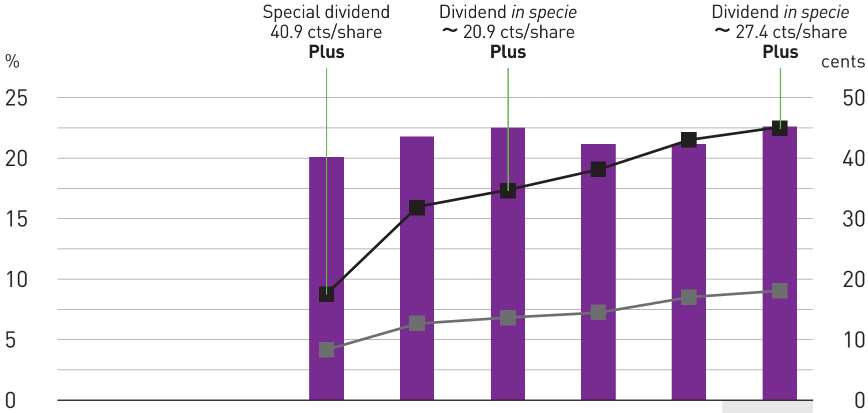
The Offshore & Marine Division secured $10 billion of new orders for the year. The net orderbook stood at $12.8 billion as at 31 December 2012 with deliveries extending into 2019. The long-term fundamentals for the Offshore & Marine industry remain sound, underpinned by growing energy demand from developing economies. Demand for rigs is expected to remain strong in view of an ageing fleet, a preference for newer rigs and increasing requirements in many parts of the world, particularly Brazil, Africa, the North Sea and the Gulf of Mexico. The Division will continue to focus on excellence in executing the projects on-hand, improving the competencies and productivity of its yards, and exploring value-adding acquisitions.

In the Infrastructure Division, the 800MW expansion of the Keppel Merlimau Cogen power plant is on track for commercial operations in 2013, which will enable Keppel Energy to capture opportunities from the evolving energy market in Singapore. Keppel Integrated Engineering continues to selectively pursue opportunities in its target markets. Keppel T&T will seek opportunities to expand its logistics business as well as acquire more data centres and develop new ones organically.

The Property Division sold about 430 residential units in Singapore for the year, mostly from The Luxurie in Sengkang. The Division acquired a prime residential site near Tanah Merah MRT station in October 2012, which will yield about 700 residential units. In January 2013, the Singapore government introduced the seventh round of measures to further cool the residential market. These measures have dampened sentiments and are likely to weigh down the market.

Overseas, the Division sold about 1,900 residential units for the year, with China accounting for about 1,650 units. In December 2012, the Division secured its fifth site in Wuxi for a mixed-use development.

Shareholder Returns



	2007	2008	2009	2010	2011	**2012**
ROE (%)*	20.1	21.8	22.5	20.8	20.8	**22.6**
Full-year dividend (cents)	17.3	31.8	34.6	38.2	43.0	**45.0**
Interim dividend (cents)	8.2	12.7	13.6	14.5	17.0	**18.0**

Note: Figures exclude revaluation, major impairment and divestments.
* Comparatives have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

The 6.6-ha prime city-centre site will comprise about 1,135 residential units and some commercial components.

The Division's fund management business continued to grow through selective acquisitions and divestments in 2012. Expanding its quality office portfolio, Keppel REIT acquired a 50% stake in a new Grade A office development in Perth, Australia and raised its interests in Ocean Financial Centre to 99.9%. Alpha Asia Macro Trends Fund II, which is managed by Alpha Investment Partners (Alpha), acquired a 50% stake in 78 Shenton Way and 17 high-end residential units at 8 Napier. The Group's total assets under management by Keppel REIT and Alpha have grown to $15.3 billion as at end-2012.

Moving forward, the Property Division will focus on the core markets of Singapore and China while strengthening its position in Vietnam and Indonesia. It will also continue to grow assets under management through its fund management businesses for sustainable income.

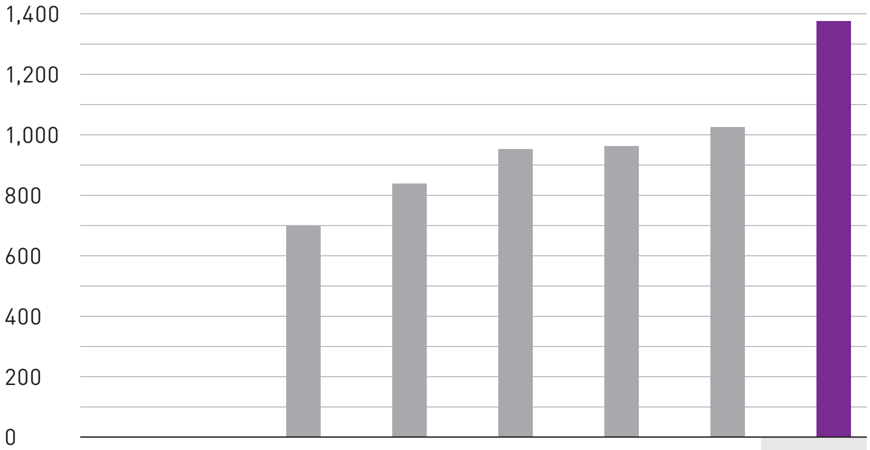
The global economy remains challenging with unresolved fiscal cliff issues faced by the US economy, and uncertainty over the Eurozone debt crisis. As such, the Group will continue to sharpen its competencies and fortify its capabilities to navigate the challenges.

SHAREHOLDER RETURNS

Return On Equity (ROE) exceeded 20% for the sixth consecutive year, reflecting Keppel Corporation's effort to achieve higher returns for its shareholders.

The Company will be paying a total distribution of approximately 72.4 cents per share for 2012. This comprises a final dividend of 27.0 cents per share, special dividend *in specie* of one Keppel REIT unit for every five shares in the Company (approximately 27.4 cents per share) and the interim dividend of 18.0 cents per share paid in August 2012. Total distribution for 2012 represents 68% of Group net profit before revaluation, major impairment and divestments of

EVA Growth ($ million)



	2007	2008	2009	2010	2011	**2012**
	699	837	953	964	1,024	**1,375**

Note: Figures exclude revaluation, major impairment and divestments.

$2,237 million. This is equivalent to a gross yield of 6.6% on the Company's last transacted share price as at 31 December 2012.

The distribution to shareholders is on account of Keppel Corporation's 45th anniversary and increased profitability. The Company is committed to reward shareholders with generous payouts as it achieves healthy year-on-year earnings growth.

ECONOMIC VALUE ADDED (EVA)
In 2012, EVA excluding major impairment and divestments rose by $351 million to $1,375 million. This was attributable to higher operating profit (excluding major impairment and divestments), partially offset by higher capital charge.

Capital charge rose by $167 million as a result of higher Average EVA Capital,

EVA

$ million	2012	12 vs 11 +/(-)	2011	11 vs 10 +/(-)	2010
Profit after tax and major impairment and divestment (Note 1)	**2,253**	+706	1,547	+321	1,226
Adjustment for :					
Interest expense	**180**	+60	120	+44	76
Interest expense on non-capitalised leases	**16**	-3	19	-2	21
Tax effect on interest expense adjustments (Note 2)	**(29)**	-7	(22)	–	(22)
Provisions, deferred tax, amortisation & other adjustments	**23**	+3	20	-46	66
Net Operating Profit After Tax (NOPAT)	**2,443**	+759	1,684	+317	1,367
Average EVA Capital Employed (Note 3)	**16,711**	+4,251	12,460	+2,416	10,044
Weighted Average Cost of Capital (Note 4)	**6.06%**	-0.73%	6.79%	+0.12%	6.67%
Capital Charge	**(1,013)**	-167	(846)	-176	(670)
Economic Value Added	**1,430**	+592	838	+141	697
Comprising:					
EVA excluding major impairment and divestment	**1,375**	+351	1,024	+60	964
EVA of major impairment and divestment	**55**	+241	(186)	+81	(267)
	1,430	+592	838	+141	697

Notes:
1. Profit after tax and major impairment and divestments excludes net revaluation gain on investment properties.
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% (2011: 6%);
   (b) Risk-free rate of 1.6780% (2011: 2.5379%) based on yield-to-maturity of Singapore Government 10-year Bonds;
   (c) Unlevered beta at 0.79 (2011: 0.79); and
   (d) Pre-tax Cost of Debt at 1.90% (2011: 2.33%) using five-year Singapore Dollar Swap Offer Rate plus 55 basis points (2011: 40 basis points).

partially offset by lower Weighted Average Cost of Capital (WACC). Average EVA Capital increased by $4.25 billion from $12.46 billion to $16.71 billion. WACC decreased from 6.79% to 6.06% mainly due to a reduction in risk free rate.

EVA excluding major impairment and divestments of $1,375 million in 2012 is the highest ever attained by the Group. The continuing trend of positive and increasing EVA is evident of the Group's commitment to maximise shareholders' value through the effective and efficient management of resources.

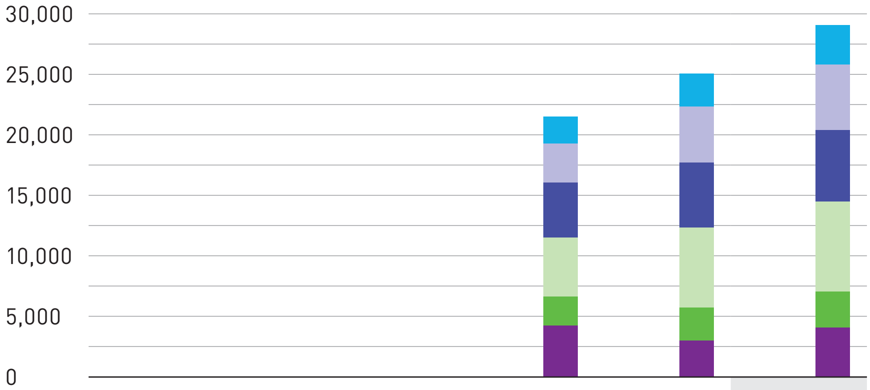
FINANCIAL POSITION

Group shareholders' funds increased from $7.70 billion as at 31 December 2011 to $9.25 billion as at 31 December 2012. The increase was mainly attributable to retained profits for the year and fair value gains on cash flow hedges, partially offset by foreign exchange translation losses, and the payment of a final dividend of 26.0 cents per share for 2011 and the interim dividend of 18.0 cents per share for 2012.

Group total assets of $29.17 billion at 31 December 2012 was $4.1 billion or 16.2% higher than the previous year end. Increase in fixed assets was largely due to capital expenditure (capex) for the expansion of Keppel Merlimau Cogen power plant, the inclusion of fixed assets from the consolidation of Kingsdale Group (Kingsdale), which became a subsidiary, and other operational capex. The increase in investment properties was mainly due to the acquisition of Aether Pte Ltd Group (Aether), which has an interest in a commercial development in Beijing, China, and the fair value gain on investment properties in 2012, offset by derecognition from disposal of partial interest in Saigon Centre Phase 1.

Associated companies increased mainly due to further investments in existing property development projects and the acquisition of a 20% interest in KrisEnergy Ltd (KrisEnergy). Higher stocks and work-in-progress were due to land acquisition costs and development expenditure incurred for projects in the Property Division, the

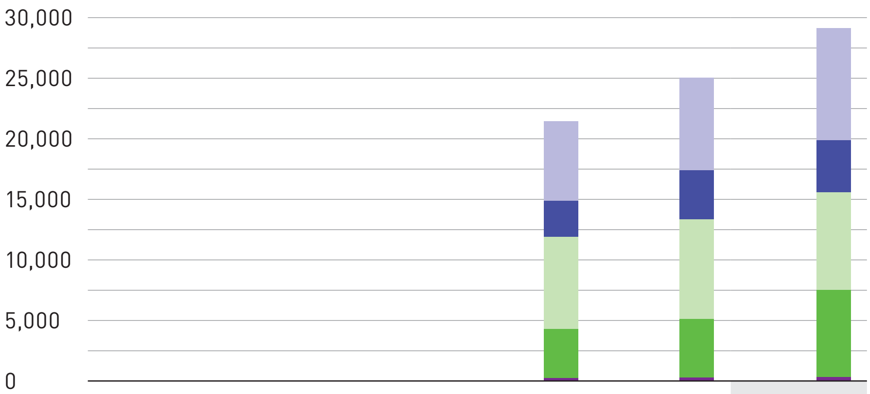
Total Assets Owned ($ million)



	2010*	2011*	**2012**
Fixed assets	2,243	2,716	**3,337**
Properties	3,208	4,610	**5,423**
Investments	4,618	5,350	**5,909**
Stocks & work-in-progress	4,929	6,605	**7,443**
Debtors & others	2,400	2,797	**3,004**
Bank balances, deposits & cash	4,246	3,021	**4,055**
Total	21,644	25,099	**29,171**

* Comparatives have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

Total Liabilities Owed & Capital Invested ($ million)



	2010*	2011*	**2012**
Shareholders' funds	6,619	7,699	**9,246**
Non-controlling interests	3,036	4,062	**4,332**
Creditors	7,689	8,194	**8,059**
Term loans & bank overdrafts	4,068	4,877	**7,208**
Other liabilities	232	267	**326**
Total	21,644	25,099	**29,171**

* Comparatives have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

consolidation of Kingsdale and higher work-in-progress for the Offshore & Marine Division.

Higher level of receivables was largely due to higher progress billings from the Offshore & Marine Division and advances to associated companies. These were partly offset by a decrease in long term assets, particularly advance payment, following the completion of the acquisition of Aether.

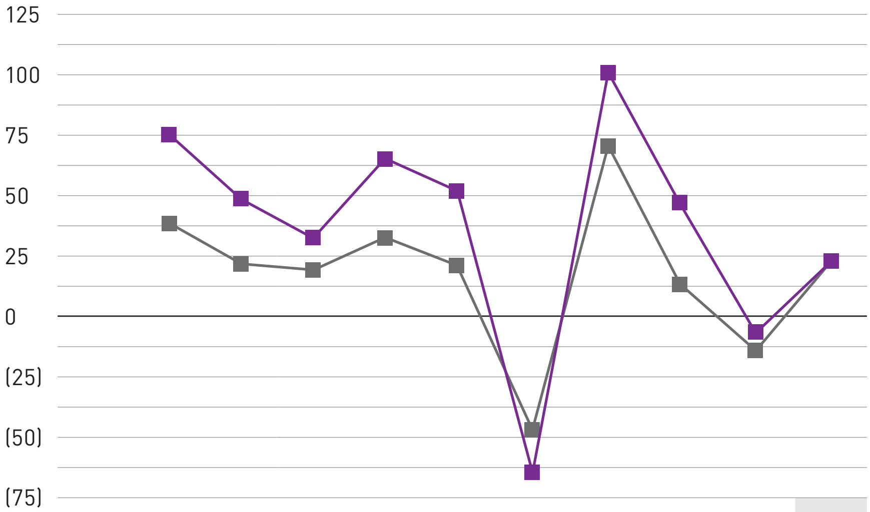
Group total liabilities of $15.59 billion at 31 December 2012 were $2.3 billion or 16.9% higher than at the previous year end. Increase in current taxation was due to higher taxable profit for the Offshore & Marine and Property divisions. Higher level of term loans was due to increased bank borrowings and funds raised in the capital markets for working capital requirements, operational capex and acquisitions.

Increase in deferred taxation was due mainly to the acquisition of Aether. These were partly offset by reduction in billings on work-in-progress in excess of related costs due mainly to project cost incurred and project completion for Offshore & Marine jobs.

Group net debt as at 31 December 2012 was $3.15 billion as compared to Group net debt of $1.86 billion as at 31 December 2011. This was mainly due to capex, investment in subsidiaries and investment in associated companies.

TOTAL SHAREHOLDER RETURN (TSR)
Keppel Corporation is committed to deliver value to its shareholders through earnings growth. The Company will continue to identify, develop and build growth platforms for its businesses, sharpen its strategic focus, streamline its operations, launch new products, strengthen customer relationships and penetrate new markets.

Total Shareholder Return (%)



	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**
Keppel	75.2	48.7	32.5	65.3	51.7	(64.4)	100.8	47.0	(6.4)	**22.9**
STI	38.3	21.6	19.3	32.4	21.0	(47.1)	70.8	13.4	(14.0)	**23.3**

Source: Bloomberg

Cash Flow

$ million	2012	12 vs 11 +/(-)	2011 Restated*	11 vs 10 +/(-)	2010 Restated*
Operating profit	**2,621**	-203	2,824	+1,383	1,441
Depreciation, amortisation & other non-cash items	**19**	+855	(836)	-997	161
Cash flow provided by operations before changes in working capital	**2,640**	+652	1,988	+386	1,602
Working capital changes	**(1,448)**	+441	(1,889)	-975	(914)
Interest receipt and payment & tax paid	**(186)**	+137	(323)	-85	(238)
Net cash from/(used in) operating activities	**1,006**	+1,230	(224)	-674	450
Investments & capital expenditure	**(1,323)**	+238	(1,561)	-295	(1,266)
Divestments & dividend income	**254**	-49	303	-320	623
Net cash used in investing activities	**(1,069)**	+189	(1,258)	-615	(643)
Free cash flow	**(63)**	+1,419	(1,482)	-1,289	(193)
Dividend paid to shareholders of the Company & subsidiaries	***(1,001)***	*-119*	*(882)*	*-125*	*(757)*

* Comparatives have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets and other reclassifications.

The Company's 2012 TSR was 22.9%. This was at about the level of the benchmark Straits Times Index's (STI) TSR of 23.3%. Over the past 10 years, its Compounded Annual Growth Rate (CAGR) TSR of 26% was also significantly higher than STI's CAGR TSR of 11%.

CASH FLOW

Net cash from operating activities was $1,006 million compared to net cash used in operating activities of $224 million in the previous year. This was mainly due to higher operational cash flow and lower cash outflow from working capital requirements.

Net cash used in investment activities was $1,069 million. The Group spent $1,323 million on acquisitions and operational capex. This mainly comprised acquisitions of associated company KrisEnergy and other subsidiaries (Kingsdale and Chengdu Shengshi Jingwei Real Estate Investment Co Ltd); further investments in associated companies; the expansion of Keppel Merlimau Cogen power plant; and other operational capex. Divestments and dividend income totalled $254 million, including proceeds from the partial divestment of interests in Saigon Centre Phases 1 and 2.

Free cash flow was negative $63 million as compared to negative $1,482 million in the previous year.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $1,001 million.

FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market (including currency, interest rate and price risks), credit and liquidity risks. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines.

These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and 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 the 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 in the 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 readily available.

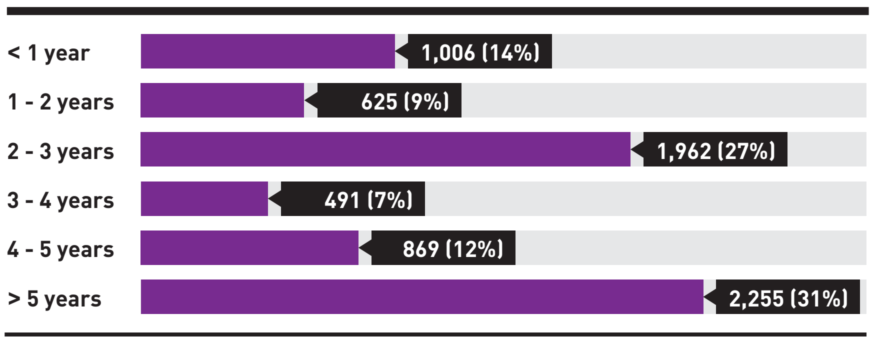
- The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk.

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 2012 were $7.2 billion (2011: $4.9 billion and 2010: $4.1 billion). At the end of 2012, 14% (2011: 17% and 2010: 10%) of Group borrowings were repayable within one year with the balance largely repayable between two and five years.

Unsecured borrowings constituted 81% (2011: 72% and 2010: 69%) of total borrowings with the balance secured by properties and assets. Secured borrowings were mainly for financing investment properties and development project loans. The Group has mortgaged certain properties and assets of up to an aggregate amount of $3.10 billion

Debt Maturity ($ million)



to financial institutions. (2011: $4.20 billion and 2010: $2.55 billion).

Fixed rate borrowings constituted 57% (2011: 51% and 2010: 52%) of total borrowings with the balance at floating rates. The Group has interest rate swap agreements with notional amount totalling $1,421 million whereby it receives variable rates equal to the Singapore Swap Offer Rate and pays fixed rates between 0.88% and 3.52% on the notional amount. Details of these derivative instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 82% (2011: 90% and 2010: 93%) of total borrowings. The balances were mainly in US dollars, Brazilian Reals 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.

Weighted average tenor of the loan book was termed out from around three years at the beginning of 2012 to over five years at the end of 2012 with only a marginal increase of less than 20 basis points in average cost of funds.

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 and divestment proceeds from low yielding and non-core assets will provide resources to grow the Group's businesses.

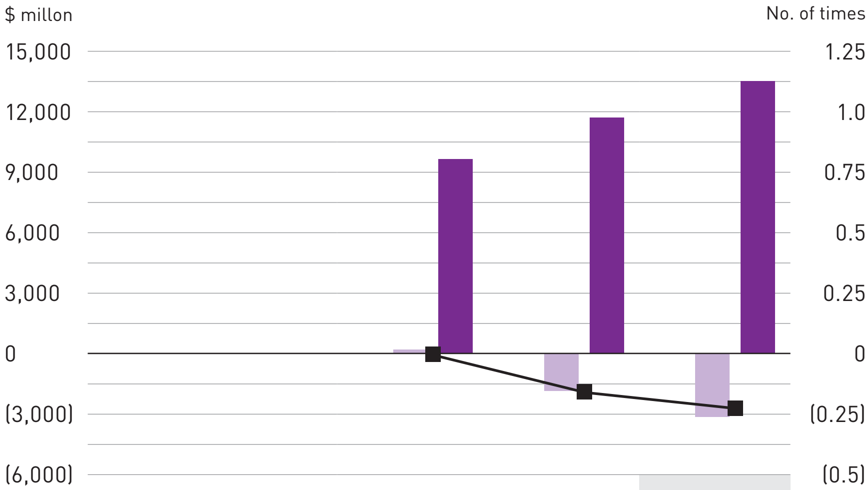
Every new investment will have to satisfy strict criteria for return on investment, cash flow generation, EVA creation and risk management. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

CAPITAL STRUCTURE

Capital employed at the end of 2012 was $13.58 billion, an increase of

Net Cash/(Gearing)

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

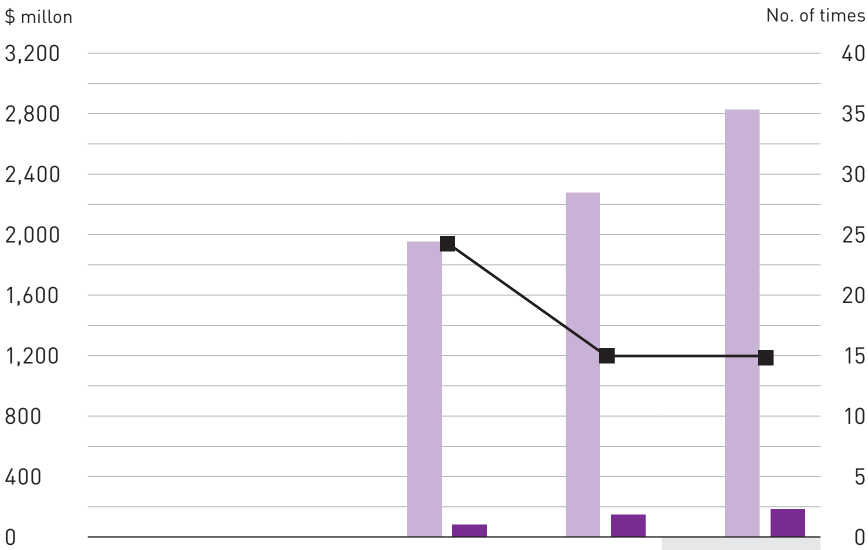


	2010	2011	2012
Net Cash/(Debt)	178	(1,857)	**(3,153)**
Capital Employed*	9,655	11,761	**13,578**
Net Cash/(Gearing) Ratio*	0.02	(0.16)	**(0.23)**

* Comparatives have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

Interest Coverage

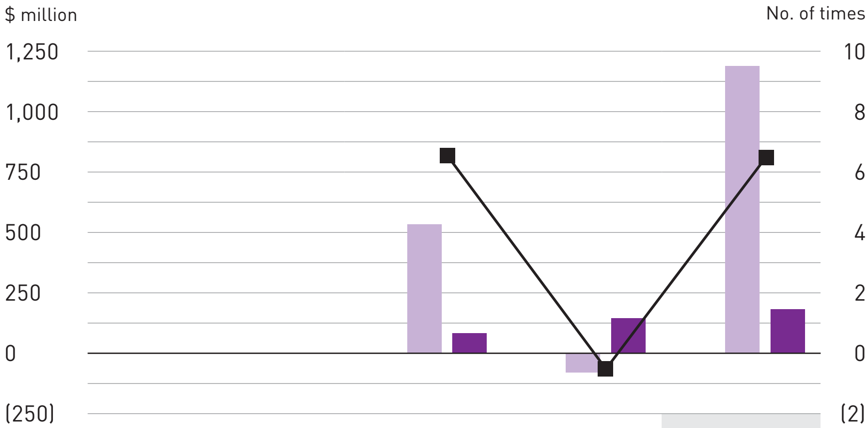
Interest Coverage = $\frac{\text{EBIT}}{\text{Interest Cost}}$



	2010	2011	2012
EBIT	1,954	2,276	**2,829**
Total Interest Cost	81	146	**183**
Interest Cover	24.12	15.59	**15.46**

Cash Flow Coverage

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



	2010	2011	**2012**
Operating Cash Flow + Interest*	531	(78)	**1,190**
Total Interest Expense + Interest Capitalised	81	146	**183**
Cash Flow Coverage*	6.56	(0.53)	**6.50**

* Comparatives have been restated due to certain reclassifications during 2012.

Financial Capacity

	$ million	Remarks
Cash at Corporate Treasury	2,063	51% of total cash of $4.06 billion
Credit facilities extended to the Group	5,970	Credit facilities of $9.02 billion, of which $3.05 billion was utilised
Total	**8,033**	

$1.82 billion over 2011 and $3.92 billion over 2010. The Group was in a net debt position of $3,153 million at the end of 2012 compared to net debt position of $1,857 million in 2011. The Group's net gearing ratio was 0.23 times at the end of 2012.

Interest coverage decreased from 24.12 times in 2010 to 15.59 times in 2011 and further decreased to 15.46 times in 2012. Despite higher EBIT from 2010 to 2012, interest coverage has reduced because of higher borrowings and interest expense.

Cash flow coverage decreased from 6.56 times in 2010 to negative 0.53 times in 2011 and increased to 6.50 times in 2012. This was mainly due to higher operating cash flows in 2012.

At the Annual General Meeting in 2012, shareholders gave their approval for the mandate to buy back shares. The Company did not exercise this mandate.

FINANCIAL RESOURCES

The credit market in 2012 was relatively benign, and the low interest rate environment allowed the Group to tap the debt capital market at competitive terms and for longer tenures. The Group raised about $1.8 billion in medium to long dated bonds to position itself for value-enhancing opportunities in core businesses.

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 programmes. 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 readily available. Cash flow, debt maturity profile and overall liquidity position are actively reviewed on an ongoing basis.

As at end-2012, total funds available and unutilised facilities amounted to $8.03 billion.

CRITICAL ACCOUNTING POLICIES

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires the management to exercise its judgment 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 judgment are described below.

IMPAIRMENT OF LOANS & RECEIVABLES

The Group assesses at each balance sheet date whether there is any objective evidence that a loan or receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor, as well as a default or significant delay in payments. Where 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, inter-company 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 as well as 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) of the financial statements. 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 assumptions, the Group relies on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 22 of the financial statements.

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 that the amount which is likely to 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 & 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, defective specifications, routine checks, delays and disputes. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment 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 opinions of legal and technical experts.

"We will continue to recycle capital and ensure our assets earn risk-adjusted returns sufficient to cover our cost of capital. Our strong balance sheet also puts us in good stead to capitalise on the right investment opportunities that will drive sustainable growth and increase shareholder value in the long term."

LOH CHIN HUA,
CFO, KEPPEL CORPORATION

1 Operational risks are monitored and managed prudently.

2 Prudent finanical management and the strategic recycling of capital enable the Group to maximise its assets for value creation.

SUSTAINABILITY REPORT HIGHLIGHTS

Keppel is committed to delivering value to all our stakeholders through Sustaining Growth in our businesses, Empowering Lives of people and Nurturing Communities wherever we operate.

SUSTAINING GROWTH

PAGE 92–121

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

Resource efficiency is our responsibility and makes good business sense.

Innovation and delivering quality products and services sharpen our competitive edge.

EMPOWERING LIVES

PAGE 122–123

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 124

As a global citizen, Keppel believes that as communities thrive, we thrive. We give back to communities wherever we operate through our multi-faceted approach towards sustainability.

We 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 to promote growth.

MANAGING SUSTAINABILITY

We believe that our success is intertwined with that of our communities, and recognise the importance of addressing sustainability challenges in order to fulfil our responsibility to future generations. We aim to achieve sustainable business growth by generating both economic and social capital for the communities where we operate.

We will publish the Sustainability Report 2012 in July 2013, continuing our practice of reporting on our performance. The report will articulate our performance in six key focus areas: Corporate Governance and Risk Management, Environmental Performance, Product Excellence, Labour Practices & Human Rights, Safety & Health and Community Development. We have included a concise review of these areas in the following pages.

MANAGEMENT STRUCTURE
Sustainability issues are managed at and communicated through all levels of the Group. The Group Sustainability Steering Committee, which comprises senior management from across the Keppel Group, sets the sustainability strategy.

The Steering Committee is supported by the Working Committee, which is made up of six functional teams that execute the strategy and report the Group's performance.

MATERIALITY ANALYSIS
Our materiality analysis process identifies and prioritises economic, environmental and social concerns to our stakeholders. Issues were systematically placed on a numerical scale where higher priority issues were assigned higher scores (1 - Low, 5 - Critical). Following, the issues were plotted graphically on internal and external stakeholder axes to show where they lay in relation. Thresholds on the axes were marked to divide the matrix into bands of materiality. Our report addresses issues in the most significant bands. This process is in line with AA1000 and Global Reporting Initiative guidelines.

STAKEHOLDER ENGAGEMENT
We recognise that business and sustainability goals are best aligned through an active engagement process with our stakeholders. Our sustainability reports are part of our commitment to engage those who take an interest in our company.

In 2012, we embarked on a stakeholder consultation exercise with the aim of communicating sustainability issues more effectively. The ongoing exercise is facilitated by an independent sustainability consultancy and will be completed in May 2013.

In addition, through our participation in and support of corporate social responsibility initiatives in areas such as manpower, workplace safety and health, and environmental protection, we aim to contribute to addressing sustainability issues.

ASSURANCE
We believe external assurance provides an objective evaluation of how well we report our sustainability performance. We have engaged DNV Business Assurance to conduct a third-party assurance of the Keppel Corporation Sustainability Report 2012.

Alpha Investment Partners (Alpha), Keppel Land's fund management arm, hosted Mr Khaw Boon Wan (centre), Singapore's Minister of National Development to a tour of 158 Cecil Street, a commercial building managed by Alpha which won the top prize at the 2011 Skyrise Greenery Awards by the Singapore Institute of Architects and National Parks Board.

CORPORATE GOVERNANCE

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.

Mr Tony Chew (centre), Independent Director of Keppel Corporation, represented the Company to receive the Singapore Corporate Governance Award (Big Cap) – Winner at the SIAS Investors' Choice Awards.

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 2012, 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 were recently amended following the issuance of the Code of Corporate Governance 2012[2] (the "2012 Code"). The new responsibilities of the respective board committees with effect from 1 January 2013, 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 director meetings held in FY 2012, as well as the attendance of each board member at these meetings, are disclosed in Table 1.

If a director is unable to attend a board or board committee meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairman or board committee chairman of his or her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Internal Limits of Authority: The Company has adopted internal guidelines setting forth matters that require board approval. Under these guidelines, (a) new investments or increase in investments, (b) acquisition and disposal of assets and (c) capital equipment purchase and/or lease, exceeding $30 million by any Group company (not separately listed), 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.

Notes:

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

[2] The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.

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. A training programme is also in place for directors in areas such as accounting, finance, risk governance and management, the roles and responsibilities of a director of a listed company and industry-specific matters. In FY 2012, some KCL directors attended a two-day course on "Enhancing Board Stewardship" and talks on topics relating to the revised 2012 Code, the Airocean appeal judgment in relation to directors' disclosure obligations under the Securities and Futures Act and the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX), prohibition against insider trading, risk governance and management, and the new regime on Disclosure of Interests of Directors, Chief Executive Officer and Substantial Shareholders, among others.

BOARD COMPOSITION AND SUCCESSION PLANNING

Principle 2:

Strong and independent element on the Board

Board Composition and Succession Planning: To discharge its oversight responsibilities, the Board must be an effective board which can lead and control the business of the Group. The directors believe that, in view of the many complex businesses that the Company is involved in, the Board should comprise executive directors, who have intimate knowledge of the business, and independent directors, who can take a broader view of the Group's activities and bring independent judgment to bear on issues for the Board's consideration. There is also a process of refreshing the Board progressively over time so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation. In this regard, two long-serving directors, Mr Lim Hock San and Mr Sven Bang Ullring, retired from the Board in FY 2012. Mr Tan Puay Chiang was appointed as director and will be seeking re-election at the Company's forthcoming annual general meeting.

Table 1

	Board Meetings	Board Committee Meetings: Audit	Nominating	Remuneration	Safety	Risk	Non-Executive Directors' Meeting (without presence of management)
Lee Boon Yang	10	–	3	7	4	–	1
Lim Hock San[1]	4 out of 5	3 out of 3	–	4 out of 4	–	2 out of 2	1
Choo Chiau Beng	10	–	–	–	4	–	–
Sven Bang Ullring[2]	5 out of 5	–	2 out of 2	4 out of 4	2 out of 2	–	1
Tony Chew Leong-Chee	8	5	3	–	–	–	0
Oon Kum Loon	10	5	–	6	–	5	1
Tow Heng Tan	7	–	3	7	–	4	1
Alvin Yeo Khirn Hai	8	3	–	–	–	2	1
Tan Ek Kia[3]	9	–	3	–	4	–	1
Danny Teoh[4]	9	5	–	7	–	3 out of 3	1
Tan Puay Chiang[5]	5 out of 5	–	–	–	2 out of 2	3 out of 3	–
Teo Soon Hoe	10	–	–	–	–	–	–
Tong Chong Heong	9	–	–	–	–	–	–
No. of Meetings Held	10	5	3	7	4	5	1

Notes:

1 Mr Lim Hock San retired as director and ceased as Chairman of the Audit Committee and Remuneration Committee, and member of the Board Risk Committee at the conclusion of the last annual general meeting held on 20 April 2012.

2 Mr Sven Bang Ullring retired as director and ceased as Chairman of the Board Safety Committee and member of the Nominating Committee and Remuneration Committee at the conclusion of the last annual general meeting held on 20 April 2012.

3 Mr Tan Ek Kia was appointed as Chairman of the Board Safety Committee with effect from 20 April 2012.

4 Mr Danny Teoh was appointed as Chairman of the Audit Committee and Remuneration Committee, and member of the Board Risk Committee with effect from 20 April 2012.

5 Mr Tan Puay Chiang was appointed as non-executive director and member of the Board Safety Committee and Board Risk Committee with effect from 20 June 2012.

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Board Independence: The Nominating Committee determines on an annual basis whether or not a director is independent bearing in mind the 2012 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 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 judgment with a view to the best interests of the Company. In this connection, the 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 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, he did not influence or participate in any discussions at Transocean or the Company that had led to awards of contract. The Committee was of the firm view that Mr Tan has been exercising independent judgment in the best interests of the Company in the discharge of his director's duties and should be deemed independent. The Committee also noted Mr Tow Heng Tan's recent past appointment as senior executive of Temasek Holdings and considered him as non-independent. Lastly, the 2012 Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In this regard, the Committee (save for Mr Tony Chew who abstained from the deliberation on this matter) noted that Mr Tony Chew would be deemed non-independent as he was first appointed to the Board on 16 April 2002. However, the Committee considered that Mr Chew has demonstrated independent mindedness and conduct at board meetings and was of the firm view that Mr Chew has been exercising independent judgment in the best interests of the Company in the discharge of his director's duties. The Committee therefore considered Mr Chew should be deemed independent. Taking into account the views of the Nominating Committee, the Board concurred that Dr Lee Boon Yang, Mr Tony Chew, Mrs Oon Kum Loon, Mr Alvin Yeo, Mr Tan Ek Kia, Mr Danny Teoh and Mr Tan Puay Chiang should be deemed independent.

Board Size: The Board, in concurrence with the Nominating Committee, is of the view that, taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and the need to avoid undue disruptions from changes to the composition of the Board and board committees, the Board should consist of approximately 12 members, which would facilitate effective decision making. The Board currently comprises majority independent directors with a total of 11 directors of whom seven 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 on board committees are set out on page 111 herein.

Board Competency: The Nominating Committee is satisfied that the Board and the Board committees comprise 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 and the board committees 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 business and affairs and be knowledgeable about the industry in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and the circulation of relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates. A two-day off-site board strategy meeting is organised annually 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 Company has also made available on the Company's premises an office for the use by the non-executive directors at any time to facilitate direct access to management.

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 Secretaries, 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.

At annual general meetings and other shareholders' meeting, the Chairman ensures constructive dialogue between shareholders, the Board and management.

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 Secretaries 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, and 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 Board and senior management's succession and leadership development plans. The NC comprises entirely non-executive directors, three out of four of whom (including the Chairman) are independent; namely:

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

The responsibilities of the NC are set out on pages 109 and 110 herein.

PROCESS FOR APPOINTMENT OF NEW DIRECTORS AND BOARD SUCCESSION PLANNING

The NC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new directors. The NC leads the process and makes recommendations to the Board as follows:

The Board brings diverse expertise to the strategic governance of the Group.

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(a) NC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making.
(b) In light of such review and in consultation with management, the NC assesses if there are any inadequate representation in respect of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
(c) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
(d) NC meets with the short-listed candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required.
(e) NC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

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 does not have more than six listed company board representations and other principal commitments
(5) Track record of making good decisions
(6) Experience in high-performing companies
(7) Financially literate

Adopting the above appointment process and criteria, the Board will be recommending at the forthcoming annual general meeting the re-election of a new director. Mr Tan Puay Chiang was formerly Chairman, ExxonMobil (China) Investment Co. During his 37-year career with Mobil and later ExxonMobil, he held executive management roles in Australia, Singapore and the United States. These included the executive positions of Vice-President, Mobil Research & Technology Corp, United States; and Chairman of Mobil Oil Australia. His other directorships include Neptune Orient Lines Limited, Singapore Power Limited and Energy Studies Institute (NUS).

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 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.

ANNUAL REVIEW OF DIRECTORS' INDEPENDENCE

The NC is also charged with determining the "independence" status of the directors annually. Please refer to page 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 principal commitments. As a guide, directors should not have more than six listed company board representations and other principal commitments.

The NC determines annually whether a director with other listed company board representations and/or other principal 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 2012, the NC was of the view that each director's directorships was in line with the Company's guideline of a maximum of six listed company board representations and other principal commitments and that each director has been able to discharge their duties as director. The NC also discussed with Mr Tan Ek Kia and Mr Alvin Yeo on their respective directorships and commitments (including, with respect to Mr Tan, his directorship on the board of Transocean Ltd and SMRT Ltd and with respect to Mr Yeo, his appointment as a Member of Parliament) and was of the view that both Mr Tan and Mr Yeo would be able to continue to adequately carry out their respective 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 2012, all the directors performed well. The NC was therefore satisfied that in FY 2012, where a director had other listed company board representations and/or other principal commitments, the director was able 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 24: 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 127 to 128: Shareholding in the Company and its subsidiaries.

BOARD PERFORMANCE

Principle 5:

Formal assessment of the effectiveness of the Board and board committees 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. Mrs Fang Ai Lian does not have business relationship or any other connection with the Company which may affect her independent judgment.

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 which should be made to enhance the effectiveness of the Board and/or board committees. 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 the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries.

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

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given for significant variances for the month and year-to-date.

The Company Secretaries administer, attend and prepare minutes of board proceedings. They assist 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 SGX, are complied with. They also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. They are also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretaries 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, three out of four of whom (including the Chairman) are independent; namely:

- Mr Danny Teoh
  Independent Chairman
- Dr Lee Boon Yang
  Independent Member
- Mrs Oon Kum Loon
  Independent Member
- Mr Tow Heng Tan
  Non-Executive and
  Non-Independent Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and share options, and benefits in kind) and the specific remuneration packages for each director and the key management personnel. 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"). In addition, the RC reviews the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC has access to expert advice from external remuneration consultants where required. In FY 2012, the RC sought views on market practice and trends from external remuneration consultants, Aon Hewitt. The RC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with the Company which would affect their independence.

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 set out in Table 2.

Attendance Fee: In addition, in the event that in a financial year, a non-executive director attends more than six board meetings and/or (as the case may be) more than four meetings of a board committee of which he is a member, he will be paid an attendance fee as set out in Table 3 from the seventh board meeting onwards and/or (as the case may be) the fifth meeting of the board committee onwards which he attended in that financial year.

(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

Table 2

		Basic Fee
Chairman		$160,000 per annum
Deputy Chairman		$101,000 per annum
Director		$64,000 per annum
Audit and Board Risk Committees	Chairman	$47,000 per annum
	Member	$25,000 per annum
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

Table 3

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

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 MANAGEMENT PERSONNEL

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, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation. 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 share plans approved by shareholders, the KCL Restricted Share Plan and the KCL Performance Share Plan. The EVA performance incentive plan and the KCL Share Plans are both long-term incentive plans. Executives who have a greater ability to influence Group outcomes have a greater proportion of overall reward at risk.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation is aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fix and variable reward is considered appropriate for the Group and for each individual role. RC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. This link is achieved in the following way:

(a) by placing a significant portion of executives' remuneration at risk ("At Risk component") and in some cases, subject to a vesting schedule;
(b) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
   i. There are four scorecard areas that the Company has identified as key to measuring the performance of the Group – (a) Commercial/Financial; (b) Customers; (c) Process; and (d) People;
   ii. The four scorecards areas have been chosen because they support how the Group achieves achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Company's overall strategic strategic goals. This is designed to achieve a consistent approach and understanding across the Group;
(c) by selecting performance conditions such as ROE, Total Shareholder Return and EVA for

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equity awards that are aligned with shareholder interests;
(d) by requiring those KPIs or conditions to be met in order for the At Risk components of remuneration to be awarded or to vest; and
(e) by forfeiting the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level

In order to align the interests of senior executive directors with that of shareholders, the senior executive directors are remunerated partially in the form of shares in the Company and are encouraged to hold such shares while they remain in the employment of the Company.

The Directors, the CEO and the key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

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.

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 management personnel. 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.

The RC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to the Company. Outstanding EVA bank, KCL RSP and KCL PSP are also subject to RC's discretion before further payment or vesting can occur.

Details of the KCL Share Plans are set out in pages 130 to 131 and 155 to 157.

LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2012

The level and mix of each of the directors' remuneration are set out in Table 4.

PSP and RSP shares granted and vested for the senior executive directors are shown in Table 5.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY2012 was $22,165,806. The level and mix of each of the key management personnel (who are not also directors or the CEO) in bands of $250,000 are set out in Table 6.

Table 4

Remuneration & Name of Director	Base/ Fixed Salary ($)	Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses) ($) Paid	Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses) ($) Deferred & at Risk	Directors' Fees ($)	Directors' Allowance ($)	Benefits -in-Kind ($)	Contingent Awards of Shares[1] ($) PSP	Contingent Awards of Shares[1] ($) RSP[2]	Remuneration Shares[3] ($)	Total Remuneration ($)
Choo Chiau Beng	1,287,600	2,050,425	3,085,600	–	–	n.m.[4]	1,564,200	–	–	7,987,825
Tong Chong Heong	988,700	1,365,982	2,082,443	–	–	n.m.	1,279,800	–	–	5,716,925
Teo Soon Hoe	988,800	1,244,683	1,711,467	–	–	n.m.	639,900	–	–	4,584,850
Lee Boon Yang	–	–	–	229,500	10,000	–	–	–	110,000	349,500
Tony Chew Leong-Chee	–	–	–	124,500	–	–	–	–	33,000	157,500
Oon Kum Loon	–	–	–	172,000	3,000	–	–	–	33,000	208,000
Tow Heng Tan	–	–	–	131,500	–	–	–	–	33,000	164,500
Alvin Yeo Khirn Hai	–	–	–	120,000	–	–	–	–	33,000	153,000
Tan Ek Kia[5]	–	–	–	117,795	3,000	–	–	–	33,000	153,795
Danny Teoh[6]	–	–	–	164,670	–	–	–	–	33,000	197,670
Tan Puay Chiang[7]	–	–	–	57,010	–	–	–	–	17,600	74,610
Lim Hock San[8]	–	–	–	62,175	–	–	–	–	9,900	72,075
Sven Bang Ullring[9]	–	–	–	39,730	8,000	–	–	–	9,900	57,630

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. As at 29 June 2012 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KCL PSP and KCL RSP were $7.11 and $9.71 respectively. For the KCL PSP, the figures are based on the fair value of the PSP shares at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
2 With effect from 2012 onwards, officers who are retired and re-employed on contract basis would no longer be eligible to participate in the KCL RSP awards.
3 Estimated value based on the KCL shares' closing price of $11.00 on the last trading day of FY 2012.
4 n.m. – not material
5 Mr Tan Ek Kia was appointed as Chairman of BSC with effect from 20 April 2012. Fees are pro-rated.
6 Mr Danny Teoh was appointed as Chairman of AC and RC, and member of the BRC with effect from 20 April 2012. Fees are pro-rated.
7 Mr Tan Puay Chiang was appointed as director, member of BSC and BRC with effect from 20 June 2012. Fees are pro-rated.
8 Mr Lim Hock San retired as director and ceased as Chairman of AC and RC, and member of the BRC at the conclusion of the AGM on 20 April 2012. Fees are pro-rated.
9 Mr Sven Bang Ullring retired as director and ceased as Chairman of BSC, and member of the NC and RC at the conclusion of the AGM on 20 April 2012. Fees are pro-rated.

CORPORATE GOVERNANCE

Table 5

	PSP Awards	Vesting Date	Contingent Awards of PSP Shares	Number of PSP Shares Vested	Value of PSP Shares Vested	RSP Awards	Vesting Date	Contingent Awards of RSP Shares	Number of RSP Shares Vested	Value of RSP Shares Vested ($)[10]
Name of Senior Executive Directors										
Choo Chiau Beng	2010 Awards	28 Feb 2013	0 to 495,000[10]	–	–	2010 Awards	28 Feb 2011	160,000[11]	50,000	585,000
							28 Feb 2012		55,000	607,750
							28 Feb 2013		–	–
	2011 Awards	28 Feb 2014	0 to 420,000	–	–	2011 Awards	28 Feb 2012	140,000	46,700	516,035
							28 Feb 2013		–	–
							28 Feb 2014		–	–
	2012 Awards	27 Feb 2015	0 to 330,000	–	–	2012 Awards	–	0	–	–
Tong Chong Heong	2010 Awards	28 Feb 2013	0 to 297,000[10]	–	–	2010 Awards	28 Feb 2011	96,000[11]	30,000	351,000
							28 Feb 2012		33,000	364,650
							28 Feb 2013		–	
	2011 Awards	28 Feb 2014	0 to 270,000	–	–	2011 Awards	28 Feb 2012	90,000	30,000	331,500
							28 Feb 2013		–	–
							28 Feb 2014		–	–
	2012 Awards	27 Feb 2015	0 to 270,000	–	–	2012 Awards	–	0	–	–
Teo Soon Hoe	2010 Awards	28 Feb 2013	0 to 330,000[10]	–	–	2010 Awards	28 Feb 2011	106,670[11]	33,300	389,610
							28 Feb 2012		36,685	405,369
							28 Feb 2013		–	–
	2011 Awards	28 Feb 2014	0 to 270,000	–	–	2011 Awards	28 Feb 2012	90,000	30,000	331,500
							28 Feb 2013		–	–
							28 Feb 2014		–	–
	2012 Awards	27 Feb 2015	0 to 135,000	–	–	2012 Awards	–	0	–	–

Notes:

10 The value of RSP shares vested is computed based on the market price of the shares when the shares are credited to the employee's CDP account.

11 Arising from the bonus issue of one bonus share for every 10 existing ordinary shares in 2011, the RC approved an adjustment to unvested shares under the award.

Table 6

	Base/ Fixed Salary	Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses)		Benefits-in-Kind	Contingent Awards of Shares	
		Paid	Deferred & at Risk		PSP	RSP[2]
Remuneration Band & Name of Key Management Personnel						
Above $4,000,000 to $4,250,000						
Loh Chin Hua[12]	18%	22%	30%	n.m.	12%	18%
Above $3,250,000 to $4,000,000						
Nil	–	–	–	–	–	–
Above $3,000,000 to $3,250,000						
Chow Yew Yuen	15%	20%	25%	n.m.	17%	23%
Above $2,500,000 to $3,000,000						
Nil	–	–	–	–	–	–
Above $2,250,000 to $2,500,000						
Ong Tiong Guan	17%	21%	30%	n.m.	12%	20%
Above $2,000,000 to $2,250,000						
Wong Kingcheung, Kevin[13]	41%[14]	59%[15]	–[13]	n.m.	–	–
Wong Kok Seng	21%	26%	36%	n.m.	17%	–
Above $1,750,000 to $2,000,000						
Chia Hock Chye, Michael	20%	24%	31%	n.m.	–	25%
Above $1,500,000 to $1,750,000						
Ang Wee Gee	36%	22%	19%	n.m.	16%[16]	7%[16]
Above $1,250,000 to $1,500,000						
Hoe Eng Hock	30%	20%	15%	n.m.	–	35%
Tay Lim Heng	28%	18%	18%	n.m.	–	36%
Above $1,000,000 to $1,250,000						
Chor How Jat	28%	22%	18%	n.m.	–	32%
Above $750,000 to $1,000,000						
Nil	–	–	–	–	–	–
Above $500,000 to $750,000						
Pang Hee Hon	52%	14%	10%	n.m.	11%[17]	13%[17]

Notes:

[12] Total Remuneration shown above for Mr Loh Chin Hua does not include vested share of carried interests for funds created during the time he was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depend entirely on the actual performance of the funds after they have been liquidated.

[13] Mr Wong Kingcheung, Kevin has relinquished his role as Group Chief Executive Officer of Keppel Land Limited ("KLL") with effect from 1 January 2013. The EVA Earned Bonus to be deferred and at risk was forfeited in accordance with the Company's Annual Performance Incentive (API) policy on staff resignations. No share awards were granted to Mr Wong during the year.

[14] Includes leave encashment of $30,000.

[15] Includes an estimated ex-gratia sum of up to $750,000 as approved by KLL Remuneration Committee in December 2012.

[16] On KLL share based compensation scheme. As at 29 June 2012 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KLL PSP and KLL RSP were $2.228 and $2.96 respectively.

[17] On Keppel Telecommunications & Transportation Ltd ("KTT") share based compensation scheme. As at 2 July 2012 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KTT PSP and KTT RSP were $0.722 and $1.07 respectively.

CORPORATE GOVERNANCE

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 $50,000 during the financial year ended 31 December 2012. "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 130 to 131 and 155 to 157 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-ST, 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. The Company also sends 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 Danny Teoh
  Independent Chairman
- Mr Tony Chew Leong-Chee
  Independent Member
- Mrs Oon Kum Loon
  Independent Member
- Mr Alvin Yeo
  Independent Member

Mr Danny Teoh and Mrs Oon Kum Loon have accounting and related financial management expertise and experience. The Board considers Mr Tony Chew as having sufficient financial management knowledge and experience to discharge his responsibilities as a member of the Committee. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the 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 Committee's responsibilities are set out on pages 108 and 109 herein.

The AC has explicit authority to investigate any matter within its responsibilities, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. The Company has an internal audit team and together with the external auditors, report their findings and recommendations to the AC independently.

The AC met with the external auditors 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 Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a 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 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 page 176.

The Company has complied with Rules 712, and Rule 715 read with 716 of the SGX Listing Manual in relation to its auditing firms.

The Committee also reviewed the adequacy of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company. The Committee also reviewed the training costs and programmes attended by the internal audit team to ensure that the staff continue to update their technical knowledge and auditing skills.

The Committee has reviewed the "Keppel: Whistle-Blower Protection Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place 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 Committee reviews the Policy yearly to ensure that it remains current. The details of the Policy are set out on page 113 hereto.

On a quarterly basis, management reported to the AC the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPT. The IPTs were reviewed by the internal auditors. All findings were reported during AC meetings.

INTERNAL CONTROLS AND RISK MANAGEMENT

Principle 12:

Sound system of internal controls

The Board Risk Committee (BRC) 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 responsibilities of this Committee is disclosed on page 109 herein.

The BRC is made up of four 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 Danny Teoh, who is the Chairman of the Audit Committee, is the second member of the Board Risk Committee. Mr Danny Teoh was the Managing Partner of KPMG Singapore from October 2005 to October 2010. He was also the Head of Audit and Risk Advisory Services practices in Singapore as well as in Asia, and served on its global team. 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. The fourth member is Mr Alvin Yeo who is a Senior Partner in WongPartnership LLP, a leading law corporation in Singapore. Mr Yeo sits on the boards of several companies (listed and non-listed) and has in-depth knowledge and experience in the area of risk management. The fifth member is Mr Tan Puay Chiang, who held various executive management roles in his 37-year career with Mobil and later ExxonMobil, and has in-depth knowledge and experience in the oil and gas industry and wide international exposure.

The Company's approach to risk management is set out in the "Risk Management" section on pages 116 and 119 of this Annual Report.

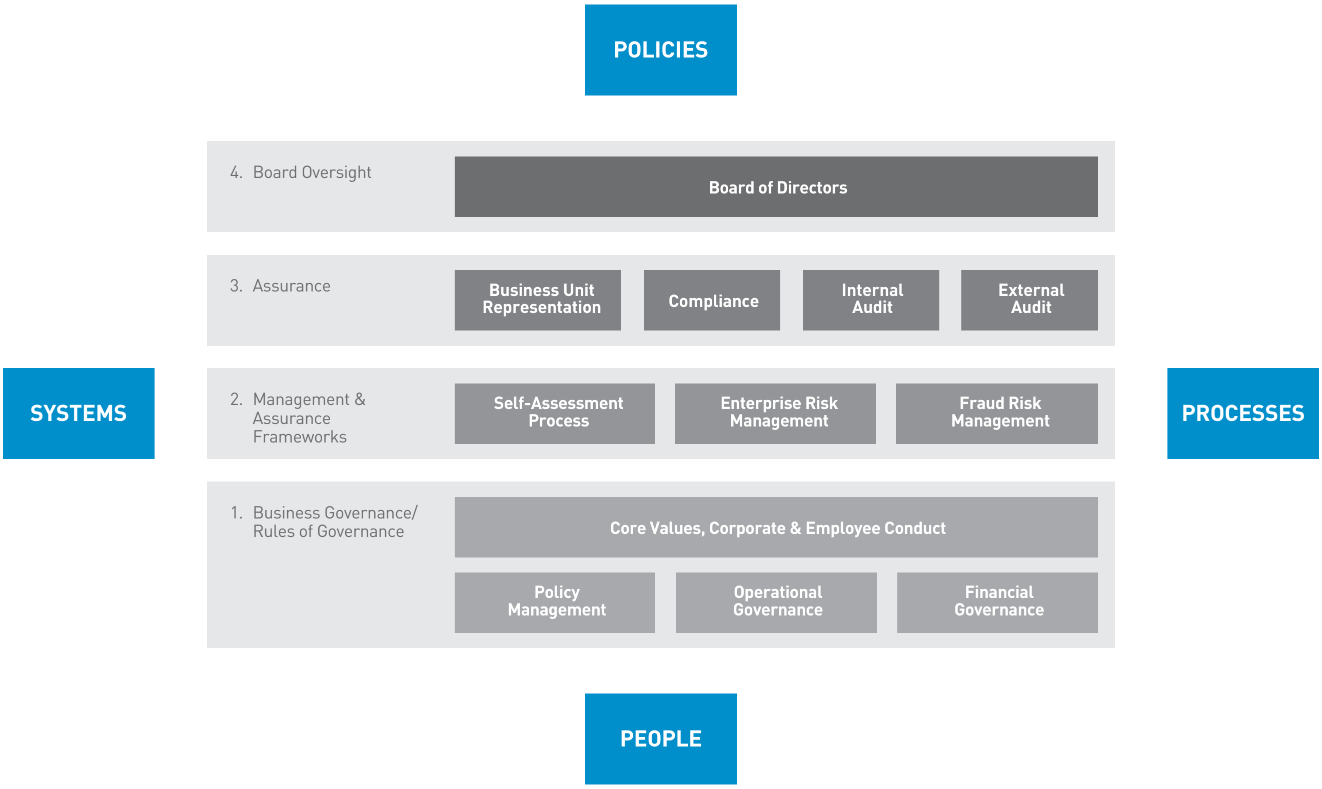
KCL's Group Internal Audit and the external auditors also conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations 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.

The Group also has in place the Keppel's System of Management Controls Framework (the "Framework") outlining the Group's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence ("LoD") towards ensuring the adequacy of the Group's system of internal controls and risk management.

Under the first LoD, management is required to ensure good corporate

CORPORATE GOVERNANCE

KEPPEL'S SYSTEM OF MANAGEMENT CONTROLS



governance through the implementation and management of policies and procedures relevant to the Group's business scope and environment. Such policies and procedures govern financial, operational, information technology and compliance matters and are reviewed and updated periodically.

Under the second LoD, significant business units are required to conduct self-assessment exercise on an annual basis. This exercise requires such business units to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified weaknesses. Through the Group's Enterprise Risk Management, significant risks areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Keppel Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third LoD, to assist the Company to ascertain the adequacy of the Group's internal controls, business units are required to provide the Company with written assurances as to the adequacy and effectiveness of their system of internal controls. Such assurances are also sought from the Company's internal and external auditors based on their independent assessments.

The Board of Directors, supported by the AC and BRC, oversees the Group's system of internal controls and risk management.

The Board has received assurance from the CEO and CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(b) regarding the effectiveness of the Group's risk management and internal control systems.

For FY 2012, 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 opinion that the Group's internal controls, are adequate to address the financial, operational and compliance risks which the Group considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT

Principle 13:

Independent internal audit function

The role of the internal auditors is to assist the 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 and unfettered access to all the Group's documents, records, properties and personnel. 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. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2011, 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, compliance and information technology 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 Committee.

Chairman Dr Lee Boon Yang engaging shareholders at the Annual General Meeting.

CORPORATE GOVERNANCE

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.

Engagement with shareholders takes many forms, including "live" webcasts of quarterly results and presentations, e-mail communications, publications and content on the Company's website. In FY 2012, the Company held about 170 one-on-one investor meetings and conference calls with Singapore and overseas institutional investors. Senior management went on non-deal roadshows to Japan, Hong Kong, the US and UK, and held over 60 meetings. Such meetings provide useful platforms for management to engage with investors and analysts.

Material information is 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 Chairman 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 Secretaries prepare minutes of shareholders' meetings, which incorporate 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, including the prohibition on dealings with the Company's securities on short-term considerations. 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.

APPENDIX

BOARD COMMITTEES – RESPONSIBILITIES

A. AUDIT COMMITTEE

1.1 Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.

1.2 Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

1.3 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.

1.4 Review the independence and objectivity of the external auditors.

1.5 Review the nature and extent of non-audit services performed by the auditors.

1.6 Meet with external auditors and internal auditors, without the presence of management, at least annually.

1.7 Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

1.8 Review the adequacy and effectiveness of the Company's internal audit function, at least annually.

1.9 Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.

1.10 Approve the hiring, removal evaluation and compensation of the head of the internal audit function, or the accounting auditing firm or corporation to which the internal audit function is outsourced.

1.11 Review the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.

1.12 Review interested person transactions.

1.13 Investigate any matters within the Audit Committee's purview, whenever it deems necessary.

1.14 Report to the Board on material matters, findings and recommendations.

1.15 Review the Audit Committee's terms of reference annually and recommend any proposed changes to the Board.

1.16 Perform such other functions as the Board may determine.

1.17 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit Committee may deem fit.

B. BOARD RISK COMMITTEE

1.1 Receive, as and when appropriate, reports and recommendations from management on risk tolerance and strategy, and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the Group's overall levels of risk tolerance and risk policies;

1.2 Review and discuss, as and when appropriate, with management on the Group's risk governance structure and its risk policies and risk mitigation and monitoring processes and procedures;

1.3 Receive and review at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.

1.4 Review the Group's capability to identify and manage new risk types.

1.5 Review and monitor management's responsiveness to the findings and recommendations of the internal risk division.

1.6 Provide timely input to the Board on critical risk issues.

1.7 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.

1.8 Perform such other functions as the Board may determine.

1.9 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

C. NOMINATING COMMITTEE

1.1 Recommend to the Board the appointment/re-appointment of directors.

1.2 Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.

1.3 Annual review of independence of each director, and to ensure that the Board comprises at least one-third independent directors. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment.

1.4 Decide, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his duties as director of the Company.

1.5 Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director.

1.6 Annual assessment of the effectiveness of the Board as a whole and individual directors.

1.7 Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).

1.8 Review talent development plans.

1.9 Review the training and professional development programmes for board members;

1.10 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

CORPORATE GOVERNANCE

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).

1.11 Report to the Board on material matters and recommendations.

1.12 Review the Nominating Committee's terms of reference annually and recommend any proposed changes to the Board.

1.13 Perform such other functions as the Board may determine.

1.14 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as this Committee may deem fit.

D. REMUNERATION COMMITTEE

1.1 Review and recommend to the Board a framework of remuneration for board members and key management personnel, and the specific remuneration packages for each director as well as for the key management personnel.

1.2 Review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.

1.3 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).

1.4 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.

1.5 Report to the Board on material matters and recommendations.

1.6 Review the Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board.

1.7 Perform such other functions as the Board may determine.

1.8 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Remuneration 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

1.1 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.

1.2 Review and examine Group companies' safety procedures against industry best practices, and monitor its implementation.

1.3 Provide a discussion forum on developments and best practices in safety standards and practices, and the feasibility of implementing such developments and best practices.

1.4 Assist in enhancing safety awareness and culture within the Group.

1.5 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.

1.6 Consider management's proposals on safety-related matters.

1.7 Carry out such investigations into safety-related matters as the Committee deems fit.

1.8 Report to the Board on material matters, findings and recommendations.

1.9 Perform such other functions as the Board may determine.

1.10 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

Nature of Current Directors' Appointments & Membership on Board Committees

Director	Board Membership	Committee Membership				
		Audit	Nominating	Remuneration	Risk	Safety
Lee Boon Yang	Chairman	–	Member	Member	–	Member
Choo Chiau Beng	Chief Executive Officer	–	–	–	–	Member
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	–	–	Chairman
Danny Teoh	Independent	Chairman	–	Chairman	Member	–
Tan Puay Chiang	Independent	–	–	–	Member	Member
Teo Soon Hoe	Senior Executive Director	–	–	–	–	–
Tong Chong Heong	Senior Executive Director	–	–	–	–	–

Site visits to the Group's major operating centres and projects are held frequently for investors and analysts.

CORPORATE GOVERNANCE

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 which should be made to help the Board discharge its duties more effectively.

Individual Directors

The Board differentiates the assessment of an executive director from that of a 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

Mr Tan Ek Kia (second from left), Independent Director and Chairman of the Board Safety Committee at the Keppel Group Safety Convention.

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 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 and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She 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

CORPORATE GOVERNANCE

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 AC members, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to be taken. 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 administrative leave or 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 Blower, 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.

Mr Danny Teoh (left), Chairman of the Audit and Remuneration Committees, shares perspectives with senior management.

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	Page 92
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	Page 92
Guideline 2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director's relationship and the reason for considering him as independent should be disclosed	Page 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 22 to 25, and 97
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 and 97, 112 and 113
Principle 9 Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to directors and key executives, and performance	Pages 98 to 103
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 101 to 103
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 104
Guideline 9.4 Details of employee share schemes	Pages 129 to 131 and 154 to 157
Guideline 11.8 Composition of audit committee and details of the committee's activities	Pages 104 to 109
Guideline 12.2 Adequacy of internal controls, including financial, operational and compliance controls, and risk management systems	Pages 105 to 107

RISK MANAGEMENT

1

2012 was a difficult period for the global economy, fraught with uncertainties. The unresolved Eurozone crisis continues to pose a large downside risk to outlook. In the US, recovery was anaemic and remains susceptible to high unemployment and the threat of excessive near-term fiscal consolidation. Meanwhile, Singapore, China and most of Asia experienced slowdowns due to weak export demand from the European Union and US.

The Keppel Group's long-term commitment towards a robust risk management system and astute processes, will equip it to respond swiftly to challenges and opportunities in the difficult business terrain ahead.

ROBUST ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board is responsible for governing risks and ensuring that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. Assisted by a Board Risk Committee (BRC), the Board provides valuable advice to the management in formulating various risk policies and guidelines. Terms of reference of the BRC are disclosed on page 109 of this Report.

The management surfaces key risk issues for discussion and confers with the BRC and the Board regularly. The Company's risk governance framework is set out under pages 105 – 107 under Principle 12 (Internal Control and Risk Management). As part of an overall assurance process, all Keppel companies perform a self-assessment of their compliance to the Group's policies and control guidelines, including risk management systems.

Keppel's Enterprise Risk Management (ERM) framework provides the Group with a holistic structure to identify, assess and adequately address its significant risks. It outlines the reporting structure, monitoring mechanisms, as well as specific risk management processes and tools, including Group policies and limits. These ensure the close monitoring of potential operational, financial and reputational impact from the Group's key risks.

The ERM framework is reviewed regularly, taking into account changes in the business and operating environments, as well as evolving corporate governance requirements. It adapts risk management practices set out in the ISO31000 standards, Singapore Standards SS540 for Business Continuity Management (BCM), as well as the Singapore Code of Corporate Governance. The Group also keeps abreast of latest developments and good practices in risk management by participating in seminars and interacting with professionals in the field. An ERM Committee, comprising management-nominated champions from across business units, drives and coordinates risk management initiatives Group-wide.

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 in an evolving landscape of uncertainties and vulnerabilities. Moreover, the cost of minimising these risks may also outweigh potential benefits.

With its span and scale, the Group is exposed to diverse risks relating to competition; political and regulatory changes; contractual liabilities; human resources; market and financial developments; project management; Health, Safety and Environment; cost-escalation; dependency on suppliers and subcontractors; disruptions to supply chain; catastrophic events; IT security and partnerships among others. The Group's operations and businesses could be affected should any of these risks occur.

STRATEGIC RISK

Strategic risk relates to the Group's business plans and strategies, and broadly encompasses risks associated with the countries and industries in which Keppel operates. These include changing laws and regulations; evolving competitive landscape; changing customer demands, as well as technology and product innovation.

Risk considerations form an integral part of the Group's strategic and budget review exercise, policy formulation and revision, project, investment as well as management performance evaluation. Strategic risks are reviewed periodically with the Board to ensure that the Group is resilient in dealing with adversity and is agile in pursuing opportunities.

At the macro level, the BRC guides the Group in formulating and reviewing its risk policies and limits, and assessing management effectiveness. The Group's risk-related policies and limits are subject to periodic reviews to ensure that these continue to support business objectives, effectively and proactively address risks faced in business operations and consider the prevailing business climate and the Group's risk appetite.

Keppel's investment decisions are guided by 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 and/or the Board. This ensures that the potential investments are in line with the Group's strategic business focus, consider the underlying risk factors, and meet the required risk-adjusted rate of return. The systematic evaluation process requires the investment team to identify and incorporate the risks and corresponding mitigating actions into the investment proposals.

Investment risk assessment encompasses rigorous due diligence, feasibility studies and sensitivity analyses of key investment assumptions and variables. 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 if contractual terms are unfavorable to the Group.

Impact assessment and stress-testing analysis are performed to gauge the Group's exposure to changing market situations, as well as to enable informed decision-making and prompt mitigating actions. On a regular basis, the Group also monitors changes in concentration exposures associated with its investments in the countries where it operates. Close monitoring of the changes in the business, economic, political, regulatory and competitive landscape in the countries where the Group has operations gives the management better insights into impending developments.

OPERATIONAL RISK

Operational risk relates to the effectiveness and efficiency of employees, the integrity of internal control systems as well as processes

2

1 A joint security exercise was organised by Keppel O&M's Security Department and Singapore's Home Team to simulate a high-level terrorist attack at Keppel Shipyard Gul.

2 Dr Thierry Apoteker, Chief Economist and CEO of Thierry Apoteker Consultant updated the directors and senior management on the developments in emerging countries.

RISK MANAGEMENT

1 Senior management across the Group received hands-on training on crisis communications.

2, 3 Drills and simulations are regularly conducted as part of the Group's Business Continuity Plans.

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 and proactive management. Formalised guidelines, procedures, internal training and tools are used to provide guidance in assessing, mitigating and monitoring risks. Knowledge-sharing platforms are also organised to facilitate the propagation of good practices and lessons learnt in projects and operations.

The Group's operations are largely project-based and executed over extended periods. The Group adopts a standardised risk assessment and monitoring process to help manage the spectrum of key risks throughout the lifespan of each project. The tender team, comprising experts from different disciplines, evaluates the significant risks of potential projects. Particular attention is given to technically challenging and high-value projects, including greenfield developments and those that involve novel technology or operations in a new country.

As a pre-emptive measure, project reviews and quality assurance programmes are instituted to monitor and address key risks involving cost, schedule and quality at the execution stage. Health, safety and environmental risks are key areas that are subject to close monitoring and oversight by dedicated committees. Project teams and management also use Key Risk Indicators (KRIs) as early warning signals to monitor related execution risks. These systems have been established to ensure that projects are completed on time, within budget and safely, while achieving the quality standards and specifications defined in the contracts with customers.

As part of the overall risk-mitigating actions, the Group regularly reviews the scope, type and adequacy of its insurance coverage taking into account the availability of such cover and its cost, as well as the likelihood and magnitude of potential risks involved. This exercise is carried out with the advice and support of selected insurance brokers.

FINANCIAL RISK

Financial risk management relates to the Group's ability to meet financial obligations and mitigate credit, liquidity, currency, interest rate and price risks. The Group's policies and financial authority limits are reviewed periodically to incorporate changes in the operating and control environment.

The Group continues to place emphasis on improving financial discipline in cash and liquidity management. For more details on financial risk management, please see page 85 of this Report.

STRENGTHENING OPERATIONAL PREPAREDNESS

BCM increases the Group's resilience to potential business disruptions and minimises the impact of a crisis on people, business operations and assets. Emphasis is placed on establishing robust business continuity plans (BCP) to ensure that the Group can respond seamlessly to external events while minimising operational disruptions.

With operations spanning the world, the Group is on a constant lookout for emerging threats that may impact its operations, and has stepped up efforts through BCM committees to refine its BCP and fortify operational preparedness.

The BCM methodology embodies enterprise-wide planning, arranging key resources, coordinating with interdependencies and identifying alternate business processes. It enables the Group to respond effectively and continue to run critical business functions across a broad spectrum of disruptions from internal or external events. Business units in different locations conducted various simulations to enhance their operational preparedness. These plans are being tested and refined frequently to ensure that the Group can respond effectively in emergencies.

The Group's crisis management and communication plans are also continually reviewed and refined to equip it to respond to crises in an orderly and coordinated way, as well as to expedite recovery. The focus is on building resilience and capabilities to counter crises effectively and safeguard the interest of key stakeholders and the Group's reputation.

Crisis communication procedures have also been embedded as part of the Group's BCP. Key company spokespersons have undergone intensive media training for communications with media and stakeholders so that they are more equipped when faced with possible crisis scenarios.

ENHANCING RISK-CENTRIC CULTURE

Effective risk management hinges equally on mindsets and attitudes, as well as systems and processes. The management is committed to foster a strong risk-centric culture in the Group. Risk culture surveys are conducted to assess and monitor the Group's risk culture climate. Education and regular communications through various forums and in-house publications are important for increasing risk awareness and competency among employees. ERM workshops are conducted on a regular basis to enhance the risk management capabilities of the management staff. By embedding risk management in the performance evaluation process, the management aims to raise accountability and reinforce a risk-centric culture.

PROACTIVE RISK MANAGEMENT

The Group will continue to review and refine its risk management methodology, systems and processes, to have sufficient resilience in the face of potential risks and threats. A robust and effective risk management system will help the Group better navigate this climate of heightened uncertainties, economic volatility, unprecedented environmental destruction, geopolitical instability, social unrests and key information technology systems vulnerability.

ENVIRONMENTAL PERFORMANCE

1

Environmental protection not only makes business sense but is also the Company's responsibility as a corporate citizen. Keppel continues to sharpen its focus on resource efficiency and conservation through optimisation of equipment and processes, as well as investments in technology.

IMPROVING ENERGY EFFICIENCY

In 2012, the Group increased its efforts to conserve energy by using more energy-efficient technologies and optimising processes in its operations.

Keppel Offshore & Marine (Keppel O&M) implemented various process improvements, such as the centralisation of shore generators usage in its yard facilities. Keppel Integrated Engineering (KIE) and Keppel Telecommunications & Transportation (Keppel T&T) have also increased their energy efficiencies in 2012. For example, both companies replaced more lights at their plants and facilities with energy-efficient ones. KIE also installed Variable Speed Drives for pumps to optimise energy usage, and upgraded chillers in its plants to improve energy efficiency. Two facilities, the Keppel Seghers Ulu Pandan NEWater Plant and the District Cooling Plant (DCS) at Changi Business Park (CBP), are now using solar photovoltaic panels to reduce reliance on electricity drawn from the grid. The Group's property arm, Keppel Land, continues to improve energy efficiency through the development of high performance commercial buildings, upgrade of chiller plant systems in existing buildings and replacement of existing carpark lightings with LED tubes.

MANAGING WATER USE

The Group reduced its water consumption by using more water conservation devices such as water thimbles and flow-reducing valves.

Keppel DHCS incorporated rainwater harvesting for its new DCS plant at CBP to reduce its potable water consumed for landscaping. For its existing DCS plants, Keppel DHCS installed side stream filtration units on the cooling towers to maintain a good quality of water in the basin, thereby minimising the amount of NEWater required.

AIR EMISSIONS FROM OPERATIONS

Indirect emissions from electricity used and the incineration of waste were the major contributors to the Group's total carbon emissions in 2012.

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 strict limits stipulated in Singapore's Code on Pollution Control and the European Union Waste Incineration Directive (2000/76/EC) which set strict emission limits on pollutants.

WASTE MANAGEMENT

The Group drives efforts to reuse and recycle where possible to reduce waste. The Group's Waste-to-Energy plants and shipyard operations continued to recover materials, such as scrap metal and paper, for recycling.

There were no reports of spillages and sanctions by the Singapore authorities in 2012. Regrettably, Keppel Singmarine Brasil, the new shipyard in Brazil, received a fine in 2012 for breaching environmental regulation by carrying out open-air blasting. Blasting chambers have since been constructed.

ENHANCING CAPABILITIES

Educational materials are disseminated within various business units regularly to raise employees' environmental consciousness. Employees involved in energy management or operations also received formal training, such as the Singapore Certified Energy Manager course.

PRODUCT EXCELLENCE

Keppel is committed to deliver products and services that exceed its customers' expectations. The Keppel brand has grown to be synonymous with world-class quality, execution excellence and innovation.

Central to the Group's pursuit of excellence are the core values of 'customer focus' and 'agility and innovativeness'. The Group values customer feedback and believe that it is vital for sustainable growth and long-term success.

BEST PRACTICES

The Group's global presence in over 30 countries is in line with Keppel's *Near Market, Near Customer* strategy. This strategy has allowed the Group to keep abreast of market conditions and be responsive to customers' changing needs.

Keppel's key business units are certified to ISO9001, ISO14001 and OHSAS18001 standards, demonstrating our dedication towards product quality, environmental protection and occupational health and safety.

RESEARCH & DEVELOPMENT

The Group needs to respond swiftly to changes and innovate to remain competitive. Its focus on Research and Development (R&D) and commitment to technological innovation are key engines to sustaining growth. Keppel O&M and KIE each have their own dedicated R&D arms, the Keppel Offshore & Marine Technology Centre and Keppel Environmental Technology Centre in Singapore, respectively.

As the world's demand for energy continues to drive exploration and production into new frontiers, Keppel O&M will constantly innovate to meet the changing needs of its global customers with cost-effective solutions. For instance, in the area of Arctic drilling, Keppel O&M and ConocoPhillips are jointly designing a unique jackup that can operate efficiently and safely in ice environments.

CUSTOMER HEALTH & SAFETY

Due care and diligence are strictly exercised in the design, construction, and operation of the Group's products to ensure that they are fit for their intended use and do not pose hazards to customers' health and safety.

The health and safety impact of the Group's products are assessed over their entire life cycle and mitigated through improvements in building processes and the usage, storage and disposal of materials. Policies, procedures, and guidelines on environment, health and safety are implemented and adhered to, to ensure that customers' health and safety are not compromised.

CUSTOMER ENGAGEMENT

Mechanisms for customers to provide feedback and suggestions are in place to assess and improve satisfaction with Keppel's products and services.

In 2012, the Group embarked on a consultation exercise with the aim of communicating sustainability issues more effectively with its customers. The exercise is targeted for completion in May 2013.

COMPLIANCE

Keppel is committed to best practices and comply with applicable legislation. In 2012, the Group did not detect 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.

2

1 Keppel Land continues to improve energy efficiency through the development of high performance commercial buildings.

2 PV Drilling V is the eighth SSDT designed and built by Keppel FELS. The first rig in the series built in 1994, West Pelaut, received the prestigious Best Performing Rig of the Year 2012 by Shell World Wide for the fourth time.

LABOUR PRACTICES & HUMAN RIGHTS

The Group's human resource practices seek to enhance the performance of the organisation, while striving to build a workforce that is inclusive and diverse.

FAIR EMPLOYMENT PRACTICES
Keppel adopts merit-based human resource policies, firmly upholds fair employment practices and ensure that its recruitment process is unbiased. In Singapore, Keppel subscribes to the principles spelt out by The Tripartite Alliance for Fair Employment Practices (TAFEP) and endorses the Tripartite Alliance's Employers' Pledge of Fair Employment Practices.

HUMAN RIGHTS
Keppel respects human rights and has implemented a number of policies throughout the Group in support of human rights principles, including fair employment practices and a reporting of grievance and harassment policy.

The Group views unions and subcontractors as strategic partners and places emphasis on maintaining a harmonious relationship with them. Close to 42% of its global workforce are bargainable employees covered by Collective Agreements. There were no reported incidences of discrimination in 2012. Worldwide, there were three cases of reported grievances in 2012, of which two have been resolved while the third is undergoing resolution.

DEVELOPING A SKILLED WORKFORCE
The Group builds organisational capabilities through recruiting, retaining and developing its human capital at all levels. In 2012, Keppel invested some $20.5 million in the training and development of its employees globally.

Keppel grows the skills and capabilities of its workforce with a structured learning and development framework and programmes conducted by the in-house Keppel College and Training Centres, as well as qualified training providers. Keppel College programmes are developed with reputable business schools and subject matter experts to provide effective and holistic programmes for young leaders, middle management and senior management. The Training Centres cater for technical and core skills qualification and provide upgrading and certifications.

EMPLOYEE ENGAGEMENT
Keppel values its people and promotes employee engagement and wellness through various initiatives. In 2012, Keppel worked with an independent research firm to launch a Group-wide Employee Engagement Survey. This survey involved over 5,000 employees and recorded a 75.3% response rate.

The Group continues to engage its people through regular dialogue sessions, and review employee feedback and benchmark market practices when adapting policies.

TALENT MANAGEMENT & SUCCESSION PLANNING
Keppel has in place a talent and succession management framework that focuses on high-potential and high-performing employees. Employees are given opportunities to fulfil their career aspirations through job rotations, projects and overseas postings. Its talent management process is tightly knitted with succession planning to create a robust leadership pipeline.

The Keppel Young Leaders programme nurtures high-potential employees in the Group by exposing young leaders from business units worldwide to the counsel of an advisory panel of senior management.

1


SAFETY & HEALTH

1 Senior management play an important role in grooming the Group's young leaders.

2 All stakeholders – from employees to customers and subcontractors – are encouraged to take ownership of safety and share best practices.

Keppel believes that a safe workplace is a collective responsibility. All stakeholders – from employees to customers and subcontractors – are encouraged to take ownership of safety and share best practices, so as to foster positive mindsets and behaviour.

LEADERSHIP FRAMEWORK

Since its formation in 2006, the Keppel Corporation Board Safety Committee (BSC) continues to drive strong commitment and display visible leadership.

Mr Sven Bang Ullring, who was the BSC's Chairman since 2009, handed over to Mr Tan Ek Kia in 2012. The leadership team was also bolstered by Mr Tan Puay Chiang who joined the BSC, and Mr John Birchall, Keppel Land's Safety and Health Director, who was appointed as the Keppel Group Safety Coordinator.

EFFECTIVE MANAGEMENT SYSTEM

The Group entered the second year of a three-year review exercise in collaboration with Du Pont Company (Singapore), an industry leader in safety, to establish a sustainable self-assessment tool, tracking the progress of the Group's safety culture and systems and addressing gaps.

Group-wide site assessments were carried out, identifying strengths and areas for improvement. Self-perception surveys and subsequently, safety road maps, were formulated and implemented across the business units.

The companies' safety performances are taken into account during the performance appraisal of key senior management and heads of business units, underscoring the Group's focus. Safety targets, endorsed by the BSC, help business units track their performance.

Keppel also streamlined its global incident and accident reporting system for swift and structured communication.

ENHANCING OWNERSHIP

Efforts to address safety concerns were extensive and directed. Keppel FELS focused on hand and finger safety awareness, while Keppel Shipyard encouraged all employees to look out for one another. Awards were given out to project teams and contractors at Keppel Land's Annual Consultants and Contractors Safety and Health Meeting.

OCCUPATIONAL HEALTH

Activities promoting workforce health were rolled out regularly to employees. 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

In 2012, Keppel Group clinched a record 34 safety awards at the Workplace Safety and Health (WSH) Awards in Singapore. It is the highest number by a single organisation since the awards were introduced in 2006 by the WSH Council and Ministry of Manpower.

The Keppel Group remains focused on improving its safety records and strives for a zero-incident work environment. More details can be found in the Sustainability Report.

OUR COMMUNITY

Keppel Care Foundation and Keppel Volunteers teamed up to support the launch of Nature Cares which was officiated by Dr Tony Tan Keng Yam (seated), the President of the Republic of Singapore.

Keppel supports the disadvantaged and empowers local communities through education and skills development; spurs industrial advancements through research, innovation and the robust exchange of ideas; and cares for the community through volunteerism and social investments.

The Group's total social investment spend in 2012 was $9.66 million.

KEPPEL CARE FOUNDATION

In 2012, Keppel launched Keppel Care Foundation (KCF), a registered charity under Singapore's Charities Act. KCF aims to provide assistance for the needy and under-privileged, promote education and encourage eco-friendly mindsets and initiatives. The Keppel Group will commit up to 1% of the Group's annual profits to KCF.

CAPACITY BUILDING

KCF contributed $2 million in 2012 to the Singapore University of Technology & Design (SUTD). The donation, in the form of scholarships and bursaries, will support needy students. In addition, Keppel will also offer internships to equip students with practical knowledge accessible through industry exposure and on-the-job training.

INDUSTRY ADVANCEMENT

Keppel committed $2.4 million to initiatives including the Keppel Professorship to attract world-class researchers and practitioners in the field of Ocean, Marine and Offshore Technology to work in Singapore; the Kwa Geok Choo Professorship in Property Law to raise the bar of property law in Singapore; and the Chua Chor Teck Memorial Fund to promote knowledge transfer in the marine and marine-related industries.

CARING FOR THE COMMUNITY

BREAKING THE CYCLE OF POVERTY

The Keppel-Gawad Kalinga Eco Village in Bauan, a municipality in Batangas, the Philippines, was completed in 2012. The 60-unit housing project provides needy families with a safe haven to raise children and a permanent address to help breadwinners secure gainful employment. The Group also funded technical training for out-of-school youths and college scholarships for disadvantaged students in Batangas.

IMPROVING HEALTHCARE

KCF pledged $2.5 million to the Keppel-NUS Vietnam Programme in Medicine. The programme supports the National University of Singapore Yong Loo Lin Medical School's work with Hanoi Medical University and Vietnam Military Medical University to achieve mutual learning, benchmarking and improvement of healthcare in the region, as well as global learning for medical leaders and students.

HOLISTIC CARE FOR THE ELDERLY

KCF and Keppel Volunteers teamed up to support Nature Cares, a sustainable and nature-based programme for volunteers to bring the healing properties of nature to elderly homes. The launch of Nature Cares, which was officiated by the President of the Republic of Singapore, Dr Tony Tan Keng Yam, saw Keppel Volunteers working hand-in-hand with students to create an easy-to-maintain garden in a voluntary welfare nursing home.

Directors' Report & Financial Statements

CONTENTS

Directors' Report

For the financial year ended 31 December 2012

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 2012.

1. Directors

The Directors of the Company in office at the date of this report are:

Lee Boon Yang (Chairman)
Choo Chiau Beng (Chief Executive Officer)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Tow Heng Tan
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Tan Puay Chiang (appointed on 20 June 2012)
Teo Soon Hoe
Tong Chong Heong

2. Audit Committee

The Audit Committee of the Board of Directors comprises four independent non-executive Directors. Members of the Committee are:

Danny Teoh (Chairman)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Alvin Yeo Khirn Hai

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

- Reviewed audit scopes, 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, operational 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 has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

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, KCL Performance Share Plan and Remuneration Shares to Directors of the Company.

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 Singapore 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		
	1.1.2012 or date of appointment, if later	31.12.2012	21.1.2013
Keppel Corporation Limited			
(Ordinary shares)			
Lee Boon Yang	33,000	43,000	43,000
Choo Chiau Beng	3,114,832	3,810,532	3,810,532
Choo Chiau Beng (deemed interest)	220,000	220,000	220,000
Tony Chew Leong-Chee	14,000	17,000	17,000
Oon Kum Loon (Mrs)	57,200	60,200	60,200
Oon Kum Loon (Mrs) (deemed interest)	44,000	44,000	44,000
Tow Heng Tan	13,888	16,888	16,888
Tow Heng Tan (deemed interest)	28,789	28,789	28,789
Alvin Yeo Khirn Hai	9,225	12,225	12,225
Alvin Yeo Khirn Hai (deemed interest)	32,000	32,000	32,000
Tan Ek Kia	825	3,825	3,825
Danny Teoh	25,825	28,825	28,825
Tan Puay Chiang	22,000	22,000	22,000
Tan Puay Chiang (deemed interest)	7,103	7,103	7,103
Teo Soon Hoe	4,786,795	4,853,480	4,853,480
Tong Chong Heong	1,903,540	1,966,540	1,966,540
(Share options)			
Choo Chiau Beng	1,441,000	847,000	847,000
Teo Soon Hoe	2,530,000	2,530,000	2,530,000
Tong Chong Heong	1,528,000	1,528,000	1,528,000
(Unvested restricted shares to be delivered after 2010)			
Choo Chiau Beng	110,000	55,000	55,000
Teo Soon Hoe	73,370	36,685	36,685
Tong Chong Heong	66,000	33,000	33,000
(Unvested restricted shares to be delivered after 2011)			
Choo Chiau Beng	140,000	93,300	93,300
Teo Soon Hoe	90,000	60,000	60,000
Tong Chong Heong	90,000	60,000	60,000
(Contingent award of performance shares issued in 2010 to be delivered after 2012)[1]			
Choo Chiau Beng	330,000	330,000	330,000
Teo Soon Hoe	220,000	220,000	220,000
Tong Chong Heong	198,000	198,000	198,000

4. Directors' interest in shares and debentures (continued)

	Holdings At		
	1.1.2012 or date of appointment, if later	31.12.2012	21.1.2013
(Contingent award of performance shares issued in 2011 to be delivered after 2013)[1]			
Choo Chiau Beng	280,000	280,000	280,000
Teo Soon Hoe	180,000	180,000	180,000
Tong Chong Heong	180,000	180,000	180,000
(Contingent award of performance shares issued in 2012 to be delivered after 2014)[1]			
Choo Chiau Beng	-	220,000	220,000
Teo Soon Hoe	-	90,000	90,000
Tong Chong Heong	-	180,000	180,000
(3.145% Fixed Rate Notes due 2022)			
Tan Puay Chiang	$250,000	$250,000	$250,000
Keppel Land Limited			
(Ordinary shares)			
Choo Chiau Beng	500,000	850,315	850,315
Tony Chew Leong-Chee (deemed interest)	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	100,000
(3.51% Fixed Rate Notes due 2015)			
Tan Puay Chiang	$250,000	$250,000	$250,000
(3.90% Fixed Rate Notes due 2024)			
Tan Puay Chiang	-	$250,000	$250,000
Keppel Telecommunications & Transportation Ltd			
(Ordinary shares)			
Teo Soon Hoe	28,000	28,000	28,000
Keppel REIT			
(Units)			
Choo Chiau Beng	5,899,250	6,260,000	6,260,000
Tow Heng Tan (deemed interest)	10	10	10
Alvin Yeo Khirn Hai (deemed interest)	100,000	100,000	100,000
Teo Soon Hoe	-	600,000	600,000
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 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 11,156,255 Shares issued by virtue of exercise of options and options to take up 145,200 Shares were cancelled during the financial year. At the end of the financial year, there were 30,314,565 Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2012	Exercised	Cancelled	Balance at 31.12.2012	Exercise price	Date of expiry
11.02.05	16,500	-	-	16,500	$3.81	10.02.15
11.08.05	505,700	(147,100)	-	358,600	$5.46	10.08.15
09.02.06	743,500	(360,200)	-	383,300	$5.60	08.02.16
10.08.06	1,741,300	(411,400)	-	1,329,900	$6.75	09.08.16
13.02.07	3,103,800	(611,900)	-	2,491,900	$8.09	12.02.17
10.08.07	6,815,600	(22,000)	(140,800)	6,652,800	$11.56	09.08.17
14.02.08	4,733,470	(1,035,470)	-	3,698,000	$8.85	13.02.18
14.08.08	5,922,030	(1,021,015)	(4,400)	4,896,615	$9.12	13.08.18
05.02.09	2,099,320	(439,520)	-	1,659,800	$3.46	04.02.19
06.08.09	7,660,600	(3,897,450)	-	3,763,150	$7.25	05.08.19
09.02.10	8,274,200	(3,210,200)	-	5,064,000	$7.28	08.02.20
	41,616,020	(11,156,255)	(145,200)	30,314,565		

The information on Directors of the Company participating in the Scheme is as follows:

Name of Director	Options granted during the financial year	Aggregate options granted and adjusted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstandingas at the end of financial year
Choo Chiau Beng	-	5,584,000	4,163,250	573,750	847,000
Teo Soon Hoe	-	5,983,000	2,879,250	573,750	2,530,000
Tong Chong Heong	-	3,922,200	1,984,200	410,000	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 4,159,000 under KCL RSP and 780,000 under KCL PSP during the financial year. The number of Shares released was 4,158,177 under KCL RSP and Nil under KCL PSP during the financial year. 2,733,998 Shares under the KCL RSP were vested during the financial year. 121,603 Shares under the KCL RSP were cancelled during the financial year. At the end of the financial year, there were 4,103,656 contingent Shares and 3,955,446 unvested Shares under the KCL RSP, and 2,129,314 contingent Shares under the KCL PSP as follows:

Contingent awards:

	Number of Shares				
Date of grant	Balance at 1.1.2012	Contingent awards granted	Released	Cancelled	Balance at 31.12.2012
KCL RSP					
30.06.2011	4,158,177	-	(4,158,177)	-	-
29.06.2012	-	4,159,000	-	(55,344)	4,103,656
	4,158,177	4,159,000	(4,158,177)	(55,344)	4,103,656
KCL PSP					
30.06.2010	748,000	-	-	-	748,000
30.06.2011	640,000	-	-	-	640,000
29.06.2012	-	780,000	-	(38,686)	741,314
	1,388,000	780,000	-	(38,686)	2,129,314

Awards released but not vested:

	Number of Shares				
Date of grant	Balance at 1.1.2012	Released	Vested	Cancelled	Balance at 31.12.2012
KCL RSP					
30.06.2010	2,652,870	-	(1,327,425)	(47,410)	1,278,035
30.06.2011	-	4,158,177	(1,406,573)	(74,193)	2,677,411
	2,652,870	4,158,177	(2,733,998)	(121,603)	3,955,446

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	Aggregate awards not released as at the end of financial year
KCL RSP				
Choo Chiau Beng	-	300,000	(300,000)	-
Teo Soon Hoe	-	196,670	(196,670)	-
Tong Chong Heong	-	186,000	(186,000)	-
KCL PSP				
Choo Chiau Beng	220,000	830,000	-	830,000
Teo Soon Hoe	90,000	490,000	-	490,000
Tong Chong Heong	180,000	558,000	-	558,000

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	Aggregate awards released but not vested as at the end of financial year
KCL RSP			
Choo Chiau Beng	300,000	(151,700)	148,300
Teo Soon Hoe	196,670	(99,985)	96,685
Tong Chong Heong	186,000	(93,000)	93,000

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.

No director or employee has received 5 percent or more of the total number of contingent award of Shares granted during the financial year.

Other than Choo Chiau Beng who received 1,130,000 or 7.8% and Tong Chong Heong who received 744,000 or 5.1% of the aggregate of the contingent award of Shares under the KCL RSP and KCL PSP, no other director or employee received more than 5 percent or more of the total number of contingent award of Shares granted to date.

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 131,202,035 unissued shares of Keppel Land Limited under option. This comprised $300,000,000 principal amount of 2.5% Convertible Bonds due 2013 at a conversion price of $5.58 per share, $499,800,000 principal amount of 1.875% Convertible Bonds due 2015 at a conversion price of $6.72 per share and 3,063,596 options under the Keppel Land Share Option Scheme. In addition, there were 849,500 unvested shares and 1,902,500 contingent shares granted under Keppel Land Restricted Share Plan, and 1,053,000 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 1,425,000 unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 486,200 unvested shares and 870,000 contingent shares granted under Keppel T&T Restricted Share Plan, and 585,000 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) **Keppel REIT Management Limited ("KRAM")**

At the end of the financial year, there were 107,601 unvested and 229,974 contingent Keppel REIT units granted under KRAM Restricted Unit Plan, and 532,048 contingent Keppel REIT units granted under KRAM Performance Unit Plan. The grants will be settled in Keppel REIT 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 2013

Statement by Directors

For the financial year ended 31 December 2012

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 135 to 202 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 2012, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Choo Chiau Beng
Chief Executive Officer

Teo Soon Hoe
Senior Executive Director

Singapore, 27 February 2013

Independent Auditors' Report

to the Members of Keppel Corporation Limited
For the financial year ended 31 December 2012

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 2012, 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 135 to 202.

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.

Auditor's 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 2012 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 2013

Balance Sheets

As at 31 December 2012

	Note	Group			Company	
		31 December 2012 $'000	31 December 2011 $'000 Restated	1 January 2011 $'000 Restated	**31 December 2012 $'000**	31 December 2011 $'000
Share capital	3	**1,123,590**	1,016,112	906,409	**1,123,590**	1,016,112
Reserves	4	**8,122,362**	6,683,263	5,712,715	**4,581,934**	4,193,452
Share capital & reserves		**9,245,952**	7,699,375	6,619,124	**5,705,524**	5,209,564
Non-controlling interests		**4,332,174**	4,061,920	3,035,951	**-**	-
Capital employed		**13,578,126**	11,761,295	9,655,075	**5,705,524**	5,209,564
Represented by:						
Fixed assets	5	**3,337,433**	2,715,517	2,243,150	**559**	4,080
Investment properties	6	**5,423,060**	4,610,107	3,207,539	**-**	-
Subsidiaries	7	**-**	-	-	**4,933,380**	3,928,160
Associated companies	8	**5,266,602**	4,462,179	3,781,700	**-**	-
Investments	9	**225,380**	310,759	299,896	**-**	-
Long term assets	10	**139,446**	267,060	28,646	**168**	339
Intangibles	11	**109,608**	98,573	107,676	**-**	-
		14,501,529	12,464,195	9,668,607	**4,934,107**	3,932,579
Current assets						
Stocks & work-in-progress in excess of related billings	12	**7,442,713**	6,605,580	4,928,835	**-**	-
Amounts due from:						
- subsidiaries	13	**-**	-	-	**2,655,295**	2,204,813
- associated companies	13	**696,737**	403,775	305,162	**1,719**	1,483
Debtors	14	**2,057,270**	2,027,933	1,958,993	**157,737**	78,164
Short term investments	15	**417,107**	577,400	536,872	**-**	-
Bank balances, deposits & cash	16	**4,055,176**	3,020,454	4,245,990	**3,773**	1,621
		14,669,003	12,635,142	11,975,852	**2,818,524**	2,286,081
Current liabilities						
Creditors	17	**5,535,961**	5,709,902	5,331,672	**191,872**	234,396
Billings on work-in-progress in excess of related costs	12	**1,619,475**	1,863,881	1,638,193	**-**	-
Provisions	18	**74,874**	77,674	83,586	**-**	-
Amounts due to:						
- subsidiaries	13	**-**	-	-	**329,206**	229,852
- associated companies	13	**63,495**	63,918	180,609	**-**	-
Term loans	19	**1,005,554**	808,475	391,764	**-**	17,668
Taxation	26	**764,862**	478,911	455,079	**21,097**	22,244
Bank overdrafts	20	**-**	-	736	**-**	-
		9,064,221	9,002,761	8,081,639	**542,175**	504,160
Net current assets		**5,604,782**	3,632,381	3,894,213	**2,276,349**	1,781,921
Non-current liabilities						
Term loans	19	**6,202,345**	4,068,696	3,675,968	**1,500,000**	500,000
Deferred taxation	21	**325,840**	266,585	231,777	**4,932**	4,936
		6,528,185	4,335,281	3,907,745	**1,504,932**	504,936
Net assets		**13,578,126**	11,761,295	9,655,075	**5,705,524**	5,209,564

See accompanying notes to the financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2012

	Note	**2012 $'000**	2011 $'000 Restated
Revenue	22	**13,964,841**	10,082,467
Materials and subcontract costs		**(9,566,016)**	(6,273,001)
Staff costs	23	**(1,578,749)**	(1,432,889)
Depreciation and amortisation		**(210,512)**	(208,571)
Other operating income		**11,611**	656,338
Operating profit	24	**2,621,175**	2,824,344
Investment income	25	**6,701**	24,589
Interest income	25	**160,776**	113,982
Interest expenses	25	**(134,933)**	(98,230)
Share of results of associated companies	8	**602,548**	448,017
Profit before tax		**3,256,267**	3,312,702
Taxation	26	**(500,619)**	(443,574)
Profit for the year		**2,755,648**	2,869,128
Attributable to:			
Shareholders of the Company		**2,237,299**	1,945,765
Non-controlling interests		**518,349**	923,363
		2,755,648	2,869,128
Earnings per ordinary share	27		
- basic		**124.8 cts**	109.4 cts
- diluted		**123.6 cts**	108.2 cts
Gross dividend per ordinary share	28		
Interim dividend paid		**18.0 cts**	17.0 cts
Final dividend proposed		**27.0 cts**	26.0 cts
Special dividend in specie proposed		**27.4 cts**	-
Total distribution		**72.4 cts**	43.0 cts

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2012

	2012 $'000	2011 $'000 Restated
Profit for the year	**2,755,648**	2,869,128
Available-for-sale assets		
- Fair value changes arising during the year	**30,690**	(146,669)
- Realised & transferred to profit and loss account	**(49,948)**	(18,906)
Cash flow hedges		
- Fair value changes arising during the year, net of tax	**217,394**	(116,932)
- Realised & transferred to profit and loss account	**(2,377)**	10,725
Foreign exchange translation		
- Exchange difference arising during the year	**(312,556)**	15,617
- Realised & transferred to profit and loss account	**(1,378)**	(4,077)
Share of other comprehensive expense of associated companies	**(6,488)**	(13,880)
Other comprehensive expense for the year, net of tax	**(124,663)**	(274,122)
Total comprehensive income for the year	**2,630,985**	2,595,006
Attributable to:		
Shareholders of the Company	**2,200,049**	1,675,464
Non-controlling interests	**430,936**	919,542
	2,630,985	2,595,006

See accompanying notes to the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2012

	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							
2012							
As at 1 January							
As previously reported	**1,016,112**	**460,357**	**6,049,411**	**(135,498)**	**7,390,382**	**3,800,674**	**11,191,056**
Effect of adopting Amendments to FRS 12	**-**	**-**	**308,993**	**-**	**308,993**	**261,246**	**570,239**
As restated	**1,016,112**	**460,357**	**6,358,404**	**(135,498)**	**7,699,375**	**4,061,920**	**11,761,295**
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**2,237,299**	**-**	**2,237,299**	**518,349**	**2,755,648**
Other comprehensive income *	**-**	**202,369**	**-**	**(239,619)**	**(37,250)**	**(87,413)**	**(124,663)**
Total comprehensive income for the year	**-**	**202,369**	**2,237,299**	**(239,619)**	**2,200,049**	**430,936**	**2,630,985**
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividend paid	**-**	**-**	**(789,456)**	**-**	**(789,456)**	**-**	**(789,456)**
Share-based payment	**-**	**47,237**	**-**	**-**	**47,237**	**2,221**	**49,458**
Transfer of statutory, capital and other reserves to revenue reserves	**-**	**122**	**(122)**	**-**	**-**	**-**	**-**
Dividend paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**(211,912)**	**(211,912)**
Cash subscribed by non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**85,325**	**85,325**
Other adjustments	**-**	**-**	**142**	**-**	**142**	**373**	**515**
Shares issued	**107,478**	**(25,050)**	**-**	**-**	**82,428**	**-**	**82,428**
Total contributions by and distributions to owners	**107,478**	**22,309**	**(789,436)**	**-**	**(659,649)**	**(123,993)**	**(783,642)**
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**225,401**	**225,401**
Acquisition of additional interest in subsidiaries	**-**	**(2,772)**	**8,949**	**-**	**6,177**	**(230,572)**	**(224,395)**
Disposal of interest in subsidiaries with loss of control	**-**	**-**	**-**	**-**	**-**	**(31,518)**	**(31,518)**
Total changes in ownership interests in subsidiaries	**-**	**(2,772)**	**8,949**	**-**	**6,177**	**(36,689)**	**(30,512)**
Total transactions with owners	**107,478**	**19,537**	**(780,487)**	**-**	**(653,472)**	**(160,682)**	**(814,154)**
As at 31 December	**1,123,590**	**682,263**	**7,815,216**	**(375,117)**	**9,245,952**	**4,332,174**	**13,578,126**

* 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							
2011							
As at 1 January							
As previously reported	906,409	653,624	4,994,434	(139,083)	6,415,384	2,866,384	9,281,768
Effect of adopting Amendments to FRS 12	-	-	203,740	-	203,740	169,567	373,307
As restated	906,409	653,624	5,198,174	(139,083)	6,619,124	3,035,951	9,655,075
Total comprehensive income for the year							
Profit for the year	-	-	1,945,765	-	1,945,765	923,363	2,869,128
Other comprehensive income *	-	(273,886)	-	3,585	(270,301)	(3,821)	(274,122)
Total comprehensive income for the year	-	(273,886)	1,945,765	3,585	1,675,464	919,542	2,595,006
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	6,358,404	(135,498)	7,699,375	4,061,920	11,761,295

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

See accompanying notes to the financial statements.

Statements of Changes in Equity

	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Capital Employed $'000
Company				
2012				
As at 1 January	**1,016,112**	**161,496**	**4,031,956**	**5,209,564**
Profit/total comprehensive income for the year	**-**	**-**	**1,158,896**	**1,158,896**
Transactions with owners, recognised directly in equity				
Dividend paid	**-**	**-**	**(789,456)**	**(789,456)**
Share-based payment	**-**	**43,950**	**-**	**43,950**
Other adjustments	**-**	**-**	**142**	**142**
Shares issued	**107,478**	**(25,050)**	**-**	**82,428**
Total transactions with owners	**107,478**	**18,900**	**(789,314)**	**(662,936)**
As at 31 December	**1,123,590**	**180,396**	**4,401,538**	**5,705,524**
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, recognised 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

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2012

	Note	2012 $'000	2011 $'000 Restated
Operating activities			
Operating profit		**2,621,175**	2,824,344
Adjustments:			
Depreciation and amortisation		**210,512**	208,571
Share-based payment expenses		**49,882**	51,274
Profit on sale of fixed assets		**(16,689)**	(26,959)
Gain on disposal of subsidiaries		**(30,004)**	(4,288)
Gain on disposal of associated companies		**(3,120)**	(21,021)
(Write-back)/impairment of assets		**(7,673)**	50,198
(Write-back)/provision for restructuring of operations and others		**(12,000)**	23,446
Fair value gain on investment properties		**(172,101)**	(1,117,155)
Operational cash flow before changes in working capital		**2,639,982**	1,988,410
Working capital changes:			
Stocks & work-in-progress		**(855,588)**	(1,254,385)
Debtors		**(80,579)**	(314,907)
Creditors		**(398,236)**	103,390
Investments		**226,530**	(217,518)
Intangibles		**(1,369)**	(10,199)
Advances to associated companies		**(298,399)**	(223,772)
Translation of foreign subsidiaries		**(40,209)**	27,676
		1,192,132	98,695
Interest received		**160,189**	119,032
Interest paid		**(120,847)**	(98,118)
Income taxes paid, net of refunds received		**(224,907)**	(343,424)
Net cash from/(used in) operating activities		**1,006,567**	(223,815)
Investing activities			
Acquisition of subsidiaries	A	**(116,265)**	-
Advance payment for acquisition of a subsidiary		**-**	(207,930)
Acquisition and further investment in associated companies		**(371,002)**	(477,340)
Acquisition of fixed assets and investment properties		**(835,974)**	(875,773)
Disposal of subsidiaries	B	**56,621**	(153)
Return of capital and disposal of associated companies		**4,645**	53,970
Proceeds from disposal of fixed assets		**35,248**	73,936
Dividend received from investments and associated companies		**157,344**	175,516
Net cash used in investing activities		**(1,069,383)**	(1,257,774)
Financing activities			
Proceeds from share issues		**82,428**	99,281
Proceeds from non-controlling shareholders of subsidiaries		**15,125**	245,275
Proceeds from disposal of interest in a subsidiary		**-**	24,991
Proceeds from term loans		**2,859,518**	1,231,567
Repayment of term loans		**(528,790)**	(422,128)
Acquisition of additional shares in subsidiaries		**(149,427)**	(22,211)
Dividend paid to shareholders of the Company		**(789,456)**	(723,857)
Dividend paid to non-controlling shareholders of subsidiaries		**(211,912)**	(157,867)
Net cash from financing activities		**1,277,486**	275,051
Net increase/(decrease) in cash and cash equivalents		**1,214,670**	(1,206,538)
Cash and cash equivalents as at 1 January		**3,020,454**	4,245,254
Effects of foreign exchange translation on cash and cash equivalents		**(179,948)**	(18,262)
Cash and cash equivalents as at 31 December	C	**4,055,176**	3,020,454

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows

		2012 $'000	2011 $'000
A.	**Acquisition of Subsidiaries**		
	During the financial year, the fair values of net assets of subsidiaries acquired were as follows:		
	Fixed assets	109,998	-
	Investment properties	732,409	-
	Stocks & work-in-progress	235,551	-
	Debtors	2,017	-
	Bank balances and cash	33,059	-
	Shareholders' loans	(142,489)	-
	Creditors	(314,268)	-
	Current and deferred taxation	(141,198)	-
	Total identifiable net assets at fair value	515,079	-
	Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	(225,401)	-
	Amount previously accounted for as associated company	(10,546)	-
	Assumption of shareholders' loans	142,489	-
	Advance payment made in prior year	(207,930)	-
	Purchase consideration	213,691	-
	Less: Purchase consideration deferred	(64,367)	-
	Less: Bank balances and cash acquired	(33,059)	-
	Cash flow on acquisition net of cash acquired	116,265	-
B.	**Disposal of Subsidiaries**		
	During the financial year, the book values of net assets of subsidiaries disposed were as follows:		
	Fixed assets	(21,646)	(258)
	Investment properties	(81,710)	-
	Stocks & work-in-progress	(24,121)	(932)
	Debtors	(25,386)	(297)
	Bank balances and cash	(5,838)	(1,583)
	Creditors	40,404	5,388
	Current and deferred taxation	14,176	120
	Non-controlling interests deconsolidated	31,518	420
		(72,603)	2,858
	Amount accounted for as associated company	44,606	-
	Net assets disposed of	(27,997)	2,858
	Net profit on disposal	(30,004)	(4,288)
	Realisation of foreign currency translation reserve	(4,458)	-
	Sale proceeds	(62,459)	(1,430)
	Less: Bank balances and cash disposed	5,838	1,583
	Cash flow on disposal net of cash disposed	(56,621)	153

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

See accompanying notes to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2012

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 2012 and the balance sheet and statement of changes in equity of the Company at 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2013.

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 2012. 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 that are relevant to the Group:

Amendments to FRS 107	Disclosures - Transfer of Financial Assets
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets

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:

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

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 has previously provided 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.

2. Significant accounting policies (continued)

The change in accounting policy has been applied retrospectively. The effects of adopting Amendments to FRS 12 are as follows:

	2012 $'000	2011 $'000
Group Profit and Loss Account		
Decrease in taxation	**(82,912)**	(196,932)
Increase in profit for the year	**82,912**	196,932
Attributable to:		
Shareholders of the Company	**46,289**	105,253
Non-controlling interests	**36,623**	91,679
	82,912	196,932
Increase in basic EPS	**2.6 cts**	5.9 cts
Increase in diluted EPS	**2.6 cts**	5.8 cts

	2012 $'000	2011 $'000	2010 $'000
Group Balance Sheet			
Increase in revenue reserves	**355,282**	308,993	203,740
Increase in non-controlling interests	**297,869**	261,246	169,567
Increase in associated companies	**284,815**	230,132	194,796
Decrease in deferred taxation	**(368,336)**	(340,107)	(178,511)

(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, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. 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 interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

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 difference between the change in the carrying amounts of the non-controlling interests 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 Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognized in other comprehensive income in respect of that former subsidiary are reclassified to profit or loss or transferred directly to revenue reserves if required by a specific Standard. 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.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

(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 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Investment Properties

Investment properties 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.

2. Significant accounting policies (continued)

(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.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits and are subject to an insignificant risk of changes in value.

(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.

2. Significant accounting policies (continued)

(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. For available-for-sale investments, impairment losses previously 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 unit 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.

(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.

2. Significant accounting policies (continued)

(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 and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

(s) Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme 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 is 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.

2. Significant accounting policies (continued)

(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 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 acquiree and recorded at the closing exchange rate.

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(w) 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.

(x) Critical Accounting Estimates and Judgements

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of loans and receivables

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

Impairment of available-for-sale investments
The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. 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	
	2012	2011	**2012 $'000**	2011 $'000
Ordinary Shares ("Shares")				
Issued and paid up:				
Balance at 1 January	**1,783,716,751**	1,605,513,880	**1,016,112**	906,409
Bonus issue	**-**	161,883,330	**-**	-
Issue of shares under the share option scheme	**11,156,255**	15,064,000	**82,425**	99,282
Issue of shares under restricted share plan	**2,733,998**	1,255,541	**25,053**	10,421
Balance at 31 December	**1,797,607,004**	1,783,716,751	**1,123,590**	1,016,112

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

In 2011, the Company issued one bonus share for every ten existing ordinary shares with effect from 6 May 2011.

During the financial year, the Company issued 11,156,255 Shares for cash upon exercise of options under the KCL Share Option Scheme. This comprised 147,100 Shares at $5.46 per Share, 360,200 Shares at $5.60 per Share, 411,400 Shares at $6.75 per Share, 611,900 Shares at $8.09 per Share, 22,000 Shares at $11.56 per Share, 1,035,470 Shares at $8.85 per Share, 1,021,015 Shares at $9.12 per Share, 439,520 Shares at $3.46 per Share, 3,897,450 Shares at $7.25 per Share and 3,210,200 Shares at $7.28 per Share.

During the financial year, 2,733,998 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:

Danny Teoh
Lee Boon Yang
Oon Kum Loon (Mrs)
Tow Heng Tan

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.

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:

	2012		2011	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**41,616,020**	**$8.21**	53,391,000	$8.40
Exercised	**(11,156,255)**	**$7.39**	(15,064,000)	$6.59
Cancelled	**(145,200)**	**$11.49**	(808,200)	$9.02
Share adjustment for bonus issue	**-**	**-**	4,097,220	$8.07
Balance at 31 December	**30,314,565**	**$8.49**	41,616,020	$8.21
Exercisable at 31 December	**30,314,565**	**$8.49**	33,403,420	$8.44

The weighted average share price at the date of exercise for options exercised during the financial year was $10.98 (2011: $11.39). The options outstanding at the end of the financial year had a weighted average exercise price of $8.49 (2011: $8.21) and a weighted average remaining contractual life of 5.5 years (2011: 6.6 years).

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

3. Share capital (continued)

Movements in the number of shares under the KCL RSP and the KCL PSP are as follows:

	2012		2011	
	KCL RSP	KCL PSP	KCL RSP	KCL PSP
Contingent awards:				
Balance at 1 January	4,158,177	1,388,000	3,757,966	680,000
Granted	4,159,000	780,000	4,175,900	640,000
Released	(4,158,177)	-	(3,757,966)	-
Cancelled	(55,344)	(38,686)	(17,723)	-
Adjustment for bonus issue	-	-	-	68,000
Balance at 31 December	4,103,656	2,129,314	4,158,177	1,388,000
Awards released but not vested:				
Balance at 1 January	2,652,870	-	-	-
Released	4,158,177	-	3,757,966	-
Vested	(2,733,998)	-	(1,255,541)	-
Cancelled	(121,603)	-	(90,500)	-
Adjustment for bonus issue	-	-	240,945	-
Balance at 31 December	3,955,446	-	2,652,870	-

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 2012, there were 3,955,446 (2011: 2,652,870) 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 4,103,656 (2011: 4,158,177) under the KCL RSP and 2,129,314 (2011: 1,388,000) 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 3,955,446 under the KCL RSP and range from zero to a maximum of 3,193,971 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.

On 29 June 2012 (2011: 30 June 2011), the Company granted contingent awards of 4,159,000 (2011: 4,175,900) shares under the KCL RSP and 780,000 (2011: 640,000) shares under the KCL PSP. The estimated fair value of the shares granted ranges from $9.33 to $10.08 (2011: $10.12 to $10.92) under the KCL RSP and amounts to $8.28 (2011: $10.29) under the KCL PSP. The significant inputs into the model are as follows:

	2012		2011	
	KCL RSP	**KCL PSP**	KCL RSP	KCL PSP
Date of grant	**29.06.2012**	**29.06.2012**	30.06.2011	30.06.2011
Prevailing share price at date of grant	**$10.28**	**$10.28**	$11.08	$11.08
Expected volatility:				
Company	**28.06%**	**28.06%**	45.99%	45.99%
MXAPJIN	**#**	**25.76%**	#	37.11%
Correlation with MXAPJIN	**#**	**84.90%**	#	84.50%
Expected term	**0.5 - 2.5 years**	**2.5 years**	0.5 - 2.5 years	2.5 years
Risk free rate	**0.18% - 0.25%**	**0.25%**	0.43% - 0.54%	0.54%
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**	
	2012 $'000	2011 $'000 Restated	2010 $'000 Restated	**2012 $'000**	2011 $'000
Capital Reserves					
Share option and share plan reserve	**198,156**	175,969	137,410	**180,396**	161,496
Fair value reserve	**181,662**	199,046	370,162	**-**	-
Hedging reserve	**204,546**	(7,296)	95,474	**-**	-
Bonus issue by subsidiaries	**40,000**	40,000	40,000	**-**	-
Others	**57,899**	52,638	10,578	**-**	-
	682,263	460,357	653,624	**180,396**	161,496
Revenue Reserves	**7,815,216**	6,358,404	5,198,174	**4,401,538**	4,031,956
Foreign Exchange Translation Account	**(375,117)**	(135,498)	(139,083)	**-**	-
	8,122,362	6,683,263	5,712,715	**4,581,934**	4,193,452

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						
2012						
Cost						
At 1 January	102,542	1,446,784	412,244	2,118,150	594,740	4,674,460
Additions	6,320	6,448	18,094	83,209	701,967	816,038
Disposals	(5,325)	(6,760)	(18,703)	(20,360)	-	(51,148)
Write-off	-	(72)	-	(1,383)	(927)	(2,382)
Subsidiaries acquired	-	103,794	-	5,501	703	109,998
Subsidiaries disposed	(111)	(21,527)	-	(182,585)	-	(204,223)
Reclassification						
- Stocks	-	-	(16,147)	-	-	(16,147)
- Other assets	-	-	315	(11)	(4,818)	(4,514)
- Other fixed assets categories	10,078	46,122	58,122	127,235	(241,557)	-
Exchange differences	(1,992)	(25,769)	(5,480)	(37,205)	(12,116)	(82,562)
At 31 December	111,512	1,549,020	448,445	2,092,551	1,037,992	5,239,520
Accumulated Depreciation & Impairment Losses						
At 1 January	37,536	634,357	151,024	1,136,026	-	1,958,943
Depreciation charge	3,892	43,330	24,913	128,949	-	201,084
Disposals	(1,617)	(2,928)	(9,811)	(19,091)	-	(33,447)
Write-off	-	-	-	(1,205)	-	(1,205)
Subsidiaries disposed	(111)	-	-	(182,466)	-	(182,577)
Reclassification						
- Stocks	-	98	(2,090)	366	-	(1,626)
Exchange differences	2,074	(9,940)	(2,409)	(28,810)	-	(39,085)
At 31 December	41,774	664,917	161,627	1,033,769	-	1,902,087
Net Book Value	69,738	884,103	286,818	1,058,782	1,037,992	3,337,433

	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 24)	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

In 2011, the Group recognised impairment losses of $17,791,000 relating to write-down of non-performing assets in the Property and Investment divisions.

Certain plant, machinery and equipment with carrying amount of $65,204,000 (2011: $74,754,000) are mortgaged to banks for loan facilities (Note 19).

Interest capitalised during the financial year amounted to $9,968,000 (2011: $1,444,000).

5. Fixed assets (continued)

	Freehold Land & Buildings $'000	Plant, Machinery & Equipment $'000	Total $'000
Company			
2012			
Cost			
At 1 January	**6,569**	**6,888**	**13,457**
Additions	**175**	**318**	**493**
Disposals	**(5,325)**	**(312)**	**(5,637)**
At 31 December	**1,419**	**6,894**	**8,313**
Accumulated Depreciation			
At 1 January	**2,725**	**6,652**	**9,377**
Depreciation charge	**36**	**270**	**306**
Disposals	**(1,617)**	**(312)**	**(1,929)**
At 31 December	**1,144**	**6,610**	**7,754**
Net Book Value	**275**	**284**	**559**
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

6. Investment properties

	Group 2012 $'000	Group 2011 $'000
At 1 January	**4,610,107**	3,207,539
Acquisition of properties	**-**	119,237
Development expenditure	**24,551**	225,336
Fair value gain (Note 24)	**172,101**	1,117,155
Disposals	-	(12,210)
Subsidiary acquired	**732,409**	-
Subsidiary disposed	**(81,710)**	-
Reclassification		
- Fixed assets	**-**	(53,117)
Exchange differences	**(34,398)**	6,167
At 31 December	**5,423,060**	4,610,107

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 2012:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, and Cushman & Wakefield for properties in Singapore;
- Savills Valuations Pty Ltd and CBRE Valuations Pty Ltd for properties in Australia;
- DTZ Debenham Tie Leung (Vietnam) Co. Ltd for properties in Vietnam;
- KJPP Wilson & Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- Cushman & Wakefield Valuation Advisory Services (HK) Ltd for a property in China; and
- Jones Lang Lasalle (Thailand) Limited for a property in Thailand.

Interest capitalised during the financial year amounted to $694,000 (2011: $551,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $2,123,730,000 (2011: $3,343,322,000) to banks for loan facilities (Note 19).

7. Subsidiaries

	Company 2012 $'000	Company 2011 $'000
Quoted shares, at cost		
Market value: $4,008,470,000 (2011: $2,257,423,000)	**2,083,822**	1,925,049
Unquoted shares, at cost	**3,470,628**	2,478,111
	5,554,450	4,403,160
Provision for impairment	**(621,070)**	(475,000)
	4,933,380	3,928,160
Movements in the provision for impairment of subsidiaries are as follows:		
At 1 January	**475,000**	377,000
Charge to profit and loss account	**146,070**	98,000
At 31 December	**621,070**	475,000

During the financial year, provision for impairment amounting to $146,070,000 (2011: $98,000,000) had been made for certain subsidiaries of the Company as a result of their recoverable amounts being estimated to be less than their carrying amounts.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 36.

8. Associated companies

	Group		
	2012 $'000	2011 $'000 Restated	2010 $'000 Restated
Quoted shares, at cost			
Market value: $1,062,078,000			
(2011: $906,665,000)	**651,580**	563,986	561,226
Unquoted shares, at cost	**1,470,846**	1,341,158	966,034
	2,122,426	1,905,144	1,527,260
Provision for impairment	**(157,901)**	(166,687)	(147,800)
	1,964,525	1,738,457	1,379,460
Share of reserves	**2,121,333**	1,574,914	1,351,752
	4,085,858	3,313,371	2,731,212
Advances to associated companies	**1,180,744**	1,148,808	1,050,488
	5,266,602	4,462,179	3,781,700

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2012 $'000	2011 $'000
At 1 January	**166,687**	147,800
(Write-back)/provision of impairment loss (Note 24)	**(7,673)**	18,869
Exchange differences	**(1,113)**	18
At 31 December	**157,901**	166,687

Long term advances to associated companies are unsecured and considered to be part of investment in associated companies. They are not repayable within the next 12 months. Interest is charged at rates ranging from 1.23% to 3.85% (2011: 0.78% to 3.58%) per annum. During the financial year, the Group wrote back an impairment loss of $7,673,000 (2011: provision of impairment loss of $18,869,000) on investment in associated companies. The carrying amount of the associated companies in the previous financial year 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%.

	Group	
	2012 $'000	2011 $'000 Restated
The share of net profit of associated companies is as follows:		
Share of profit before tax	**602,548**	448,017
Share of taxation (Note 26)	**(27,096)**	(45,236)
Share of net profit	**575,452**	402,781

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

Total assets	**22,196,158**	19,160,688
Total liabilities	**9,952,448**	9,222,344
Revenue	**4,688,181**	4,913,441
Net profit	**1,788,221**	1,203,969

Information relating to significant associated companies whose results are included in the financial statements is given in Note 36.

9. Investments

	Group	
	2012 $'000	2011 $'000
Available-for-sale investments:		
Quoted equity shares	**1,442**	107,772
Unquoted equity shares	**79,923**	68,339
Unquoted property funds	**133,044**	117,314
Unquoted bonds	**10,971**	17,334
	225,380	310,759

10. Long term assets

	Group		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Advance payment and financing for acquisition of subsidiary	**-**	207,930	**-**	-
Staff loans	**1,916**	2,586	**341**	534
Long term receivables and others	**148,970**	67,859	**-**	-
	150,886	278,375	**341**	534
Less: Amounts due within one year and included in debtors (Note 14)	**(11,440)**	(11,315)	**(173)**	(195)
	139,446	267,060	**168**	339

As at 31 December 2011, the advance payment for acquisition of subsidiary includes the acquisition of a 100% interest in Aether Pte Ltd, and other advances required under the terms of the acquisition.

Included in staff loans are interest-free advances to certain Directors amounting to $90,000 (2011: $130,000) and to directors of related corporations amounting to $238,000 (2011: $359,000) 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% (2011: 2.00% to 13.00%) per annum.

The fair value of long term receivables for the Group is $150,443,000 (2011: $69,944,000). 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				
2012				
At 1 January	**59,270**	**17,276**	**22,027**	**98,573**
Additions	**-**	**20,839**	**-**	**20,839**
Amortisation	**-**	**(7,960)**	**(1,468)**	**(9,428)**
Exchange differences	**-**	**(376)**	**-**	**(376)**
At 31 December	**59,270**	**29,779**	**20,559**	**109,608**
Cost	**59,270**	**52,304**	**24,963**	**136,537**
Accumulated amortisation	**-**	**(22,525)**	**(4,404)**	**(26,929)**
	59,270	**29,779**	**20,559**	**109,608**
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 24)	(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

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Goodwill allocated to Offshore & Marine division amounted to $2,092,000 (2011: $2,092,000). 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 of 7.22% (2011: ranging from 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.

Goodwill allocated to Infrastructure division amounted to $57,178,000 (2011: $57,178,000). The recoverable amount of goodwill at balance sheet date is based on current bid prices of the cash-generating unit.

In 2011, 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		
		2012 $'000	2011 $'000 Restated	2010 $'000 Restated
Work-in-progress in excess of related billings	(a)	**2,258,599**	1,118,214	605,210
Stocks	(c)	**234,296**	326,646	164,400
Properties held for sale	(d)	**4,949,818**	5,160,720	4,159,225
		7,442,713	6,605,580	4,928,835
Billings on work-in-progress in excess of related costs	(b)	**(1,619,475)**	(1,863,881)	(1,638,193)

(a) Work-in-progress in excess of related billings

	2012 $'000	2011 $'000 Restated	2010 $'000 Restated
Costs incurred and attributable profits	**9,649,476**	8,203,393	2,279,293
Provision for loss on work-in-progress	**(4,443)**	(4,137)	(3,651)
	9,645,033	8,199,256	2,275,642
Less: Progress billings	**(7,386,434)**	(7,081,042)	(1,670,432)
	2,258,599	1,118,214	605,210

Movements in the provision for loss on work-in-progress are as follows:

	2012 $'000	2011 $'000 Restated	2010 $'000 Restated
At 1 January	**4,137**	3,651	2,809
Charge to profit and loss account	**306**	486	1,597
Amount utilised	**-**	-	(768)
Exchange differences	**-**	-	13
At 31 December	**4,443**	4,137	3,651

(b) Billings on work-in-progress in excess of related costs

	2012 $'000	2011 $'000 Restated	2010 $'000 Restated
Costs incurred and attributable profits	**9,754,918**	9,166,938	14,541,819
Less: Progress billings	**(11,374,393)**	(11,030,819)	(16,180,012)
	(1,619,475)	(1,863,881)	(1,638,193)

(c) Stocks

	2012 $'000	2011 $'000 Restated	2010 $'000 Restated
Consumable materials and supplies	**170,007**	293,471	161,620
Finished products for sale	**64,289**	33,175	2,780
	234,296	326,646	164,400

12. Stocks and work-in-progress (continued)

	Group 2012 $'000	2011 $'000 Restated	2010 $'000 Restated
(d) Properties held for sale			
Properties under development			
Land cost	**3,216,525**	2,768,549	2,493,896
Development cost incurred to date	**684,975**	703,193	1,334,228
Related overhead expenditure	**292,601**	300,351	555,463
Progress billing and recognised profit	**(315,487)**	(273,643)	(232,269)
	3,878,614	3,498,450	4,151,318
Completed properties held for sale	**1,099,770**	1,703,286	51,854
	4,978,384	5,201,736	4,203,172
Provision for properties held for sale	**(28,566)**	(41,016)	(43,947)
	4,949,818	5,160,720	4,159,225
Movements in the provision for properties held for sale are as follows:			
At 1 January	**41,016**	43,947	48,201
(Write-back)/charge to profit and loss account	**(6,656)**	11,116	3,128
Amount utilised	**(4,780)**	(14,271)	(7,378)
Exchange differences	**(1,014)**	224	(4)
At 31 December	**28,566**	41,016	43,947
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:			
Aggregate amount of costs incurred and recognised profit (less recognised losses) to date	**1,724,447**	1,418,742	2,086,761
Less: Progress billings	**(340,918)**	(264,297)	(332,537)
At 31 December	**1,383,529**	1,154,445	1,754,224

Interest capitalised during the financial year amounted to $48,184,000 (2011: $47,975,000) at rates ranging from 0.67% to 2.50% (2011: 0.67% to 2.50%) per annum for Singapore properties and 2.01% to 17.80% (2011: 2.04% to 23.30%) per annum for overseas properties.

Certain properties held for sale with carrying amount of $915,740,000 (2011: $778,508,000) are mortgaged to banks for loan facilities (Note 19).

13. Amounts due from/to

	Group		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Subsidiaries				
Amounts due from				
- trade	**-**	-	**5,153**	6,998
- advances	**-**	-	**2,656,742**	2,204,415
	-	-	**2,661,895**	2,211,413
Provision for doubtful debts	**-**	-	**(6,600)**	(6,600)
	-	-	**2,655,295**	2,204,813
Amounts due to				
- trade	**-**	-	**175,533**	157,426
- advances	**-**	-	**153,673**	72,426
	-	-	**329,206**	229,852
Movements in the provision for doubtful debts are as follows:				
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% to 4.02% (2011: 0.05% to 5.35%) per annum on interest-bearing advances.

	Group		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Associated Companies				
Amounts due from				
- trade	**121,974**	106,094	**1,719**	1,483
- advances	**574,970**	297,919	**-**	-
	696,944	404,013	**1,719**	1,483
Provision for doubtful debts	**(207)**	(238)	**-**	-
	696,737	403,775	**1,719**	1,483
Amounts due to				
- trade	**12,053**	9,371	**-**	-
- advances	**51,442**	54,547	**-**	-
	63,495	63,918	**-**	-
Movements in the provision for doubtful debts are as follows:				
At 1 January	**238**	669	**-**	-
Write-back to profit and loss account	**(31)**	(431)	**-**	-
At 31 December	**207**	238	**-**	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.13% to 12.50% (2011: 0.14% to 12.50%) per annum on interest-bearing advances.

14. Debtors

	Group		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Trade debtors	**1,171,118**	1,249,437	**-**	-
Provision for doubtful debts	**(11,392)**	(39,367)	**-**	-
	1,159,726	1,210,070	**-**	-
Long term receivables due within one year (Note 10)	**11,440**	11,315	**173**	195
Sundry debtors	**111,515**	83,154	**350**	853
Prepaid project cost & prepayments	**47,698**	85,628	**365**	210
Derivative financial instruments (Note 32)	**174,227**	96,736	**156,513**	76,541
Tax recoverable	**14,614**	21,652	**-**	-
Goods & Services Tax receivable	**66,160**	92,094	**-**	-
Interest receivable	**15,288**	14,701	**40**	31
Deposits paid	**31,127**	19,479	**296**	334
Land tender deposits	**52,590**	38,020	**-**	-
Advance land payments	**182,052**	115,493	**-**	-
Recoverable accounts	**31,572**	42,057	**-**	-
Accrued receivables	**18,421**	17,981	**-**	-
Advances to subcontractors	**57,367**	103,294	**-**	-
Advances to corporations in which the Group has investment interests	**248**	249	**-**	-
Advances to non-controlling shareholders of subsidiaries	**108,800**	104,474	**-**	-
	923,119	846,327	**157,737**	78,164
Provision for doubtful debts	**(25,575)**	(28,464)	**-**	-
	897,544	817,863	**157,737**	78,164
Total	**2,057,270**	2,027,933	**157,737**	78,164
Movements in the provision for debtors are as follows:				
At 1 January	**67,831**	66,104	**-**	-
(Write-back)/charged to profit and loss account	**(28,151)**	4,619	**-**	-
Amount written off	**(2,367)**	(2,370)	**-**	-
Subsidiary disposed	**43**	(228)	**-**	-
Exchange differences	**(389)**	(294)	**-**	-
At 31 December	**36,967**	67,831	**-**	-

15. Short term investments

	Group 2012 $'000	Group 2011 $'000
Available-for-sale investments:		
Quoted equity shares	**301,189**	349,153
Unquoted equity shares	**1,137**	129,842
Unquoted unit trust	**48,265**	42,704
Unquoted debt securities	**1,802**	-
Total available-for-sale investments	**352,393**	521,699
Investments held for trading:		
Quoted equity shares	**64,714**	55,701
Total short term investments	**417,107**	577,400

16. Bank balances, deposits and cash

	Group		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Bank balances and cash	**2,542,851**	1,023,667	**3,773**	1,563
Fixed deposits with banks	**1,322,014**	1,731,377	**-**	58
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**18,653**	23,635	**-**	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**171,658**	241,775	**-**	-
	4,055,176	3,020,454	**3,773**	1,621

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 3 months (2011: 1 day to 6 months). This comprises Singapore dollar fixed deposits of $140,590,000 (2011: $338,506,000) at interest rates ranging from 0.01% to 4.44% (2011: 0.02% to 4.47%) per annum, and foreign currency fixed deposits of $1,181,424,000 (2011: $1,392,871,000) at interest rates ranging from 0.01% to 14.50% (2011: 0.00% to 18.65%) per annum.

As at 31 December 2011, fixed deposits with banks of the Company matured on varying periods, substantially in 2 months. This comprised foreign currency fixed deposits of $58,000 at interest rate of 0.90% per annum.

17. Creditors

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade creditors	**878,560**	850,953	**-**	-
Customers' advances and deposits	**120,720**	98,334	**-**	57
Progress billings received	**114,052**	386,635	**-**	-
Derivative financial instruments (Note 32)	**110,092**	141,422	**37,134**	90,665
Sundry creditors	**1,245,140**	1,000,570	**3,302**	3,404
Accrued operating expenses	**2,556,014**	2,720,461	**137,171**	136,798
Advances from non-controlling shareholders	**344,921**	361,795	**-**	-
Retention monies	**135,133**	132,489	**-**	-
Interest payables	**31,329**	17,243	**14,265**	3,472
	5,535,961	5,709,902	**191,872**	234,396

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.81% to 4.20% (2011: 0.93% to 12.00%) per annum on interest-bearing loans.

18. Provisions

	Warranties $'000	Claims $'000	Total $'000
Group			
2012			
At 1 January	**62,670**	**15,004**	**77,674**
Write-back to profit and loss account	**(780)**	**(3)**	**(783)**
Amount utilised	**(288)**	**-**	**(288)**
Exchange differences	**(1,728)**	**(1)**	**(1,729)**
At 31 December	**59,874**	**15,000**	**74,874**
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

19. Term loans

		2012		2011	
		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)	**-**	**1,500,000**	-	500,000
Keppel Land Medium Term Notes	(b)	**75,000**	**889,750**	50,000	330,000
Keppel Land 2.5% Convertible Bonds 2013	(c)	**296,609**	**-**	-	289,426
Keppel Land 1.875% Convertible Bonds 2015	(d)	**-**	**486,800**	-	482,683
Keppel Telecommunications & Transportation Medium Term Notes	(e)	**-**	**120,000**	-	-
Bank and other loans					
- secured	(f)	**171,831**	**1,219,852**	444,098	912,950
- unsecured	(g)	**462,114**	**1,985,943**	314,377	1,553,637
		1,005,554	**6,202,345**	808,475	4,068,696
Company					
Keppel Corporation Medium Term Notes	(a)	**-**	**1,500,000**	-	500,000
Unsecured bank loans		**-**	**-**	17,668	-
		-	**1,500,000**	17,668	500,000

(a) During the financial year, the Company increased the limit of the Multi-Currency Medium Term Note Programme to US$3,000,000,000 (2011: US$600,000,000). The notes comprise fixed rate notes of $500,000,000, $400,000,000, $300,000,000 and $300,000,000 (2011: $500,000,000) due in 2020, 2022, 2027 and 2042 (2011: 2020) respectively and are unsecured and carried interest rates ranging from 3.10% to 4.00% (2011: 3.10%) per annum.

(b) During the financial year, in addition to the existing US$800,000,000 Multi-Currency Medium Term Note Programme, Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. established a US$3,000,000,000 Multi-Currency Medium Term Note Programme. Fixed rate notes issued under this Programme amounting to $304,750,000 due in 2019 are unsecured and carried an interest rate of 3.26% per annum.

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 amounted to $660,000,000. The notes are unsecured and comprised fixed rate notes due from 2013 to 2024 (2011: 2012 to 2017) with interest rates ranging from 2.67% to 3.90% (2011: 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. The bonds had been reclassified to short term loan during the financial year.

The convertible bonds are recognised on the balance sheet as follows:

	Group	
	2012 $'000	2011 $'000
Balance at 1 January	**289,426**	282,536
Interest expense	**14,683**	14,390
Interest paid	**(7,500)**	(7,500)
Liability component at 31 December	**296,609**	289,426

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 4.78% (2011: 4.78%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

19. Term loans (continued)

(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. On 25 April 2012, $200,000 convertible bonds were converted and cancelled pursuant to the exercise of conversion rights by a bondholder.

The convertible bonds are recognised on the balance sheet as follows:

	Group	
	2012 $'000	2011 $'000
At 1 January	**482,683**	478,436
Conversion to ordinary shares of Keppel Land Limited	**(200)**	-
Interest expense	**13,692**	13,622
Interest paid	**(9,375)**	(9,375)
Liability component at 31 December	**486,800**	482,683

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 2.50% (2011: 2.50%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

(e) During the financial year, Keppel Telecommunications & Transportation Ltd, a subsidiary of the Company, established a S$500,000,000 Multi-Currency Medium Term Note Programme. Fixed rate notes issued under this Programme amounting to $120,000,000 due in 2019 are unsecured and carried an interest rate of 2.63% per annum from August 2012 to August 2017, and at 3.83% from August 2017 to August 2019 per annum.

(f) The secured bank loans consist of:

- 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 1.08% to 1.23% (2011: 1.11% to 1.37%) 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 1.25% (2011: 0.67% to 1.10%) per annum.

- 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 1.25% to 1.41% (2011: 1.09% to 1.41%) per annum.

- A $428,780,000 bank loan drawn down by a subsidiary. The term loan is repayable in 2017 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 1.17% to 1.19% per annum.

- Term loans of $35,200,000 drawn down by subsidiaries. The term loans are repayable between one to three years and are secured on certain fixed assets of the subsidiaries. Interest is based on money market rates ranging from 0.93% to 0.99% (2011: 0.68% to 0.90%) per annum.

- Other secured bank loans comprised $104,103,000 of foreign currency loans. They are repayable between one to four 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 6.77% to 9.93% (2011: 6.50% to 9.93%) per annum.

(g) The unsecured bank and other loans of the Group totalling $2,448,057,000 comprised $1,528,224,000 of loans denominated in Singapore dollar and $919,833,000 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 0.83% to 2.98% (2011: 0.82% to 2.98%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.71% to 17.80% (2011: 0.90% to 23.30%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $3,104,674,000 (2011: $4,196,584,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $7,281,995,000 (2011: $4,918,390,000) and $1,533,629,000 (2011: $520,933,000) 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	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Years after year-end:				
After one but within two years	**632,410**	937,206	**-**	-
After two but within five years	**3,314,279**	2,531,490	**-**	-
After five years	**2,255,656**	600,000	**1,500,000**	500,000
	6,202,345	4,068,696	**1,500,000**	500,000

20. Bank overdrafts

As at 1 January 2011, 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	
	2012 $'000	2011 $'000 Restated	2010 $'000 Restated	**2012 $'000**	2011 $'000
Deferred tax liabilities:					
Accelerated tax depreciation	**232,339**	181,768	161,896	**-**	-
Investment properties valuation	**120,937**	12,820	14,023	**-**	-
Offshore income & others	**36,969**	93,235	73,886	**4,932**	4,936
	390,245	287,823	249,805	**4,932**	4,936
Deferred tax assets:					
Other provisions	**(28,899)**	(12,648)	(13,821)	**-**	-
Unutilised tax benefits	**(35,506)**	(8,590)	(4,207)	**-**	-
	(64,405)	(21,238)	(18,028)	**-**	-
Net deferred tax liabilities	**325,840**	266,585	231,777	**4,932**	4,936

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 $576,547,000 (2011: $739,427,000) 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	Subsidiaries acquired $'000	Reclassification $'000	Exchange differences $'000	At 31 December $'000
Group								
2012								
Deferred Tax Liabilities								
Accelerated tax depreciation	**181,768**	**49,739**	**-**	**-**	**-**	**-**	**832**	**232,339**
Investment properties valuation	**12,820**	**1,939**	**-**	**(8,388)**	**115,228**	**-**	**(662)**	**120,937**
Offshore income & others	**93,235**	**(33,817)**	**(364)**	**-**	**19,275**	**(41,172)**	**(188)**	**36,969**
Total	**287,823**	**17,861**	**(364)**	**(8,388)**	**134,503**	**(41,172)**	**(18)**	**390,245**
Deferred Tax Assets								
Other provisions	**(12,648)**	**(17,734)**	**-**	**44**	**-**	**-**	**1,439**	**(28,899)**
Unutilised tax benefits	**(8,590)**	**(27,516)**	**-**	**-**	**-**	**-**	**600**	**(35,506)**
Total	**(21,238)**	**(45,250)**	**-**	**44**	**-**	**-**	**2,039**	**(64,405)**
Net Deferred Tax Liabilities	**266,585**	**(27,389)**	**(364)**	**(8,344)**	**134,503**	**(41,172)**	**2,021**	**325,840**
2011 (Restated)								
Deferred Tax Liabilities								
Accelerated tax depreciation	161,896	20,152	-	(8)	-	(132)	(140)	181,768
Investment properties valuation	14,023	(963)	-	-	-	-	(240)	12,820
Offshore income & others	73,886	19,467	(27)	45	-	(36)	(100)	93,235
Total	249,805	38,656	(27)	37	-	(168)	(480)	287,823
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	231,777	35,285	(27)	52	-	108	(610)	266,585
Company								
2012								
Deferred Tax Liabilities								
Offshore income	**4,936**	**(4)**	**-**	**-**	**-**	**-**	**-**	**4,932**
2011								
Deferred Tax Liabilities								
Offshore income	4,934	2	-	-	-	-	-	4,936

22. Revenue

	Group 2012 $'000	Group 2011 $'000
Revenue from construction contracts	**7,969,213**	5,974,949
Sale of property		
- Recognised on completion of construction method	**2,070,632**	431,489
- Recognised on percentage of completion method	**574,224**	712,942
Sale of goods	**41,202**	100,023
Rental income from investment properties	**246,536**	192,516
Revenue from services rendered	**3,056,114**	2,627,241
Dividend income from quoted shares	**6,175**	40,967
Others	**745**	2,340
	13,964,841	10,082,467

23. Staff costs

	Group 2012 $'000	Group 2011 $'000
Wages and salaries	**1,255,631**	1,146,706
Employer's contribution to Central Provident Fund	**120,140**	102,113
Share options and share plans granted to Directors and employees	**49,882**	51,274
Other staff benefits	**153,096**	132,796
	1,578,749	1,432,889

24. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group 2012 $'000	Group 2011 $'000
Auditors' remuneration		
- auditors of the Company	**1,480**	1,415
- other auditors of subsidiaries	**4,450**	4,597
Fees and other remuneration to Directors of the Company	**1,308**	1,533
Shares granted to Directors of the Company	**364**	368
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**1,621**	725
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	**30,821**	34,227
- post-employment benefits	**131**	304
- share options and share plans granted	**12,108**	12,399
Depreciation of fixed assets	**201,084**	201,995
Write-off of fixed assets	**1,177**	407
Amortisation of intangibles	**9,428**	6,576
Profit on sale of fixed assets	**(16,689)**	(26,959)
Profit on sale of investments	**(150,441)**	(35,434)

24. Operating profit (continued)

	Group 2012 $'000	Group 2011 $'000
Fair value (gain)/loss on		
- investments	**(9,682)**	27,980
- forward foreign exchange contracts	**48,327**	(14,111)
- interest rate caps and swaps	**1,549**	7,589
Write-back for		
- warranties	**(780)**	(5,887)
- claims	**(3)**	(296)
(Write-back)/provision for		
- work-in-progress	**306**	486
- properties held for sale	**(6,656)**	11,116
- stocks	**1,771**	268
(Write-back)/provision for doubtful debts		
- trade debts	**(26,685)**	3,337
- other debts	**(1,466)**	1,282
Bad debts written off		
- trade debts	**59**	33
- other debts	**-**	98
Cost of stocks & properties held for sale recognised as expense	**1,765,235**	854,572
Stocks written off/(recovered)	**99**	(60)
Rental expense		
- operating leases	**77,643**	76,162
Direct operating expenses		
- investment properties that generated rental income	**67,377**	61,927
Loss on differences in foreign exchange	**34,341**	14,318
Gain on disposal of subsidiaries	**(30,004)**	(4,288)
Gain on disposal of associated companies	**(3,120)**	(21,021)
Impairment (write-back)/loss of:		
- Fixed assets (Note 5)	**-**	17,791
- Associated companies (Note 8)	**(7,673)**	18,869
- Intangibles (Note 11)	**-**	13,538
Fair value gain on investment properties (Note 6)	**(172,101)**	(1,117,155)
(Write-back)/provision for restructuring of operations and others	**(12,000)**	23,446
Non-audit fees paid to		
- auditors of the Company	**268**	11
- other auditors of subsidiaries	**1,490**	1,313

25. Investment income, interest income and interest expenses

	Group 2012 $'000	Group 2011 $'000
Investment income from:		
Shares - quoted outside Singapore	**2,230**	2,899
Shares - unquoted	**4,471**	21,690
	6,701	24,589
Interest income from:		
Bonds, debentures, deposits and associated companies	**160,776**	113,982
Interest expenses on:		
Bonds, debentures, fixed term loans and overdrafts	**(133,384)**	(90,641)
Fair value loss on interest rate caps and swaps	**(1,549)**	(7,589)
	(134,933)	(98,230)

26. Taxation

(a) Income tax expense

	Group 2012 $'000	Group 2011 $'000 Restated
Tax expense comprised:		
Current tax	**512,937**	379,110
Adjustment for prior year's tax	**(20,843)**	(24,725)
Share of taxation of associated companies (Note 8)	**27,096**	45,236
Others	**8,818**	8,668
Deferred tax movement:		
Movements in temporary differences (Note 21)	**(27,389)**	35,285
	500,619	443,574

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 due to the following:

	Group 2012 $'000	Group 2011 $'000 Restated
Profit before tax	**3,256,267**	3,312,702
Tax calculated at tax rate of 17% (2011: 17%)	**553,565**	563,159
Income not subject to tax	**(283,810)**	(274,768)
Expenses not deductible for tax purposes	**258,328**	138,449
Utilisation of previously unrecognised tax benefits	**(16,574)**	(21,566)
Effect of different tax rates in other countries	**9,953**	63,025
Adjustment for prior year's tax	**(20,843)**	(24,725)
	500,619	443,574

26. Taxation (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2012 $'000	2011 $'000 Restated	**2012 $'000**	2011 $'000
At 1 January	**478,911**	455,079	**22,244**	26,147
Exchange differences	**(14,302)**	(1,151)	**-**	-
Tax expense	**512,937**	379,110	**11,000**	8,000
Adjustment for prior year's tax	**(20,843)**	(24,725)	**(5,638)**	(5,107)
Income taxes paid	**(213,619)**	(335,608)	**(6,626)**	(6,796)
Subsidiary acquired	**6,695**	-	**-**	-
Subsidiaries disposed	**(5,832)**	(172)	**-**	-
Reclassification				
- deferred tax liabilities	**41,172**	-	**-**	-
- tax recoverable and others	**(20,598)**	6,323	**-**	-
Others	**341**	55	**117**	-
At 31 December	**764,862**	478,911	**21,097**	22,244

27. Earnings per ordinary share

	Group			
	2012 $'000		2011 $'000 Restated	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders	**2,237,299**	**2,237,299**	1,945,765	1,945,765
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies	**-**	**(844)**	-	(794)
Adjusted net profit	**2,237,299**	**2,236,455**	1,945,765	1,944,971
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares	**1,792,992**	**1,792,992**	1,778,594	1,778,594
Adjustment for dilutive potential ordinary shares	**-**	**17,055**	-	17,659
Weighted average number of ordinary shares used to compute earnings per share	**1,792,992**	**1,810,047**	1,778,594	1,796,253
Earnings per ordinary share	**124.8 cts**	**123.6 cts**	109.4 cts	108.2 cts

28. Dividends

A final dividend of 27.0 cents per share tax exempt one-tier (2011: final dividend of 26.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2012 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

In addition, a special dividend in specie of one Keppel REIT unit for every five shares in the Company ("Proposed Distribution") has been proposed. The Proposed Distribution value is equivalent to approximately 27.4 cents per share tax exempt one-tier as at 23 January 2013. The Proposed Distribution is conditional upon approval by shareholders during an Extraordinary General Meeting to be convened and satisfaction of any regulatory approvals which may be required in connection with the Proposed Distribution. Final Proposed Distribution value will be determined based on the closing price of Keppel REIT on the trading day immediately preceding the ex-date for the dividend in specie.

Together with the interim dividend of 18.0 cents per share tax exempt one-tier (2011: 17.0 cents per share tax exempt one-tier), total distribution paid and proposed in respect of the financial year ended 31 December 2012 will be 72.4 cents per share tax exempt one-tier (2011: 43.0 cents per share tax exempt one-tier).

During the financial year, the following dividends were paid:

	$'000
A final dividend of 26.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	466,423
An interim dividend of 18.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	323,033
	789,456

29. Commitments

(a) Capital commitments

	Group	
	2012 $'000	2011 $'000
Capital expenditure not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**87,308**	2,143
- for purchase of other fixed assets	**291,362**	547,908
- for purchase/subscription of shares in other companies	**455,240**	526,732
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**182,049**	124,561
- for purchase of other fixed assets	**307,536**	434,533
- for purchase/subscription of shares in other companies	**189,093**	37,734
	1,512,588	1,673,611
Less: Non-controlling shareholders' shares	**(424,464)**	(326,415)
	1,088,124	1,347,196

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		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Years after year-end:				
Within one year	**78,208**	67,214	**122**	122
From two to five years	**218,042**	225,604	**167**	-
After five years	**683,079**	705,809	**-**	-
	979,329	998,627	**289**	122

29. Commitments (continued)

(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		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Years after year-end:				
Within one year	**272,020**	270,780	**-**	-
From two to five years	**591,996**	623,716	**-**	-
After five years	**135,848**	189,165	**-**	-
	999,864	1,083,661	**-**	-

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.

30. Contingent liabilities (unsecured)

	Group		Company	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**183,035**	206,709	**1,745,784**	904,867
Bank guarantees	**59,686**	62,370	**-**	-
Others	**29,444**	48,006	**-**	-
	272,165	317,085	**1,745,784**	904,867

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.

31. Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, there were no other significant related party transactions during the financial year.

32. Financial risk management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and 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 $9,141,571,000 (2011: $8,516,890,000). The net positive fair value of forward foreign exchange contracts is $127,198,000 (2011: net negative fair value $2,003,000) comprising assets of $164,566,000 (2011: $90,812,000) and liabilities of $37,368,000 (2011: $92,815,000). These amounts are recognised as derivative financial instruments in debtors (Note 14) and creditors (Note 17).

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling $8,954,546,000 (2011: $8,139,093,000). The net positive fair value of forward foreign exchange contracts is $119,379,000 (2011: net negative fair value $14,124,000) comprising assets of 156,513,000 (2011: $76,541,000) and liabilities of $37,134,000 (2011: $90,665,000). 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:

	2012			2011		
	USD $'000	**Euro $'000**	**Others $'000**	USD $'000	Euro $'000	Others $'000
Group						
Financial Assets						
Debtors	**36,056**	**1,687**	**14,486**	35,576	1,037	27,172
Investments	**172,186**	**5,095**	**100,031**	149,916	16,587	224,413
Bank balances, deposits & cash	**2,156,741**	**29,016**	**155,233**	629,222	71,521	199,852
Financial Liabilities						
Creditors	**69,735**	**9,218**	**36,365**	49,342	17,551	50,688
Term loans	**1,075,223**	**-**	**-**	235,371	-	-
Company						
Financial Assets						
Debtors	**30**	**-**	**117**	302	-	164
Bank balances, deposits & cash	**40**	**-**	**1,332**	214	-	1,705
Financial Liabilities						
Creditors	**-**	**50**	**-**	-	-	57

32. Financial risk management (continued)

Sensitivity analysis for currency risk
If the relevant foreign currency change against SGD by 5% (2011: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Group				
USD against SGD				
- Strengthened	**52,435**	18,945	**8,617**	7,472
- Weakened	**(52,435)**	(18,945)	**(8,617)**	(7,472)
Euro against SGD				
- Strengthened	**1,078**	2,737	**256**	827
- Weakened	**(1,078)**	(2,737)	**(256)**	(827)
Company				
USD against SGD				
- Strengthened	**4**	26	**-**	-
- Weakened	**(4)**	(26)	**-**	-

(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 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 $1,421,237,000 (2011: $905,807,000) whereby it receives variable rates equal to SIBOR (2011: SIBOR) and pays fixed rates of between 0.875% and 3.62% (2011: 1.43% and 3.62%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $54,957,000 (2011: $45,763,000) comprising assets of $Nil (2011: $Nil) and liabilities of $54,957,000 (2011: $45,763,000). These amounts are recognised as derivative financial instruments in creditors (Note 17).

Sensitivity analysis for interest rate risk
If interest rates increase/decrease by 0.5% (2011: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $8,298,000 (2011: $8,278,000) 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 $437,241,000 (2011: $182,927,000). The net negative fair value of HSFO forward contracts for the Group is $8,106,000 (2011: net positive fair value $3,080,000) comprising assets of $9,661,000 (2011: $5,924,000) and liabilities of $17,767,000 (2011: $2,844,000). 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% (2011: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $21,457,000 (2011: $7,719,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2011: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $3,236,000 (2011: $2,785,000) 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 $17,545,000 (2011: $24,982,000) as a result of higher/lower fair value gains on available-for-sale investments.

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 debtors, amounts due from associated companies and bank balances, deposits and cash.

(i) Financial assets that are neither past due nor impaired
Debtors and amounts due from associated companies 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	
	2012 $'000	2011 $'000
Past due 0 to 3 months but not impaired	**96,601**	222,060
Past due 3 to 6 months but not impaired	**40,348**	23,544
Past due over 6 months and partially impaired	**51,777**	97,878
	188,726	343,482

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.

32. Financial risk management (continued)

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				
2012				
Gross-settled forward foreign exchange contracts				
- Receipts	**7,337,433**	**1,284,681**	**655,137**	**18**
- Payments	**(7,245,594)**	**(1,271,747)**	**(643,828)**	**(18)**
Net-settled HSFO forward contracts				
- Receipts	**8,351**	**1,310**	**-**	**-**
- Payments	**(16,120)**	**(1,601)**	**(46)**	**-**
Borrowings	**(1,171,775)**	**(781,862)**	**(3,633,627)**	**(2,849,793)**
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)
Company				
2012				
Gross-settled forward foreign exchange contracts				
- Receipts	**7,154,891**	**1,279,670**	**655,137**	**18**
- Payments	**(7,066,514)**	**(1,266,747)**	**(643,828)**	**(18)**
Borrowings	**(51,480)**	**(51,480)**	**(154,440)**	**(1,999,733)**
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)

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 2011. The Group and the Company are in compliance with externally imposed capital requirements for the financial year ended 31 December 2012.

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	
	2012 $'000	2011 $'000 Restated
Net debt	**(3,152,723)**	(1,856,717)
Total capital	**13,578,126**	11,761,295
Net gearing ratio	**(0.23x)**	(0.16x)

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). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2012				
Assets				
Derivative financial instruments	**-**	**174,227**	**-**	**174,227**
Investments				
- Available-for-sale investments	**1,442**	**-**	**223,938**	**225,380**
Short term investments				
- Available-for-sale investments	**301,189**	**50,067**	**1,137**	**352,393**
- Investments held for trading	**64,714**	**-**	**-**	**64,714**
	367,345	**224,294**	**225,075**	**816,714**
Liabilities				
Derivative financial instruments	**-**	**110,092**	**-**	**110,092**
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

32. Financial risk management (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2012				
Assets				
Derivative financial instruments	**-**	**156,513**	**-**	**156,513**
Liabilities				
Derivative financial instruments	**-**	**37,134**	**-**	**37,134**
2011				
Assets				
Derivative financial instruments	-	76,541	-	76,541
Liabilities				
Derivative financial instruments	-	90,665	-	90,665

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	2012 $'000	2011 $'000
Group		
At 1 January	**332,829**	174,776
Purchases	**68,439**	228,490
Sales	**(221,461)**	(2,658)
Fair value gain/(loss) recognised in equity	**55,900**	(58,697)
Subsidiary acquired	**392**	-
Impairment loss	**(5,062)**	-
Reclassification	**-**	(8,194)
Exchange differences	**(5,962)**	(888)
At 31 December	**225,075**	332,829

33. 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, M1 Limited and equities.

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
2012						
Revenue						
External sales	7,962,865	2,832,290	3,018,026	151,660	-	13,964,841
Inter-segment sales	442	149,000	2,305	72,678	(224,425)	-
Total	7,963,307	2,981,290	3,020,331	224,338	(224,425)	13,964,841
Segment Results						
Operating profit	1,088,647	46,203	1,352,846	123,769	9,710	2,621,175
Investment income	2,340	-	4,259	102	-	6,701
Interest income	81,687	2,007	73,367	135,993	(132,278)	160,776
Interest expenses	(9,973)	(16,502)	(118,968)	(112,058)	122,568	(134,933)
Share of results of associated companies	29,989	26,889	497,606	48,064	-	602,548
Profit before tax	1,192,690	58,597	1,809,110	195,870	-	3,256,267
Taxation	(228,166)	(29,907)	(246,521)	3,975	-	(500,619)
Profit for the year	964,524	28,690	1,562,589	199,845	-	2,755,648
Attributable to:						
Shareholders of Company	948,689	16,127	1,078,673	193,810	-	2,237,299
Non-controlling interests	15,835	12,563	483,916	6,035	-	518,349
	964,524	28,690	1,562,589	199,845	-	2,755,648
Other information						
Segment assets	7,625,282	3,474,294	18,027,856	5,240,189	(5,197,089)	29,170,532
Segment liabilities	5,189,042	2,625,484	9,144,811	3,830,158	(5,197,089)	15,592,406
Net assets	2,436,240	848,810	8,883,045	1,410,031	-	13,578,126
Investment in associated companies	410,671	547,605	3,918,658	389,668	-	5,266,602
Additions to non-current assets	365,575	500,784	201,009	140,977	-	1,208,345
Depreciation and amortisation	134,351	54,706	21,061	394	-	210,512

Geographical information

	Singapore $'000	Far East & other ASEAN countries $'000	Americas $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	11,101,775	1,111,666	1,115,485	635,915	-	13,964,841
Non-current assets	10,785,313	2,361,299	383,344	606,747	-	14,136,703

Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2012.

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 2012.

Note: Pricing of inter-segment goods and services is at fair market value.

33. Segment analysis (continued)

	Offshore & Marine $'000	Infrastructure $'000	Property $'000	Investments $'000	Elimination $'000	Total $'000
2011 (restated)						
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	1,272,536	17,902	1,541,942	(11,222)	3,186	2,824,344
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	339,636	31,454	-	448,017
Profit before taxation	1,371,366	35,404	1,875,011	30,921	-	3,312,702
Taxation	(309,521)	(24,092)	(103,606)	(6,355)	-	(443,574)
Profit for the year	1,061,845	11,312	1,771,405	24,566	-	2,869,128
Attributable to:						
Shareholders of Company	1,019,249	(8,083)	917,352	17,247	-	1,945,765
Non-controlling interests	42,596	19,395	854,053	7,319	-	923,363
	1,061,845	11,312	1,771,405	24,566	-	2,869,128
Other information						
Segment assets	6,734,279	3,354,860	16,892,143	5,266,419	(7,148,364)	25,099,337
Segment liabilities	4,916,110	2,512,787	9,608,902	3,448,607	(7,148,364)	13,338,042
Net assets	1,818,169	842,073	7,283,241	1,817,812	-	11,761,295
Associated companies	386,014	514,592	3,338,343	223,230	-	4,462,179
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	9,558,829	1,615,746	183,488	736,243	-	12,094,306

Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2011.

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.

Note: Pricing of inter-segment goods and services is at fair market value.

34. Comparatives

Certain adjustments have been made to the previous years' financial statements to conform to the current year's presentation in connection with:

(a) The adoption of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.
(b) The reclassification of progress billings, which relate to properties under development where revenue is recognised under the completion of construction method, as progress billings within creditors (Note 17).

As a result, certain line items have been restated in the balance sheets of the Group as at 31 December 2011 and 2010, 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 2011, and the related notes to the financial statements.

35. 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
Revised FRS 19	Employee Benefits
FRS 113	Fair Value Measurements
Amendments to FRS 107	Disclosures - Offsetting of Financial Assets and Financial Liabilities
Revised FRS 27	Separate Financial Statements
Revised FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities

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.

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.

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.

(b) 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.

35. New accounting standards and interpretations (continued)

(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.

FRS 110 will take effect from financial years beginning on or after 1 January 2014, with full retrospective application, subject to transitional provisions.

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.

(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.

FRS 111 will take effect from financial years beginning on or after 1 January 2014, with full retrospective application, subject to transitional provisions.

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 2014 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.

36. 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	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2012 %	2012 %	2011 %	2012 $'000	2011 $'000		
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
Angra Propriedades & Administracao Ltda(n)(1a)	100	100	-	#	-	Brazil	Holding of long-term investments and property management
AzerFELS Pte Ltd	68	60	60	#	#	Singapore	Holding of long-term investments
Benniway Pte Ltd	88	88	88	#	#	Singapore	Holding of long-term investments
Berich Enterprises Ltd(4)	100	100	100	#	#	BVI	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)	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
Fernvale 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
Guanabara Navegacao Ltda(1a)	100	100	100	#	#	Brazil	Ship owning
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
Keppel Norway A/S(4)	-	-	100	-	#	Norway	Disposed

	Gross Interest 2012 %	Effective Equity Interest 2012 %	2011 %	Cost of Investment 2012 $'000	2011 $'000	Country of Incorporation /Operation	Principal Activities
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
KVE Adminstradora de Bens Imoveis Ltda(n)(1a)	100	100	-	#	-	Brazil	Holding of long-term investments and property management
Marine & Offshore Protection & Preservation BV(1a)	100	100	100	#	#	Netherlands	Chamber blasting services and painting and coating works
Navegantes Administracoes de Bens Moveis e Imoveis Ltda(1a) (formerly known as Navegantes Construcao e Servicos Maritimos Ltda(a)	100	100	100	#	#	Brazil	Shipbuilding
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
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	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
OWEC Tower AS(n)(3)	50	50	-	#	-	Norway	Offshore wind turbine jacket foundation design and engineering
Seafox 5 Ltd(1a)	49	49	75	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms

	Gross Interest 2012 %	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Cost of Investment 2012 $'000	Cost of Investment 2011 $'000	Country of Incorporation /Operation	Principal Activities
Marine							
Subsidiaries							
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Shiprepairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	98	#	#	Philippines	Shipbuilding and repairing
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 Heavy Industry Co Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
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)	87+	86+	86+	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
Dyna-Mac Holdings Ltd(3)	24	24	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 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	Commercial power generation
New Energy Industrial Ltd(4)	-	-	100	-	#	BVI/Ecuador	Disposed
Termoguayas Generation SA(4)	-	-	100	-	#	Ecuador	Disposed

	Gross Interest 2012 %	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Cost of Investment 2012 $'000	Cost of Investment 2011 $'000	Country of Incorporation /Operation	Principal Activities
Environmental Engineering							
Subsidiaries							
Keppel Integrated Engineering Ltd	100	100	100	779,721	761,848	Singapore	Investment holding
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Provision of environmental engineering services specialising on WTE plants and biosolidsand sludge treatment
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(2a)	100	100	100	#	#	Australia	Metal fabrication
Keppel Sea Scan Pte Ltd	100	100	100	#	#	Singapore	Trading and installation of hardware, industrial, marine and building-related products, leasing and provision of services
Keppel Seghers Belgium NV(1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste, waste-water and sludge management
Keppel Seghers 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, repairing, services and agencies
Tianjin Eco-City Energy Investment & Construction Co Ltd(3)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd(3)	20	20	20	#	#	China	Investment, construction and operation of infrastructure for environmental protection

	Gross Interest 2012 %	Effective Equity Interest 2012 %	2011 %	Cost of Investment 2012 $'000	2011 $'000	Country of Incorporation /Operation	Principal Activities
Logistics & Data Centres							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd(2)	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
Jilin Sino-Singapore Food Zone International Logistics Co Ltd(n)(3)	70	56	-	#	-	China	Integrated logistics services, storage and distribution
Keppel Communications Pte Ltd(2)	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Data Centres Holding Pte Ltd(2)	100+	73+	72+	#	#	Singapore	Data centre facilities and co-location services
Keppel Data Centres Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Keppel Datahub Pte Ltd(2)	100+	73+	72+	#	#	Singapore	Data centre facilities and co-location services
Keppel Digihub Ltd(2)	100+	73+	72+	#	#	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	80	#	#	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
Securus Data Property Fund Pte Ltd(3)	30	24	24	#	#	Singapore	Investment holding
Securus Guernsey 2 Ltd(3)	51	41	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

	Gross Interest 2012 %	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Cost of Investment 2012 $'000	Cost of Investment 2011 $'000	Country of Incorporation /Operation	Principal Activities
PROPERTY							
Subsidiaries							
Keppel Land Ltd(2)	55	55	53	1,685,682	1,526,909	Singapore	Holding, management and investment company
Keppel Land China Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Keppel REIT(2) (formerly known as K-REIT Asia)	76	54	55	#	#	Singapore	Real estate investment trust
Keppel Bay Pte Ltd	100+	86+	86+	626	626	Singapore	Property development
Keppel Philippines Properties Inc(2a)	80+	57+	56+	493	493	Philippines	Investment holding
Aether Ltd(n)(3)	51	28	-	#	-	HK	Investment holding
Aintree Assets Ltd(4)	100	55	53	#	#	BVI/Asia	Investment holding
Alpha Investment Partners Ltd(2)	100	55	53	#	#	Singapore	Fund management
Bayfront Development Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd(n)(3)	100	28	-	#	-	China	Property investment
Beijing Kingsley Property Development Co Ltd(3)	100	55	53	#	#	China	Property development
Belwynn-Hung Phu Joint Venture LLC(2a)	60	33	32	#	#	Vietnam	Property development
Bintan Bay Resort Pte Ltd(2)	90	49	48	#	#	Singapore	Investment holding
Broad Elite Investments Ltd(4)	100	55	53	#	#	BVI/China	Investment holding
Changzhou Fushi Housing Development Pte Ltd(3)	100	55	53	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(3)	100	55	53	#	#	China	Property development
Chengdu Hilltop Development Co Ltd(3)	100	55	53	#	#	China	Property development
Chengdu Hillwest Development Co Ltd(3)	100	55	53	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Investment Co Ltd(n)(3)	100	55	-	#	-	China	Property development
DL Properties Ltd(2)	65	36	34	#	#	Singapore	Property investment
Double Peak Holdings Ltd(4)	100	55	53	#	#	BVI/ Singapore	Investment holding
Estella JV Co Ltd(2a)	55	30	29	#	#	Vietnam	Property development
Evergro Properties Ltd(2)	100	55	53	#	#	Singapore	Property investment and development
Hillwest Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
International Centre(1a)	79	59	59	#	#	Vietnam	Property investment
Jiangyin Evergro Properties Co Ltd(3)	99	54	52	#	#	China	Property development

	Gross Interest 2012 %	Effective Equity Interest 2012 %	2011 %	Cost of Investment 2012 $'000	2011 $'000	Country of Incorporation /Operation	Principal Activities
KeplandeHub Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Keppel Al Numu Development Ltd(2a)	51	28	27	#	#	Singapore/ Saudi Arabia	Property development
Keppel Bay Property Development (Shenyang) Co Ltd(3)	100	55	53	#	#	China	Property development
Keppel China Marina Holdings Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(3)	100	75	74	#	#	China	Property development
Keppel Lakefront (Nantong) Property Development Co Ltd(3)	100	55	53	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(3)	100	55	53	#	#	China	Property development
Keppel Land (Mayfair) Pte Ltd(2)	100	55	53	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd(3)	100	55	53	#	#	HK	Investment holding
Keppel Land (Tower D) Pte Ltd(2)	100	55	53	#	#	Singapore	Property development and investment
Keppel Land Financial Services Pte Ltd(2)	100	55	53	#	#	Singapore	Financial services
Keppel Land International Ltd(2)	100	55	53	#	#	Singapore	Property services
Keppel Land Properties Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd(2)	100	55	53	#	#	Singapore	Property development and investment
Keppel Land Watco IV Co Ltd(2a)	68	37	36	#	#	Vietnam	Property investment and development
Keppel Land Watco V Co Ltd(2a)	68	37	36	#	#	Vietnam	Property investment and development
Keppel Puravankara Development Pvt Ltd(2a)	51	28	27	#	#	India	Property development
Keppel REIT (Australia) Pte Ltd(2) (formerly known as K-REIT Asia (Australia) Pte Ltd)	100	54	55	#	#	Singapore	Investment holding
Keppel REIT (Australia) Subtrust1(2a) (formerly known as K-REIT (Australia) Subtrust1)	100	54	55	#	#	Australia	Investment in real estate properties
Keppel REIT (Australia) Subtrust2(2a) (formerly known as K-REIT (Australia) Subtrust2)	100	54	55	#	#	Australia	Investment in real estate properties

Significant Subsidiaries and Associated Companies

	Gross Interest 2012 %	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Cost of Investment 2012 $'000	Cost of Investment 2011 $'000	Country of Incorporation /Operation	Principal Activities
Keppel REIT (Australia) Subtrust3(n)(2a)	100	54	-	#	-	Australia	Investment in real estate properties
Keppel REIT (Australia) Trust(2a) (formerly known as K-REIT Asia (Australia) Trust)	100	54	55	#	#	Australia	Investment in real estate properties
Keppel REIT (Bermuda) Ltd(4) (formerly known as K-REIT Asia (Bermuda) Ltd)	100	54	55	#	#	Bermuda	Investment holding
Keppel REIT Fin. Co Pte Ltd(2) (formerly known as K-REIT Fin. Co Pte Ltd)	100	54	55	#	#	Singapore	Provision of treasury services
Keppel REIT Investment Pte Ltd(2) (formerly known as K-REIT Asia Investment Pte Ltd)	100	55	53	#	#	Singapore	Investment holding
Keppel REIT Management Ltd(2) (formerly known as K-REIT Asia Management Ltd)	100	55	53	#	#	Singapore	Property fund management
Keppel REIT Property Management Pte Ltd(2) (formerly known as K-REIT Asia Property Management Pte Ltd)	100	55	53	#	#	Singapore	Property management services
Keppel Thai Properties Public Co Ltd(2a)	45	25	24	#	#	Thailand	Property development and investment
Keppel Tianjin Eco-City Investments Pte Ltd(2)	100+	75+	74+	64,725	64,725	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd(3)	100	55	53	#	#	China	Property development
Kingsdale Development Pte Ltd(2)	86	47	27	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Le Vision Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Mansfield Developments Pte Ltd(2)	100	55	53	#	#	Singapore	Property development
Merryfield Investment Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd(2)	100	55	53	#	#	Singapore	Property and investment holding
Ocean Properties LLP(2)	100	54	48	#	#	Singapore	Property investment
Oceansky Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Pembury Properties Ltd(4)	100	55	53	#	#	BVI/ Singapore	Investment holding
PT Kepland Investama(2a)	100	55	53	#	#	Indonesia	Property investment and development
PT Mitra Sindo Makmur(1a)	51	28	27	#	#	Indonesia	Property development and investment

	Gross Interest 2012 %	Effective Equity Interest 2012 %	2011 %	Cost of Investment 2012 $'000	2011 $'000	Country of Incorporation /Operation	Principal Activities
PT Mitra Sindo Sukses(1a)	51	28	27	#	#	Indonesia	Property development and investment
PT Ria Bintan(1a)	100	25	24	#	#	Indonesia	Golf course ownership and operation
PT Sentral Supel Perkasa(2a)	80	44	42	#	#	Indonesia	Property investment and development
PT Sentral Tanjungan Perkasa(2a)	80	44	42	#	#	Indonesia	Property development
PT StraitsCM Village(1a)	100	21	21	#	#	Indonesia	Hotel ownership and operations
Quang Ba Royal Park JV Co(2a)	70	38	37	#	#	Vietnam	Property investment
Riviera Cove JV LLC(2a)	60	33	32	#	#	Vietnam	Property development
Riviera Point LLC(2a)	75	41	40	#	#	Vietnam	Property development
Saigon Centre Holdings Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Saigon Sports City Ltd(2a)	100	49	48	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(3)	99	54	52	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd(3)	100	54	52	#	#	China	Property development
Shanghai Ji Xiang Land Co Ltd(3)	100	55	53	#	#	China	Property development
Shanghai Merryfield Land Co Ltd(3)	99	54	52	#	#	China	Property development
Shanghai Minghong Property Co Ltd(3)	99	54	52	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(3)	99	54	52	#	#	China	Property development
Sherwood Development Pte Ltd(2)	100	55	53	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd(n)(3)	80	38	-	#	-	China	Golf club operations and development and property development
Spring City Resort Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Straits Greenfield Ltd(3)	100	55	53	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd(2)	100	55	53	#	#	Singapore	Property development and investment
Straits Property Investments Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding
Success View Enterprises Ltd(4)	100	75	74	#	#	BVI/China	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd(3)	100	44	42	#	#	China	Development of marina lifestyle cum residential properties
Sunseacan Investment (HK) Co Ltd(3)	80	44	42	#	#	HK	Investment holding
Third Dragon Development Pte Ltd(2)	100	55	53	#	#	Singapore	Investment holding and marketing agent
Tianjin Fushi Property Development Co Ltd(3)	100	55	53	#	#	China	Property development

Significant Subsidiaries and Associated Companies

	Gross Interest 2012 %	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Cost of Investment 2012 $'000	Cost of Investment 2011 $'000	Country of Incorporation /Operation	Principal Activities
Tianjin Merryfield Property Development Co Ltd(3)	100	55	53	#	#	China	Property development
Triumph Jubilee Ltd(n)(4)	100	55	-	#	-	BVI/China	Investment holding
Wiseland Investment Myanmar Ltd(3)	100	55	53	#	#	Myanmar	Hotel ownership and operations
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	91+	91+	1,460	-	Singapore	Investment holding
Esqin Pte Ltd	100	100	100	11,001	11,001	Singapore	Investment holding
FELS Property Holdings Pte Ltd	100	100	100	70,214	70,214	Singapore	Investment holding
FELS SES International Pte Ltd	98+	90+	90+	48	48	Singapore	Investment holding
Harbourfront One Pte Ltd	70	65	65	#	#	Singapore	Property development
Keppel (USA) Inc(4)	100	100	100	7,117	7,117	USA	Investment holding
Keppel Group Eco-City Investments Pte Ltd	100+	84+	84+	126,744	67,624	Singapore	Investment holding
Keppel Hi-Tech InnovationPark Holdings Pte Ltd	100+	84+	84+	450	450	Singapore	Investment holding
Keppel Houston Group LLC(4)	100	86	86	#	#	USA	Property investment
Keppel Kunming Resort Ltd(3)	100+	91+	91+	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	764,400	50,000	Singapore	Investment holding
Petro Tower Ltd(3)	76	69	68	#	#	Vietnam	Property investment
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90	76	75	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(4)	100	84	84	#	#	BVI/China	Investment holding
Associated Companies							
Asia Real Estate Fund Management Ltd(2)	50	27	27	#	#	Singapore	Fund management
BFC Development Pte Ltd(2)	33	18	18	#	#	Singapore	Property development and investment
Central Boulevard Development Pte Ltd(2)	33	18	17	#	#	Singapore	Property development
CityOne Development (Wuxi) Co Ltd(3)	50	27	27	#	#	China	Property development
CityOne Township Development Pte Ltd(2)	50	27	27	#	#	Singapore	Investment holding
Dong Nai Waterfront City LLC(2a)	50	27	27	#	#	Vietnam	Property development
EM Services Pte Ltd(1a)	25	14	13	#	#	Singapore	Property management
Harbourfront Three Pte Ltd(3)	39	34	34	#	#	Singapore	Property development
Harbourfront Two Pte Ltd(3)	39	34	34	#	#	Singapore	Property development
Keppel Land Watco I Co Ltd(2a)	68	37	36	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(2a)	68	37	36	#	#	Vietnam	Property investment and development

	Gross Interest 2012 %	Effective Equity Interest 2012 %	2011 %	Cost of Investment 2012 $'000	2011 $'000	Country of Incorporation /Operation	Principal Activities
Keppel Land Watco III Co Ltd(2a)	68	37	36	#	#	Vietnam	Property investment and development
Keppel Magus Development Pvt Ltd(3)	38	21	20	#	#	India	Property development
One Raffles Quay Pte Ltd(2)	33	18	18	#	#	Singapore	Property development and investment
Parksville Development Pte Ltd(2)	50	27	27	#	#	Singapore	Property investment
PT Pantai Indah Tateli(2a)	50	27	27	#	#	Indonesia	Property development
PT Pulomas Gemala Misori(3)	25	14	13	#	#	Indonesia	Property development
PT Purimas Straits Resorts(3)	25	14	13	#	#	Indonesia	Development of holiday resort
PT Purosani Sri Persada(4)	-	-	11	#	#	Indonesia	Disposed
Raffles Quay Asset Management Pte Ltd(2)	33	18	17	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(2a)	40	22	21	#	#	Malaysia	Property investment
SAFE Enterprises Pte Ltd(3)	25	14	13	#	#	Singapore	Investment holding
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(1a)	50	38	38	#	#	China	Property development
Suzhou Property Development Pte Ltd(3)	25	14	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
Alpha Real Estate Securities Fund	99	99	99	#	#	Singapore	Investment holding
Devan International Ltd(4)	100	100	100	#	#	BVI	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 GMTN Pte Ltd	100	100	100	10	-	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	284,924	85,270	Singapore	Investment holding
KI Investments (HK) Ltd(3)	100	100	100	#	#	HK	Investment company
Primero Investments Pte Ltd	100	100	100	#	#	Singapore	Investment company
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency

Significant Subsidiaries and Associated Companies

	Gross Interest 2012 %	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Cost of Investment 2012 $'000	Cost of Investment 2011 $'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				**5,554,450**	**4,403,160**		

Notes:
(i) All the companies are audited by Deloitte & Touche LLP, Singapore except for the following:
(1a) Audited by overseas practice of Deloitte Touche Tohmatsu Limited;
(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 250 significant subsidiaries and associated companies as at 31 December 2012. 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 20 April 2012. 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)	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**-**	-	**4,700**	-
CapitaMalls Asia Group	**-**	-	**337,000**	-
Gas Supply Pte Ltd	**-**	-	**-**	9,000
Integradora de Servicios Petroleros Oro Negro	**-**	-	**460,454**	-
Mapletree Investments Group	**-**	-	**-**	3,312
MediaCorp Group	**-**	-	**71,500**	-
Neptune Orient Lines Group	**-**	-	**29,676**	-
PSA International Group	**-**	-	**384**	-
SATS Group	**-**	-	**30,180**	-
SembCorp Marine Group	**-**	-	**6,967**	-
Singapore Airlines Group	**-**	-	**7,763**	4,200
Singapore Power Group	**-**	-	**20,938**	-
Singapore Technologies Engineering Group	**-**	-	**959**	-
Singapore Telecommunications Group	**-**	-	**4,590**	-
Temasek Holdings Group	**-**	-	**4,218**	-
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	**-**	-	**344**	-
Certis CISCO Security Group	**-**	-	**561**	-
Gas Supply Pte Ltd	**-**	-	**100,000**	39,900
Hazeltree Holdings Group	**-**	-	**108**	-
Mapletree Investments Group	**-**	-	**694**	719
MediaCorp Group	**-**	-	**221**	-
PSA International Group	**-**	-	**1,146**	-
SembCorp Marine Group	**-**	-	**412**	-
Singapore Power Group	**-**	-	**240**	-
Singapore Technologies Engineering Group	**-**	-	**106**	-
Joint Venture				
Temasek Holdings (Private) Limited and its associate	**-**	26,740	**-**	-
Total Interested Person Transactions	**-**	26,740	**1,083,161**	57,131

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, 51
Bachelor in Property Administration (Colombo Plan Scholarship), Auckland University; Presidential Key Executive MBA Program, Pepperdine University; Chartered Financial Analyst (CFA).

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 U.S., Europe and Asia.

Prior to joining Alpha, Mr Loh was Managing Director at Prudential Investment Management Inc. ("Prudential"), and led its Asian real estate fund management business. During his eight years at Prudential, Mr Loh was responsible for overseeing all investment and asset management activities for the real estate funds managed out of Asia.

Mr Loh started his career in real estate investment with the Government of Singapore Investment Corporation (GIC). During the 10 years with GIC, he has held appointments in the San Francisco office and was head of the European real estate group in London before returning to head the Asian real estate group.

Mr Loh is a director of Keppel Land Limited, Keppel Land China Limited, Keppel REIT Management Limited (the manager of Keppel REIT), Keppel Offshore Marine Ltd, Keppel Shipyard Limited, Keppel FELS Limited, KrisEnergy Ltd, Keppel Energy Pte. Ltd. and various fund companies and subsidiaries.

Past principal directorships in the last five years
Various fund companies under the management of Alpha Investment Partners Limited.

Chow Yew Yuen, 58
Bachelor of Science in Mechanical Engineering with First Class Honours, University of Newcastle-Upon-Tyne; Attended Advanced Management Programme at Harvard Business School.

Mr Chow was appointed the Chief Operating Officer of Keppel Offshore & Marine Ltd on 1 March 2012. Prior to this, he was the Managing Director of Keppel Offshore & Marine Ltd from 1 June 2011. Mr Chow is also responsible for the Americas (the United States, Mexico and Brazil) through his various appointments as Chairman of Keppel AmFELS, LLC, Deputy Chairman of Keppel FELS Brasil SA and Chairman of Keppel Offshore & Marine USA, Inc. He has been with the company for well over 30 years and was based in the United States for 17 years. His experience is quite diverse, covering areas of technical, production, operations, commercial and management across different geographical and cultural borders.

Mr Chow also serves as the Chairman of Keppel Singmarine Pte. Ltd. and Director on the boards of Keppel Offshore & Marine Technology Centre Pte. Ltd., Deepwater Marine Technology LLC, FloaTEC LLC, FloaTEC de Mexico SA de CV, Keppel FELS Ltd., Keppel Shipyard Ltd., Keppel Marine Agencies LLC, Bennett & Associates LLC, Keppel Energy Pte. Ltd., Keppel SLP LLC, and Offshore Innovative Solution LLC.

Mr Chow is also a member of The American Bureau of Shipping, Vice President of Association of Singapore Marine Industries, a Council Member of Singapore Accreditation Council and a member of ABS Southeast Asia Regional Committee.

Past principal directorships in the last five years
Nil

Michael Chia Hock Chye, 60
Colombo Plan Scholar, Bachelor of Science (First Class Honours) in Naval Architecture and Marine Engineering, University of Newcastle-Upon-Tyne; Masters in Business Administration, National University of Singapore; Graduate Certificate in International Arbitration, National University of Singapore.

Mr Chia is the Managing Director (Marine and Technology) of Keppel Offshore and Marine and Managing Director of Keppel Offshore & Marine Technology Centre. He was Director (Group Strategy & Development) of Keppel Corporation Ltd from January 2011 to January 2013. He was the Executive Director of Keppel FELS Ltd from 2002 to 2009, with overall responsibility of the business management of the company. Mr Chia was also Deputy Chairman of Keppel Integrated Engineering Limited from 2009 to 2011 and CEO from 2009 to 2010. He has more than 27 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 to 2009, a non-profit association formed in 1968 to promote the interests of the marine industry in Singapore and was a member of the Ngee Ann Polytechnic Council from 2006 to 2012. Mr Chia is the Chairman of the Singapore Maritime Foundation since 2010. Prior to the Chairmanship, he was a Board Member from 2005 to 2010. He is a member of the American Bureau of Shipping, USA; Society of Petroleum Engineers; Fellow member with the Society of Naval Architects and Marine Engineers Singapore; and Fellow member with the Singapore Institute of Arbitrators.

His directorships include Keppel Telecommunications & Transportation Ltd, Keppel Amfels Inc (USA), Keppel FELS Ltd , Keppel FELS Brasil SA (Brazil), Keppel Shipyard Ltd, Keppel Integrated Engineering Ltd, Keppel Energy Pte Ltd, FloaTEC LLC, Floatel International Ltd, Keppel Oil & Gas Pte Ltd, Keppel Offshore & Marine Technology Centre Pte Ltd, DPS Bristol (Holdings) Ltd, Keppel Singmarine Pte Ltd, Keppel Smit Towage Pte Ltd, Maju Maritime Pte Ltd, Marine Technology Development Pte Ltd, PV Keez Pte Ltd, Arab Heavy Industries P.J.S.C., Nakilat Keppel Offshore & Marine Ltd, Dyna-Mac Holdings Ltd, FELS Crane Pte Ltd, Deepwater Techno logy Group Pte Ltd, Willaphla Ltd, Keppel Offshore & Marine USA Inc., Offshore Innovative Solutions LLC, Keppel FELS Engineering ShenZhen Co Ltd, Keppel Ventus Pte Ltd, Keppel Seghers Belgium N.V., Keppel Seghers Holding B.V., FELS Tekform (Singapore) Pte Ltd, Keppel Seghers Holding Pte Ltd, Keppel Seghers Iberica S.A., Keppel Seghers UK Ltd, Keppel Infrastructure Environmental 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 Seghers Gmbh, DPS (Bristol) Ltd UK, Greenwood Pte Ltd, KS Investments Pte Ltd, KSI Production Pte Ltd and Offshore Technology Development Pte Ltd.

Past principal directorships in the last five years (1 Jan 2008 to 31 Dec 2012):
Asian Lift Pte Ltd, Regency Steel Japan Ltd, GE Keppel Energy Services Pte Ltd, Keppel Prince Engineering Pty Ltd (Australia), Floatec Singapore Pte Ltd, Keppel DHCS Pte Ltd, Keppel Environmental Technology Centre Pte Ltd, Keppel FMO Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd, Keppel Sea Scan Pte Ltd, Keppel Seghers Engineering Singapore Pte Ltd, Keppel Seghers Newater Development Co Pte Ltd, Senoko Waste-To-Energy Pte Ltd, Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, Tianjin Eco-City Keppel New Energy Development Company Ltd and Keppel Offshore & Marine USA (Holdings) LLC.

Yeo Chien Sheng Nelson, 55 (Deceased)
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 was the Managing Director (Marine) of Keppel Offshore & Marine Ltd and the Managing Director of Keppel Shipyard Limited. He was 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, DPS Bristol (Holdings) Ltd and Marine Technology Development Pte Ltd. He was 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) Limited, Keppel Energy Pte Ltd, PV Keez Pte Ltd and Dyna-Mac Holdings Ltd, Keppel Offshore & Marine Technology Centre, Offshore Technology Development and Nakilat-Keppel Offshore & Marine.

Mr Yeo served as a member of the Workplace Safety and Health (Marine Industries) Committee, Ministry of Manpower; AIDS Business Alliance, Ministry of Health; and was 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 had 30 years of working experience in the shipyard industry.

Past principal directorships in the last five years
Blastech Abrasives Pte Ltd.

Wong Kok Seng, 62
Bachelor of Science (Honours) in Naval Architecture, University of Newcastle Upon Tyne; Attended the Program for Management Development in Harvard Business School in 1984.

Mr Wong is the Managing Director (Offshore) of Keppel Offshore & Marine and also Managing Director of Keppel FELS Limited. Prior to this appointment, he was the Executive Director of Keppel FELS. His career in Keppel FELS 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 serves as the Chairman of the Centre of Innovation, Marine and Offshore Technology (COI-MOT) Advisory Committee and as a member of the Workplace Safety & Health (WSH) Council Marine Industries Committee.

Mr Wong is a Chartered Engineer, a Fellow of the Institute of Marine Engineering, Science and Technology and is a Member of the American Bureau of Shipping and the Royal Institution of Naval Architects.

Mr Wong is a director of Keppel FELS Limited; Keppel Shipyard Limited; Keppel Nantong Shipyard Company Limited; Keppel Nantong Heavy Industries Co. Ltd.; FloaTEC LLC; Floatec Singapore Pte Ltd; Offshore Technology Development Pte Ltd (Chairman); Bintan Offshore Fabricators Pte Ltd (Chairman); Seafox 5 Limited; Keppel Offshore & Marine Technology Centre and Bennett & Associates, LLC (Chairman).

Past principal directorships in the last five years
Nil

Chor How Jat, 51
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 Managing Director of Keppel Shipyard Limited, appointed with effect from October 2012. Prior to this, he was the Executive Director since 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 of Keppel Shipyard Limited, and he was a General Manager (Operations) of Keppel FELS Limited in 2004.

Mr Chor serves as director on the Board of Keppel Shipyard Limited, Asian Lift Pte Ltd, Keppel FELS Offshore and Engineering Services Mumbai Pvt. Ltd., Keppel Philippines Marine, Inc, Keppel Batangas Shipyard, Keppel Subic Shipyard Inc., KOMtech and Atwin Offshore and Marine Pte. Ltd. Mr Chor is also Director and 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), member of Workplace Safety and Health Council (Marine Industries), American Bureau of Shipping, Singapore Technical Committee of Nippon Kaiji Kyokai and AIDS Business Alliance, the Health Promotion Board.

Mr Chor recently graduated from Harvard Business School in 2012 from the General Management Program.

Past principal directorships in the last five years
Japan Regency Steel Limited

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. Having served various business units under Keppel Group both at Singapore and the Philippines, Mr. Hoe is currently the Managing Director of Keppel Singmarine Pte Ltd, appointed with effect from 1 January 2013. Prior to this appointment, he was the Executive Director of Keppel Singmarine Pte Ltd since 2005. Mr. Hoe is also the Executive Director of Keppel Singmarine Brasil Ltda, Chairman of Keppel Nantong Shipyard Co., Ltd and Prime Steelkit Pte Ltd. He is also on the Board of Keppel Smit Towage Pte Ltd; Maju Maritime Pte Ltd; Marine Technology Development Pte Ltd; Keppel Offshore & Marine Technology Centre; Keppel Cebu Shipyard Inc; 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
Nil

Toh Ko Lin, 61
Bachelor of Science (Hons) in Naval Architecture, University of Newcastle-upon-Tyne (Colombo Plan Scholarship); Master of Business Administration, Richard Ivey School of Business, University of Western Ontario.

Mr. Toh is the Executive Director of Keppel Singmarine Pte Ltd, appointed with effect from 1 January 2013. Prior to this appointment, he was the Senior General Manger, Commercial, since 2006. He is the Chairman and President of Keppel Philippines Marine, Inc. and the Chairman of Keppel Subic Shipyard, Inc. since October 2012. He is a board member of Keppel Singmarine Pte Ltd, Keppel Nantong Shipyard Co. Ltd. and an alternate director of Baku Shipyard LLC.

He began his career in ship repair and specialized shipbuilding in 1975, and undertook business development work and various assignments abroad within the Keppel Group. He is also a member of The American Bureau of Shipping.

Past principal directorships in the last five years
Nil

Key Executives

Wong Fook Seng, 60
MSC (Financial Management) from the University of London, UK.; MBA (Nanyang Fellows/MIT) from Nanyang Technological University, Singapore.

Mr Wong Fook Seng started his career in the marine industry 44 years ago as an apprentice and has been with Keppel FELS for the last 34 years. He is currently Executive Director (Operations) of Keppel FELS. Prior to this appointment, Mr Wong was a General Manager, heading various functions such as Production, Marketing, Projects, Planning & Control, Quality System and Process Excellence. In the course of his work, Mr Wong also led various initiatives that helped transform the processes and systems of Keppel FELS to meet the challenges of a sudden upsurge in market demand.

Mr Wong was also involved in setting up and heading various subsidiaries of Keppel FELS, both locally and overseas. He also served as a director on the boards of some of these subsidiaries and currently sits on the board of Lindel Pte. Ltd. His overseas assignments included countries such as Vietnam, Brazil and Kazakhstan.

Mr Wong was also an Adjunct Associate Professor with National University of Singapore, School of Design and Environment. Among his various public contributions, he was the sole Singapore representative on the panel of 3 judges for the Maxa Award, the pinnacle award for manufacturing excellence in Singapore, in 2010.

Mr Wong had served as a Council Member for the Singapore Welding Society and had been a member of the Institute of Industrial Managers, Institute of Marine Engineers, Society of Naval Architecture and Marine Engineers and is a Certified System Engineer with the Institute of Engineers Singapore.

Past principal directorships in the last five years
Nil

Foo Kok Seng, 50
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 Executive Director (Shallow Water) 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), 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, 48
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, Keppel Offshore & Marine Technology Centre (Deepwater), Executive Director, Deepwater Technology Group (DTG), Executive Director (Engineering), Keppel FELS Ltd.

Mr Merchant is a director of Keppel Singmarine Pte Ltd, Deepwater Technology Group Ltd, Keppel Offshore & Marine Technology Centre Pte Ltd, Floatec LLC, Keppel FELS Baltech Ltd, Keppel FELS Shenzhen, Keppel FELS Offshore and Engineering Services Mumbai Pvt Ltd and Fernvale Pte Ltd.

Mr Merchant is the 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

Ong Tiong Guan, 54
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, Keppel Integrated Engineering Ltd and Keppel DHCS Pte Ltd.

Past principal directorships in the last five years
Corporacion Electrica Nicaraguense S.A..
Termoguayas Generation S.A.

Tay Lim Heng, 49
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, Keppel Land China Limited, Keppel Shipyard Limited and Keppel Singmarine Pte Ltd. He is President of the Singapore Water Association.

Past principal directorships in the last five years
Director of DSO National Laboratory, Singapore.

Key Executives

Pang Hee Hon, 52
Bachelor of Science and Bachelor of Commerce, University of Birmingham; Masters in Public Administration, Harvard University.

Mr Pang Hee Hon is the Chief Executive Officer of Keppel Telecommunications & Transportation, appointed with effect from 4 January 2010, and is also the Chief Executive Officer of Keppel Logistics Pte Ltd with effect from 7 August 2012. Previously the Deputy President (Operations) of ST Electronics (Info-Software Systems), Mr Pang oversaw business operations and international marketing. He was the Chairman of the eGov Chapter in the Singapore IT Federation, which provides feedback on eGov policies and promotes internationalisation of local ICT companies.

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

Thomas Pang Thieng Hwi, 48
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. 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

Kevin Wong Kingcheung, 57
Bachelor in Civil Engineering with First Class Honours, Imperial College, London; Masters degree, Massachusetts Institute of Technology, USA.

Mr Wong was Group Chief Executive Officer/Managing Director, Keppel Land Limited from January 2000 to 31 December 2012. Prior to this appointment, he was Executive Director since November 1993. He was Deputy Chairman and Director of K-REIT Asia Management Limited (now known as Keppel REIT 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.

Ang Wee Gee, 51
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 and was appointed Chief Executive Officer of Keppel Land Limited on 1 January 2013. He continues as Executive Vice Chairman of Keppel Land China Limited, a wholly-owned subsidiary of Keppel Land which was formed in 2010 to own and operate Keppel Land's businesses in China.

Prior to his appointment as Executive Vice Chairman of Keppel Land China, Mr Ang was Executive Director and Chief Executive Officer, International of 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 Company Limited, which were listed on the Philippine Stock Exchange and The Stock Exchange of Thailand respectively. He has previously held positions in business and project development for Singapore and overseas markets, corporate planning and development in the Group's hospitality arm. He was the Group's country head for Vietnam as well as the head of Sedona Hotels International, the Group's hotel and serviced apartment management company.

He is a director of Sedona Hotels International Pte Ltd and a number of other subsidiaries and associated companies in the Keppel Land Group.

Prior to joining Keppel Land, Mr Ang had diverse experience in the hotel, real estate and management consulting industry in the USA, Hong Kong and Singapore.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel Land Limited; Evergro Properties Limited.

Tan Swee Yiow, 52
Bachelor of Science (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 currently its President (Singapore) overseeing the Group's investment and development operation in Singapore.

Mr Tan is the Chairman of Keppel Thai Properties Public Company Limited which is listed on The Stock Exchange of Thailand. He is also a Director of a number of subsidiary and associated companies of the Group including Keppel Land Hospitality Management Pte Ltd and Raffles Quay Asset Management Pte Ltd.

In addition, he is on the Board of the Singapore Green Building Council since 2010 and more recently in 2012, a member of the World Green Building Council's Corporate Advisory Board. He also serves on 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
Asia No. 1 Property Fund, Keppel REIT Management Ltd, EM Services Pte Ltd and other subsidiaries and associated companies within the Keppel Land Group.

Augustine Tan Wee Kiong, 54
Bachelor of Science 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 was 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 was 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 was a Director of Keppel Land International Limited and a number of other Keppel Land Group's subsidiary and associated companies.

Mr Tan stepped down from his various positions on 28 February 2013.

Past principal directorships in the last five years
Nil

Ho Cheok Kong, 56
Bachelor of Engineering (Honours, 2nd Upper) from the University of Western Australia under the Colombo Plan Scholarship.

Mr Ho first joined Keppel Land Group in 1990. He is currently the President of Keppel Land China Limited, a wholly-owned subsidiary company of Keppel Land Limited which owns and independently operates Keppel Land Group's businesses in China.

Prior to re-joining the Keppel Land Group in 2007, Mr Ho had extensive experience in the investment and development of various commercial, industrial and residential developments in Singapore and other countries in Asia. He had extensive experience in China, starting with the investment and development of the Spring City Golf & Lake Resort in 1993. Based in Shanghai since 2007, Mr Ho currently oversees the business operations of all the projects in various cities in China (including Shanghai, Beijing, Tianjin, Chengdu, Wuxi, Nantong, Shenyang, Kunming and Zhongshan).

Past principal directorships in the last five years
Nil

Ng Hsueh Ling, 46
Bachelor of Science in Real Estate, National University of Singapore.

Ms Ng has been the Chief Executive Officer and Executive Director of Keppel REIT Management Limited (the manager of Keppel REIT) since 17 August 2009. She has 23 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 Keppel REIT Management Limited, she was CEO (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 of Keppel REIT, and is currently a director on The National Art Gallery, Singapore.

Past principal directorships in the last five years
Raffles Quay Asset Management Pte Ltd, Central Boulevard Development Pte Ltd and various subsidiaries and associated companies of Ascendas Pte Ltd and CapitaLand Limited.

Christina Tan Hua Mui, 47
Bachelor of Accountancy (Honors), National University of Singapore; Chartered Financial Analyst

Christina Tan is the Managing Director of Alpha Investment Partners (AIP). Ms Tan joined AIP in November 2002 and was the Chief Financial Officer of AIP for 9 years. She has over 15 years of experience in financial management and controls.

Prior to joining AIP, Ms. Tan was the Chief Financial Officer of GRA (Singapore) Private Limited, the Asian real estate fund management arm of the Prudential Insurance Company of America, managing more than US$1 billion in real estate funds. During her 8 years with GRA, she had responsibility for client financial reporting, operational management and controls, raising project financing and treasury management. Before joining GRA, Ms. Tan was the Treasury Manager with Chartered Industries of Singapore, managing the group's cash positions and investments. Ms. Tan started her career with Ernst & Young prior to joining the Government of Singapore Investment Corporation (GIC). In GIC, she has responsibilities in the Finance department overseeing External Fund Managers, Special Investments and Real Estate departments.

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	54%	Ocean Financial Centre Collyer Quay, Singapore	Land area: 6,109 sqm 43-storey office building	999 years leasehold	Commercial office building with rentable area of 82,279 sqm
Keppel REIT	55%	Prudential Tower Cecil Street & Church Street, Singapore	30-storey office building	99 years leasehold	Commercial office building with rentable area of 20,677 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 22,759 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
Central Boulevard Development Pte Ltd	18%	Marina Bay Financial Centre (Phase 2)/ Marina Boulevard/ Central Boulevard, Singapore	Land area: 9,710 sqm 46-storey office towers with retail podium	99 years leasehold	Commercial office building with rentable area of 125,392 sqm
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	55%	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

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
DL Properties Ltd	36%	Equity Plaza Cecil Street, Singapore	Land area: 2,177 sqm 28-storey office building	99 years leasehold	Commercial office building with rentable area of 23,481 sqm
HarbourFront One Pte Ltd	65%	Keppel Bay Tower HarbourFront Avenue, Singapore	Land area: 17,267 sqm 18-storey office building	99 years leasehold	Commercial office building with rentable area of 36,042 sqm
HarbourFront Two Pte Ltd	34%	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: 83,538 sqm	99 years leasehold	A 1,129-unit waterfront condominium development
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd)	38%	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	55%	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	37%	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					
Keppel REIT	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)
Central Boulevard Development Pte Ltd	18%	Marina Bay Suites/ Marina Boulevard/ Central Boulevard, Singapore	Land area: 5,300 sqm	99 years leasehold	A 221-unit luxury condominium development *(2014)

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Sherwood Development Pte Ltd	55%	Residential Development, Singapore	Land area: 31,882 sqm	99 years leasehold	A 720-unit condominium development
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	55%	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	55%	The Luxurie Compassvale Road, Singapore	Land area: 17,700 sqm	99 years leasehold	A 622-unit condominium development *(2015)
Beijing Aether Property Development Ltd	28%	Commercial Development Beijing, China	Land area: 26,081 sqm	40/50 years lease	An office and retail development in Chaoyang District *(2015)
Shanghai Ji Xiang Land Co Ltd	55%	Seasons Residence Shanghai, China	Land area: 71,621 sqm	70 years lease	A 1,102-unit residential development in Nanxiang Town, Jiading District *(2015)
Shanghai Pasir Panjang Land Co Ltd	54%	Eight Park Avenue Shanghai, China	Land area: 33,432 sqm	70 years lease	A 930-unit residential apartment development (Plot B) *(2015)
Shanghai Hongda Property Development Co Ltd	54%	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 *(2014)
Spring City Golf & Lake Resort	38%	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 2) *(2014)
Keppel Lakefront (Wuxi) Property Development Co Ltd	55%	Waterfront Residence 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 *(2015 Phase 3)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Township Development (Shenyang) Co Ltd	55%	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 *(2017 Phase 2)
Keppel Hongda (Tianjin Eco-City) Property Development Co Ltd	75%	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 *(2013 Phase 1 & 2015 Phase 2)
Tianjin Fushi Property Development Co Ltd	55%	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	55%	Park Avenue Heights Chengdu, China	Land area: 50,782 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,555-unit prime residential development in Jinjiang District *(2015)
Chengdu Hilltop Development Co Ltd	55%	Hill Crest Villa Chengdu, China	Land area: 249,330 sqm	70 years lease	A 274-unit villa development in Xinjin County *(2015)
Chengdu Century Development Co Ltd	24%	The Botanica Chengdu, China	Land area: 419,775	70 years lease (residential) 40 years lease (commercial)	A 9,664-unit residential township development with integrated facilities *(2013 Phase 6 & 2014 Phase 7)
Sunsea Yacht Club (Zhongshan) Co Ltd	44%	Zhongshan Marina 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	54%	Stamford City Jiangyin, China	Land area: 82,987 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,477-unit mixed development with residential, office and retail space *(2014 Phase 3 & 2015 Phase 2)
Keppel Lakefront (Nantong) Property Development Co Ltd	55%	Waterfront Residence Nantong, China	Land area: 172,215 sqm	70 years lease	A 1,199-unit residential development *(2015)
PT Mitra Sindo Sukses/ PT Mitra Sindo Makmur	28%	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 *(2013 Phase 2 and 2014 Phase 3)

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Estella JV Co Ltd	30%	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 *(2018 Phase 2)
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 *(2018 Phase 1)
Industrial properties					
Keppel FELS Limited	100%	Jurong, Pioneer, Crescent and Tuas South Yard, Singapore	Land area: 741,773 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

	2008	2009	2010	2011	**2012**
Selected Profit & Loss Account Data ($ million)					
Revenue	11,784	11,990	9,140	10,082	**13,965**
Profit (before revaluation, major impairment and divestments)					
Operating	1,222	1,424	1,556	1,897	**2,396**
Before tax	1,573	1,748	1,889	2,177	**2,695**
Net profit	1,079	1,190	1,307	1,491	**1,914**
Attributable profit after revaluation, major impairment and divestments	1,082	1,540	1,591	1,946	**2,237**
Selected Balance Sheet Data ($ million)					
Fixed assets & properties	5,077	5,208	5,451	7,326	**8,760**
Investments	3,659	3,347	4,618	5,350	**5,909**
Stocks, debtors, cash & long term assets	8,173	9,326	11,467	12,325	**14,391**
Intangibles	78	90	108	99	**110**
Total assets	16,987	17,971	21,644	25,100	**29,170**
Less:					
Creditors	7,960	7,251	7,689	8,195	**8,058**
Borrowings	1,970	1,759	4,068	4,877	**7,208**
Other liabilities	167	224	232	267	**326**
Net assets	6,890	8,737	9,655	11,761	**13,578**
Share capital & reserves	4,640	5,944	6,619	7,699	**9,246**
Non-controlling interests	2,250	2,793	3,036	4,062	**4,332**
Capital employed	6,890	8,737	9,655	11,761	**13,578**
Per Share					
Earnings (cents) (Note 1):					
Before tax & revaluation, major impairment and divestments	75.5	85.1	93.4	105.4	**130.4**
After tax & before revaluation, major impairment and divestments	61.7	67.9	74.3	83.8	**106.8**
After tax & revaluation, major impairment and divestments	61.9	87.9	90.4	109.4	**124.8**
Total distribution (cents)	31.8	55.5	38.2	43.0	**72.4**
Net assets ($)	2.65	3.39	3.75	4.32	**5.14**
Net tangible assets ($)	2.60	3.34	3.69	4.26	**5.08**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax and revaluation, major impairment and divestments	26.7	28.2	26.2	26.2	**27.6**
Net profit before revaluation, major impairment and divestments	21.8	22.5	20.8	20.8	**22.6**
Dividend cover (times)	1.9	1.2	1.9	1.9	**1.5**
Net cash / (gearing) (times)	0.04	0.13	0.02	(0.16)	**(0.23)**
Employees					
Number	35,621	31,775	31,360	33,747	**38,390**
Wages & salaries ($ million)	1,329	1,372	1,367	1,433	**1,579**

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 restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

Group Five-Year Performance

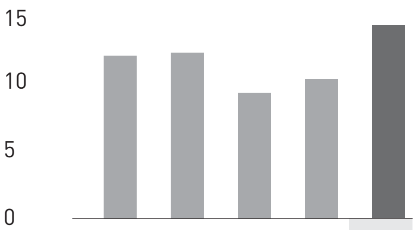
2012
Group revenue of $13,965 million was 39% higher than 2011. Revenue from Offshore & Marine Division of $7,963 million was 40% above that of the previous year due to higher volume of work. The Division completed and delivered two semisubmersible rigs, one semisubmersible rig upgrade, four jack-up rigs, one multi-purpose self-elevating platform, one drillship outfitting, four FPSO conversions/upgrades, one FPSO module fabrication and integration, one FSU upgrade, one pipelay vessel completion, two specialised vessels and several upgrade/repair projects. Revenue from Infrastructure Division decreased slightly by $31 million or 1% to $2,832 million. Lower revenue from Engineering, Procurement and Construction contracts was partly offset by higher revenue generated from the co-generation power plant in Singapore. Revenue from Property Division of $3,018 million was 106% above 2011. The lumpy revenue was due mainly to higher contributions from Reflections at Keppel Bay following the delivery of residential units sold under the deferred payment scheme to the purchasers. This high level of revenue is not expected in 2013 as revenue recognition from sale of Reflections at Keppel Bay is expected to be lower.

At the pre-tax level (before revaluation, major impairment and divestments), Group profit of $2,695 million was 24% higher than 2011. Pre-tax earnings from Offshore & Marine Division decreased by 17% to $1,181 million, principally because of lower margins for rig building contracts. Profit from Infrastructure Division decreased by 65% to $42 million as a result of losses from Keppel Integrated Engineering, partly offset by better performance from Keppel Energy. Profit from Property Division increased from $582 million to $1,276 million due to higher contribution from associated companies and higher contribution from Reflections at Keppel Bay.

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.

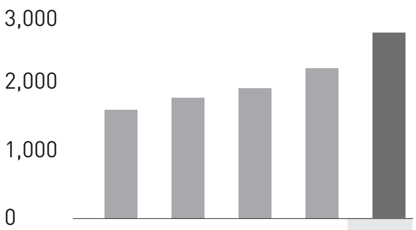
At the pre-tax level (before revaluation, major impairment and divestments), Group profit of $2,177 million was 15% higher than FY 2010. Pre-tax earnings from Offshore & Marine Division increased by 14% to $1,417 million. This was due to cost savings and higher margins on jobs. Profit from Infrastructure 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.

Revenue ($ billion)



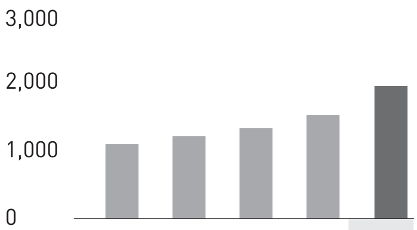
2008	2009	2010	2011	**2012**
11.8	12.0	9.1	10.1	**14.0**

Pre-Tax Profit ($ million) **



2008	2009	2010	2011	**2012**
1,573	1,748	1,889	2,177	**2,695**

Net Profit ($ million) **



2008	2009	2010	2011	**2012**
1,079	1,190	1,307	1,491	**1,914**

** Figures exclude revaluation, major impairment and divestments.

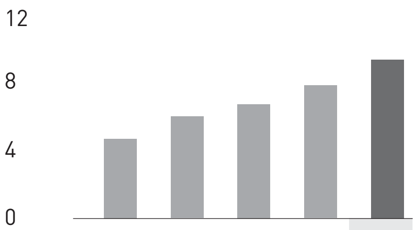
2010
Group revenue of $9,140 million was 24% lower than last year. Revenue from Offshore & Marine Division of $5,577 million decreased by $2,696 million or 33% because of a lower volume of work. During the year, the Division completed and delivered twelve rigs, seventeen specialised vessels, five FPSO 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 (before revaluation, major impairment and divestments), 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.

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.

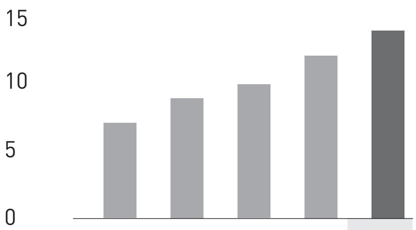
At the pre-tax profit level (before revaluation, major impairment and divestments), Group earnings of $1,748 million were 11% higher than FY 2008. Earnings from Offshore & Marine Division of $1,081 million were 15% above the previous year. Higher operating margins achieved in the year contributed to 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.

Shareholders' Funds ($ billion)



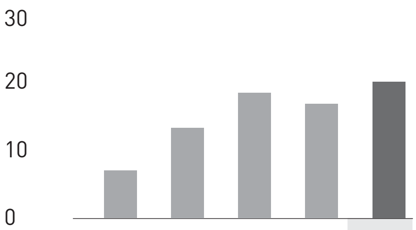
2008*	2009*	2010*	2011*	**2012**
4.6	5.9	6.6	7.7	**9.2**

Capital Employed ($ billion)



2008*	2009*	2010*	2011*	**2012**
6.9	8.7	9.7	11.8	**13.6**

Market Capitalisation ($ billion)



2008	2009	2010	2011	**2012**
6.9	13.1	18.2	16.6	**19.8**

* Comparative figures have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

2008

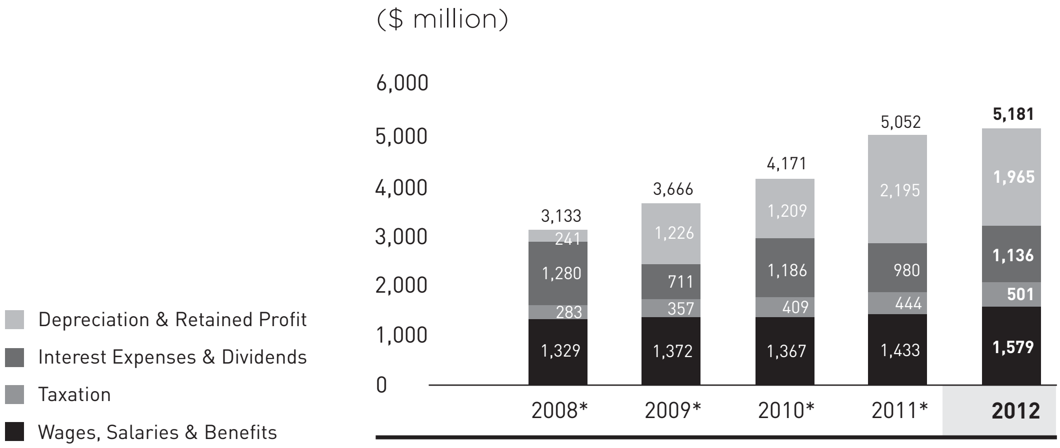
Group revenue of $11,784 million was $1,640 million or 16% higher than that of the previous year. Revenue from Offshore & Marine Division of $8,569 million was $1,311 million or 18% higher and accounted for 73% of Group revenue. The Division completed and delivered three semisubmersibles and thirteen 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 (before revaluation, major impairment and divestments) 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 revaluation, major impairment and divestments was $1,079 million.

Group Value-Added Statements

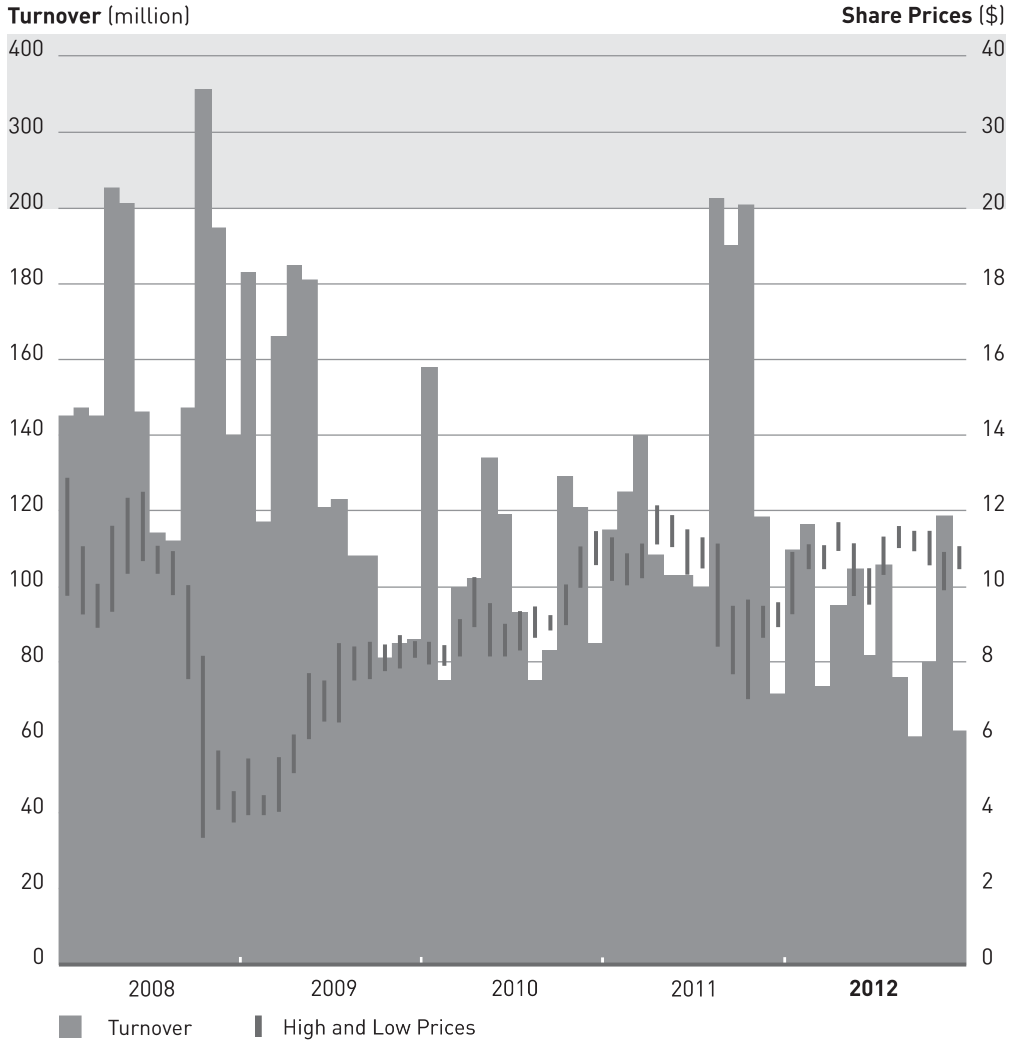
($ million)	2008	2009	2010	2011	**2012**
Value added from:					
Revenue earned	11,784	11,990	9,140	10,082	**13,965**
Less: purchases of materials and services	(9,094)	(9,020)	(6,028)	(6,544)	**(9,779)**
Gross value added from operation	2,690	2,970	3,112	3,538	**4,186**
In addition:					
Interest and investment income	83	79	120	139	**167**
Share of associated companies' profits **	347	295	278	240	**266**
Revaluation, major impairment and divestments	13	322	661	1,135	**562**
	3,133	3,666	4,171	5,052	**5,181**
Distribution of Group's value added:					
To employees in wages, salaries and benefits	1,329	1,372	1,367	1,433	**1,579**
To government in taxation	283	357	409	444	**501**
To providers of capital on:					
Interest on borrowings	79	50	65	98	**135**
Dividends to our partners in subsidiaries	103	87	130	158	**212**
Dividends to our shareholders	1,098	574	991	724	**789**
	1,280	711	1,186	980	**1,136**
Total Distribution	2,892	2,440	2,962	2,857	**3,216**
Balance retained in the business:					
Depreciation & amortisation	139	174	189	208	**211**
Non-controlling interests share of profits in subsidiaries	118	85	420	765	**306**
Retained profit for the year	(16)	967	600	1,222	**1,448**
	241	1,226	1,209	2,195	**1,965**
	3,133	3,666	4,171	5,052	**5,181**
Number of employees	35,621	31,775	31,360	33,747	**38,390**
Productivity data:					
Gross value added per employee ($'000)	76	93	99	105	**109**
Gross value added per dollar employment cost ($)	2.02	2.16	2.28	2.47	**2.65**
Gross value added per dollar sales ($)	0.23	0.25	0.34	0.35	**0.30**



* Comparative figures have been restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

** Figures exclude revaluation, major impairment and divestments.

Share Performance



	2008	2009	2010	2011	**2012**
Share Price ($)*					
Last transacted (Note 3)	3.94	7.48	10.29	9.30	**11.00**
High	11.67	7.91	10.42	12.18	**11.67**
Low	3.05	3.61	7.15	7.02	**9.32**
Volume weighted average (Note 2)	7.81	5.82	8.27	9.88	**10.75**
Per Share					
Earnings (cents) (Note 1)**	61.7	67.9	74.3	83.8	**106.8**
Total distribution (cents)	31.8	55.5	38.2	43.0	**72.4**
Distribution yield (%) (Note 2)	4.1	9.5	4.6	4.4	**6.7**
Net price earnings ratio (Note 2)**	12.7	8.6	11.1	11.8	**10.1**
At Year End					
Share price ($)	3.94	7.48	10.29	9.30	**11.00**
Distribution yield (%) (Note 3)	8.1	7.4	3.7	4.6	**6.6**
Net price earnings ratio (Note 3)**	6.4	11.0	13.8	11.1	**10.3**
Net price to book ratio (Note 3)	1.5	2.2	2.8	2.2	**2.2**
Net assets backing ($)	2.60	3.34	3.69	4.26	**5.08**

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 restated due to retrospective application of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

* Historical share prices are not adjusted for special dividends, capital distribution and dividend in specie.

** Figures exclude revaluation, major impairment and divestments.

Shareholding Statistics

As at 5 March 2013

Total number of issued shares	:	1,803,665,669
Issued and fully paid-up capital	:	$1,173,998,047.06
Class of Shares	:	Ordinary Shares with equal voting rights

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	2,758	7.65	798,096	0.04
1,000 - 10,000	28,689	79.55	87,019,528	4.83
10,001 - 1,000,000	4,579	12.70	146,399,606	8.12
1,000,001 & Above	35	0.10	1,569,448,439	87.01
Total	36,061	100.00	1,803,665,669	100.00

Twenty Largest Shareholders as at 5 March 2013	Number of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.59
Citibank Nominees Singapore Pte Ltd	334,506,011	18.55
DBS Nominees Pte Ltd	255,593,526	14.17
DBSN Services Pte Ltd	208,202,436	11.54
HSBC (Singapore) Nominees Pte Ltd	157,560,779	8.74
United Overseas Bank Nominees Pte Ltd	57,076,895	3.16
BNP Paribas Securities Services	56,388,965	3.13
Raffles Nominees (Pte) Ltd	46,366,051	2.57
Bank of Singapore Nominees Pte Ltd	9,795,330	0.54
Merrill Lynch (Singapore) Pte Ltd	7,586,022	0.42
DB Nominees (S) Pte Ltd	7,079,722	0.39
Shanwood Development Pte Ltd	7,040,000	0.39
Teo Soon Hoe	5,241,365[i]	0.29
Choo Chiau Beng	4,394,032[ii]	0.24
OCBC Nominees Singapore Pte Ltd	4,135,742	0.23
Lim Chee Onn	3,544,282	0.20
BNP Paribas Nominees Singapore Pte Ltd	2,481,669	0.14
OCBC Securities Private Ltd	2,406,500	0.13
UOB Kay Hian Pte Ltd	2,400,032	0.13
Tong Chong Heong	2,318,640[iii]	0.13
Total	1,545,526,291	85.68

Notes:
(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.
(iii) Includes 660,000 shares held by Coutts Co Ltd, SG, 220,000 shares held by OCBC Nominees Singapore Pte Ltd, 55,000 held by Maybank Kim Eng Securities Pte Ltd, 500,000 shares held by UBS AG, 100,000 held by DMG & Partners Securities Pte Ltd and 300,000 shares held by Bank of Singapore Nominees Pte Ltd respectively on his behalf.

Substantial Shareholders

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.59%	5,936,133	0.33%	377,344,425	20.92%
Aberdeen Asset Management PLC	-	-	96,961,900	5.38%	96,961,900	5.38%
Aberdeen Asset Management Asia Limited	-	-	93,301,900	5.17%	93,301,900	5.17%
BlackRock, Inc	-	-	95,200,874	5.28%	95,200,874	5.28%
The PNC Financial Services Group, Inc	-	-	95,202,520	5.28%	95,202,520	5.28%

Notes:
(1) Temasek Holdings (Private) Limited is deemed to be interested in an aggregate of 5,936,133 shares in which its subsidiaries and associated companies have an interest.
(2) Aberdeen Asset Management PLC (AAMPL) is deemed to be interested in an aggregate of 96,961,900 shares held by various accounts managed or advised by AAMPL over which AAMPL has disposal and voting rights.
(3) Aberdeen Asset Management Asia Limited (AAMAL) is deemed to be interested in an aggregate of 93,301,900 shares held by various accounts managed or advised by its subsidiaries over which its subsidiaries have disposal and voting rights.
(4) BlackRock, Inc is deemed to be interested in an aggregate of 95,200,874 shares held through its various subsidiaries.
(5) The PNC Financial Services Group, Inc is deemed to be interested in the shares held through BlackRock, Inc through its over 10% ownership of BlackRock, Inc. and 1,646 ordinary shares represented by 823 American Depositary Receipts held by various accounts managed, held in custody or advised by a subsidiary of The PNC Financial Services Group, Inc. and over which the subsidiary has disposal rights.

Public Shareholders

Based on the information available to the Company as at 5 March 2013, approximately 67% 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 5 March 2013, there are no treasury shares held.

Notice of Annual General Meeting & Closure of Books

Keppel Corporation Limited
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 45th 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, 19 April 2013 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 2012. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 27 cents per share for the year ended 31 December 2012 (2011: final tax-exempt (one-tier) dividend of 26 cents per share). **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 for re-election pursuant to Article 81C (see Note 3):

   (i) Mr Alvin Yeo Khirn Hai **Resolution 3**

   (ii) Mr Tong Chong Heong **Resolution 4**

   (iii) Mr Tan Ek Kia **Resolution 5**

4. To re-elect Mr Tan Puay Chiang, whom being appointed by the board of directors after the last annual general meeting, will retire in accordance with Article 81A(1) of the Company's Articles of Association and who, being eligible, offers himself for re-election (see Note 3). **Resolution 6**

5. To approve the ordinary remuneration of the non-executive directors of the Company for the financial year ended 31 December 2012, comprising the following: **Resolution 7**

   (1) the payment of directors' fees of an aggregate amount of $1,218,880 in cash (2011: $1,382,500); and

   (2) (a) the award of an aggregate number of 31,400 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, Mr Danny Teoh and Mr Tan Puay Chiang as payment in part of their respective remuneration for the financial year ended 31 December 2012 as follows:

      (i) 10,000 Remuneration Shares to Dr Lee Boon Yang;

      (ii) 900 Remuneration Shares to Mr Lim Hock San;

      (iii) 900 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;

(ix) 3,000 Remuneration Shares to Mr Danny Teoh; and

(x) 1,600 Remuneration Shares to Mr Tan Puay Chiang,

(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 31,400 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).

6. To re-appoint the Auditors and authorise the directors of the Company to fix their remuneration. **Resolution 8**

Special Business

To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolutions:

7. 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 9**

(1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation pursuant to Article 124 of the Company's Articles of Association of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

(b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors of the Company while the authority was in force;

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).

8. That: **Resolution 10**

(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 offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; 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).

9. That: **Resolution 11**

(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 26 April 2013 at 5.00 p.m. 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 26 April 2013 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 8 May 2013; and

(b) the electronic copy of the Company's Annual Report 2012 will be published on the Company's website on 28 March 2013. The Company's website address is http://www.kepcorp.com, and the electronic copy of the Annual Report 2012 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 2012, 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/Kenny Lee
Company Secretaries

Singapore, 28 March 2013

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" and "Directors and Key Executives" sections of the Company's Annual Report.

   Mr Alvin Yeo will upon re-election continue to serve as member of the Audit and Board Risk Committees. Mr Alvin Yeo is a Senior Partner of WongPartnership LLP and a member of the Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation and the Singapore International Arbitration Centre's Council of Advisors. He is also a Member of Parliament for Chua Chu Kang GRC and currently serves as a director and a member of the Audit Committee and Chairman of the Remuneration Committee of United Industrial Corporation Limited and Singapore Land Limited.

Mr Tan Ek Kia will upon his re-election continue to serve as the Chairman of the Board Safety Committee and member of the Nominating Committee. Mr Tan is a seasoned executive in the oil and gas and petrochemicals business. Prior to his retirement as the Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore) in September 2006, Mr Tan held senior positions in Shell including Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd (both based in Beijing, China). His other directorships include SMRT Corporation Ltd, CitySpring Infrastructure Management Pte Ltd (as Trustee-Manager of CitySpring Infrastructure Trust), Transocean Ltd and PT Chandra Asli Petrochemical Tbk.

Mr Tan Puay Chiang will upon his re-election continue to serve as a member of the Board Risk and Board Safety Committees. Mr Tan Puay Chiang was formerly Chairman, ExxonMobil (China) Investment Co. During his 37-year career with Mobil and later ExxonMobil, he held executive management roles in Australia, Singapore and the United States. These included the executive positions of Vice-President, Mobil Research & Technology Corp, United States; and Chairman of Mobil Oil Australia. His other directorships include Neptune Orient Lines Limited, Singapore Power Limited and Energy Studies Institute (NUS).

The above three directors are considered by the Board, taking into account the views of the Nominating Committee, to be independent directors.

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 2012, and is in addition to the proposed directors' fees in cash mentioned in this Resolution 7. 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 2012. The non-executive directors who have served for the full financial year will each be awarded 3,000 Shares as part of their remuneration. Mr Lim Hock San and Mr Sven Bang Ullring will, subject to shareholders' approval, each be awarded 900 Shares (on a *pro rata* basis) as part of their ordinary remuneration for service as non-executive directors from 1 January 2012 to 20 April 2012. Mr Tan Puay Chiang will, subject to shareholders' approval, be awarded 1,600 Shares (on a *pro rata* basis) as part of his ordinary remuneration for service as non-executive director from 20 June 2012 to 31 December 2012. 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 9 is to empower the directors from the date of the 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 in the capital of the Company ("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 9 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

6. Resolution 10 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 20 April 2012. 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 of this Notice of Annual General Meeting for further details.

7. Resolution 11 relates to the renewal of a mandate given by Shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to Appendix 2 of this Notice of Annual General Meeting for details.

Corporate Information

BOARD OF DIRECTORS

Lee Boon Yang (Chairman)
Choo Chiau Beng (Chief Executive Officer)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Tow Heng Tan
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Tan Puay Chiang
Teo Soon Hoe
Tong Chong Heong

AUDIT COMMITTEE

Danny Teoh (Chairman)
Tony Chew Leong-Chee
Oon Kum Loon (Mrs)
Alvin Yeo Khirn Hai

REMUNERATION COMMITTEE

Danny Teoh (Chairman)
Lee Boon Yang
Oon Kum Loon (Mrs)
Tow Heng Tan

NOMINATING COMMITTEE

Tony Chew Leong-Chee (Chairman)
Lee Boon Yang
Tow Heng Tan
Tan Ek Kia

BOARD RISK COMMITTEE

Oon Kum Loon (Mrs) (Chairman)
Tow Heng Tan
Alvin Yeo Khirn Hai
Danny Teoh
Tan Puay Chiang

BOARD SAFETY COMMITTEE

Tan Ek Kia (Chairman)
Lee Boon Yang
Choo Chiau Beng
Tan Puay Chiang

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
Certified Public Accountants
6 Shenton Way Tower Two
#32-00
Singapore 068809
Audit Partner: Cheung Pui Yuen
Year appointed: 2011

Financial Calendar

FY 2012	
Financial year-end	31 December 2012
Announcement of 2012 1Q results	19 April 2012
Announcement of 2012 2Q results	19 July 2012
Announcement of 2012 3Q results	18 October 2012
Announcement of 2012 full year results	24 January 2013
Despatch of Annual Report to Shareholders	28 March 2013
Annual General Meeting	19 April 2013
2012 Proposed final dividend and dividend in specie	
Books closure date	5.00 p.m., 26 April 2013
Payment date	8 May 2013

FY 2013	
Financial year-end	31 December 2013
Announcement of 2013 1Q results	April 2013
Announcement of 2013 2Q results	July 2013
Announcement of 2013 3Q results	October 2013
Announcement of 2013 full year results	January 2014

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Keppel Corporation

Keppel Corporation Limited
Co Reg No. 196800351N
(Incorporated in the Republic of Singapore)

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.

ANNUAL GENERAL MEETING

Proxy Form

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 19 April 2013 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 Mr Alvin Yeo Khirn Hai as director		
4. Re-election of Mr Tong Chong Heong as director		
5. Re-election of Mr Tan Ek Kia as director		
6. Re-election of Mr Tan Puay Chiang as director		
7. Approval of remuneration to non-executive directors comprising payment of directors' fees and award of Remuneration Shares		
8. Re-appointment of Auditors		
Special Business		
9. Authority to issue shares and convertible instruments		
10. Renewal of Share Purchase Mandate		
11. 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 ______________ 2013

Total Number of Shares held	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

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Fold and glue firmly 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.

Edited and Compiled by
Group Corporate Communications, Keppel Corporation

Designed by
Sedgwick Richardson

KEPPEL CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
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#18-01 Keppel Bay Tower
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