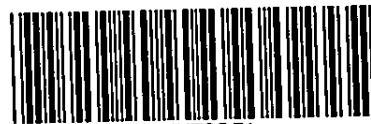


KEPPEL SEGHERS UK LIMITED

Report and Financial Statements

For the year ended 31 December 2010

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REPORT AND FINANCIAL STATEMENTS 2010

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I M E Christiaens
Ms P Y Toh
W E A Vanderpoorten
H C M Chia
S S J Goh

SECRETARY

Miss W D Hadley

REGISTERED OFFICE

Hilton Hall
Hilton Lane
Essington
Wolverhampton
West Midlands
WV11 2BQ

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

DIRECTORS' REPORT

The directors present their report with the financial statements of the company for the year ended 31 December 2010. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activities of the company continue to be those of the design and construction of waste-to-energy and flue gas treatment plants and the development of potential new businesses globally with our parent company.

REVIEW OF BUSINESS

During the year under review, Keppel Seghers UK Limited ("KSUK") continued to focus its efforts towards the execution of the Engineering, Procurement and Construction contract ("EPC contract") arising from the Greater Manchester Waste Management contract ("Runcorn I") secured last year by KSUK and its immediate parent company, Keppel Seghers Belgium NV ("KSBE"). The project has progressed well thus far and we are currently expecting it to be delivered within schedule.

In the third quarter of 2010, KSUK and KSBE jointly secured another EPC contract for the second phase of the Energy-from-Waste plant at the Runcorn site ("Runcorn II"), which will be executed in conjunction with Runcorn I. KSUK will focus on the execution of the civil construction works as well as the mechanical and electrical installation works.

Despite the budget cuts announced by the UK government in 2010, we still believe that the domestic Energy-from-Waste market will continue to grow and therefore presents further EPC contract opportunities for KSUK. The company will continue its efforts to secure additional Energy-from-Waste projects in the UK.

GOING CONCERN

The directors have reviewed the company's forecasts and projections, taking into account any reasonably possible changes in the Runcorn I and Runcorn II contracts and have concluded that the company has adequate resources to be able to continue in operational existence for the foreseeable future.

Thus the directors continue to adopt the going concern basis in preparing the report and financial statements.

DIVIDENDS

No dividends have been distributed for the year ended 31 December 2010 (2009: same).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report.

I M E Christiaens
Ms P Y Toh
W E A Vanderpoorten

Other changes in directors holding office are as follows:

C W Chua – resigned 13 January 2010
L De Ryck – resigned 7 June 2010
S S C Phong – resigned 16 June 2010
V WONG Kam Wai – resigned 31 August 2010
H C M Chia – appointed 13 January 2010
S S J Goh – appointed 9 September 2010

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:


H C M Chia - Director

2 February 2011

I M E Christiaens - Director

2 February 2011



DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEPPEL SEGHERS UK LIMITED

We have audited the financial statements of Keppel Seghers UK Limited for the year ended 31 December 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report


Patrick Loftus BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

3 March 2011

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	2	29,642,375	3,176,582
Cost of sales		(25,190,244)	(3,196,312)
GROSS PROFIT/(LOSS)		4,452,131	(19,730)
Administrative expenses		(672,359)	(150,706)
		3,779,772	(170,436)
Other operating income		1,991	73,465
OPERATING PROFIT/(LOSS)	4	3,781,763	(96,971)
Interest receivable and similar income	5	94,078	25,169
		3,875,841	(71,802)
Interest payable and similar charges	6	(7,464)	(3,274)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		3,868,377	(75,076)
Tax on profit/(loss) on ordinary activities	7	(1,041,824)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR	15,18	2,826,553	(75,076)

CONTINUING OPERATIONS

All of the company's activities in the current and preceding periods are classed as continuing

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the result for the current or preceding years as set out above. Accordingly no separate statement of total recognised gains and losses is presented.

There is no difference between the profit/(loss) for the financial year after taxation stated above and their historical cost equivalents (2009 – same).

KEPPEL SEGHERS UK LIMITED

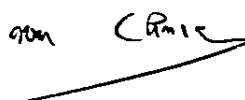
BALANCE SHEET As at 31 December 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible fixed assets	8		59,296		8,172
CURRENT ASSETS					
Debtors amounts falling due within one year	9	155,120		1,520,115	
amounts falling due after one year	9	2,295,283		877,741	
Short term investments		32,256,885		-	
Cash at bank and in hand		516,222		14,325,033	
		35,223,510		16,722,889	
CREDITORS: amounts falling due within one year	10	(32,468,963)		(16,758,202)	
NET CURRENT ASSETS/(LIABILITIES)			2,754,547		(35,313)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,813,843		(27,141)
PROVISIONS FOR LIABILITIES	12		(14,431)		-
NET ASSETS/(LIABILITIES)			2,799,412		(27,141)
CAPITAL AND RESERVES					
Called up share capital	14		210,000		210,000
Profit and loss account	15		2,589,412		(237,141)
SHAREHOLDERS' FUNDS/(DEFICIT)	18		2,799,412		(27,141)

The financial statements of Keppel Seghers UK Limited, registered company number 02797705, were approved by the Board of Directors and authorised for issue on 2 February 2011 and were signed on its behalf by


 x
 H C M Chia - Director

I M E Christiaens - Director



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under historical cost convention and in accordance with applicable United Kingdom law and accounting standards, which have been applied consistently throughout the year.

Going concern

The directors have reviewed the company's forecasts and projections, taking into account any reasonably possible changes in the Runcorn I and Runcorn II contracts, and have concluded that the company has adequate resources to be able to continue in operational existence for the foreseeable future.

Thus the directors continue to adopt the going concern basis in preparing the report and financial statements.

Cash flow statement

Exemption has been taken from preparing a cash flow statement under Financial Reporting Standards 1 (revised) "Cash Flow Statements", on the grounds that the company is a wholly owned subsidiary. The consolidated financial statements in which this company is included prepared by the ultimate parent company are publicly available.

Turnover

Turnover represents the value of work completed on individual contracts excluding value added tax and trade discounts. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value. It is company policy to only recognise an element of profit on a contract once it is at least 20% complete.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	25% on cost
Computer equipment	25% on cost

Residual value is calculated on prices prevailing at the date of acquisition.

Taxation

Current tax including UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future has occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Short term investments

The company holds amounts as short term investments. These amounts are surplus to the company's short-term working capital commitments and deposits with varying terms are placed in the money market in order to maximise interest receivable.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as long-term contract payments on account.

Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock. Where amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts exceed cumulative costs incurred, the difference is included in creditors as long-term contract costs provided for.

2. TURNOVER

The turnover and profit/(loss) before taxation are attributable to the principal activities of the company. An analysis of turnover by geographical market is given below.

	2010 £	2009 £
UK	29,501,940	3,125,040
Rest of Europe	2,568	51,542
Asia	137,867	-
	<u>29,642,375</u>	<u>3,176,582</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

3. STAFF COSTS

	2010 £	2009 £
Wages and salaries	246,418	174,639
Social security costs	29,410	20,643
Other pension costs	13,986	8,950
	<u>289,814</u>	<u>204,232</u>

The average monthly number of employees during the year, excluding directors, was as follows

	2010 No.	2009 No.
Administration and design	3	2
Project management	2	2
	<u>5</u>	<u>4</u>

Directors' remuneration is borne by companies within the group and has not been recharged to the company in both years

4. OPERATING PROFIT/(LOSS)

	2010 £	2009 £
Operating profit/(loss) is stated after charging/(crediting)		
Hire of plant and machinery	4,174	4,907
Vehicle leasing	5,660	4,911
Depreciation of owned assets	15,386	975
Auditor's remuneration		
Statutory audit of the company's annual accounts pursuant to legislation	26,500	13,000
Foreign exchange differences	147,454	(73,290)
	<u></u>	<u></u>

No other fees were payable to the company's auditor in both years

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Interest on short-term investments	<u>94,078</u>	<u>25,169</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank interest	-	2
Interest on loans from group undertakings	<u>7,464</u>	<u>3,272</u>
	<u>7,464</u>	<u>3,274</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

7. TAXATION

(a) Analysis of the tax charge

The tax on profit/(loss) on ordinary activities for the year was as follows

	2010 £	2009 £
Current tax		
United Kingdom corporation tax on profit/(loss) in the year	1,027,393	-
Deferred tax		
Origination and reversal of timing differences (see note 12)	14,431	-
Tax on profit/(loss) on ordinary activities	<u>1,041,824</u>	<u>-</u>

(b) Factors affecting the tax for the year:

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	3,868,377	(75,076)
Standard rate of corporation tax in the UK	28%	28%
Profit/(loss) on ordinary activities before tax	1,083,146	(21,021)
Effects of		
Expenses not deductible for tax purpose	1,421	-
Capital allowances in excess of depreciation	(14,635)	-
Movements in short term timing differences	355	-
Adjustments in respect of prior years	(260)	-
Utilisation of tax losses	(42,634)	-
Tax losses carried forward	-	21,021
Current tax charge for year (note 7(a))	<u>1,027,393</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2010	12,789	47,385	60,174
Additions	-	66,510	66,510
At 31 December 2010	<u>12,789</u>	<u>113,895</u>	<u>126,684</u>
Depreciation			
At 1 January 2010	11,938	40,064	52,002
Charge for the year	234	15,152	15,386
At 31 December 2010	<u>12,172</u>	<u>55,216</u>	<u>67,388</u>
Net book value			
At 31 December 2010	<u>617</u>	<u>58,679</u>	<u>59,296</u>
At 31 December 2009	<u>851</u>	<u>7,321</u>	<u>8,172</u>

9. DEBTORS

	2010 £	2009 £
Amounts falling due within one year		
Amounts recoverable on long-term contracts (see note 19)	1,889	-
Trade debtors	-	1,495,585
Amounts owed by group undertakings	125,415	3,942
Prepayments and accrued income	27,816	20,588
	<u>155,120</u>	<u>1,520,115</u>
Amounts falling due after one year		
Trade debtors	<u>2,295,283</u>	<u>877,741</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	244,452	762,504
Amounts owed to group undertakings	418,108	635,945
Corporation tax	513,817	-
Other taxes and social security	1,340,443	830,510
Other loans (see note 11)	-	105,000
Long-term contract costs provided for (see note 19)	12,406,823	-
Long-term contract payments received on account (see note 19)	15,885,624	14,414,070
Accrued expenses	1,659,696	10,173
	<u>32,468,963</u>	<u>16,758,202</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

11. LOANS

An analysis of the maturity of loans is given below

	2010 £	2009 £
Amounts falling due within one year or on demand		
Loans due to parent company	-	105,000

12. PROVISIONS FOR LIABILITIES

	Deferred taxation £
At 1 January 2010	-
Charged to the profit and loss account (see note 7a)	14,431
At 31 December 2010	14,431

13. FINANCIAL COMMITMENTS

The company is committed to long-term contract costs of £41,838,579 (2009 1,373,141) Included within these costs is £12,406,823 (2009 nil) which has been provided for and is disclosed as "long-term contract costs provided for" within note 10

Annual commitments under non-cancellable operating leases are as follows

	Other operating leases 2010 £	2009 £
Expiring		
Within one year	-	-
Between one and five years	5,625	5,572
	5,625	5,572

14. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Allotted, issued and fully paid:		
210,000 Ordinary shares of £1 each	210,000	210,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

15. RESERVES

	Profit and loss account £
At 1 January 2010	(237,141)
Profit for the year	2,826,553
	<hr/>
At 31 December 2010	2,589,412
	<hr/>

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate holding company and controlling party is Keppel Seghers Belgium NV, a company registered in Belgium. The directors consider the ultimate holding company and controlling party to be Keppel Corporation Limited, a company registered in Singapore.

The largest and smallest entity into which its accounts are consolidated is Keppel Corporation Limited, a company registered in Singapore. Copies of group financial statements may be obtained from 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore, 098632.

17. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in Financial Reporting Standards 8, "Related party disclosures" from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements in which this company is included are prepared by the ultimate parent company. There were no other related party transactions.

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2010 £	2009 £
Profit/(loss) for the year	2,826,553	(75,076)
Net movement of shareholders' funds/(deficit)	2,826,553	(75,076)
Opening shareholders' (deficit)/funds	(27,141)	47,935
Closing shareholders' funds/(deficit)	2,799,412	(27,141)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2010

19. LONG-TERM CONTRACTS

	2010 £	2009 £
Amounts disclosed in debtors		
Turnover recognised	182,494	-
Payments received on account	(180,605)	-
	<u>1,889</u>	<u>-</u>
Amounts recoverable on long-term contracts (see note 9)		
Amounts disclosed in creditors		
Amounts transferred to profit and loss	28,667,670	3,402,850
Foreseeable losses	-	-
Costs incurred	(16,260,847)	(3,402,850)
	<u>12,406,823</u>	<u>-</u>
Long-term contract costs provided for (see note 10)		
Payments received on account	48,788,661	17,863,488
Turnover recognised	(32,903,037)	(3,449,418)
	<u>15,885,624</u>	<u>14,414,070</u>
Long-term contract payments on account (see note 10)		