

Offshore Keppel Marine

A publication of Keppel Offshore & Marine

February 2009

MICA (P) 153/04/2008

**Offshore
Completion of
third DSS™ series
semisubmersible**

**Delivery of first jackup
rig in 2009 to Maersk**

**Marine
World's first
FDPSO Azurite
heads for Congo**



**Keppel O&M reports creditable
performance in 2008**

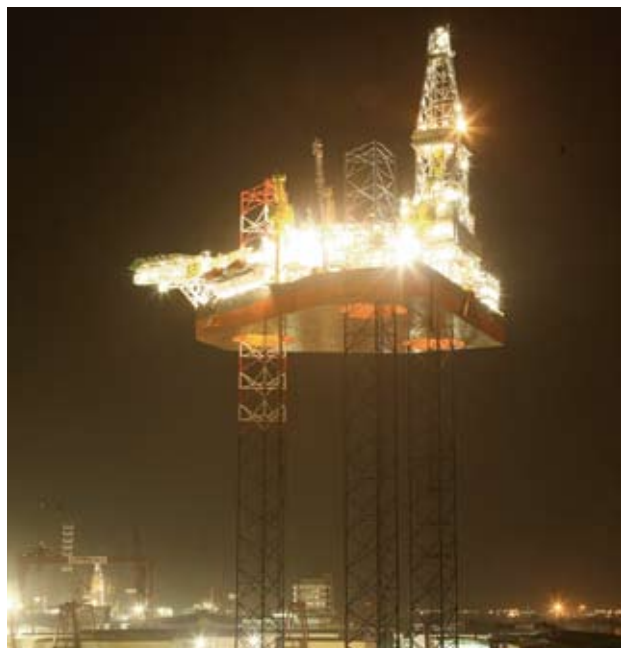
'Asian Voice' at Sea Asia 2009

Sea Asia 2009, the region's leading maritime conference and exhibition, returns to Suntec City Convention Centre between 21 and 23 April 2009. With the theme, 'The Asian Voice in World Shipping – Clearer and Stronger', this event is co-organised by Singapore Maritime Foundation and Seatrade.

Choo Chiau Beng, CEO of Keppel Corporation and Chairman of Keppel O&M will chair a keynote forum, "The Asian Voice in World Shipping: Offshore Markets." Other sessions include ship finance, shipbuilding, technical issues relating to Marpol Annex VI, ballast water as well as marine insurance.

With more than 350 exhibitors showcasing Asian and international brands, the exhibition is expected to attract over 1,200 delegates.

For more information, please go to www.sea-asia.com.



Keppel FELS has delivered VIRTUE I ahead of schedule

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Company registration no. 199900642R

Navigating the challenges

Confronted by the spiralling global credit crunch, falling oil prices and ebbing confidence, Tong Chong Heong, the new CEO of Keppel Offshore & Marine (Keppel O&M) has rallied his senior officers in preparation for the market turbulence ahead.



CH Tong sets the tone and direction for Keppel O&M to meet the challenges ahead

In his recent keynote address to over 40 senior managers, CH Tong cautioned that business would not be as usual for the company.

“We had experienced bad times before, when our docks were virtually empty. That experience has made us more prudent in reviewing our contracts, to ensure that they are cashflow positive,” he said.

Beyond keeping up the good work, CH Tong added that a bundling of efforts and strengths would be needed to ride out the crisis.

“Being a global city, Singapore is especially affected by economic pressures worldwide. While 2008 was a record year for us at Keppel O&M, we can expect things to get even harder in 2009 and 2010,” he said, urging the team towards continual improvement.

Keppel FELS for instance, made good progress in cutting cost overruns last year. At the same time, it was conferred the MAXA Award 2008, which recognises the highest global standards in manufacturing innovation and operational excellence. Keppel Shipyard and Keppel Singmarine were also acknowledged by the CEO for their sterling performance in FPSO conversions and specialised shipbuilding.

CH Tong pointed out however, that there was still room for improvement to achieve operational excellence, effective cost management and system integrity. In particular, he exhorted the careful management of overheads, continuous improvement in productivity, strengthening relationships with customers and vendors, as well as the development and retention of talents.

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Partners at work

“Sub-contractors, suppliers and vendors must be treated as our partners,” CH Tong emphasised. “We have to be prompt in our payments so that their cashflows are not affected. At the same time, being custodians of the company’s resources, we have to be fair and firm in demanding value for every dollar paid.”

Develop new capabilities

“To sustain competitiveness and viability in the long run, competencies in other areas have to be built up. We have made substantial investments in the good years to boost productivity and enhance technology.

“We have to see how our technology arms and KOMtech (Keppel O&M Technology Centre) can be better leveraged to seed new areas of growth for the future,” the CEO said.

Maximise resources

“If we save pennies, these will add up to pounds. We should explore proactive

approaches to cost savings, such as aligning team members with project budgets in advance and reducing overall energy consumption,” CH Tong said, citing examples over and above belt tightening.

Integrity is key

CH Tong underscored the importance of creating an operational system that supports honest behaviour and encourages discipline among employees. He also singled out the critical function of the Security department in the yards.

He pointed out, “The whistle-blowing policy should be taken positively as a means to protect our staff. Our employees have to be aware of the channels to surface doubtful issues for investigation. Everyone’s participation would help to maintain a high level of transparency and security at the workplace.”

Develop the workforce

Even in the economic crisis, Keppel O&M will continue to develop its workforce through formal succession planning and

a fair system to differentiate, motivate and retain the strong performers.

“Critical resources have to be nurtured. Our aim is to get everyone to contribute to the best of their ability,” CH Tong stressed.

Promote global synergy

“We are all closely integrated,” CH Tong said, referring to Keppel O&M’s global network of yards, which also serve many of the same customers.

“Keppel FELS Brasil is in the process of restructuring to improve its competitiveness and its management team will be further strengthened. Keppel AmFELS, which has performed well last year, could have done even better with tighter project and cost management,” he said. “Together, they are a key player in the Keppel O&M group, and we want to grow the Americas by giving the fullest support to our team there.”

The CEO also singled out Keppel Verolme for its good performance in the last three years. He urged the yard to continue



Over 40 senior managers attended the keynote address by CH Tong

growing its revenue streams to sustain profits.

Similarly, CH Tong encouraged Keppel Kazakhstan to persist in its efforts to seek out projects in its region. "Keppel

Kazakhstan and Caspian Shipyard Company are complementary to each other. Together, they can capture new opportunities the Caspian Sea region and better serve our customers there," he said.

In the year ahead, CH Tong expects to see greater synergy between Keppel O&M's yards worldwide.

Views from the team

"Mr Tong's speech illuminated challenging times ahead for us at Keppel O&M. He asserted that our BUs should continue to sharpen and augment our capabilities to be stronger and more competitive; work together to strengthen the management platforms of our worldwide businesses and workforce. With teamwork and Can Do! Spirit, Keppel O&M will continue to excel."

Dr Lee Chay Hoon

*General Manager
Organisation Development
Keppel Offshore and Marine*

"We are used to Mr Tong's leadership, working under his guidance towards realistic goals. His appointment to the CEO position provides the assurance of continuity in Keppel O&M's strategic direction and policies. Our challenge is to ride out the global recession and emerge a winner. Mr Tong's call for continual improvement and building on our strengths, cost consciousness and inter-BU openness and partnership is exactly what we need."

Toh Ko Lin

*Senior General Manager (Commercial)
Keppel Singmarine*

"The impetus for cost cutting and being more efficient as spelled out by Mr Tong is most timely. Honesty by all

employees is crucial. Our future in the next few years will be in those frontier areas like Brazil and the Middle East."

Yeong Wai Seng

*Senior Project Manager
Keppel FELS*

"While reminding everyone that it would not be 'business-as-usual' for us, the new CEO wasted no time in setting clear directions and steps we have to take in order to survive the present difficult times. It did provide some optimism that despite the absence of new orders, if we could execute the remaining relatively full orderbook well enough, we may still come up well from the present crisis. "

Yong Chee Min

*General Manager
(Health, Safety and Environment)
Keppel Offshore and Marine*

"Mr Tong was my ED when I joined Keppel Shipyard in 1992 and he was my Chairman when I was seconded to Keppel AmFELS in 2001. Mr Tong's leadership, tenacity and drive in partnership with Mr Choo will be vital for Keppel O&M to emerge from this global downturn stronger.

Mr Tong's points about continuous improvement, building competencies, having an enhanced cost consciousness, subcontractor partnership and the

importance of people development are very pertinent and serve as timely reminders to all of us as we move up a gear and strive for a bright future for Keppel O&M."

Edmund Mah

*Financial Controller
Keppel Shipyard*

"Mr Tong is a no-nonsense man. With his leadership, we will thrive and strengthen our competitiveness to grow beyond."

Chor How Jat

*General Manager (Operations)
Keppel FELS*

"We believe that Mr Tong's leadership and experience will be able to lead us through the global financial crisis and downturn. Our employees, suppliers and sub-contractors are part of our value chain. We need to identify the cost driver of our value chain and improve our business sustainability. We also need to forge win-win relationship with the stakeholder, suppliers, and sub-contractors to further enhance our value proposition to our customers. "

Edmund Lek

*General Manager (Production)
Keppel Singmarine*

P-51 kicks off production in the Campos Basin

After being towed out of the yard for final testing at Ilha Grande, P-51 left for the Campos Basin where it has started operations



P-51, the second mammoth floating production platform built in Keppel FELS Brasil's BrasFELS yard has begun production at the MLS-99 well, in the Marlim Sul field, Campos Basin.

It started operations on 24 January 2009, installed at a water depth of 1,255 meters and 150 km off the coast of Macaé. P-51 is interconnected to 19 wells and is able to produce up to 180,000 barrels of oil and 6 million cubic meters of gas per day.

With P-51, Keppel's projects for Petrobras will contribute a production capacity of more than one million barrels of oil per day (bopd). This represents over 50% of Brazil's present production rate of 1.8 million bopd.

In 2010, when it reaches its top operating capacity, the P-51 will account for 8% of Brazil's

domestic oil production and support Brazil's maintenance for oil self-sufficiency.

It is the first platform to be almost completely built in Brazil with 75% of its production materials produced domestically. Its construction at Keppel FELS Brasil generated over 4,000 direct and 12,000 indirect jobs.

Measuring 125 meters in height or nearly twice the height of the Beijing Bird's Nest Stadium, 110 meters in width and weighing a total 48,000 tonnes, the P-51 can house up to 200 people. It has four turbines able to generate 100MW, enough to supply a city of 300,000 households,

The project also won accolades from Petrobras for excellence in project management and execution through the PRODEP award for two consecutive years in 2006 and 2007.

Creditable performance for Keppel O&M in 2008



CB Choo, Chairman of Keppel O&M (right) and Teo Soon Hoe, Director of Keppel O&M presented results to analysts and reporters on 22 January 2009

Keppel O&M reported a 35% rise in PATMI earnings to \$705 million in the financial year 2008 (FY08) as compared to the previous year. Revenue grew to \$8.6 billion, which is an increase of 18% from FY07.

In spite of the challenging environment in the last quarter of 2008, Keppel O&M clinched \$700 million worth of contracts. This brought the orders secured to \$5.2 billion in 2008.

Keppel O&M will be kept busy over the next few years as the orderbook continued

to be in excess of \$10 billion, with deliveries extending through to 2012.

Keppel Corporation's results briefing for the financial year 2008 was held on 22 January 2009.

During the results announcement, CEO of Keppel Corporation and Chairman of Keppel O&M, CB Choo, said, "In the current economic downturn, our strengths will stand us in good stead to ride out the difficulties, but we must continue to sharpen our competitive edge and bring out our distinct advantages,

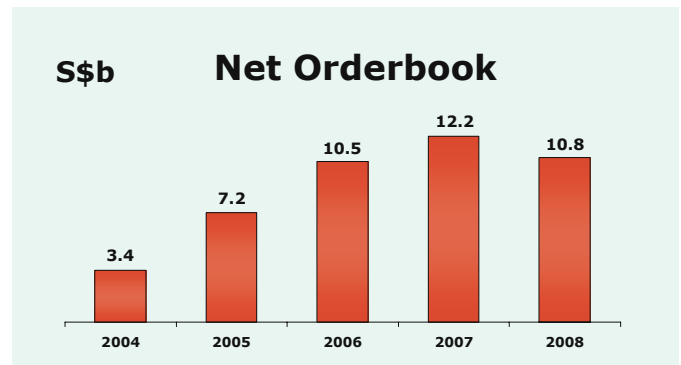
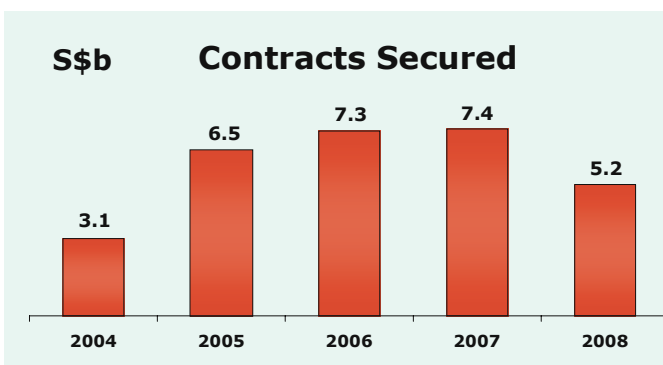
so as to ensure that we emerge from this crisis stronger and fitter."

Keppel Corporation, Group Financial Director, Teo Soon Hoe said, "In uncertain times like this, Keppel O&M will direct its focus on its competencies through first-class project execution, pro-active technology development and will reinforce its strategy to be near its markets and customers."

"This way, we shall be in a good position to take full advantage of the upturn again."

Mr Teo, who is also a director of Keppel O&M, mentioned that despite the looming threats and some slowdown in orders amidst the global credit crunch, the offshore and marine industry's fundamentals remain firm.

He added, "Along with the growing demand for energy sources and the aging fleet that will result in rig replacements; the potential E&P activities in the deepwater and arctic regions will present opportunities for our yards in the construction of rigs and specialised vessels."



An auspicious development for Transocean



A pair of majestic Chinese lions led in the pomp and pageantry in a regal dance



Development Driller III was named by Lyn Thierens. She was accompanied by CB Choo (left) and CH Tong



It was a day of double revelry at Keppel FELS as it celebrated the Chinese Lunar New Year and the completion of its first semisubmersible in 2009

It was a day of double revelry at Keppel FELS as it celebrated the Chinese Lunar New Year and the completion of its first semisubmersible in 2009.

This spanking new rig was none other than Transocean's *Development Driller III*, an ultra deepwater rig built to Keppel's proprietary DSS™ 51 semi design.

Her naming, which coincided with the thirteenth day of the Lunar New Year, was graced by Guest-of-Honour, Mr Peter Ong, Permanent Secretary of the Ministry of Trade and Industry.

At the auspicious moment, hundreds of well wishers roared with the thundering Chinese drums and cymbals as *Development Driller III* was named by Lyn Thierens, spouse of Harry Thierens, BP's Drilling & Completions Wells Director, Gulf of Mexico.

A pair of majestic Chinese lions, emblems of courage, stability and superiority, led in the pomp and pageantry in a regal dance and the customary *Cai Qing*. *Cai Qing* or "plucking green" is a special and almost acrobatic sequence where the lions gather green lettuce with Hong Bao "red packets" in their mouths as a gesture of bestowing wealth.

Lion dances are performed frequently during the Lunar New Year period. They are also a must-have at every significant event, especially at inaugurations, to usher in joy, prosperity and good fortune.

"Through our collaborative effort with Keppel FELS, *Development Driller III* will soon be ready for deployment by our customer BP in the U.S. Gulf of Mexico. We are looking forward to provide BP with the safest and most effective offshore drilling possible," said Robert L. Long, CEO of Transocean, on the latest addition to the company's premium offshore fleet.

Transocean's *Development Driller III*, an ultra deepwater rig was built to Keppel's proprietary DSS™ 51 semi design



The *Development Driller III* is designed to construct wells as deep as 11,430 metres (37,500 feet) wells and operate in water depths of up to 2,286 metres (7,500ft), upgradable to 12,192 metres (40,000 feet) and 3,048 metres (10,000 feet), respectively.

CH Tong said, "In maintaining our technology leadership in the industry, Keppel is able to provide value-added solutions for our established customers such as Transocean.

"We have the flexibility and control in adapting our own designs to address technological changes in terms of drilling processes and drilling equipment, among others. This flexibility allows us to serve our clients better, and to create a solution that is best suited to their operating requirements."

On *Development Driller III*, for instance, Keppel FELS had worked closely with Transocean to integrate Transocean's proprietary dual-activity drilling technology into the DSS™ 51 design.

The result is a rig capable of safe and highly efficient drilling operations in any deepwater venue.

"All of Keppel's rig designs have been developed with input from our customers because our technology innovation must ultimately create value for them. I am confident that *Development Driller III* will exceed expectations and support Transocean's objective of creating a quality offshore fleet for the oil and gas market," CH Tong said.

Keppel FELS and Transocean have shared a long-standing partnership spanning several significant projects. These include the construction of *Trident 20*, the first international class jackup rig to be built in the Caspian Sea, upgrades and conversions of the Sedco 700-series semis to enable dynamic positioning, and the repair of various Transocean rigs.

Backed by this winning partnership, *Development Driller III* is set for an auspicious start.

DSS™ Series

The DSS™ Series semis are the most technically advanced deepwater drilling rigs to be designed and completed by Singapore to date. Designed by Keppel's Deepwater Technology Group in collaboration with Marine Structures Consultants of the Netherlands, units in the DSS™ Series boast several cost-efficient and distinctive safety features for rig operators.

DSS™ rigs have a total payload of 13,500 tons. This heavy-duty payload reduces the need and costs of transporting supplies to and from the rig considerably, and is especially valuable when operating in remote environments.

Rigs in the Series also have distinct 'double-skin' columns, which protect the critical equipment within from damage by external impact. This greatly reduces rig downtime in the case of hurricanes or strong climatic pressures out at sea. The layout of the engine rooms has also been designed to minimise the potential of both being shut-down at the same time in an emergency.

Furthermore, being able to operate at water depths of 3,000 metres and drilling depths of 10,000 metres below the mudline makes the DSS™ Series well-suited to operate in offshore Brazil, West Africa, Gulf of Mexico and Southeast Asia. The DSS™ Series also features reduced emissions and discharges, offering an environmentally friendly solution for the global offshore industry.

Including *Development Driller III*, Keppel FELS has completed three of eight DSS™ Series semis ordered, since the design's premiere in 2001.

Breathing new life into matured rigs

The completed *Sedco 706* stands tall and proud



Keppel FELS yard was kept busy with upgrading and repair jobs over the past months. Recently, two major upgrading works were completed.

Superb team work sees *Sedco* off

On 31 December 2008, Keppel FELS delivered the ultra-deepwater semisubmersible (semi) to Transocean after almost two years of major life extension and upgrading works to increase *Sedco 706's* capabilities.

The project was contracted in November 2006 and prior to the rig's arrival at Keppel FELS in Singapore from the North Sea, engineering, purchasing and pre-fabrications works were already underway.

When the semi arrived in October 2007, the Transocean and Keppel FELS project teams, led by Senior Project Managers Tom Dalton and Muliady Pohan Uidjaja (also known as Ady) respectively, collaborated closely to complete the project on time, within budget and achieved over five million manhours without incidents.

Keppel FELS and Transocean project teams bid *Sedco 706* Bon Voyage



Over the course of the project, Transocean awarded safety bonuses to Keppel FELS for every million manhour worked without incident. The last bonus, commemorating five million manhours achieved, was presented at a ceremony held on 2 December 2008.

Subcontractors and equipment vendors, all of whom Keppel FELS share a good rapport with, contributed to the successful conclusion of the project.

“We share a long-standing relationship with Keppel FELS. The project managers and section leaders are approachable, cooperative and the management has treated subcontractors fairly. When Keppel FELS needs us, we will do our utmost to support,” said Albert Chan, Operations Manager of ONDA Industries and Engineering Marine.

Having worked on the several newbuild projects just prior to the Sedco 706, Ady shared that major conversion projects such as the Sedco 706 are more challenging due to unanticipated workscope at the time of contract signing as well as the project’s limited time frame.

Due to the wear and tear of the rig over the years, internal segments of the rig which required repairs and renewals were not visible during the initial assessments. As the project progressed, these areas began to appear. Depending on the magnitude of these surprises, project teams were required to make immediate decisions to resolve setbacks arising from the change in work plan.

Ady shared, “The Sedco 706 project was challenging right from beginning. However, the cooperation and understanding between the project teams and support from our stakeholders, to find the most cost-effective, efficient and safe methods to overcome these challenges have resulted in the successful completion.”

On the completion of the project, Tom Dalton, said, “Through the projects we had worked on together, the Keppel team has proven to be proficient and responsive. The completion

of Sedco 706 can only reinforce Keppel FELS’s reputation as the yard of choice.”

The semi departed Singapore to Brazil for a development drilling contract with Chevron. The contract with Chevron is expected to last for a five-year period from the end of first quarter next year.

A new Monarch

The second major upgrading project completed in December 2008 is for Diamond Offshore Drilling’s (Diamond Offshore) semi drilling rig, *Ocean Monarch*.

This semi drilling rig is the fourth in a series of fifth generation Victory-class upgrades that Keppel FELS has undertaken for Diamond Offshore. The first three semis are *Ocean Baroness*, *Ocean Rover* and *Ocean Endeavor*.

With the enhancements, *Ocean Monarch* can now operate in up to 10,000 feet of water in a moored configuration. It is among the most modernised and competent of Diamond’s fleet of upgraded Victory-class semis.

The rig left Singapore on 5 December 2008 for operations in the Gulf of Mexico.

Newly upgraded
Ocean Monarch sets sail
for new duties





Keppel, Prosafe and Apache come together to celebrate the naming of FPSO *Ningaloo Vision*

New masterpiece in the making

The Van Gogh field offshore Australia will soon see a new masterpiece, the FPSO *Ningaloo Vision*.

The godmother of this excellent piece of work was Mrs Margo Wall, wife of Mr Tim Wall, Regional Vice President of Apache Energy Australia, who named the vessel on 9 December 2008. Apache Energy Australia is the leading operator of the Van Gogh field.

For its owner, Prosafe Production Public Ltd (Prosafe), the completion of this complex facility which has a unique internal disconnect-

able submerged turret for mooring from a moonpool, involved many parties, mega tons of steel, effective project management and solid engineering.

Keppel Shipyard, was singled out for special commendation at the vessel's naming ceremony. Bjorn Henriksen, President and CEO of Prosafe, said, "We at Prosafe Production are glad that our FPSO conversion projects have been undertaken by Keppel Shipyard in the demanding business environment we face these days. Keppel's performance is key, and a good basis for continued cooperation."



The vessel has a unique internal disconnect-able submerged turret



CH Tong presents a gift to Lady Sponsor, Mrs Margo Wall

For him and his colleagues including Roy Hallas, President of Prosafe Production Services Pte Ltd, it is the Keppel “*Can Do!*” attitude that makes the shipyard its choice partner.

He said, “We see time after time that Keppel’s “*Can Do!*” attitude is fundamental to turn project challenges into progress and quality work.”

Beyond its core expertise, it is Keppel Shipyard’s concerted effort in implementing the Safety Excellence 2010 measures that impresses its customers.

The *Ningaloo Vision* has a clean safety record. The project and two other Prosafe vessels currently under conversion at the yard have collectively clocked more than 12 million manhours without loss time incidents.

Bjorn added, “I would like to express my gratitude to the management of Keppel, the unions and all the workers and subcontractors of the shipyard, who have contributed with determined and hard work with a first class safety standard.”

Roy agreed, “Keppel Shipyard has shown its long-term commitment to safety with the introduction of the Safety Excellence 2010 initiative. We are delighted that the initiative was launched in May 2008 whilst our FPSO was under conversion which has led to the major safety achievements being realised on the project. We fully support a safety initiative which holds proactive measures, personal and collective ownership as its theme.”

For the remaining work scope ahead of the project teams, Roy used the Keppel’s well known slogan; “*Can Do!*” to rally everyone together. He said, “As a team we will make the difference, fix the remaining work scope and deliver the FPSO *Ningaloo Vision* to the full satisfaction of our client.”

To be completed in few months’ time, the facility will become a part of the landscape in the environmentally sensitive Exmouth area close to the picturesque Ningaloo Marine Park, soon to be declared a world heritage site.

Charting safety milestones

Committed to delivering projects to customers' satisfaction, Keppel O&M continues to achieve safety milestones.

In safe hands at Keppel FELS

Keppel FELS earned commendations from its customers after achieving safety milestones for three projects.

On 9 January 2009, Keppel FELS was awarded \$10,000 by Deep Drilling Invest (DDI), a subsidiary of Aban Offshore, for achieving two million manhours without lost time incidents (LTI) while working on *Deep Driller 8*.

John Campbell, DDI's Site Manager, presented the cheque to Keppel FELS' Project Manager, Lam Kee Heo.

Built to Keppel's proprietary KFELS Super B Class design, *Deep Driller 8* is the last of five newbuild jackups that Keppel FELS is building for DDI.

Rigs built to the Super B Class design are among the world's deepest drilling rigs, with

capabilities for drilling high pressure, high temperature wells down to 35,000 ft at 350 ft water depth.

In a separate event, Awilco Offshore (Awilco) awarded Keppel FELS with US\$10,000 for achieving two million manhours without LTI for newbuild jackup, *Wilstrike*, a KFELS B Class drilling rig. The award ceremony held on 16 January 2009 saw Pete England, Awilco's Project Manager presenting the cheque to Bryan Toh, Keppel FELS's Project Manager.

Separately, *SEDCO 706*, a major life extension and upgrading project for Transocean has achieved the milestones of four and five million manhours without LTI.

To commemorate this achievement, Transocean presented a combined bonus of US\$50,000 as well as commendation plaques to Keppel FELS. Transocean and Keppel FELS project teams celebrated this milestone on 2 December 2008.

The semisubmersible is currently undergoing works to increase its capabilities, from drilling in water depths of 1,000 feet to 6,500 feet.

Partnership in safety;
DDI's Project Manager,
John Campbell (right)
congratulates CH Tong
for achieving the milestone





The *Wilstrike* project team shows that safety is everyone's responsibility

Fast-track FPSO scores big on safety

The fast track conversion of the Floating Production Storage and Offloading vessel (FPSO) *BW CIDADE DE SAO VICENTE* by Keppel Shipyard has achieved 700,000 manhours without lost time incident. The impressive achievement was celebrated on 18 December 2008.

In support of Keppel Shipyard's safety efforts, Clients' BW Offshore generously contributed a cheque of S\$500,000 towards Keppel's Safety Excellence 2010 fund for the various safety

initiatives and programmes not only onboard *BW CIDADE DE SAO VICENTE* but also around the shipyard.

The event also recognised the safety partners responsible for the safety accomplishment with plaques presented to the Best Safe Supervisor, Best Safe Keppel Worker, Best Safe Sub-Contractor and the Best Safe Sub-Contractor Worker.

BW CIDADE DE SAO VICENTE will be the first FPSO to enter the gigantic TUPU deepwater field outside Rio de Janeiro.

Even cats follow safety rules

At Keppel Shipyard, the level of safety consciousness has reached new heights.

Christopher T. Howell, the FPSO lead of Shell International Exploration & Production Inc said to Abu Bakar, Senior GM of Keppel Shipyard, with tongue firmly in cheek, "I wanted to let you know how impressed I was last night. When I was driving through the yard I saw a cat crossing the road. What was amazing was that it was using the cross-walk.

"I could imagine that a dog could be trained to do so but a cat, that's a different story. Did you put cats in the truck as well? Your (the yard's) influence seems to know no bounds! I am in awe!"

Away from the bustle of activity, a cat was spotted using the zebra crossing near the Keppel Shipyard canteen



Mission accomplished



Lady Sponsor Mrs Drucie Cole (second from left), spouse of Mr Jon Cole (first from left), Scorpion President & CEO, is accompanied by (from left) Gabriel Padilla, Scorpion VP Engineering, Reverend Aten, GS Tan, Keppel AmFELS President & CEO, Sidney Ware, Scorpion Project Manager and Oscar Lopez, Keppel AmFELS Project Manager

Keppel AmFELS Inc. has delivered the jackup drilling rig, *Offshore Intrepid*, to Scorpion Intrepid Ltd. a subsidiary of Scorpion Offshore Ltd. (Scorpion) on time.

With this delivery, Keppel AmFELS has completed the series of five LeTourneau Super 116 jackup rigs commissioned by Scorpion in 2005 without delay.

Offshore Intrepid was named by Drucie Cole, spouse of Jon Cole, Scorpion's President & CEO, at the Keppel AmFELS yard on 24 January 2009. This rig has been chartered

by Odfjell Drilling Services to operate in the Arabian Gulf for 41 months, beginning 2Q2009.

GS Tan, President & CEO of Keppel AmFELS, said, "We aim to be the partner of choice for our customers, delivering high quality products, on time, within budget and without incidents. Over the last few years, we have worked hand-in-hand with Scorpion on the development of their offshore fleet. The successful completion of all five rigs is due to the support of our valued customer, as well as our sub-contractors and vendors."

Jon Cole, said, "The *Offshore Intrepid* represents Scorpion's fifth and final rig in the series constructed by Keppel AmFELS. We remain pleased with the quality of work and close working relationship developed between the companies during the past four years."

The first two units, *Offshore Courageous* and *Offshore Defender*, were delivered in 2007 while the third and fourth, *Offshore Resolute* and *Offshore Vigilant*, were delivered in 2008.

Identical to her sister rigs, *Offshore Intrepid* incorporates a 70 ft cantilever, the maximum reach currently available for all but a few harsh environment units. This rig is capable of working in 350 ft of water as outfitted or in water of depths up to 400 ft through the installation of additional leg sections. Its drilling depth is approximately 30,000 feet.

"Over the last 19 years, Keppel AmFELS has grown its depth and breadth as a highly credible offshore yard in the Gulf of Mexico. We provide one-stop

services to support our wide clientele operating in this region, be it for newbuilds or repair jobs." said GS Tan.

"While there is a general slowdown in new orders worldwide, the fundamentals in the offshore oil and gas industry still persist. There is a need for drilling and production activities to support long term demand for energy, and we believe that Keppel AmFELS is well-positioned to capture opportunities arising in the Gulf of Mexico and its surrounding regions."

The Scorpion and Keppel AmFELS project teams who have collaborated on *Offshore Courageous*, *Offshore Defender*, *Offshore Resolute*, *Offshore Vigilant* and *Offshore Intrepid* share their thoughts on working together in the last three years.

"We are very pleased with the quality and the capability of the units that have been built at Keppel AmFELS. The shipyard and its parent company in Singapore take a back seat to no one in the world. The cost performance here has been excellent and the quality of our units is great."

Jon Cole
President and CEO,
Scorpion

"Despite the tight labor market and escalating costs due to the sudden boom, we were still able to deliver these projects on time, on budget and with very commendable safety records. Working closely with our customers, suppliers, designer and ABS is key. We stay committed to our continuous improvement programmes to develop our staff and processes that will help us ride through the current economic crisis."

GS Tan
President & CEO,
Keppel AmFELS

"The projects turned out really well. The quality of each rig improved with every delivery. We've had our ups and downs but that's to be expected from any project. I've grown to be really comfortable here and made a lot of good friends. It's been a good ride."

Sidney Ware
Project Manager,
Scorpion

"I have enjoyed working with the Keppel AmFELS team over the past few years and look forward to it again. Without the help from each one of you, my job here would have been much more difficult. Thank you for all your help."

Randy Nicholson
Project Engineer,
Scorpion

"The teamwork, dedication, and hard work of the Keppel AmFELS and Scorpion teams proved to be an unbeatable combination. They have performed an outstanding task of constructing and completing all five rigs safely, on time and within budget. I humbly salute all in these fine teams."

Dale Barker
Materials Manager,
Scorpion

"The successful completion of the five Scorpion rigs is a showcase of our commitment to deliver on our promise. The customers that are coming in line will see that we can deliver the projects in a timely manner and give them good quality solutions."

Oscar Lopez
Project Manager,
Keppel AmFELS

"I've seen in the past few years a dramatic improvement in the construction of these rigs. I'm sure we will be able to do even much better in the future. Communication, teamwork, and good relationships with the customer and getting everybody working as a team made the projects rewarding for all of us."

Ernie Rodriguez
Project Superintendent,
Keppel AmFELS

"The relationship with the owner was good because of the strong understanding we had with them from previous projects. I was getting constant feedback from the other project superintendents and that helped me a lot."

Leandro Lara
Project Superintendent,
Keppel AmFELS



Mærsk Resolve has been chartered to Maersk Oil for operations in Dubai



Mærsk Developer was completed for Maersk Drilling towards the end of 2008

On-time delivery of 1st jackup rig in

Keppel FELS has delivered the third of four high efficiency jackup rigs to Maersk Drilling on time and incident-free.

The rig was named *Mærsk Resolve*, by Mrs Sun-hee Madsen, spouse of Erik Madsen, Maersk Drilling's Site Manager (Overall Projects), at a ceremony on 20 January 2009.

CH Tong said, "Keppel FELS looks forward to deliver as many as 14 rigs in 2009. The timely delivery of *Mærsk Resolve* without lost-time incidents is a good head start for us. We would like to thank our valued partner, Maersk Drilling, for their confidence and support, which have made this feat possible."

Claus V. Hemmingsen, CEO of Maersk Drilling and Maersk FPSOs, said, "We are very pleased with the high quality to which *Mærsk Resolve* was completed by Keppel FELS. The delivery of the *Mærsk Resolve* will further strengthen Maersk Drilling's market position with yet another jack-up built for high performance. She will enhance Maersk Drilling's brand profile as the foremost provider of drilling solutions."

The series of high efficiency rigs have a maximum operating depth of 350 feet and are suitable for drilling deep, high temperature/high pressure wells of 30,000 feet. They are also highly automated for safe operations.

The first rig, *Mærsk Resilient*, was

delivered in February 2008 and has commenced operations for Dubai Petroleum Establishment. The second rig, *Mærsk Resolute*, was delivered in August 2008 and has been contracted to Dong Energy for operations in the Danish part of the North Sea over three years. Meanwhile, the fourth and last jackup rig of this fleet is on-track for delivery in 2Q2009.

"The fundamentals in the offshore oil and gas industry remain intact. There is a need for drilling and production activities to support long term demand for energy. Keppel is committed to support efforts to meet this demand, and we will work closely with customers such as Maersk Drilling to pursue projects to meet operators' needs.



Godmother of *Maersk Resolve* Mrs Sun-hee Madsen (third from right), spouse of Erik Madsen (centre), Maersk Drilling Site Manager (Overall Projects), is accompanied by (from left), Kwok Kai Choong, Keppel FELS Senior Project Manager, Gregers Kudsk, Maersk Drilling Vice President and Chief Technical Officer, Wong Kok Seng, Keppel FELS Executive Director (Operations), HE Vibeke Rovsing Lauritzen, Danish Ambassador to Singapore, and Michael Chia, Keppel FELS Executive Director

2009 to Maersk

“Looking ahead, our healthy balance sheet and orderbook of S\$10.8 billion will keep us very busy for the next few years. As we selectively pursue new projects in the year ahead, we are determined to further strengthen our project execution and increase productivity,” said CH Tong.

“These will ensure that we continue to deliver on our commitments on time, within budget and without incidents, all of which are just as, if not more important in the current market,” he added.

Maersk Drilling has a fleet of 26 drilling rigs including one high efficiency jack-up rig and two deepwater development semi-submersibles currently under construction at Keppel FELS.

Completion of Semi – *Maersk Developer*

Keppel FELS also recently delivered the *Maersk Developer*, the first of three DSS™ 21 semisubmersibles to Maersk Drilling. The rig was completed towards the end of 2008 and has been contracted to StatoilHydro for operations in the Gulf of Mexico.

The DSS™ 21 Series of deepwater rigs is jointly developed by the Keppel O&M’s Deepwater Technology Group, Marine Structure Consultants of the Netherlands and Maersk Drilling. The Series features a dynamic positioning system, with the ability to attach to a pre-laid mooring system.

Capable of operating at water depths of 3,000 metres and drilling down to 10,000 metres, this series of semi-submersibles are well suited for the conditions of offshore Brazil, West Africa, Gulf of Mexico and Southeast Asia. Designed for maximum uptime with reduced emissions and discharges, the DSS™ 21 Series is an environmentally friendly solution for the offshore industry.

Maersk Drilling’s two other DSS™ 21 Series rigs are presently under construction in Keppel FELS. They are scheduled for delivery in the second quarters of 2009 and 2010 respectively.

Fifth Aban delivery

Deliver on time, on budget. That is the promise of Keppel.

Keppel FELS has successfully delivered the jackup drilling rig, *Deep Driller 8*, to Aban Singapore Pte Ltd (Aban) on time, within budget and without incidents.

“With the on-time delivery of the *Deep Driller 8*, we expect our entire offshore fleet to be operational by early 2009,” said Reji Abraham, MD of Aban Offshore Limited.

Delivery of Deep Driller 8 completes the series of five KFELS Super B Class rigs built by Keppel FELS for Aban



“Keppel has shown their commitment and expertise in rig design, project execution and management that is second to none. We are pleased to have them as our preferred partner and look forward to continue working with them,” he added.

Deep Driller 8 is the fifth unit to be delivered in a series of five KFELS Super B Class rigs for Aban since 2006. The rig has been completed with a clean safety record.

The KFELS Super B Class design is one of the world’s deepest drilling rigs, with capabilities for drilling high pressure, high temperature wells up to 35,000 ft at 350 ft water depth. It is an enhancement of the highly acclaimed KFELS B Class design.

Developed and designed by Keppel O&M, this class of rigs has quickly gained market acceptance since it was launched in 2000. To date, 26 KFELS B Class rigs have already been delivered with another seven in various stages of construction.

CH Tong said, “We are privileged to be a partner to Aban in their fleet expansion programme. With the completion of this latest rig, we have contributed to more than half of their newbuild jackup fleet.”

“Beyond building high quality premium rigs, we have tremendous capabilities in the repair, conversion and servicing of a complete range of rigs. It is our pleasure to extend our expertise to Aban in these areas.”

Keppel FELS has recently completed the repair and refurbishment of a semisubmersible, *Aban Pearl*, to the satisfaction of the owner, Aban.

Aban Singapore Pte Ltd is a wholly owned subsidiary of Aban Offshore Limited which offers drilling services. Headquartered in India, the Aban Group ranks among the top ten offshore drilling asset owners in the world, the Group is India’s largest offshore drilling entity in the private sector, offering world-class drilling services to large global oil and gas operators.

Pride of a promise delivered



30 days of work put in, 60 tonnes of steel installed, and one goal in mind – to complete the modification job for GSF Galaxy III on time and safely.

The jackup drilling rig, owned by Transocean, arrived at Keppel Verolme yard for the modification of one of her spudcans in mid November 2008. The jackup rig, a KFELS MOD VI G-class design, which is 74 metres long and 76 metres wide, is capable of working in a water depth up to 120 metres.

A couple of days after the arrival of the *GSF Galaxy III*, Keppel Verolme dry

docked the rig in a position so that workers could safely access the top of the spudcan to install 60 tons of steel.

The modification job was completed within a month's time and Transocean project team complimented Keppel Verolme on a safe, technically sound and quick turnaround project.

GSF Galaxy III is the second Transocean rig that had visited Keppel Verolme in 2008. During the second quarter, the Jack-Up Drilling rig *GSF Labrador* had stayed in the yard for some three weeks to carry out various surveys and maintenance works.

Keppel Verolme was praised for the fast turnaround modification job completed for GSF Galaxy III

Thinking caps aglow

Emloyees of Keppel FELS “don” their thinking caps and came up with 13 innovative ideas that saved an estimated S\$3 millions per annum for the company.

These iQC solutions were submitted for judging at the annual National iQC convention held on 2 December 2008.

Of these 13 projects, three won the Star award; seven won the Gold award; and three won the Silver award. The Star award is the highest honour at the National level.

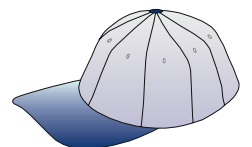
The teams were assessed by a panel of assessors from the Singapore Productivity, Innovation and Growth Board (SPRING).

Mr Tang Teck Chye, Lead Assessor of SPRING said, “The presentations showcased the talent of Keppel’s staff and the quality innovations which they have developed. These projects greatly impact the organisation as they enable its goals to be achieved more efficiently and effectively. Well done.”

Since 2004, Keppel FELS has garnered

seven Star, 29 Gold and 15 Silver National iQC awards.

Senior Subcontract Officer of Keppel FELS, Bernard Tey, whose team Q-box won a Star award shared, “The team was jubilant with the result as it was an improvement from what was achieved during our in-house iQC session.” Team Q-box gave a presentation on their method to reduce subcontractor labour supply costs.





Thebaud Sea which is undergoing refurbishment and modification is the second vessel AHI is undertaking for McDermott

2008 a record year for AHI

Arab Heavy Industries (AHI) closed the year 2008 on a high note. Thanks to the continued support of business associates and clients, as well as its record number of successful deliveries – 318 completed jobs, a 20% jump from 2007.

AHI continued to work closely with regular clients in the marine and oil industry support sector such as Tidewater Marine, Swire Pacific Offshore and AL Mojil Group.

Other regular customers included major international dredging companies operating in the region, including Van Oord ACZ (Gulf), Royal Boskalis Westminster, Jan de Nul Dredging and Dredging International.

Complex and demanding repairs such as the removal and repairs to the 200-tonne

cutter ladder for Van Oord's cutter suction dredger, *CASTOR*, and the conversion of the *Volvox Iberia* to a top discharge dredger were carried out successfully to the clients' full satisfaction. Boskalis's dumb barge *Java Walrus* was also successfully converted to an accommodation work unit.

Currently in the yard is the Split Hopper Dredger *Vlaanderen XX* from Dredging International for major steel and mechanical repairs. Also at AHI for major steel repairs are the two split hopper vessels *Comes Hard* and *Comes Slow* from Van Oord and the *Jan de Nuls DN 115* and *116* rock barges.

For the offshore construction industry, AHI is currently reactivating the Crane construction *AYMOMIDE* for India's Offshore Diving Centre with over 300 tonnes of steel repairs needed.

McDermott's *Thebaud Sea* is also at AHI for major refurbishment and modification. This follows the successful completion of the *Agile* for the same client.

Another record conversion is for the 5,000 dwt tanker *Al Mas* to a double hull tanker for Greece's Coral shipping.

In support of the United Arab Emirate's effort to protect the environment, AHI is converting its grit blasting plant to undertake recyclable steel shot blasting process.

A desalination plant is also being installed and commissioned to generate fresh water for conversion of the open grit blasting process to high pressure water blasting. These initiatives are expected to be implemented within the first quarter 2009.

Keppel AmFELS delivers jackup rig to Atwood Oceanics

Keppel AmFELS has delivered a newbuild jackup rig to Atwood Oceanics Pacific Limited (AOPL).

The rig was christened *Atwood Aurora* by Deborah Beck, Corporate Executive Director of Atwood Oceanics, Inc., the parent company of AOPL, at a ceremony on 6 December 2008.

Atwood Aurora has been awarded a contract by RWE Dea Nile GmbH ("RWE") for work in offshore Egypt for two years with two separate options to extend the term to three years.

Built to the LeTourneau Super 116E design with leg lengths of 477 feet that can be upgraded to 511 feet, the unit is capable of drilling wells up to 30,000 feet deep in water depths of 350 feet.

Located in Brownsville, Texas, Keppel AmFELS reinforces Keppel O&M's presence in the Gulf of Mexico and its strategy to be near its markets and customers.

Since its establishment in 1990, Keppel AmFELS has built up its facilities and equipment to become the most well equipped offshore shipyard in the Gulf of Mexico. The yard engages in the construction, refurbishment, conversion, life extension and repair of a

complete range of mobile drilling rigs and platforms. Its comprehensive facilities are first class, including a drydock capable of docking the largest semisubmersible drilling units, and a modern steel processing plant.

Atwood Oceanics, Inc. is a New York Stock Exchange listed company. The company engages in international offshore drilling and completion of exploratory and developmental oil and gas wells as well as related support, management, and consulting services.

John Irwin (right), President & CEO of Atwood Oceanics and GS Tan, President & CEO of Keppel AmFELS congratulate each other on the project's completion





Guest-of-Honour Dr Lee Boon Yang tops off the successful completion of *VIRTUE I*



VIRTUE I is the second jackup rig Keppel FELS has completed for Jindal

Making safety a virtue

The jackup rig *VIRTUE I* has been delivered on time, within budget and without incidents.



Naresh Kumar, MD of Jindal; Mrs Manju, Lady Sponsor; Guest-of-Honour Dr Lee Boon Yang, Minister for Information, Communications and the Arts; and CB Choo officiate at the rig's naming ceremony

“We are very pleased with the results of the strong collaboration between Jindal and Keppel on both our jackup rigs.”

Naresh Kumar, MD, Jindal

fleet with two jackup rigs of our proprietary KFELS B Class design. We look forward to build on this strong partnership between our companies to support India's growth as a major contender in global oil and gas.”

Since the launch of the KFELS B Class design in 2000, Keppel FELS has received 33 orders for its proprietary jackup drilling rigs. *VIRTUE I* is the 25th unit of this design to enter the offshore market.

Over the last five years, Indian drilling contractors have ordered a total of nine KFELS B Class jackup rigs from Keppel FELS. The total contract value of these rigs amounts to US\$1.5 billion and speaks of the confidence placed in Keppel's proprietary design.

Made to meet the requirements of international waters and those of ONGC for work in offshore India, *VIRTUE I* is capable of operating in water depths of 350 feet and drilling down to 30,000 feet. Keppel's advanced and fully-automated high capacity rack, pinion elevating system and self-positioning fixation system have been incorporated into the design.

Keppel FELS delivered a jackup rig ahead of schedule to Virtue Drilling, an associate company of India's Jindal Drilling & Industries Ltd (Jindal).

Named in the presence of Guest-of-Honour, Dr Lee Boon Yang, Singapore's Minister for Information, Communications and the Arts, the jackup rig *VIRTUE I*, also achieved a clean safety record of about 2.1 million manhours worked without incidents.

“In its strive for excellence in technology innovation and project execution, Keppel Offshore & Marine plays an important role in showcasing Singapore's capabilities as a world leader in the design and construction of offshore drilling rigs. The successful completion of *VIRTUE I* attests to the potential of strong collaboration between Singaporean and Indian companies,” said Dr Lee at the naming ceremony on 6 December 2008.

“I am confident that there will be many opportunities for Singapore and Keppel to support India in the exploration and production of its rich oil and gas reserves, as India continues to grow as an influential global player,” he added.

VIRTUE I is the second jackup rig Keppel FELS has completed for Jindal and has been contracted by India's Oil and Natural Gas Corporation (ONGC) in the Indian Ocean for a period of five years. The first rig, *DISCOVERY I* was delivered in

September this year, 49 days ahead of schedule and without incidents.

Naresh Kumar, MD of Jindal, said, “We are very pleased with the results of the strong collaboration between Jindal and Keppel on both our jackup rigs. *DISCOVERY I* left Keppel FELS and commenced operations for ONGC immediately without any downtime. The excellent performance of *DISCOVERY I* right from the start attests to the completion, quality assurance and operational readiness of rigs leaving Keppel FELS' yards, which is of great value to rig-owners.

“With the successful completion of *VIRTUE I*, Keppel FELS has lived up to its reputation for timely deliveries that are within budget and without incidents. We look forward to taking delivery of *VIRTUE I* very shortly as she joins her sister rig in contributing to the growth of India's offshore industry.”

CH Tong said, “India is enlarging its sphere in the global oil and gas industry, with its total hydrocarbon resources estimated in the region of 28 billion tonnes, and the government's push to expand the local sector to reduce its dependence on oil imports. These factors present tremendous opportunities for exploration and production activities, and augur well for supporting clusters in the long run.

“We are honoured that Jindal has given us opportunities to strengthen its offshore

Continued on page 26 ►

Wealth of experience

A veteran of 45 years in the offshore industry, AVK Nagpaul, Director of Discovery Drilling Pte Ltd, an associate company of India's Jindal Drilling & Industries (Jindal), was tasked the important role of project manager for the construction of two jackup rigs, *DISCOVERY I* and *VIRTUE I*. Both were successfully completed in the second half of 2008.

Jindal chose Keppel FELS as its preferred partner because the yard drew up a proposal within a short span of time and the rigs were able to meet the requirements of international waters and those specified by Oil and Natural Gas Corporation (ONGC), which eventually contracted both the jackup rigs for work in offshore India.

According to Nagpaul, "This was possible due to the close working relationship between Jindal Group and Keppel FELS. We worked very hard and there was constant flow of communication between the teams. There was hardly any waiting time in the approval

of plans, ensuring that the construction process was not held up."

The jackup rigs were built to the modified KFELS B Class design and successfully delivered ahead of schedule. On top of that, the project teams were able to achieve a clean safety record totaling more than 4 million man-hours worked without incidents.

On whether Jindal will continue to build rigs despite the current economic downturn, Nagpaul said, "As a progressive company, we always look for state-of-the-art assets depending upon the market condition and availability of contracts. The road is still open. As a group, we definitely want to grow and we just have to wait for the right opportunity to come our way."

As one of the pioneers in the Indian offshore industry, Nagpaul began his career as Apprentice Engineer with ONGC & retired as Group General Manager (Equipment Management) and played an instrumental part in building up the company's fleet of offshore jack up rigs.

His expertise has made him a highly sought after individual upon his retirement from ONGC in 2001. In 2005, Nagpaul joined Jindal, one of India's leading and diversified industrial houses.

Part of his vast experience includes overseeing the construction of four jackup rigs for ONGC in Hiroshima and Osaka, Japan during the 70s and 80s. Taking out an Indian currency note from his wallet, Nagpaul proudly points out the picture of a jackup rig Sagar Samrat that was built under his supervision.

Nagpaul (left) receiving a token of appreciation from Mr Mark Lim, MPA Deputy Director, at the *VIRTUE I* naming ceremony on 6 December 2008



Striking yet another fruitful partnership

Work on the ultra-deepwater semisubmersible (semi) rig *ENSCO 8504* has commenced at Keppel Batangas, where the fabrication of the pontoons and lower hull columns are being carried out.

Attending the strike steel ceremony on 1 December 2008 at the Philippine yard, Yeo Yue Ngiap, Senior Project Manager of Keppel FELS said, "We thank ENSCO for their confidence in Keppel FELS' offshore rig building capabilities with this fifth rig order."

ENSCO's Project Manager for Capital Projects, Ron Couet also shared, "We look forward to another addition to the ENSCO 8500 Series of semisubmersible rig fleet."

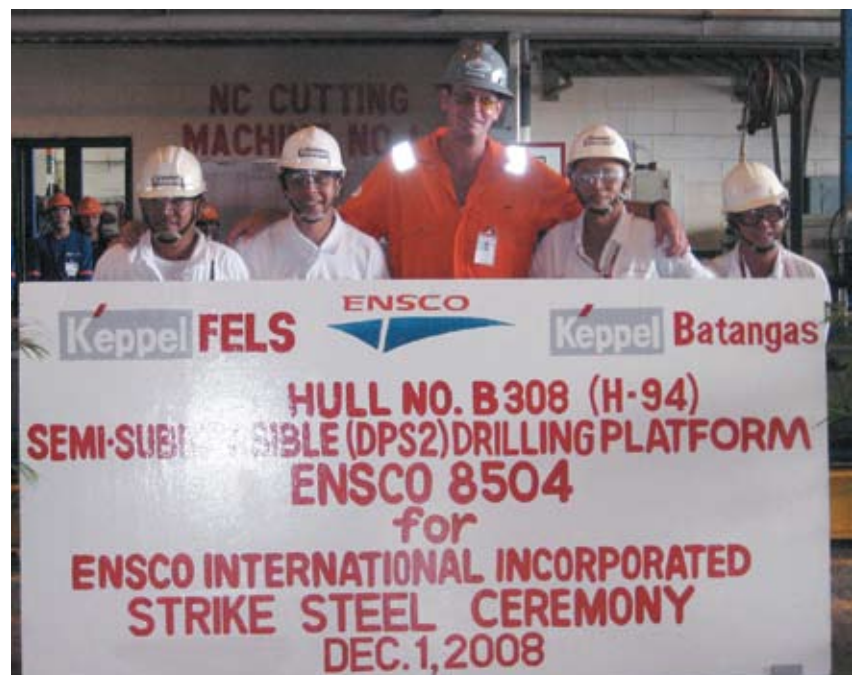
Kok Boon Heng, President of Keppel Batangas added, "Once more, we are grateful for the support of Keppel FELS and ENSCO, for the continuous fabrication orders. We remain committed to safety, quality and on-time delivery in all our offshore projects."

Once completed, the lower pontoon structures will be towed to Singapore where the top deck, with the derrick, the other superstructures and equipment will be added to complete the semi. The offshore rig is designed for deepwater development drilling of up to 8,500 feet of water.

There are 24 pontoon blocks and 16 column blocks being simultaneously fabricated in Keppel Batangas, for each semi. These include subcontracted work from Keppel FELS for its projects for ENSCO, QGOG, Floatel B302 offshore accommodation and the *Maersk No. 3 B295* mid bodies, which are progressing concurrently.

Keppel Batangas engages in repair and conversion of vessels up to 50,000 dwt. It also builds small to medium-sized vessels.

The project teams embark on their fifth ENSCO project in Keppel Batangas with zest



All systems go for ENSCO 8504 with ENSCO's Project Manager for Capital Projects, Ron Couet officiating the strike steel ceremony

Upgrading for the future



Block erection using the newly installed 250 tonne gantry crane

Visitors to Singmarine's yard at 15 Benoi Road will be able to spot a spanning new bright red gantry towering over the surrounding facilities.

This new gantry crane with a capacity of 250 tonne, will replace the existing 100 tonne gantry crane which will be relocated to the shipbuilding dock at 5 Benoi Road.

Concurrently, a new 270 tonne transporter was acquired to transfer the hull blocks within the yard and the slipway was widened from 40 meters to 70 meters to accommodate the larger and more sophisticated specialised vessels.

Also, a new office building was completed to house Project Management, Engineering and Production departments at its 15 Benoi yard. There was also a new building for Project Management, Production, Human Resources, Purchasing and Contracts departments as well as a new canteen at Singmarine's yard at 5 Benoi Road.

Keppel Singmarine, Executive Director, Hoe Eng Hock said, "The productivity of hull erection is significantly improved with the operation of the new 250 tonne gantry crane and the 270 tonne transporter as bigger hull blocks weighing up to 250 tonne can now be erected. The new offices are equipped with modern telecommunication and internet facilities to enhance efficiency and communication among various departments."



New building at 15 Benoi road



A new canteen at Singmarine's yard at 5 Benoi Road



An enriching tour for the Nantong delegates at *Deep Driller 6*

Strengthening ties with Nantong

Keppel O&M played host to nine government officials from the city of Nantong, China, led by Mr Luo Yi Min, Party Secretary of the CPC Nantong Municipal Committee, on 27 November 2008.

They were part of the Jiangsu delegation led by Party Secretary of CPC Jiangsu Provincial Committee, Mr Liang Bao Hua, which was in Singapore from 26-29 November 2008.

Keppel O&M's links with Nantong started in 2005 when Keppel Singmarine acquired Keppel Nantong Shipyard. The addition of the facility in Nantong increased Keppel's newbuilding capacity in meeting the growing demand for specialised vessels to serve the offshore field development market and growth in Liquefied Natural Gas terminals and maritime ports.

The Nantong delegation first arrived at the new Keppel O&M Tower and enjoyed the panoramic view of the shipyards from the top floor of the building.

The visit is followed by a bus tour of the Keppel FELS – Pioneer yard and Keppel Singmarine – Benoi yard. The Nantong officials also explored



Luo Yi Min (left) was impressed by the complexity and processes involved in building *Deep Driller 6*

Deep Driller 6, a deep drilling jackup rig. They were visibly impressed by the complexity and processes involved, which showcased Keppel O&M's reputation as a leading offshore rig builder.

Lee Tai Kwee, President of Keppel Nantong Shipyard, said, "The visit has further reinforced Keppel's friendly ties with the Nantong officials. With the officials' deeper understanding of our businesses, strengths and strategies, we will be able to establish firm and successful collaborations in the future."



Chairman of Keppel O&M, CB Choo (second from left), who is also Singapore's Non-Resident Ambassador to Brazil, with Prime Minister Lee (second from right), President Lula (far right) and Singapore government ministers and officials at the Ministry of Foreign Affairs in Brazil

MM Memoirs in Portuguese

The first-ever Portuguese version of Singapore's Minister Mentor Lee Kuan Yew's two-part memoirs were jointly launched by President Luiz Inácio Lula da Silva of Brazil and Prime Minister Lee Hsien Loong of Singapore,

during Prime Minister Lee's official visit to Brazil on 25 November 2008.

A group of six sponsors, including Keppel Offshore & Marine made this translation and production of volume one, *A História de Cingapura* (The

Singapore Story) and volume two, *Do terceiro ao Primeiro Mundo* (From Third World to First) possible.

Held on 25 November 2008, the launch took place at the Ministry of Foreign Affairs in Brazil.

We value our people



Lunchtime learning

The saying "No Free Lunch" takes on a new meaning at Keppel O&M when its Talent Development department held the inaugural "Lunch and Learn" session.

Co-organised with the Institute of Marine Engineering, Science and Technology (IMarEST) on 17 November 2008, the initiative is part of the Keppel O&M IMarEST Marine Partners programme aims at developing employee skills.

The guest speaker was MD of Braemar Howells, Mr Simon Rickaby who shared

his thoughts on "Marine Salvage or Banged up Boats". The session attracted a total of 55 Keppelites who attended the talk during lunch hour.

Charles Yap, GM of Purchasing & Warehousing, Keppel Singmarine said, "This lunch and learn session was informative as the speaker gave several practical examples on troubled vessels such as the chemical tanker Multitank Ascania and the general cargo ship Sonia. We have a better appreciation of the challenges in salvaging of vessels."



55 employees from Keppel O&M attended the inaugural lunchtime learning event

"The whole atmosphere is relaxed and this session has indeed made the best use of our time to enhance our industry knowledge."

Homey enclave surprises Bangladeshi dignitary

As dusk descended, Acacia Lodge was teeming of activities and energy as usual on 21 November 2008.

Its 5,000 residents coming from Bangladesh, India, China, Myanmar, the Philippines and Malaysia went about preparing for dinner. Many poured into the wet market and mini-mart to buy fresh produce that arrived at the Lodge in the afternoon while others were making last-minute purchases of rice, sauces and even desserts to go with dinner. A good crowd, who chose to eat out, can be seen gathered in the canteen cum beer garden to buy food.

Others preferred to go for a workout in the fully fitted gymnasium or lounged in front of the outdoor TV viewing area to unwind for the night.

Yet it was a special day for Ms Yasmin Sultanai, Counsellor of the High Commission for Bangladesh, who made a surprised call at the Lodge. She was visiting the Bangladeshi workers who constitute one-third of Acacia Lodge's residents.

Accompanied by Steven Lee, General Manager of the Lodge, Ms Sultanai toured the facility and was visibly impressed by how the Lodge was so self-contained. With over 260 apartments, the Lodge is complete with modern amenities. It also boasts cooperative outlets offering hairstyling, IT and banking services.

After the tour, Ms Sultanai also held an-hour long dialogue session with the Bangladeshi workers to better understand their needs in Singapore.

Ms Sultanai said, "I am impressed with the modern facilities of Acacia Lodge and the regulations here also ensured that it is clean and safe. I took this chance to better understand the needs of Bangladesh workers as they share their lives during the dialogue session."

Developed by Keppel Housing in 1997 to house Keppel's foreign workers, Acacia Lodge is located along Bukit Batok Street at the fringe of Bukit Batok HDB residential estate.



Ms Yasmin Sultanai (centre) toured Acacia Lodge



Free internet access for residents



Residents working out at the fully fitted gymnasium

World's first FDPSO bound for Congo



The world's first drilling FDPSO, *Azurite* has left for deployment in Congo

Azurite, the world's first Floating, Drilling, Production Storage and Offloading vessel (FDPSO), has left Keppel Shipyard for Republic of Congo where it will be deployed at the deepwater Azurite development in the Mer Profonde Sud Block.

Earlier, a sail away party was held on 12 December 2008 to celebrate the achievements of the Keppel and Prosafe teams working on the project. The FDPSO *Azurite* is a unique cost-efficient solution for drilling and producing in deepwater fields. This is the 12th project Keppel has worked on for Prosafe since 1997.

Highlighting the long and successful

relationship, Executive Director of Keppel Shipyard, Mr Nelson Yeo said, "Keppel and Prosafe have been able to complement each other very well in carrying out each project. This is particularly important in today's tight market situation.

This teamwork extends to the safety culture built up by Keppel Shipyard with its customers, suppliers and subcontractors which saw the *Azurite* project achieve a safety milestone of 2.7 million man-hours worked without lost time incidents.

Named after the site it will work on, the FDPSO *Azurite* is equipped with a modular drilling package that can be removed and reused elsewhere once production wells have been drilled.

Converted from a Very Large Crude Carrier (VLCC), the FDPSO will have oil storage capacity of about 1.4 million barrels of oil and gas compression capacity of 18 million standard cubic feet per day. Its production capacity will be 40,000 to 60,000 barrels of oil per day and will be spread-moored at a water depth of 1400 meters.

A sail away party was held on 12 December 2008 to celebrate the achievements of *Azurite*



Solutions for extreme conditions

FloaTEC, 50/50 joint venture company created by J. Ray McDermott of Houston and Keppel FELS to design and deliver deepwater floating production systems (FPS), has completed Phase-2 testing of their latest ultra-deepwater dry tree units.

The FloaTEC T-semi model undergoing tests in a controlled environment



Named the Extendable Draft Semi™ (E-Semi™) and the Truss Semi™ (T-Semi™), both units are low motion semisubmersibles (semis) that are now qualified to support dry tree risers in ultra deep waters up to 10,000 feet.

Another key feature is quayside integration capability which eliminates the need for heavy lift installation of topsides.

The model tests were conducted to confirm applicability of the design for Gulf of Mexico post-Katrina metocean conditions, verify predictions of in-place global responses, and measure the forces at the truss-hull connections and riser top/bottom tension.

“I was very pleased with the tests,” said John Murray, Director of Technology Development for FloaTEC. “They

confirmed our design tools and gave an indication of the nonlinear-type responses that can only be quantified in these model test campaigns.”

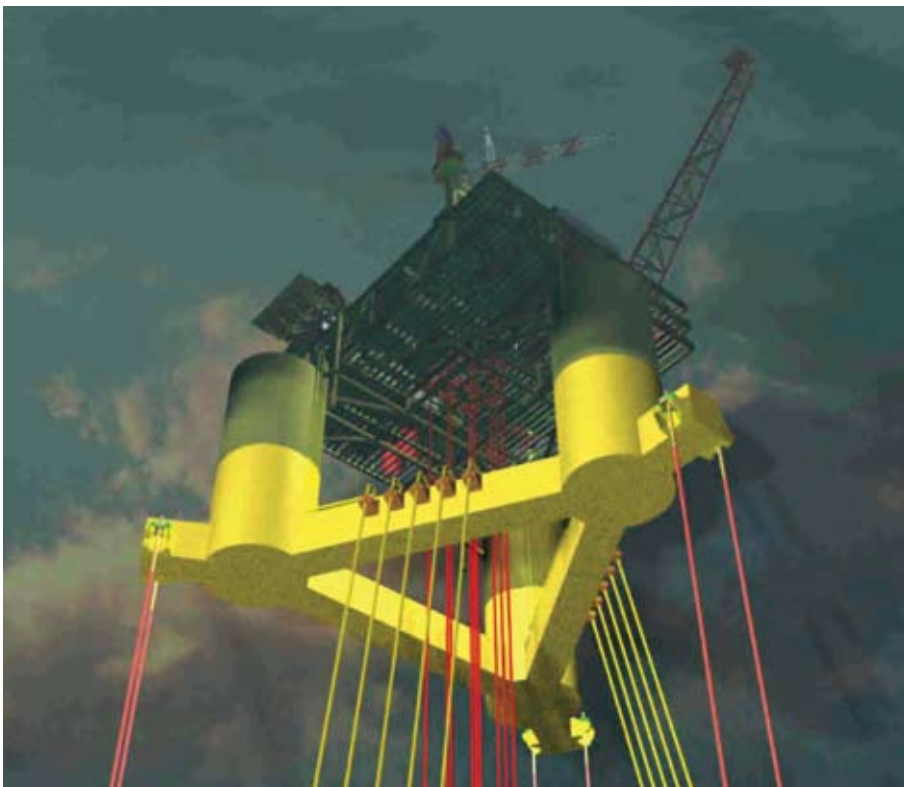
Both designs utilise a modified version of FloaTEC’s proprietary design which rely on hydrodynamic interaction between the heave plate and the hull to reduce motions. The draft enables quayside integration that provides maximum flexibility for construction options, while the reduced motions enable the use of commercially available tensioners.

Many reservoirs, particularly those in the ultra-deepwater Gulf of Mexico, are highly complex and require frequent well intervention for effective production. Existing dry trees can only be installed in up to depths of 5,610 feet. With FloaTEC’s designs, water depth capability can now be extended to 10,000 feet, enabling cost effective development of many new discoveries.

FloaTEC expects both designs to be commercially available in 2009, augmenting its current portfolio of multiple FPS designs for its clients, encompassing Tension Leg Platform, Spar and Semi-submersible technology.

FloaTEC offers both wet tree and dry tree FPS solutions. From technical feasibility studies, conceptual design and FEED through construction and installation, FloaTEC can transition a project seamlessly from concept to reality.

The Extended Tension Leg Platform is part of a complete suite of deepwater solutions that FloaTEC offers



Grooming the next generation



Professor Choo expounds on the need for young talents in the offshore and marine industry

The vibrancy of the offshore and marine sector is drawing more young talents to its midst, though more are still needed to generate the growth and development of the industry.

At the 23rd Chua Chor Teck Memorial Lecture (CCTML), Professor Choo Yoo Sang, Director (Research), Centre for Offshore Research & Engineering (CORE) of National University of Singapore, encouraged his audience, especially the students, to consider the long-term benefits of a career in the offshore engineering industry.

Held in memory of the late Mr Chua Chor Teck, one of the pioneers of Singapore's marine industry, the Lecture took place at the Singapore Polytechnic Auditorium on 13 January 2009, attended by some 370. It is organised by Keppel Offshore & Marine and Society of Naval Architects and Marine Engineers of Singapore.

Professor Choo shared that for the industry to continue growing and contributing to Singapore's economy, it will need young, talented and skilled people who have the motivation and drive to propel the industry forward.

Speaking about 'Offshore Engineering Research and Education', Professor Choo explained, "The exploration and production industry faces long term challenges, with the talent gap varying from 9,000 to 45,000 personnel needed. There will be a high outflow of experienced people retiring in 10-15 years time, with considerably fewer young and mid-career people to take over.

"The identified challenge can be seen as opportunities for Singapore to be directly involved in the education and training for the next generation of engineers and technologists of the oil and gas industry."

He also illustrated some of the projects and developments at CORE that have benefitted from the strong university-industry partnerships in education, research and development. These include research on installation engineering, jack-up foundation issues, very large floating structures and structural integrity management.

Professor Choo is the first person from Asia elected as President to helm the Institute of Marine Engineering Science & Technology (IMarEST). He has served in many scientific or technical committees as host, Chairman and Co-Chairman and received numerous awards.

The Chua Chor Teck Memorial Fund was established in 1986 with donations from his family, friends, colleagues, members of the public and corporations in remembrance of the late Mr Chua. For more information on the late Mr Chua and the Fund, visit www.keppcorp.com/CCT_Memorial_Fund_Trustee.

KFEU celebrates 25th anniversary

Keppel FELS Employees Union (KFEU) heralded the new year with a celebration of their 25th anniversary on 31 December 2008 at the Meritus Mandarin.

More than 800 union members attended the party with Mr Lim Swee Say, Minister, Prime Minister's Office & Secretary General of NTUC as the guest-of-honour.

Attyah Hassan, General Secretary of KFEU said, "KFEU took steps to make the Union relevant, rejuvenated and recharged. We constantly engage our bargainable staff and work hard to show our Union advantages. We also have a good and close partner, our management. Our membership rate has doubled and we are

pleased to say that we have exceeded our target of 4000 members."

While noting the celebratory occasion, she added some cautionary advice for 2009 saying, "Despite the current global

economic crisis, our response and attitude to such challenges is to act on what is within our control. We should take the downturn as a chance to retrain and upgrade ourselves for the future."

With that in mind, KFEU members took to the stage and showed off their entertainment skills with performances from Hip Hop dancing to Shaolin martial arts performance to a drag queen performance.

It was a double celebration worthy of 2009.



Cutting the cake celebrating KFEU's 25th Anniversary is (right to left) CB Choo, Attyah Hassan, Mr Lim Swee Say and CH Tong

People movements



CC Lai

Lai Ching Chuan has been appointed the General Manager of Corporate Development/Planning of Keppel Corporation.

He was seconded from Keppel O&M where he is Senior General Manager, Corporate Development. He will continue to oversee the Corporate Development activities at Keppel O&M.

CC Lai first started out his career in Keppel at Keppel Shipyard as a shiprepair manager in 1977. He is no stranger to Keppel Corporation having subsequently worked at headquarters at length, including stints as Manager (Chairman's Office) from

1989-91, and General Manager of Business Development from 1996-97.



Tan Cheng Hui

Tan Cheng Hui and Au Yeong Kin Ho have been appointed as Senior General Manager and

Deputy General Manager of Engineering for Keppel Singmarine respectively from 23 January 2009.



Au Yeong Kin Ho

Cheng Hui and Kin Ho serve concurrently as the new Senior General Manager and General Manager of Marine Technology Development (MTD), the ship design and development arm of Keppel Singmarine, respectively since 15 September 2008.

All in 35 years work

To 65-year-old Quek Mong Song, parting with Keppel FELS “is such sweet sorrow”.

After all, he has spent 35 years in a place he describes affectionately as his “second home”. Quek officially retired on 31 December 2008. This was since being rehired when he first retired three years ago.

His love affair with Keppel FELS started in January 1974 when he began his career as an Assistant Engineer in the estimating department. Subsequently, he crossed

Farewell gifts from colleagues and customers that speak of great affection and respect for Quek, a long-time Keppelite

over to the marketing department and was promoted to Engineer and rose to become Assistant Marketing Manager.

He was also Project Manager at the Arab Heavy Industries yard in Ajman, UAE to undertake the conversion of a jack up rig for Gulf Drilling from August 2004 to February 2005.

As Quek recalls of his life in Keppel, “It’s kind of difficult to say goodbye after spending more than half my life in Keppel. I would like to say that it has always been a privilege to work with a great team, though at times we may have some differences of opinion. It’s all part and parcel of work.”

Quek is known as the man who is resourceful, meticulous and who takes immense pride in his work. His eyes beamed with pride as he shared that

Keppel FELS’s newsletter “Fellowship” was coined by him in the 1970s.

He reflected, “Keppel has grown over the years and is still constantly evolving. The bold and intelligent decision undertaken by Keppel management has driven the Group forward. For instance, the management has had the foresight to invest in infrastructure during bad times and the building of the floating cranes, *Asian Hercules*.”

Work or play, Quek has always enjoyed both, as is apparent from all the fond tributes shared by not only the Keppelites, but also from customers.

Gilles Luca, Operations Manager from Enesco International, said, “I truly enjoyed your assistance on our many projects and that I for one know that you will be sorely missed.

“I am sure you take with you a good bit of the history of the Enesco and Keppel FELS’ long standing relationship and I can only hope that you have passed on the spirit of “pulling all the stops for your customers” to the younger generation at Keppel FELS.”

Bob McKechnie, DDIII Project Director from Transocean also shared, “You have been a true asset to Keppel FELS over the years and I always considered you to be fair and upstanding in all of our business relationships. I wish you well in your hard earned retirement.”

With more time freed up, Quek is now a nanny to his grandchildren. He is also able to spend more quality time with his wife.

As he enjoys what he describes as his “new pattern of life”, Keppelite wishes him happiness, health and a happy retirement.



Newbuildings in Cebu

Sparks flew as Keppel Cebu shipyard Inc. (KCSI) struck its first steel for the building of *Hull 20*, a 50-tonne bollard pull (BP) Azimuth Stern Drive (ASD) harbour tug, for the Port of Salalah. The ceremony on 12 November 2008 marked the rationalisation of the yard into a newbuilding yard.

David Loh, President of KCSI said, "We are honored by the trust and confidence of the Port of Salalah in awarding us this maiden project. Our team shall work closely with its clients to ensure on-time and on-budget project execution."

Captain Ahmed Ba'Omar, GM of Maritime Affairs at the Port of Salalah shared, "We look forward to this new addition to our tug fleet in Oman."

The tug will have a speed of 12 knots and an improved design by Keppel's Marine Technology Development (MTD).



KCSI works closely with Port of Salalah to ensure on-time and on-budget project execution for *Hull 20*

Meanwhile, Keppel Cebu also laid the keel for two 45-tonne BP ASD harbour tug for repeat client Keppel Smit Towage (KST) in the same month.

The yard has also just delivered a 50-tonne BP ASD, *Maju Mars*, to Maju Maritime. The twin screw ASD tugboat comes equipped with firefighting systems, modern nautical, navigational and communication equipment.

As the yard prepares for the shipbuilding market, it has implemented programmes to bolster productivity, inspire innovation and learning and encourage workplace improvements.

During its ninth Total Quality Process and Productivity Month, various departments showcased their quick-fix solutions and ideas on process-related improvement in an exhibition in the yard.

Keeping up the drill

About 400 workers, subcontractors and management of Keppel Cebu took part in its annual Avian Flu simulation exercise on 5 December 2008.



Keppel Cebu takes the simulation exercises seriously

Aimed at familiarising workers with the various stages of alert and precautionary actions to be taken, pre-exercise readiness checks were conducted to increase employees' awareness on the disease. These included briefings to review the information campaigns as well as bulletins on the drill procedures.

On the day of the drill, workers had their temperature reading taken. Suspected cases were immediately isolated in a designated hot zone near the yard gates, where they had to fill in health declaration forms.

They were subsequently accompanied by security guards to the yard's clinic for further medical checkups. A standby vehicle stood ready to ferry suspected cases to the hospital for further laboratory tests.

Winning spirit at Subic Shipyard



President and GM of Subic Shipyard Mok Kim Whang officiates the ceremonial toss for the tournament

Emotions ran high at Subic Shipyard and Engineering (Subic Shipyard) on 17 November 2008 as all eyes were glued to the ten teams battling for the championship title during the Inter-Colour Basketball Tournament.

Coming hot on the heels of successful bowling and chess tournaments organised in earlier months, the basketball event drew an even larger crowd from both the regular and project employees during its opening ceremony.

It was held at the company's newly inaugurated and refurbished Unity Hall Dormitory and Multi-Purpose Sports Complex.

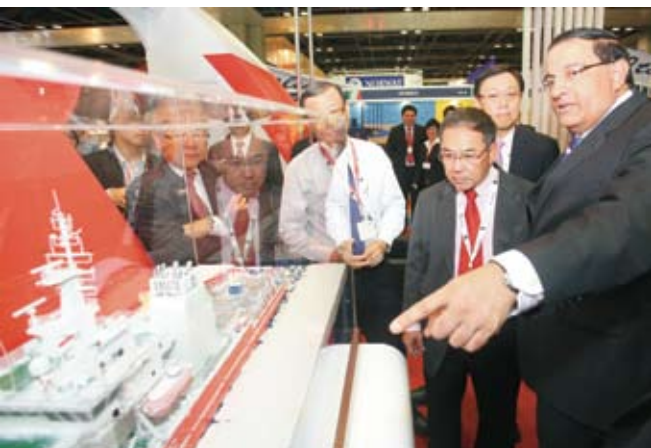
Mok Kim Whang, President and GM of Subic Shipyard said, "The sports facilities have been renovated and upgraded to enable our employees to be physically and mentally fit by engaging in various sports activities after a hard day's work at the shipyard. We hope everyone will enjoy the facilities."

He added, "To the players and the teams, play hard, play clean and have fun," during the kick-off ceremony attended by employees and officers of the shipyard's two unions.



The teams commits to their pledge of sportsmanship

Flying the Keppel flag at OSEA 2008



At Keppel O&M's booth, Minister Iswaran (right) was briefed on the capabilities of an icebreaker which Keppel recently built

Anchoring its 17th year of participation since the event first began in 1976, Keppel O&M made a strong presence again at OSEA, the International Oil and Gas Industry Exhibition & Conference.

The bi-annual show held at Singapore Suntec International Convention & Exhibition Centre from 2 to 5 December, drew more than 900 companies from over 45 countries.

Opening the four-day show, Mr S Iswaran, Senior Minister of State for Trade and Industry said, "The oil and gas industry has achieved continuous growth in the last few

years. However, like most sectors, the industry has also been affected by the current global financial and economic crisis.

"Notwithstanding these short term uncertainties, the long term outlook for the oil and gas industry remains positive. The fundamentals have not changed. The prospect for sustained demand for energy from both the developed and emerging economies remains intact."

The Minister visited the Keppel O&M booth during his walkabout and was received by CH Tong.

Kicking up an ACTIVE lifestyle

Over 4,000 Keppelites jumped, kicked and punched their way through the morning of 13 December 2008 as Keppel FELS held its annual ACTIVE (All Companies or Communities Together In Various Exercises) Day.

For the first-time, kickboxing was introduced, replacing the aerobic exercises of previous years. Three fitness instructors were engaged to lead in the high-energy morning workout with ACTIVE participation from Keppel FELS' senior management, Union Leaders and employees.

Michael Chia, ED of Keppel FELS, said, "The workplace is an important setting in which to cultivate a healthy lifestyle. In addition to enhancing overall well-being, regular exercise can also help us to stay alert, energetic and efficient.

"Our ACTIVE day is a good opportunity to bring everyone together for this purpose."



Keppel FELS employees kickstarting their ACTIVE Day

Jazzing up Christmas

Keppel Offshore & Marine, in support of the arts, celebrated last year's Christmas with its friends and customers at the sold-out concert by the Singapore's own 'King of Swing', Jeremy Monteiro and a stellar cast of internationally acclaimed musical talents from around the world.

The concert, *A Jazzy Christmas*, celebrated samba and bossa nova with luminaries like Toots Thielemans, an undisputed master of the harmonica and Polish-American singer, composer, Grazyna Auguscik as well as Two for Brazil comprising Brazilian-born Paulinho Garcia on the guitar and vocals and Chicago native Greg Fishman on the saxophone and flute.



Jeremy Monteiro and his international jazz luminary friends celebrate Christmas with beautiful renditions of jazzy bossa nova

More than 80 Keppel guests were enthralled by what a guest called "a performance of passion that touches the soul." This is the second year Keppel is a sponsor for a Jeremy Monteiro production and guests who came for the first concert could not wait to see it again.

A jazz fan, Keppel Corporation's Roy Tan of Group Corporate Communications said, "They really captured the jazz essence of bossa nova with the beats and harmony. This has been an excellent way to herald Christmas and I think everyone enjoyed it so much, they couldn't bear to leave."

Fighting AIDS with star power

Local celebrities like Stefanie Sun, Hardy Mirza and the Dim Sum Dollies came together to promote HIV and AIDS awareness at the World Aids Day concert, organised by the Health Promotion Board (HPB) and supported by Keppel Offshore & Marine.

Held at Fort Canning Park on 29 November 2008, the concert is the first of its magnitude to be organised in Singapore.

ED of Keppel Shipyard, Nelson Yeo, said, "The fight against HIV/Aids requires leadership from all sectors of the business community. Keppel's involvement in Singapore's World Aids Day concert reflects our commitment in supporting

efforts in HIV prevention." Nelson is also a member of the Singapore AIDS Business Alliance.

In September this year, Keppel Shipyard organised the Bridges of Hope workshop which used games and activities to

help participants understand their own perceptions of HIV and AIDS. Talks by the HPB were also organised in all its yards to promote awareness and understanding of sexual health issues and sexually transmitted infections such as HIV and AIDS.



Nelson Yeo (right) garners friends and customers to support the promotion of HIV/AIDS awareness

Charity feats

Keppelites pitched in to collect and donate more than 200 gifts to the children of Kandang Kerbau (KK) hospital last Christmas.

David Low, Senior HR Manager of Keppel FELS and Vice-President of Keppelite Recreation Club was heartened by their volunteering spirit.

He said, "I am glad to see that many Keppelites are extending their hands of friendship to the needy around us during this season of sharing. Just seeing the excited faces of the children have been very fulfilling for me."

This special event was organised by the Keppelite Recreation Club, the

Community Service Committee volunteers.

In a separate event in Rio de Janeiro, Keppelites, together with their families and business associates, were also immersed in the spirit of giving along the beautiful sands of Copacabana Beach.

More than 160 guests attended and shared their goodwill at the charity party which raised about US\$10,000 for two social projects.

Earlier in the day, a charity football game saw families and friends of Keppel FELS Brasil pit their skills against the local youth of Brazil. The games concluded with a draw with both sides scoring

three goals and achieving a great sense of satisfaction.

CFO of Keppel FELS Brasil, Chew Khang Wee, one of the founding members recalled the origins of this football initiative, "We started this programme in April 2006 with our first charity soccer game. It was so successful that we have been organising this event every quarter.

"The participation and donations grew as people saw the positive impact it had on helping the poor, in particular, the two social projects, Montreal Rio in Jacarepaqua, and The Lamb in Vigario Geral."

The Montreal Rio project uses sports to draw kids and teenagers from poor surrounding neighbourhoods and teach them life skills through sports and other courses.

The Lamb is a project that helps kids stay off the streets and develop skills, self discipline and self respect. In 2007, through the charity football game, a modest centre was formed in the Vigario Geral Favela, an area with a high number of street kids.



The Keppel O&M volunteers lend a helping hand to spread Christmas cheer and spirit of sharing



A charity football match between the local youth against employees of Keppel FELS Brasil, their friends and associates ended in a 3-3 stalemate



CH Tong (2nd from left) congratulates colleagues on a good 2008



The team from the Mumbai Engineering Office presents their own version of 'Moonwalk'

Ushering in another Can-do! year

CEO Tong Chong Heong aptly summed up the mood at the various year-end parties with this, "2008 has been a very eventful year... For 2009, we need to look forward towards doing our job better and safer."

For the yards, the celebrations started out as small-scale parties, but have now grown into a big get-together with many guests joining in the fun.

As the yards ushered in 2009, they also celebrated New Year's Eve with good cheer and camaraderie.

A 'Decogascar' success

Over at Keppel FELS, Keppelites combined the company's environment-friendly drive, "Go Green through Reuse, Recycle & Reduce" with its Hawaiian themed party for their New Year party on 31 December 2008.

Inspired by the jungle cartoon, *Madagascar*, they held a competition named *Decogascar* to encourage their colleagues to decorate their offices using recycled materials to resemble a concrete jungle. The competition also encouraged creativity and good housekeeping.

The winners received their prizes during the annual party organised by Keppel FELS' engineering department.

The engineering piping team topped the competition with a number of creative art works. A big "Happy and Prosperous New Year 2009" was spelt out on the wall using rolls of waste paper representing 'pipes'. Other winning decorations included lamps in flower designs made out of used drink cans and wind chimes made of straws and recycled calendars.

Vishal Panchal, a member of the winning team, was full of praise for the event. "It was fun and we saw the creative side of our colleagues. I appreciate the team work put in by all teams as they worked together to win the competition."

In addition to the scrumptious food, Keppelites were entertained with great performances put up by the various project teams and overseas colleagues on secondment in Singapore.

Best awards

The year-end party was an opportunity for Keppel Shipyard to confer employees with

awards for Best Supervisor, Worker, Support Staff. A total of 46 awards were given out across the three yards at Tuas, Gul and Benoi.

Zesty performances and exciting games spilled across all three yards, as all levels of staff came together to celebrate New Year's Eve.

The Tuas yard's party saw a musical group number put up by the Keppel Filipino Community and an Indian dance by workers from the piping department, while the Benoi yard enjoyed two vocal performances.

To turn the heat on for everyone to interact, the organisers held competitions for balloon-blowing, eating and even 'Cokeathon', a marathon for drinking coca cola.

Quiz of the Year

At Keppel Singmarine, staff had to work for their year-end buffet party by answering a series of 'Can-do!' questions from diverse categories ranging from entertainment, engineering and mathematics to sports, current affairs and IQ.

Competitors included designated teams and members of the audience were quizzed with questions such as "Name the cast and names of any of the Desperate Housewives" and "Who invented the Diesel Engine".

Hull 340 led by Loh Kee Huat from the Projects department beat everyone to emerge tops from the 'Can-do!' quiz.

The evening ended on a high note with grand lucky draws and huge smiles on everyone's face.



Tan Qiang, a hull technician from Keppel Shipyard, Benoi (centre) receives the Best Supervisor award from ED Nelson Yeo (left) and Abu Bakar, Tuas Senior General Manager (Operations)

Hoe Eng Hock, ED of Keppel Singmarine presents the winning team of the 'Can-Do' quiz with a hamper



Around our yards

OffshoreMarine tracks works at various Keppel yards



**DERRICK
BARGE
NO. 30**



SORO MAERSK

Singapore

Keppel Shipyard Tuas

Name : **DERRICK BARGE NO. 30**
 Owner : McDERMOTT
 Country : Singapore
 Type : Derrick/ pipelaying barge
 DWT : –
 GRT : 13,322
 Date : 6 January – 13 March 2009
 Scope : Convert existing PORT/ STBD Fuel oil tank to living quarter and changing room, tank blasting and painting, shipside blasting and painting, main deck blasting and painting, steel renewal in tanks and engine room bottom plate. Piping renewal and modification

Name : **SORO MAERSK**
 Owner : A. P. Moller
 Country : Denmark

Type : Container
 DWT : 104,750
 GRT : 91,560
 Date : 3-13 February 2009
 Scope : Ship side silicon paint repair. Propeller was taken out for survey.
 9 main engine air coolers taken out for overhaul. Steel repairs in sewage tank and bilge holding tank.

Keppel Shipyard Benoi

Name : **PACIFIC ALLIANCE**
 Owner : MOL Tankship Management
 Country : UK
 Type : Crude oil tanker
 DWT : 105,941
 GRT : –
 Date : 27 November 2008 – 9 February 2009

Scope : Bottom plates, rudder blade and lower & upper pintle bushes renewal. Rudder stock repair as instructed by maker.

The Philippines

Keppel Cebu Shipyard

Name : **SAN RAMON de BOHOL**
 Owner : Lite Shipping Corporation
 Country : Philippines
 Type : Cargo/passenger
 DWT : 580
 GRT : 625
 Date : 5 February 2009 (WIP)
 Scope : Works carried out under PRS classification were hull blasting and painting, partial renewal of steel at bottom and internals, anchors/chain works, tank cleaning works, rudder/

propeller/tailshaft works including bearing renewals, deteriorated pipelines at ER and deck, sea valves/seachest servicing, ER machineries overhauls and other normal routine drydocking and repairs were carried out.

Subic Shipyard & Engineering

Name : **MV "FIRMAMENT ACE"**
 Owner : MOL Ship Management (Singapore) Pte. Ltd.
 Country : Singapore
 Type : Pure Car Carrier
 DWT : 17,713
 GRT : 60,118
 Date : 31 January – 9 February 2009
 Scope : Drydocking; Hull preservation; Fall wire for life boat to renew; Funnel power tooling & painting; Partial renewal of side shell plating frame 58-59; Hull anodes renewal; Main engine crank pin bearing; Crosshead bearing & main bearing to overhaul; Main turbocharger overhaul; Main engine air cooler cleaning.

The Netherlands

Keppel Verolme

Name : **MATADOR 3**
 Owner : Bonn & Mees
 Country : The Netherlands
 Type : Sheerleg
 DWT : 1169
 GRT : 3898
 Date : 29-31 January 2009
 Scope : Drydocking and repairs.

PACIFIC ALLIANCE



MV "FIRMAMENT ACE"



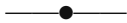
This floating heavy lift crane which is frequently called in by Keppel Verolme to carry out heavy lifts on one of her projects, now called in the help of Keppel Verolme to carry out a quick dry-docking for repairs to a damaged thruster.

Name : **HERMOD**
 Owner : Heerema Marine & Contractors
 Country : The Netherlands
 Type : Crane vessel
 DWT : 59344
 GRT : 73887
 Date : arrival: 9 January 2009 (WIP)
 Scope : Alongside and repairs of steelworks and fenderwood.

Keppel Group | Newsbytes

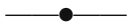
Keppel Corporation produced another good set of results for the year despite the weak economic conditions in the fourth quarter of 2008.

Group's earnings once again exceeded a billion dollars, achieving a record full year PATMI of \$1.1 billion. This is an increase of 7% over 2007. Earnings per share were 6% higher at 69 cents per share. ROE also increased from 21.8% to 22.4% while EVA was up by \$88 million to \$692 million. As a result of the healthy free cash flow of \$1.9 billion, the Group is now in a net cash position of 0.04x as compared to net gearing of 0.09x in 2007.



Keppel Land continues to set benchmarks with its quality portfolio. The Estella has become the first property in Vietnam to be conferred the Green Mark Gold Award by the Building and Construction Authority (BCA) of Singapore.

A luxury condominium development in District 2 of Ho Chi Minh City (HCMC), The Estella will incorporate some of the latest green technology which is expected to yield annual savings of 23% in energy consumption and 34,000 m³ of water.



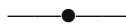
Singapore Petroleum Company group achieved a PATMI of \$229.7 million and a return on equity of 13.1% in 2008, despite a difficult year in 2008.

Revenue for 2008 increased 26.9% to \$11.1 billion from \$8.8 billion in 2007. PATMI declined by 55.4% from a year ago to \$229.7 million. This was mainly due to the weaker demand for refined products seen in the second half year, which resulted in the weaker refining



Eco-friendly, pocket-friendly: Residents at The Estella can look forward to living in energy-efficient homes

margins. EPS decreased from 99.90 cents to 44.61 cents for the year 2008.



Keppel Seghers has made good progress on the Doha North Sewage Treatment Works project since its foundation stone unveiling ceremony a year ago.

The company was awarded the QR 3.6 billion (approximately \$1.5 billion) design, build and 10-year operation and maintenance contract for the largest

wastewater treatment and reuse and sludge treatment facility in the Middle East in September 2007 by Ashghal, the Public Works Authority of Qatar.

The project is on schedule and well into its construction phase, with the civil works for the major treatment process units underway. These include the storm water tank, bioreactors, clarifier, granular medium filter and the chlorination tank. Workers accommodation has already been completed with the first batch of workers moving to the site earlier this year.

Global Reach

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Keppel O&M ended 2008 with new contracts

Keppel O&M ended 2008 with new contracts secured through its subsidiaries.

The new orders include the upgrading and conversion of a Floating, Storage and Offloading (FSO) vessel into a Floating Production, Storage and Offloading facility (FPSO Okha) by Keppel Shipyard for Single Buoy Moorings, the building of two RAmpage 5500 Z-M offshore support tugs by Keppel Singmarine for Seaways International Pte Ltd and the construction of three tugboats at Keppel Cebu Shipyard in the Philippines.

Work on the *FPSO Okha* is expected to commence in the first quarter of 2009 and will be completed in the fourth quarter of 2010. The facility is being developed for the Cossack Wanaea Lambert Hermes oil field 135 km northwest of Karratha in Western Australia.

The two DP2 multi tasking Anchor Handling Tugs (AHT), each with 100-tonne bollard pull, are due for completion in the first half of 2011 and will be deployed in West Africa, Asia or the Middle East. This is a repeat order from Seaways. Keppel Singmarine is currently building a similar AHT for the same owner for delivery in end 2009.

The construction of the three tugboats – two for repeat customer Keppel Smit Towage Pte Ltd and one for the Port of Salalah of Oman – signifies the further development of Keppel Cebu Shipyard as a specialised shipbuilding yard.

CH Tong, CEO of Keppel O&M, said, “The new orders are a creditable wrap-up for 2008 in which the second half has been ravaged by very negative financial and economic factors.



Keppel Singmarine delivered the first vessel, *Seaways 12*, safely and ahead of schedule in November 2007



The FPSO *Espirito Santo* is the tenth project between Keppel Shipyard and SBM since 2000

“The fundamentals of the industry remain sound even though the pipeline of projects has slowed down. There are still projects in the market but we would only take on those that are cashflow positive. This prudent approach protects our shareholders’ interest as well as sustains us during this highly volatile period.”

Commenting on Keppel O&M’s plans for 2009, CH Tong said, “Our focus in the new year is to further strengthen

our business fundamentals through excellent project execution, robust risk and governance management and proactive technology development.

“Our strong balance sheet and healthy orderbook in excess of S\$10 billion give us the muscles to pursue our strategic goals of nurturing our people and seizing opportunities to develop new markets and technologies.”