KEPPEL CORPORATION LIMITED
Co. Reg. No. 196800351N
(Incorporated in the Republic of Singapore)

THIRD QUARTER 2005 FINANCIAL STATEMENT

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KEPPEL CORPORATION LIMITED

Executive Chairman's Remarks

THIRD QUARTER ENDED 30 SEPTEMBER 2005

Welcome to this web-cast presentation of Keppel Corp's 3Q 2005 results.

We are pleased to announce that our third-quarter earnings grew by 25% over 3Q '04, lifting our nine months growth to 19% compared with PATMI for the same period last year. Barring unforeseen circumstances, the group is on track for another year of double-digit growth this year.

Once again, the disruptions caused by hurricanes in the US and the Bali bomb blast are reminders of the volatility and uncertainties businesses face today. In the aftermath, oil prices have shot up further and there are rightful concerns that global economic growth would slow if oil prices continue to remain high. Fortunately, our businesses were relatively unscathed by these events. Indeed, SPC experienced a spurt in refining margins as several refineries in the hurricane-affected areas were shut down whilst our US yard, Keppel AMFELS, received more repair jobs from hurricane-damaged rigs.

As we go about improving our performance, we intend to, at the same time, grow and strengthen our businesses so as to create more sustainable value for all our stakeholders over the longer term. Risk taking is inevitable in trying to achieve this. The challenge is to find that balance between building robustness and growing short term earnings in all our businesses.

For this reason we continue to build on our capabilities throughout the year whilst improving our overall yields. We added upstream assets in Vietnam and Cambodia to SPC's portfolio; Keppel Offshore & Marine in collaboration with J Ray McDermott now offers a greater range of solutions for deepwater offshore oil & gas production; Keppel Land continues to widen its regional footprint whilst at the same time expand locally to take full advantage of the strength in the current domestic office and residential market.

Building Infrastructure as the third leg of our key businesses will also continue to be one of our focal points. We have so far achieved a number of milestones this year as we steadily and methodically build the cornerstones for the future. We aim to leverage our track record of designing, building, operating and maintaining infrastructure plants at home to achieve a successful thrust overseas for our Infrastructure division.

In summary, I am pleased to report that with a strong orderbook for Offshore & Marine, a tight supply of refining capacity globally and good potential in the housing market in Asia, we are cautiously optimistic of the Group's prospects in the immediate few years. For the medium term I believe that the steps we have taken will provide us with a robust platform for our businesses to further expand globally into adjacent areas of our various businesses' value chains.

I shall now ask Soon Hoe to present the details of our 3Q financial and business performance.

KEPPEL CORPORATION LIMITED

Third Quarter 2005 Financial Statement

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter ended 30 September 2005.

1. GROUP PROFIT AND LOSS ACCOUNT for the third quarter and 9 months ended 30 September 2005

	Third Quarter			9 Months		
	30.9.2005 $'000	Restated 30.9.2004 $'000	+/(-) %	**30.9.2005 $'000**	Restated 30.9.2004 $'000	+/(-) %
Revenue	**1,662,594**	976,390	+70.3	**3,975,720**	2,794,673	+42.3
Materials & subcontract costs	**(1,279,259)**	(601,201)	+112.8	**(2,877,463)**	(1,699,330)	+69.3
Staff costs	**(195,725)**	(189,808)	+3.1	**(544,841)**	(573,585)	-5.0
Depreciation & amortisation	**(26,396)**	(39,263)	-32.8	**(83,680)**	(119,264)	-29.8
Other operating expenses	**(40,673)**	(32,207)	+26.3	**(94,599)**	(60,793)	+55.6
Operating profit	**120,541**	113,911	+5.8	**375,137**	341,701	+9.8
Investment income	**834**	17	+4805.9	**1,112**	346	+221.4
Interest income	**14,194**	5,527	+156.8	**37,652**	14,150	+166.1
Interest expenses	**(6,458)**	(12,851)	-49.7	**(26,141)**	(32,021)	-18.4
Share of results of associated companies	**70,990**	65,274	+8.8	**217,714**	151,785	+43.4
Profit before tax & exceptional items	**200,101**	171,878	+16.4	**605,474**	475,961	+27.2
Exceptional items	**(1,681)**	50	NM	**919**	537	+71.1
Profit before taxation	**198,420**	171,928	+15.4	**606,393**	476,498	+27.3
Taxation	**(42,570)**	(35,944)	+18.4	**(109,947)**	(64,722)	+69.9
Profit for the period	**155,850**	135,984	+14.6	**496,446**	411,776	+20.6
Attributable to:						
Shareholders of the Company						
Profit before exceptional items	**140,410**	112,420	+24.9	**417,517**	349,757	+19.4
Exceptional items	**(1,674)**	(338)	+395.3	**907**	(225)	NM
	138,736	112,082	+23.8	**418,424**	349,532	+19.7
Minority interests	**17,114**	23,902	-28.4	**78,022**	62,244	+25.3
	155,850	135,984	+14.6	**496,446**	411,776	+20.6
Earnings per ordinary share						
Before exceptional items						
- basic	**17.9 cts**	14.5 cts	+23.4	**53.4 cts**	45.1 cts	+18.4
- diluted	**17.8 cts**	14.4 cts	+23.6	**53.0 cts**	44.7 cts	+18.6
After exceptional items						
- basic	**17.7 cts**	14.4 cts	+22.9	**53.5 cts**	45.0 cts	+18.9
- diluted	**17.6 cts**	14.3 cts	+23.1	**53.1 cts**	44.7 cts	+18.8
Return on equity	**n.a.**	n.a.	n.a.	**16.3%**	15.5%	+5.2
Economic value added	**51,195**	9,479	+440.1	**147,400**	23,019	+540.3

NM - Not Meaningful

Financial statement for 2004 has been restated to take into account the requirements of the new and revised Financial Reporting Standards which the Group adopted in 2005 (refer to paragraph 8).

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1a. Pre-tax profit of the Group is arrived at after charging/(crediting) the following:

	Third Quarter			**9 Months**		
		Restated			Restated	
	30.9.2005	30.9.2004	+/(-)	**30.9.2005**	30.9.2004	+/(-)
	$'000	$'000	%	**$'000**	$'000	%
Share-based payment expenses	**2,053**	1,373	+49.5	**6,209**	4,022	+54.4
Profit on sale of fixed assets	**(2,093)**	(2,747)	-23.8	**(5,269)**	(3,071)	+71.6
Loss/(profit) on sale of investments	**114**	(742)	NM	**114**	(2,067)	NM
Provision/(write-back)						
- stocks & work-in-progress	**(2,548)**	2,159	NM	**(9,914)**	(12,269)	-19.2
- investments	**-**	(748)	NM	**-**	(2,497)	NM
- doubtful debts	**1,612**	2,077	-22.4	**(8,054)**	5,027	NM
Bad debts recovered	**131**	134	-2.2	**(990)**	(51)	+1841.2
Fair value loss/(gain)						
- Assets at fair value through P&L	**6,375**	-	NM	**1,480**	-	NM
- Forward contracts	**5,746**	-	NM	**13,121**	-	NM
- Financial derivatives	**(2,340)**	-	NM	**(5,308)**	-	NM
Foreign exchange loss/(gain)	**8,993**	188	+4683.5	**(2,661)**	4,223	NM

1b. Taxation expense for the period included over-provision of tax in respect of prior years of $6 million. Taxation expense for the previous period included write-back of deferred tax of $15 million (attributable $13.6 million) arising from the reduction in Singapore corporate tax rate from 22% to 20%.

1c. Exceptional items for the period comprise the following:

	Third Quarter		**9 Months**	
		Restated		Restated
	30.9.2005	30.9.2004	**30.9.2005**	30.9.2004
	$'000	$'000	**$'000**	$'000
Gain on disposal of ships	**-**	36	**-**	37,788
Gain on disposal of subsidiaries, associated companies and investments	**1,204**	13,644	**27,597**	17,809
Impairment of assets	**(2,885)**	(10,593)	**(26,678)**	(43,841)
Costs associated with restructuring of operations	**-**	(3,037)	**-**	(11,219)
	(1,681)	50	**919**	537
Minority share of exceptional items	**7**	(388)	**(12)**	(762)
Net exceptional items	**(1,674)**	(338)	**907**	(225)

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1d. Earnings per ordinary share

	Third Quarter			9 Months		
	30.9.2005	Restated 30.9.2004	+/(-)%	**30.9.2005**	Restated 30.9.2004	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	**17.7 cts**	14.4 cts	+22.9	**53.5 cts**	45.0 cts	+18.9
- Weighted average number of shares ('000)	**781,738**	776,100	+0.7	**781,738**	776,100	+0.7
(ii) On a fully diluted basis	**17.6 cts**	14.3 cts	+23.1	**53.1 cts**	44.7 cts	+18.8
- Adjusted weighted average number of shares ('000)	**788,366**	782,695	+0.7	**788,366**	782,695	+0.7

1e. There was no extraordinary item during the period.

2. BALANCE SHEETS as at 30 September 2005

	Group		Company	
		Restated		Restated
	30.9.2005	31.12.2004	**30.9.2005**	31.12.2004
	$'000	$'000	**$'000**	$'000
Share capital	**391,775**	389,386	**391,775**	389,386
Reserves	**2,993,880**	2,701,776	**2,489,568**	2,472,960
Share capital & reserves	**3,385,655**	3,091,162	**2,881,343**	2,862,346
Minority interests	**1,251,715**	1,166,955	**-**	-
Capital employed	**4,637,370**	4,258,117	**2,881,343**	2,862,346
Represented by:				
Fixed assets	**1,485,566**	1,402,201	**5,912**	6,890
Investment properties	**1,882,581**	1,880,565	**-**	-
Development properties	**206,220**	202,682	**-**	-
Subsidiaries	**-**	-	**3,163,055**	2,865,771
Associated companies	**1,802,145**	1,518,623	**3,074**	3,074
Investments	**101,355**	71,902	**-**	-
Long term receivables	**193,895**	85,035	**487**	771
Intangibles	**138,094**	125,198	**-**	-
	5,809,856	5,286,206	**3,172,528**	2,876,506
Current assets				
Stocks & work-in-progress in excess of related billings	**2,856,226**	2,602,250	**-**	-
Amounts due from:				
- subsidiaries	**-**	-	**1,047,675**	1,362,785
- associated companies	**335,732**	265,996	**110**	323
Debtors	**1,804,557**	1,133,254	**1,688**	1,684
Short term investments	**406,041**	247,842	**-**	-
Bank balances, deposits & cash	**1,150,473**	972,961	**10,845**	23,390
	6,553,029	5,222,303	**1,060,318**	1,388,182
Current liabilities				
Creditors	**2,487,382**	1,776,155	**34,936**	26,055
Billings on work-in-progress in excess of related costs	**1,269,271**	438,971	**-**	-
Provisions	**28,954**	20,531	**-**	5,000
Amounts due to:				
- subsidiaries	**-**	-	**32,771**	28,542
- associated companies	**86,668**	27,432	**8**	3
Term loans	**1,231,300**	1,986,177	**960,527**	1,318,439
Taxation	**144,365**	138,831	**3,122**	4,164
Bank overdrafts	**15,776**	1,137	**-**	-
	5,263,716	4,389,234	**1,031,364**	1,382,203
Net current assets	**1,289,313**	833,069	**28,954**	5,979
Non-current liabilities				
Term loans	**2,305,695**	1,712,130	**300,000**	-
Deferred taxation	**156,104**	149,028	**20,139**	20,139
	2,461,799	1,861,158	**320,139**	20,139
Net assets	**4,637,370**	4,258,117	**2,881,343**	2,862,346
Group net borrowings	***2,402,298***	*2,726,483*	***n.a.***	*n.a.*
Group net gearing (times)	***0.52***	*0.64*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

2a. Group's borrowings and debt securities

(i) Amount repayable in one year or less, or on demand

As at 30.9.2005		As at 31.12.2004	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
22,861	1,224,215	110,495	1,876,819

(ii) Amount repayable after one year

As at 30.9.2005		As at 31.12.2004	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
580,013	1,725,682	881,288	830,842

(iii) Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The net book value of properties and other assets pledged/mortgaged to financial institutions amounted to $971,889,000 (31 December 2004: $1,159,374,000).

2b. Net asset value

	Group			Company		
	30.9.2005	Restated 31.12.2004	+/(-)%	**30.9.2005**	Restated 31.12.2004	+/(-)%
Net asset value per ordinary share *	**$4.32**	$3.97	+8.8	**$3.68**	$3.68	-
Net tangible asset per ordinary share *	**$4.15**	$3.81	+8.9	**$3.68**	$3.68	-

* Based on share capital of 783,550,924 ordinary shares as at the end of the period (31 December 2004: 778,772,591 ordinary shares)

2c. Group shareholders' funds increased from $3.09 billion at 31 December 2004 to $3.39 billion at 30 September 2005. The increase was mainly attributable to retained profits for the period and fair value adjustment for investments as required by the transitional provisions for the adoption of new accounting standard FRS 39 – Financial Instruments: Recognition and Measurement with effect from 1 January 2005 (refer to paragraph 8). This was partly offset by payment of final dividend in respect of the year ended 31 December 2004, capital distribution of $0.20 per share and interim dividend in respect of the first half year ended 30 June 2005.

Group total assets of $12.36 billion at 30 September 2005 were $1.85 billion or 18% higher than the previous year-end. Fixed assets were higher because of the initial investment in Keppel Merlimau's co-gen plant. Investments increased as a result of fair value adjustment. Associated companies, which include SPC and M1, were higher because of equity accounting for share of profits.

Debtors were higher due to the increased activities in Offshore & Marine and Property. However, stocks and work-in-progress were lower because of progress payments received.

Group net borrowings at $2.40 billion were a reduction of $324 million from $2.73 billion in the previous year-end because of strong operational cash flow.

3. CONSOLIDATED CASHFLOW STATEMENT
for the third quarter and 9 months ended 30 September 2005

		Third Quarter		9 Months	
			Restated		Restated
		30.9.2005	30.9.2004	**30.9.2005**	30.9.2004
	Note	**$'000**	$'000	**$'000**	$'000
OPERATING ACTIVITIES					
Operating profit		**120,541**	113,911	**375,137**	341,701
Adjustments:					
Depreciation and amortisation		**26,396**	39,263	**83,680**	119,264
Share-based payment expenses		**2,053**	1,373	**6,209**	4,022
Changes in fair value of financial instruments		**15,089**	-	**14,601**	-
Profit on sale of fixed assets		**(2,093)**	(2,747)	**(5,269)**	(3,071)
Operational cash flow before changes in working capital		**161,986**	151,800	**474,358**	461,916
Working capital changes:					
Stocks & work-in-progress		**221,688**	30,413	**598,025**	9,411
Debtors		**(345,086)**	(223,220)	**(763,963)**	(179,559)
Creditors		**487,517**	100,470	**628,499**	26,935
Investments in bonds and shares		**15,491**	(41)	**(57,880)**	378
Advances to associated companies		**(112,607)**	(2,716)	**(10,500)**	(104,903)
Translation of foreign subsidiaries		**569**	11,325	**(20,151)**	14,925
		429,558	68,031	**848,388**	229,103
Interest received		**14,194**	5,527	**37,652**	14,150
Interest paid		**(6,458)**	(12,851)	**(26,141)**	(32,021)
Income taxes paid		**(28,747)**	(9,889)	**(60,694)**	(24,560)
Net cash from operating activities		**408,547**	50,818	**799,205**	186,672
INVESTING ACTIVITIES					
Disposal of subsidiaries	3a	**-**	-	**-**	2,218
Acquisition and further investment in associated companies		**(72,923)**	(9,589)	**(149,245)**	(33,905)
Proceeds from disposal of associated companies		**7**	-	**12,072**	-
Repayment of loans to associated companies		**-**	6,739	**-**	34,316
Acquisition of fixed assets and investment properties		**(72,582)**	(21,595)	**(199,884)**	(73,167)
Expenditure on development properties		**(576)**	(1,114)	**(1,200)**	(1,764)
Proceeds from disposal of fixed assets		**2,287**	6,796	**33,252**	150,429
Dividends received from investments		**24,219**	7,796	**92,056**	54,913
Net cash from/(used in) investing activities		**(119,568)**	(10,967)	**(212,949)**	133,040
FINANCING ACTIVITIES					
Proceeds from share issues		**5,843**	637	**16,744**	4,132
Proceeds from minority shareholders of subsidiaries		**8,738**	1,313	**32,792**	5,211
Proceeds from term loans		**107,006**	35,425	**915,786**	214,599
Repayment of term loans		**(399,983)**	72,648	**(1,077,098)**	(227,423)
Capital distribution		**-**	-	**(156,391)**	(139,744)
Dividend paid to shareholders of the Company		**(62,595)**	(55,908)	**(131,388)**	(124,216)
Dividend paid to minority shareholders of subsidiaries		**(2,267)**	(2,774)	**(23,828)**	(18,851)
Net cash from/(used in) financing activities		**(343,258)**	51,341	**(423,383)**	(286,292)
Net increase/(decrease) in cash and cash equivalents		**(54,279)**	91,192	**162,873**	33,420
Cash and cash equivalents as at beginning of period		**1,188,976**	680,358	**971,824**	738,130
Cash and cash equivalents as at end of period	3b	**1,134,697**	771,550	**1,134,697**	771,550
Free cashflow		***288,979***	*39,851*	***586,256***	*319,712*

NOTES TO CONSOLIDATED CASHFLOW STATEMENT

	Third Quarter		9 Months	
		Restated		Restated
	30.9.2005	30.9.2004	**30.9.2005**	30.9.2004
	$'000	$'000	**$'000**	$'000

3a. Disposal of subsidiaries

The fair values of net assets and liabilities of subsidiaries disposed were as follows:

	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Fixed assets and investment properties	**-**	-	**-**	(38)
Debtors	**-**	-	**-**	(244)
Bank balances and cash	**-**	-	**-**	(269)
Creditors	**-**	-	**-**	436
	-	-	**-**	(115)
Net profit on disposal	**-**	-	**-**	(2,372)
Sale proceeds	**-**	-	**-**	(2,487)
Add: Bank balances and cash disposed	**-**	-	**-**	269
Cash flow on disposal net of cash disposed	**-**	-	**-**	(2,218)

3b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated cashflow statements comprise the following balance sheet amounts:

	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Bank balances, deposits and cash	**1,150,473**	782,326	**1,150,473**	782,326
Bank overdrafts	**(15,776)**	(10,776)	**(15,776)**	(10,776)
	1,134,697	771,550	**1,134,697**	771,550

3c. Cashflow analysis

(i) Cashflow for quarter

Net cash from operating activities for the quarter was $409 million. This was mainly contributed by operational cashflow and progress payments received for contracts. Net cash used in investing activities for the quarter was $120 million. The Group spent $146 million on further investment in associated companies, expenditure on new infrastructure projects and operational capex. Divestment and dividend income amounted to $26 million. Free cashflow for the quarter of $289 million was higher than that of the corresponding quarter last year because of improved operational cashflow.

(ii) Cashflow for nine months

Net cash from operating activities for the nine months was $799 million compared to $187 million for the corresponding period last year. This was mainly due to positive working capital changes in the current period, especially from progress payments received for contracts. Net cash used in investing activities for the nine months was $213 million. The Group spent $350 million on further investment in associated companies, expenditure on new infrastructure projects and operational capex. Divestment and dividend income amounted to $137 million. Free cashflow for the nine months was $586 million compared to $320 million for the corresponding period last year. This was mainly contributed by the high cash generated from operating activities.

4. STATEMENTS OF CHANGES IN EQUITY
for the third quarter and 9 months ended 30 September 2005

4a. Statement of changes in equity of the Group

	Share Capital $'000	Share Premium Account $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Minority Interests $'000	Capital Employed $'000
2005								
As at 1 January								
As previously reported	**389,386**	**861,593**	**79,391**	**1,792,171**	**(38,464)**	**3,084,077**	**1,165,319**	**4,249,396**
Effect of FRS 102	**-**	**-**	**7,277**	**(7,269)**	**-**	**8**	**(8)**	**-**
Change in accounting policy for equity accounting of an associated company	**-**	**-**	**-**	**6,691**	**386**	**7,077**	**1,644**	**8,721**
As restated	**389,386**	**861,593**	**86,668**	**1,791,593**	**(38,078)**	**3,091,162**	**1,166,955**	**4,258,117**
Effect of FRS 39	**-**	**-**	**149,155**	**(23,340)**	**-**	**125,815**	**(7,831)**	**117,984**
	389,386	**861,593**	**235,823**	**1,768,253**	**(38,078)**	**3,216,977**	**1,159,124**	**4,376,101**
Currency translation gain	**-**	**-**	**-**	**-**	**10,029**	**10,029**	**6,502**	**16,531**
Gain not recognised in profit & loss account	**-**	**-**	**-**	**-**	**10,029**	**10,029**	**6,502**	**16,531**
Net profit for first half	**-**	**-**	**-**	**279,688**	**-**	**279,688**	**60,908**	**340,596**
Dividend paid	**-**	**-**	**-**	**(68,793)**	**-**	**(68,793)**	**-**	**(68,793)**
Share-based payment	**-**	**-**	**4,535**	**-**	**-**	**4,535**	**180**	**4,715**
Fair value changes on available-for-sale assets	**-**	**-**	**11,748**	**-**	**-**	**11,748**	**(6)**	**11,742**
Fair value changes on cashflow hedges	**-**	**-**	**(47,255)**	**-**	**-**	**(47,255)**	**80**	**(47,175)**
Transfer of statutory, capital and other reserves to revenue reserves	**-**	**-**	**9,872**	**(9,872)**	**-**	**-**	**-**	**-**
Revaluation deficit realised and transferred to profit & loss account on disposal of property	**-**	**-**	**8,535**	**-**	**-**	**8,535**	**(644)**	**7,891**
Currency translation loss realised and transferred to profit & loss account on disposal of subsidiaries	**-**	**-**	**-**	**-**	**852**	**852**	**-**	**852**
Share of capital reserves of an associated company	**-**	**-**	**(4,184)**	**-**	**-**	**(4,184)**	**-**	**(4,184)**
Dividend paid to minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(21,561)**	**(21,561)**
Cash subscribed by minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**24,054**	**24,054**
Other adjustments	**-**	**-**	**927**	**291**	**-**	**1,218**	**(1,171)**	**47**
Shares issued	**1,621**	**9,280**	**-**	**-**	**-**	**10,901**	**-**	**10,901**
Capital distribution	**-**	**(156,391)**	**-**	**-**	**-**	**(156,391)**	**-**	**(156,391)**
As at 30 June	**391,007**	**714,482**	**220,001**	**1,969,567**	**(27,197)**	**3,267,860**	**1,227,466**	**4,495,326**
Currency translation gain	**-**	**-**	**-**	**-**	**4,350**	**4,350**	**3,682**	**8,032**
Gain not recognised in profit & loss account	**-**	**-**	**-**	**-**	**4,350**	**4,350**	**3,682**	**8,032**
Net profit for the quarter	**-**	**-**	**-**	**138,736**	**-**	**138,736**	**17,114**	**155,850**
Dividend paid	**-**	**-**	**-**	**(62,595)**	**-**	**(62,595)**	**-**	**(62,595)**
Share-based payment	**-**	**-**	**2,304**	**-**	**-**	**2,304**	**80**	**2,384**
Fair value changes on available-for-sale assets	**-**	**-**	**48,519**	**-**	**-**	**48,519**	**(36)**	**48,483**
Fair value changes on cashflow hedges	**-**	**-**	**(6,222)**	**-**	**-**	**(6,222)**	**(50)**	**(6,272)**
Revaluation surplus realised and transferred to profit & loss account on disposal of property	**-**	**-**	**(9,600)**	**-**	**-**	**(9,600)**	**(3,012)**	**(12,612)**
Currency translation gain realised and transferred to profit & loss account on disposal of subsidiaries	**-**	**-**	**-**	**-**	**(1,545)**	**(1,545)**	**-**	**(1,545)**
Share of capital reserves of an associated company	**-**	**-**	**(2,006)**	**-**	**-**	**(2,006)**	**-**	**(2,006)**
Dividend paid to minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(2,267)**	**(2,267)**
Cash subscribed by minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**8,738**	**8,738**
Other adjustments	**-**	**-**	**9**	**2**	**-**	**11**	**-**	**11**
Shares issued	**768**	**5,075**	**-**	**-**	**-**	**5,843**	**-**	**5,843**
As at 30 September	**391,775**	**719,557**	**253,005**	**2,045,710**	**(24,392)**	**3,385,655**	**1,251,715**	**4,637,370**

4a. Statement of changes in equity of the Group (cont'd)

	Share Capital $'000	Share Premium Account $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Minority Interests $'000	Capital Employed $'000
2004								
As at 1 January								
As previously reported	387,533	882,767	182,155	1,447,726	(10,664)	2,889,517	1,069,518	3,959,035
Effect of FRS 102	-	-	1,757	(1,755)	-	2	(2)	-
Change in accounting policy for equity accounting of an associated company	-	-	-	4,303	974	5,277	1,225	6,502
As restated	387,533	882,767	183,912	1,450,274	(9,690)	2,894,796	1,070,741	3,965,537
Currency translation loss	-	-	-	-	(5,136)	(5,136)	(8,728)	(13,864)
Loss not recognised in profit & loss account	-	-	-	-	(5,136)	(5,136)	(8,728)	(13,864)
Net profit for first half	-	-	-	237,450	-	237,450	38,342	275,792
Dividend paid	-	-	-	(68,308)	-	(68,308)	-	(68,308)
Share-based payment	-	-	2,726	-	-	2,726	133	2,859
Transfer of statutory, capital and other reserves to revenue reserves	-	-	(694)	2,375	(1,681)	-	-	-
Revaluation deficit realised and transferred to profit & loss account on disposal of property	-	-	-	-	-	-	(5,186)	(5,186)
Share of capital reserves of an associated company	-	-	8,333	-	-	8,333	-	8,333
Dividend paid to minority shareholders	-	-	-	-	-	-	(16,077)	(16,077)
Cash subscribed by minority shareholders	-	-	-	-	-	-	3,898	3,898
Other adjustments	-	-	1,097	(2,009)	-	(912)	(1,398)	(2,310)
Shares issued	646	2,849	-	-	-	3,495	-	3,495
Capital distribution	-	(29,627)	(110,117)	-	-	(139,744)	-	(139,744)
As at 30 June	388,179	855,989	85,257	1,619,782	(16,507)	2,932,700	1,081,725	4,014,425
Currency translation loss	-	-	-	-	(13,898)	(13,898)	(3,152)	(17,050)
Loss not recognised in profit & loss account	-	-	-	-	(13,898)	(13,898)	(3,152)	(17,050)
Net profit for the quarter	-	-	-	112,082	-	112,082	23,902	135,984
Dividend paid	-	-	-	(55,908)	-	(55,908)	-	(55,908)
Share-based payment	-	-	1,402	-	-	1,402	89	1,491
Transfer of statutory, capital and other reserves to revenue reserves	-	-	(147)	172	(25)	-	-	-
Revaluation deficit realised and transferred to profit & loss account on disposal of property	-	-	-	-	-	-	(2,931)	(2,931)
Currency translation gain realised and transferred to profit & loss account on disposal of subsidiaries	-	-	-	-	(3,634)	(3,634)	-	(3,634)
Dividend paid to minority shareholders	-	-	-	-	-	-	(2,774)	(2,774)
Cash subscribed by minority shareholders	-	-	-	-	-	-	1,313	1,313
Other adjustments	-	-	(138)	-	-	(138)	-	(138)
Shares issued	118	519	-	-	-	637	-	637
As at 30 September	388,297	856,508	86,374	1,676,128	(34,064)	2,973,243	1,098,172	4,071,415

4b. Statement of changes in equity of the Company

	Share Capital $'000	Share Premium Account $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2005					
As at 1 January					
As previously reported	**389,386**	**861,593**	**22,764**	**1,584,287**	**2,858,030**
Effect of FRS 102	**-**	**-**	**6,192**	**(8,450)**	**(2,258)**
As restated	**389,386**	**861,593**	**28,956**	**1,575,837**	**2,855,772**
Net profit for first half	**-**	**-**	**-**	**194,484**	**194,484**
Dividend paid	**-**	**-**	**-**	**(68,793)**	**(68,793)**
Share-based payment	**-**	**-**	**3,729**	**-**	**3,729**
Shares issued	**1,621**	**9,280**	**-**	**-**	**10,901**
Capital distribution	**-**	**(156,391)**	**-**	**-**	**(156,391)**
As at 30 June	**391,007**	**714,482**	**32,685**	**1,701,528**	**2,839,702**
Net profit for the quarter	**-**	**-**	**-**	**96,529**	**96,529**
Dividend paid	**-**	**-**	**-**	**(62,595)**	**(62,595)**
Share-based payment	**-**	**-**	**1,864**	**-**	**1,864**
Shares issued	**768**	**5,075**	**-**	**-**	**5,843**
As at 30 September	**391,775**	**719,557**	**34,549**	**1,735,462**	**2,881,343**
2004					
As at 1 January					
As previously reported	387,533	882,767	132,881	1,553,118	2,956,299
Effect of FRS 102	-	-	1,515	(497)	1,018
As restated	387,533	882,767	134,396	1,552,621	2,957,317
Net profit for first half	-	-	-	123,929	123,929
Dividend paid	-	-	-	(68,308)	(68,308)
Share-based payment	-	-	2,338	-	2,338
Shares issued	646	2,849	-	-	3,495
Capital distribution	-	(29,627)	(110,117)	-	(139,744)
As at 30 June	388,179	855,989	26,617	1,608,242	2,879,027
Net profit for the quarter	-	-	-	49,566	49,566
Dividend paid	-	-	-	(55,908)	(55,908)
Share-based payment	-	-	1,169	-	1,169
Shares issued	118	519	-	-	637
As at 30 September	388,297	856,508	27,786	1,601,900	2,874,491

4c. Share capital

Since 30 June 2005, the Company issued 1,537,333 ordinary shares of $0.50 each upon the exercise of options granted under the KCL Share Options Scheme to employees. The share capital of the Company as at the end of the period was 783,550,924 ordinary shares of $0.50 each.

As at 30 September 2005, there were unexercised options for 14,512,166 of unissued ordinary shares of $0.50 each (30 September 2004: 16,166,166 ordinary shares of $0.50 each) under the KCL Share Options Scheme.

5. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

6. AUDITORS' REPORT

Not applicable

7. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2004 except as disclosed in paragraph 8.

8. CHANGES IN THE ACCOUNTING POLICIES

(a) With effect from 1 January 2005, the Group adopted the following new and revised Financial Reporting Standards (FRS) which were issued by the Council on Corporate Disclosure and Governance:

FRS 1 (Revised)	Presentation of Financial Statements
FRS 2 (Revised)	Inventories
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates & Errors
FRS10 (Revised)	Events after the Balance Sheet Date
FRS 16 (Revised)	Property, Plant and Equipment
FRS 17 (Revised)	Leases
FRS 21 (Revised)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (Revised)	Related Party Disclosures
FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 28 (Revised)	Investments in Associates
FRS 32 (Revised)	Financial Instruments: Disclosure and Presentation
FRS 33 (Revised)	Earnings per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment
FRS 103	Business Combinations
FRS 105	Non-current Assets Held for Sale & Discontinued Operations

In particular, the financial effect of adopting FRS 39, 102 and 103 are summarized as follows:

FRS 39
Financial assets and liabilities, including derivative financial instruments are classified and measured in accordance with the requirements under FRS 39. This change in accounting policy has been accounted for prospectively in accordance with the transitional provisions. The adoption of FRS 39 has resulted in an increase of $149,155,000 in capital reserves, a decrease of $23,340,000 in revenue reserves and a decrease of $7,831,000 in minority interests as at 1 January 2005.

FRS 102
Under FRS 102, share options to employees are measured at fair value at the date of grant and recognised as expense over the vesting period. Prior to the adoption of FRS 102, share options to employees were not charged to the profit and loss account. This change in accounting policy has been accounted for retrospectively in accordance with the transitional provisions and has resulted in:

	30.9.2005 $'000	30.9.2004 $'000
Decrease in profit after taxation	(6,209)	(4,022)
Increase in capital reserves	14,138	5,885
Decrease in revenue reserves	(13,218)	(5,567)
Decrease in minority interests	(30)	(2)
Increase in associated companies	890	316
Decrease in basic EPS before exceptional items	(0.8) cts	(0.5) cts
Decrease in diluted EPS before exceptional items	(0.8) cts	(0.5) cts

FRS 103

Under FRS 103, amortisation of goodwill is discontinued from 1 January 2005. Goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately in the profit and loss account. Prior to the adoption of FRS 103, goodwill was amortised on a straight-line basis over a maximum of 20 years. This change in accounting policy has been accounted for prospectively in accordance with the transitional provisions. The adoption of FRS 103 has resulted in the elimination of accumulated amortisation of $32,252,000 against the carrying amount of goodwill as at 1 January 2005. No amortisation has been charged to profit and loss account in 2005. Amortisation charge for the period ended 30 September 2004 was $2,826,000.

(b) With effect from 1 January 2005, Keppel Telecommunications & Transportation Ltd (KTT), a subsidiary of the Company, changed its accounting policy for the treatment of its 10% interest in Asia Airfreight Terminal Company Limited ("AAT"). AAT is now accounted for using the equity method in accordance with FRS 28, Investments in Associates. Previously, AAT was accounted for as a long term investment and carried at cost. The application of equity method is more appropriate in view of the growing emphasis by KTT on the logistics business and the exercise of significant influence by the Group. This change in accounting policy has been accounted for retrospectively in accordance with FRS 28 and has resulted in:

	30.9.2005 $'000	30.9.2004 $'000
Decrease in investment income	(2,466)	(1,552)
Increase in share of results of associated company	4,288	4,201
Increase in taxation	(724)	(913)
Increase in profit after taxation	1,098	1,736
Increase in revenue reserves	7,582	5,712
Increase in foreign exchange translation account	760	826
Increase in minority interests	2,909	2,486
Increase in associated companies	16,901	14,635
Decrease in investments	(6,621)	(6,621)
Increase in basic EPS before exceptional items	0.1 cts	0.2 cts
Increase in diluted EPS before exceptional items	0.1 cts	0.2 cts

9. REVIEW OF GROUP PERFORMANCE

Group revenue of $1,663 million for the third quarter was 70% higher than that of 3Q 2004. All Divisions reported higher revenue except for Infrastructure. Revenue from Offshore & Marine Division doubled and revenue from Property Division was 26% higher than 3Q 2004.

Group profit before tax of $200 million and attributable profit before exceptional items of $140 million for the current quarter were 16% and 25% respectively above 3Q 2004. Higher profits achieved by Offshore & Marine Division, Singapore Petroleum Company (SPC) and Keppel T&T were partially offset by lower contributions from Infrastructure and Property Divisions.

For the nine months to-date, Group revenue of $3,976 million was 42% or $1,181 million higher than the corresponding period in 2004. Revenue from Offshore & Marine Division was 75% higher from work generated from an increased order book. Property Division reported 7% higher revenue as sale of property development increased. Revenue from Infrastructure Division was lower because of the absence of revenue from the power barges.

At the pre-tax level, Group earnings of $605 million for the nine months of the year were 27% higher than the corresponding period in the previous year. The higher earnings were attributable to increased contributions from Offshore & Marine Division and SPC. Earnings from Property Division were at the same level as the previous year. Higher earnings from Keppel Land were offset by lower contributions from Caribbean at Keppel Bay. Infrastructure Division reported a small loss because of the carrying cost of the power barges, which completed the contract in Brazil and are being redeployed to Ecuador.

After taking into account taxation and minority share of profit, attributable profit to shareholders of $418 million was $68 million or 19% higher than that of the corresponding period last year. Keppel Offshore & Marine was the largest contributor with 41%, followed by SPC with 31%, Property with 19% and the rest from Keppel T&T and Investments.

In the opinion of the Directors, no factor has arisen between 30 September 2005 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

10. VARIANCE FROM PROSPECT STATEMENT

No variance from previous statement.

11. PROSPECTS

The Group expects the strong performance to-date to continue in 4Q 2005. Group turnover and earnings for FY 2005 is expected to be significantly higher than that of FY 2004. The Group will surpass the targeted compounded annual growth rate of 8 – 12% from 2003 through 2005 and expects to achieve a return on equity of above 16%.

The net order book of Offshore & Marine Division continues to rise and will keep our yards busy through 2009. Job enquiries remain healthy with potential for more contracts to be secured. The current healthy refining margins and strong demand in Asia Pacific for refined petroleum products will underpin SPC's good performance.

Demand and prices for residential properties in Singapore continue to pick up with strong take-up of Keppel homes. Leasing activities and rental rates for prime office buildings are increasing. The Group's stable of overseas residential properties continues to see good demand. These trends should augment the performance of our Property Division. In building up its assets, Infrastructure Division will contribute meaningfully to the Group in the medium term.

12. DIVIDEND/CAPITAL DISTRIBUTION

12a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?
None

12b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None

12c. Date Payable

Not applicable

12d. Books Closure Date

Not applicable

12e. If no dividend has been declared/recommended, a statement to that effect.

No dividend is declared for the quarter ended 30 September 2005.

Total cash distribution paid to shareholders in 2005 amounted to 41 cents per share. A final dividend of 11 cents per share less tax in respect of the year ended 31 December 2004 was paid on 18 May 2005, a capital distribution of 20 cents per share was paid on 9 June 2005 and an interim dividend of 10 cents per share less tax in respect of the first half year ended 30 June 2005 was paid on 26 August 2005.

13. SEGMENT ANALYSIS

9 Months ended 30 September 2005

BUSINESS SEGMENT

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	**2,850,370**	**580,771**	**419,432**	**125,147**	**-**	**3,975,720**
Inter-segment sales	**-**	**5,395**	**26,443**	**45,875**	**(77,713)**	**-**
Total	**2,850,370**	**586,166**	**445,875**	**171,022**	**(77,713)**	**3,975,720**
Results						
Operating profit	**241,637**	**144,484**	**(24,451)**	**13,467**	**-**	**375,137**
Net investment income & interest income	**6,358**	**(4,786)**	**2,344**	**8,707**	**-**	**12,623**
Share of results of associated companies	**1,875**	**14,087**	**19,379**	**182,373**	**-**	**217,714**
Profit before tax & exceptional items	**249,870**	**153,785**	**(2,728)**	**204,547**	**-**	**605,474**
Exceptional items	**-**	**(23,113)**	**(2,440)**	**26,472**	**-**	**919**
Profit before taxation	**249,870**	**130,672**	**(5,168)**	**231,019**	**-**	**606,393**
Taxation	**(51,434)**	**(32,476)**	**1,816**	**(27,853)**	**-**	**(109,947)**
Profit for the period	**198,436**	**98,196**	**(3,352)**	**203,166**	**-**	**496,446**
Attributable to:						
Shareholders of Company						
Profit before exceptional items	**170,418**	**77,469**	**(3,345)**	**172,975**	**-**	**417,517**
Exceptional items	**-**	**(23,113)**	**(1,987)**	**26,007**	**-**	**907**
	170,418	**54,356**	**(5,332)**	**198,982**	**-**	**418,424**
Minority interests	**28,018**	**43,840**	**1,980**	**4,184**	**-**	**78,022**
	198,436	**98,196**	**(3,352)**	**203,166**	**-**	**496,446**
Other information						
Segment assets	**4,038,104**	**6,029,599**	**710,770**	**3,930,128**	**(4,147,861)**	**10,560,740**
Investment in associated companies	**56,391**	**819,296**	**60,139**	**866,319**	**-**	**1,802,145**
Total	**4,094,495**	**6,848,895**	**770,909**	**4,796,447**	**(4,147,861)**	**12,362,885**
Segment liabilities	**3,275,988**	**4,792,399**	**364,443**	**3,140,077**	**(4,147,861)**	**7,425,046**
Net tax provision & deferred taxation	**168,732**	**101,238**	**1,722**	**28,777**	**-**	**300,469**
Total	**3,444,720**	**4,893,637**	**366,165**	**3,168,854**	**(4,147,861)**	**7,725,515**
Net assets	**649,775**	**1,955,258**	**404,744**	**1,627,593**	**-**	**4,637,370**
Capital expenditure	**56,735**	**3,591**	**134,721**	**4,837**	**-**	**199,884**
Depreciation and amortisation	**43,479**	**11,446**	**21,940**	**6,815**	**-**	**83,680**

GEOGRAPHICAL SEGMENT

	Singapore $'000	Far East & Other ASEAN Countries $'000	America $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**2,648,779**	**539,538**	**518,772**	**268,631**	**-**	**3,975,720**
Segment assets	**8,230,512**	**2,310,472**	**1,019,222**	**199,177**	**(1,198,643)**	**10,560,740**
Capital expenditure	**171,082**	**3,476**	**23,843**	**1,483**	**-**	**199,884**

9 Months ended 30 September 2004

BUSINESS SEGMENT

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	1,627,598	547,163	533,708	86,204	-	2,794,673
Inter-segment sales	4,028	3,062	22,177	33,536	(62,803)	-
Total	1,631,626	550,225	555,885	119,740	(62,803)	2,794,673
Results						
Operating profit	172,279	149,061	19,888	473	-	341,701
Net investment income & interest income	(5,920)	(12,225)	(758)	1,378	-	(17,525)
Share of results of associated companies	6,990	16,286	16,225	112,284	-	151,785
Profit before tax & exceptional items	173,349	153,122	35,355	114,135	-	475,961
Exceptional items	-	(9,394)	(17,688)	27,619	-	537
Profit before taxation	173,349	143,728	17,667	141,754	-	476,498
Taxation	(22,981)	(18,698)	(2,002)	(21,041)	-	(64,722)
Profit for the period	150,368	125,030	15,665	120,713	-	411,776
Attributable to:						
Shareholders of Company						
Profit before exceptional items	141,408	89,059	32,140	87,150	-	349,757
Exceptional items	-	(9,394)	(16,364)	25,533	-	(225)
	141,408	79,665	15,776	112,683	-	349,532
Minority interests	8,960	45,365	(111)	8,030	-	62,244
	150,368	125,030	15,665	120,713	-	411,776
Other Information						
Segment assets	2,043,693	5,752,205	629,143	3,176,097	(3,201,537)	8,399,601
Investment in associated companies	68,227	684,032	58,347	640,064	-	1,450,670
Total	2,111,920	6,436,237	687,490	3,816,161	(3,201,537)	9,850,271
Segment liabilities	1,311,377	4,603,914	265,334	2,524,608	(3,201,537)	5,503,696
Net tax provision & deferred taxation	154,373	103,967	(3,197)	20,017	-	275,160
Total	1,465,750	4,707,881	262,137	2,544,625	(3,201,537)	5,778,856
Net assets	646,170	1,728,356	425,353	1,271,536	-	4,071,415
Capital expenditure	54,073	477	13,443	5,174	-	73,167
Depreciation and amortisation	42,782	10,809	51,690	13,983	-	119,264

GEOGRAPHICAL SEGMENT

	Singapore $'000	Far East & Other ASEAN Countries $'000	America $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	1,466,265	351,941	796,636	179,831	-	2,794,673
Segment assets	7,346,120	1,801,685	516,626	108,302	(1,373,132)	8,399,601
Capital expenditure	48,567	-	23,200	1,400	-	73,167

NOTES TO SEGMENT ANALYSIS

13a. Business segment

The Group's businesses are grouped into four divisions: Offshore & Marine, Property, Infrastructure and Investments. The Investments division consists mainly of the Group's investments in SPC, Logistics, k1 Ventures Ltd and MobileOne Ltd. These four divisions are the basis on which the Group reports its primary segment information. Pricing of inter-segment goods and services is at fair market value. Segment assets and liabilities are those used in the operation of each division.

13b. Geographical segment

The Group operates in about 27 countries. Secondary segment information is provided by geographical segment in accordance to the above table.

14. REVIEW OF SEGMENT PERFORMANCE

14a. Revenue by Segments

Consolidated revenue was up significantly by 42%, due largely to increased workload at Offshore & Marine which more than offset the decline in contribution from Infrastructure.

Offshore & Marine's revenue, which contributed about three quarters of the total revenue, grew by 75% from last year, on account of a strong orderbook.

Revenue from Property grew with more sales recognition from new launches.

For Infrastructure, the drop in revenue stemmed from the expiry of the power barge contract in Brazil.

14b. PATMI (before exceptional items) by Segments

The key drivers of PATMI growth of 19% were larger contributions from Offshore & Marine and Investments.

Offshore & Marine returned better earnings with an improvement of 21% over last year.

Earnings from Keppel Land were 8% higher. However, Property recorded a decline in its earnings as there was lower profit recognition from the Caribbean at Keppel Bay residential project compared to the previous year.

For Infrastructure, Keppel Integrated Engineering delivered positive results which were more than offset by the carrying cost of the power barges, resulting in a small loss.

Contribution from Investments doubled with strong performances by SPC and k1 Ventures.

SPC's much higher profit was attributed to healthy refining margins and increased product volumes. k1 Ventures also performed significantly better.

15. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual. (excluding transactions less than $100,000)	
	9 Months 30.9.2005 $'000	9 Months 30.9.2004 $'000	**9 Months 30.9.2005 $'000**	9 Months 30.9.2004 $'000
Transaction for the Sale of Goods and Services				
National University Hospital	**-**	-	**3,877**	-
PSA Corporation Group	**-**	-	**92**	44,050
SembCorp Marine Group	**-**	-	**165**	1,339
SembCorp Industries Group				200
Singapore Airlines Group	**-**	-	**8**	3,400
Singapore Telecommunications Group	**-**	-	**-**	4,900
Transaction for the Purchase of Goods and Services				
Mapletree Investments Pte Ltd	**-**	-	**186**	235
Transaction for the Acquisition of Companies				
Hong Lim Investments Pte Ltd	**8,533**	-	**-**	-
Total Interested Person Transactions	**8,533**	-	**4,328**	54,124

BY ORDER OF THE BOARD

CAROLINE CHANG
Company Secretary

25 October 2005