KEPPEL CORPORATION LIMITED

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

FIRST QUARTER 2008 FINANCIAL STATEMENTS

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1Q 2008 financial performance

2008 looks to be a tough year. Problems in the US subprime mortgage market which surfaced in 2007 spread in many ways to affect credit markets and the rest of the economy. As a result, business conditions deteriorated worldwide. Against this backdrop, our Group's growth moderated sharply compared to previous 6 years of record growth. For 1Q 08 we achieved a 4% growth over 1Q07 for PATMI and Earnings per Share (EPS).

Continue to execute strategies and drive performance

Despite the more challenging environment, we have remained steadfast in executing our growth strategies and driving operational performance, and shall continue to do so going forward.

In offshore and marine, our orderbook of S$11.8b stretches into 2011. Leveraging our long-term working relationships with customers, and a broad suite of product offerings, we will continue to build upon this strong base to further enhance visibility. With oil companies striving to sustain output and replenish hydrocarbon reserves, E&P spending remains robust and we continue to receive healthy enquiries in all segments, including conversions, jackups and deepwater units. Likewise, global demand for petroleum products remains strong, and our search for worthwhile up-stream investments continues.

Property sales slowed amidst greater uncertainty both domestically and in some of our regional markets. However we shall continue to grow our footprint across Asia where demand for quality homes is underpinned by the emergence of a large middle-class. We believe that for the medium term the demand for our regional township projects and lifestyle residential developments will remain strong. Meanwhile, in Singapore, we are putting together a luxury waterfront development at Keppel Bay, complete with a world-class marina, and exclusive amenities on a “private” island. We plan to leverage this distinctive competency to replicate this unique integrated development abroad.

Our Infrastructure Division is focused on successful execution of on-going projects. The Qatar Domestic Solid Waste Management facility is on track to contribute meaningfully this year, while engineering work on the Doha North Wastewater Treatment and Water Reuse facility is progressing according to schedule. With an established track record, we are well-placed to support the infrastructure requirements of growing economies, particularly in Asia. We expect demand from these countries to remain healthy owing to tighter regulations and growing awareness of environmental issues.

As we take appropriate actions to deal with a more difficult environment in the near-term, we believe that our strategy to harness long-term growth trends remains sound. Fundamentals of the industries we operate in are intact and outlook in the medium term continues to look positive though challenging. On this note, I shall pass over to Soon Hoe, the Group Finance Director, for a review of the group’s financial performance in 1Q 08.

KEPPEL CORPORATION LIMITED

First Quarter 2008 Financial Statements

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2008.

1. GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March 2008

	1Q 2008 $'000	1Q 2007 $'000	+/(-) %
Revenue	**2,211,369**	2,028,217	+9.0
Materials and subcontract costs	**(1,599,179)**	(1,490,301)	+7.3
Staff costs	**(306,604)**	(233,507)	+31.3
Depreciation and amortisation	**(32,378)**	(26,858)	+20.6
Other operating expenses	**(10,954)**	(36,019)	-69.6
Operating profit	**262,254**	241,532	+8.6
Investment income	**354**	2	>500.0
Interest income	**18,891**	20,889	-9.6
Interest expenses	**(16,990)**	(15,692)	+8.3
Share of results of associated companies	**101,623**	112,951	-10.0
Profit before taxation	**366,132**	359,682	+1.8
Taxation	**(55,779)**	(65,258)	-14.5
Profit for the period	**310,353**	294,424	+5.4
Attributable to:			
Shareholders of the Company	**261,724**	251,619	+4.0
Minority interests	**48,629**	42,805	+13.6
	310,353	294,424	+5.4
Earnings per ordinary share			
- basic	**16.5 cts**	15.9 cts	+3.8
- diluted	**16.4 cts**	15.8 cts	+3.8
Return on equity	**19.9%**	19.2%	+3.6
Economic value added	**177,000**	160,000	+10.6

NM - Not Meaningful

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	**1Q 2008 $'000**	1Q 2007 $'000	+/(-) %
Share-based payment expenses		**6,429**	4,696	+36.9
Profit on sale of fixed assets		**(415)**	(1,315)	-68.4
Profit on sale of investments	(i)	**(11,222)**	(18,511)	-39.4
Provision/(write-back)				
- stocks & work-in-progress	(ii)	**(23,296)**	(9,032)	+157.9
- doubtful debts		**(4,120)**	(688)	+498.8
Bad debts recovered		**-**	(200)	NM
Stocks written off/(recovered)		**(4)**	22	NM
Fair value loss/(gain)				
- Assets at fair value through P&L	(iii)	**11,461**	(9,160)	NM
- Forward contracts	(iv)	**13,659**	10,029	+36.2
- Financial derivatives		**(18)**	3,406	NM
Foreign exchange loss	(v)	**9,898**	4,814	+105.6

Note:

(i) Decrease in profit on sale of investments was mainly due to lower investment trading activities.

(ii) Write-back of provision for stocks & work-in-progress comprised mainly reversal of cost provisions no longer required for Singapore trading property projects.

(iii) Fair value loss (mark-to-market) on investment portfolio held for trading was due to fall in stock prices during the quarter.

(iv) Higher hedging cost on forward contracts was mainly due to increase in the amount of contracts and fluctuations in interest rate differentials.

(v) Increase in foreign exchange loss was mainly due to the weakening of United States dollar against Singapore dollar.

1b. Taxation expense for the period included write-back of over provision of tax in respect of prior years of $6.2 million. Taxation expense for the previous period included write-back of provision for deferred tax amounting to $18 million resulting from the reduction in Singapore corporate tax rate from 20% to 18%.

1c. There was no exceptional item for the period.

1d. Earnings per ordinary share

	1Q 2008	1Q 2007	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	**16.5 cts**	15.9 cts	+3.8
- Weighted average number of shares (‘000)	**1,587,897**	1,578,900	+0.6
(ii) On a fully diluted basis	**16.4 cts**	15.8 cts	+3.8
- Adjusted weighted average number of shares (‘000)	**1,597,682**	1,589,155	+0.5

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

2. BALANCE SHEETS as at 31 March 2008

	Group		Company	
	31.3.2008	31.12.2007	**31.3.2008**	31.12.2007
	$'000	$'000	**$'000**	$'000
Share capital	**801,882**	790,407	**801,882**	790,407
Reserves	**4,622,181**	4,414,326	**2,593,159**	2,557,968
Share capital & reserves	**5,424,063**	5,204,733	**3,395,041**	3,348,375
Minority interests	**1,838,130**	1,830,459	**-**	-
Capital employed	**7,262,193**	7,035,192	**3,395,041**	3,348,375
Represented by:				
Fixed assets	**1,701,977**	1,698,231	**5,737**	5,668
Investment properties	**2,952,310**	2,960,347	**-**	-
Development properties	**163,908**	172,758	**-**	-
Subsidiaries	**-**	-	**2,876,962**	2,876,962
Associated companies	**3,132,413**	3,140,594	**3,074**	3,074
Investments	**272,628**	335,849	**-**	-
Long term receivables	**149,082**	134,857	**301,014**	301,099
Intangibles	**75,905**	67,823	**-**	-
	8,448,223	8,510,459	**3,186,787**	3,186,803
Current assets				
Stocks & work-in-progress in excess of related billings	**2,760,721**	2,790,649	**-**	-
Amounts due from:				
- subsidiaries	**-**	-	**1,304,662**	958,507
- associated companies	**824,594**	594,353	**152**	284
Debtors	**2,317,881**	1,753,434	**266,304**	157,054
Short term investments	**425,955**	547,437	**-**	-
Bank balances, deposits & cash	**1,632,458**	1,600,850	**10,110**	3,884
	7,961,609	7,286,723	**1,581,228**	1,119,729
Current liabilities				
Creditors	**3,275,661**	3,072,012	**81,113**	75,657
Billings on work-in-progress in excess of related costs	**2,592,356**	2,542,517	**-**	-
Provisions	**33,863**	37,900	**-**	-
Amounts due to:				
- subsidiaries	**-**	-	**593,383**	418,887
- associated companies	**113,642**	134,331	**-**	2
Term loans	**639,446**	499,104	**374,181**	134,820
Taxation	**352,492**	351,864	**10,769**	15,305
Bank overdrafts	**26,448**	3,767	**-**	-
	7,033,908	6,641,495	**1,059,446**	644,671
Net current assets	**927,701**	645,228	**521,782**	475,058
Non-current liabilities				
Term loans	**1,738,919**	1,731,526	**300,000**	300,000
Deferred taxation	**374,812**	388,969	**13,528**	13,486
	2,113,731	2,120,495	**313,528**	313,486
Net assets	**7,262,193**	7,035,192	**3,395,041**	3,348,375
Group net borrowings	***772,355***	*633,547*	***n.a.***	*n.a.*
Group net gearing (times)	***0.11x***	*0.09x*	***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 31.3.2008		As at 31.12.2007	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
6,431	659,463	14,112	488,759

(ii) Amount repayable after one year

As at 31.3.2008		As at 31.12.2007	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
522,327	1,216,592	646,960	1,084,566

(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 $1,854,779,000 (31 December 2007: $1,834,575,000).

2b. Net asset value

	Group			Company		
	31.3.2008	31.12.2007	+/(-)%	**31.3.2008**	31.12.2007	+/(-)%
Net asset value per ordinary share *	**$3.42**	$3.28	+4.3	**$2.14**	$2.11	+1.4
Net tangible asset per ordinary share *	**$3.37**	$3.24	+4.0	**$2.14**	$2.11	+1.4

* Based on share capital of 1,588,277,180 ordinary shares as at the end of the period (31 December 2007: 1,585,086,180 ordinary shares).

2c. Balance sheet analysis

Group shareholders' funds increased from $5.20 billion at 31 December 2007 to $5.42 billion at 31 March 2008. The increase was mainly attributable to retained profits for the period and fair value gain on cashflow hedges, partly offset by fair value loss on available-for-sale assets.

Group total assets of $16.41 billion at 31 March 2008 were $613 million or 3.9% higher than the previous year-end. Increase in debtors was due to higher billings in Offshore & Marine Division and Property Division in March 2008. Amount due from associated companies was higher due to increased advances to SPC. These were partly offset by decrease in investments due to fair value adjustments of financial assets and sale of investments during the period.

Group total liabilities of $9.15 billion at 31 March 2008 were $386 million or 4.4% higher than the previous year-end. Increase in creditors was due to higher operating activities in Offshore & Marine Division and Infrastructure Division. Higher billings on work-in-progress in excess of related costs was mainly due to milestone billings for repair and conversions jobs.

Group net borrowings at $772 million at 31 March 2008 was an increase of $138 million from $634 million at 31 December 2007 due mainly to higher short-term borrowings, partly offset by operational cash inflow.

3. CONSOLIDATED CASHFLOW STATEMENT for the first quarter ended 31 March 2008

	Note	**1Q 2008 $'000**	1Q 2007 $'000
OPERATING ACTIVITIES			
Operating profit		**262,254**	241,532
Adjustments:			
Depreciation and amortisation		**32,378**	26,858
Share-based payment expenses		**6,429**	4,696
Profit on sale of fixed assets		**(415)**	(1,315)
Others		**380**	-
Operational cash flow before changes in working capital		**301,026**	271,771
Working capital changes:			
Stocks & work-in-progress		**79,767**	(165,610)
Debtors		**(467,823)**	28,140
Creditors		**199,612**	(28,700)
Investments in bonds and shares		**82,599**	(72,705)
Advances to associated companies		**(250,930)**	548,442
Translation of foreign subsidiaries		**(25,876)**	190
		(81,625)	581,528
Interest received		**18,891**	20,889
Interest paid		**(16,990)**	(15,692)
Income taxes paid		**(49,781)**	(43,877)
Net cash from/(used in) operating activities		**(129,505)**	542,848
INVESTING ACTIVITIES			
Acquisition of subsidiaries	3a	**-**	180
Acquisition of additional shares in subsidiaries		**(18,216)**	-
Acquisition and further investment in associated companies		**(24,446)**	(377,467)
Acquisition of fixed assets and investment properties		**(63,144)**	(42,158)
Expenditure on development properties		**(1,965)**	(12,824)
Proceeds from disposal of associated companies		**-**	14,266
Proceeds from disposal of fixed assets		**5,373**	6,139
Dividends received from investments and associated companies		**88,882**	17,630
Net cash used in investing activities		**(13,516)**	(394,234)
FINANCING ACTIVITIES			
Proceeds from share issues		**11,475**	12,256
Proceeds from minority shareholders of subsidiaries		**2,017**	5,501
Proceeds from term loans		**254,706**	173,038
Repayment of term loans		**(106,971)**	(315,927)
Dividend paid to minority shareholders of subsidiaries		**(9,279)**	(2,350)
Net cash from/(used in) financing activities		**151,948**	(127,482)
Net increase in cash and cash equivalents		**8,927**	21,132
Cash and cash equivalents as at beginning of period		**1,597,083**	1,615,207
Cash and cash equivalents as at end of period	3b	**1,606,010**	1,636,339
Free cashflow		***(143,021)***	*148,614*

NOTES TO CONSOLIDATED CASHFLOW STATEMENT

3a. Acquisition of subsidiaries

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

	1Q 2008 $'000	1Q 2007 $'000
Investments	**-**	8,286
Debtors	**-**	3
Bank balances and cash	**-**	941
Creditors	**-**	(23)
Current & deferred tax	**-**	(22)
Minority interests	**-**	(4,490)
	-	4,695
Amount previously accounted for as associated companies	**-**	(3,934)
Purchase consideration	**-**	761
Less: Bank balances and cash acquired	**-**	(941)
Cash flow on acquisition net of cash acquired	**-**	(180)

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 statement comprise the following balance sheet amounts:

	1Q 2008 $'000	1Q 2007 $'000
Bank balances, deposits and cash	**1,632,458**	1,636,664
Bank overdrafts	**(26,448)**	(325)
	1,606,010	1,636,339

3c. Cashflow analysis

Net cash used in operating activities for the quarter was $130 million compared to net cash from operating activities of $543 million for the corresponding quarter in the previous year. This was mainly due to negative working capital changes, partly offset by higher operational cash flow.

Net cash used in investing activities for the quarter was $14 million. The Group spent $108 million on acquisitions and operational capex. This comprised principally further investments in Marina Bay Financial Centre and Keppel Philippines Marine Inc, and other operational capex. Divestment and dividend income totalled $94 million.

This resulted in negative free cashflow of $143 million for the quarter.

4. STATEMENTS OF CHANGES IN EQUITY for the first quarter ended 31 March 2008

4a. Statement of changes in equity of the Group

	Attributable to equity holders of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Minority Interests $'000	Capital Employed $'000
2008							
As at 1 January	**790,407**	**827,571**	**3,644,164**	**(57,409)**	**5,204,733**	**1,830,459**	**7,035,192**
Fair value changes on available-for-sale assets	**-**	**(91,036)**	**-**	**-**	**(91,036)**	**(832)**	**(91,868)**
Fair value gain on available-for-sale assets realised and transferred to profit & loss account	**-**	**(9,155)**	**-**	**-**	**(9,155)**	**-**	**(9,155)**
Fair value changes on cashflow hedges	**-**	**115,931**	**-**	**-**	**115,931**	**(483)**	**115,448**
Fair value gain on cashflow hedges realised and transferred to profit & loss account	**-**	**(5,266)**	**-**	**-**	**(5,266)**	**-**	**(5,266)**
Currency translation loss	**-**	**-**	**-**	**(66,656)**	**(66,656)**	**(22,851)**	**(89,507)**
Currency translation loss transferred to profit & loss account	**-**	**-**	**-**	**14**	**14**	**-**	**14**
Net income/(expense) recognised directly in equity	**-**	**10,474**	**-**	**(66,642)**	**(56,168)**	**(24,166)**	**(80,334)**
Net profit for the quarter	**-**	**-**	**261,724**	**-**	**261,724**	**48,629**	**310,353**
Total income/(expense) recognised for the quarter	**-**	**10,474**	**261,724**	**(66,642)**	**205,556**	**24,463**	**230,019**
Share-based payment	**-**	**2,505**	**-**	**-**	**2,505**	**357**	**2,862**
Transfer of statutory, capital and other reserves to revenue reserves	**-**	**(6)**	**10**	**(4)**	**-**	**-**	**-**
Dividend paid to minority shareholders	**-**	**-**	**-**	**-**	**-**	**(9,279)**	**(9,279)**
Cash subscribed by minority shareholders	**-**	**-**	**-**	**-**	**-**	**2,017**	**2,017**
Acquisition of additional interest in subsidiaries	**-**	**-**	**-**	**-**	**-**	**(9,887)**	**(9,887)**
Other adjustments	**-**	**-**	**(206)**	**-**	**(206)**	**-**	**(206)**
Shares issued	**11,475**	**-**	**-**	**-**	**11,475**	**-**	**11,475**
As at 31 March	**801,882**	**840,544**	**3,905,692**	**(124,055)**	**5,424,063**	**1,838,130**	**7,262,193**

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

	Attributable to equity holders of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Minority Interests $'000	Capital Employed $'000
2007							
As at 1 January							
As previously reported	972,926	493,230	2,797,896	(58,956)	4,205,096	1,392,591	5,597,687
Effect of FRS 40	-	(11,975)	11,975	-	-	-	-
As restated	972,926	481,255	2,809,871	(58,956)	4,205,096	1,392,591	5,597,687
Fair value changes on available-for-sale assets	-	53,605	-	-	53,605	1,432	55,037
Fair value gain on available-for-sale assets realised and transferred to profit & loss account	-	(2,071)	-	-	(2,071)	-	(2,071)
Fair value changes on cashflow hedges	-	(12,075)	-	-	(12,075)	(329)	(12,404)
Fair value gain on cashflow hedges realised and transferred to profit & loss account	-	(1,250)	-	-	(1,250)	-	(1,250)
Currency translation gain/(loss)	-	-	-	(2,712)	(2,712)	3,234	522
Net income/(expense) recognised directly in equity	-	38,209	-	(2,712)	35,497	4,337	39,834
Net profit for the quarter	-	-	251,619	-	251,619	42,805	294,424
Total income/(expense) recognised for the quarter	-	38,209	251,619	(2,712)	287,116	47,142	334,258
Share-based payment	-	2,439	-	-	2,439	237	2,676
Transfer of statutory, capital and other reserves to revenue reserves	-	94	(435)	341	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(2,350)	(2,350)
Cash subscribed by minority shareholders	-	-	-	-	-	5,501	5,501
Acquisition of subsidiaries	-	-	-	-	-	4,490	4,490
Shares issued	12,256	-	-	-	12,256	-	12,256
As at 31 March	985,182	521,997	3,061,055	(61,327)	4,506,907	1,447,611	5,954,518

4b. Statement of changes in equity of the Company

	Share Capital $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2008				
As at 1 January	**790,407**	**47,456**	**2,510,512**	**3,348,375**
Net profit for the quarter	**-**	**-**	**29,656**	**29,656**
Share-based payment	**-**	**5,535**	**-**	**5,535**
Shares issued	**11,475**	**-**	**-**	**11,475**
As at 31 March	**801,882**	**52,991**	**2,540,168**	**3,395,041**
2007				
As at 1 January	972,926	29,577	2,302,655	3,305,158
Net profit for the quarter	-	-	5,672	5,672
Share-based payment	-	4,160	-	4,160
Shares issued	12,256	-	-	12,256
As at 31 March	985,182	33,737	2,308,327	3,327,246

4c. Share capital

Since 31 December 2007, the Company issued 3,191,000 ordinary shares 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 1,588,277,180 ordinary shares.

As at 31 March 2008, there were unexercised options for 42,452,000 of unissued ordinary shares (31 March 2007: 35,874,666 subdivided ordinary shares) under the KCL Share Options Scheme.

As at 31 March 2008, the Company is not holding any treasury shares.

4d. Capital reserves

	Group		**Company**	
	31.3.2008 $'000	31.3.2007 $'000	**31.3.2008 $'000**	31.3.2007 $'000
Share option reserve	**62,384**	40,805	**52,991**	33,737
Fair value reserve	**338,117**	276,498	**-**	-
Hedging reserve	**365,970**	127,352	**-**	-
Bonus issue by subsidiaries	**40,000**	40,000	**-**	-
Others	**34,073**	37,342	**-**	-
	840,544	521,997	**52,991**	33,737

5. AUDIT

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

6. AUDITORS' REPORT

Not applicable

7. ACCOUNTING POLICIES

Except as disclosed in paragraph 8 below, 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 2007.

8. CHANGES IN THE ACCOUNTING POLICIES

The Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after January 1, 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

9. REVIEW OF GROUP PERFORMANCE

Group attributable profit for first quarter 2008 was $262 million and earnings per share were 16.5 cents. Economic Value Added of $177 million was $17 million higher than first quarter 2007. Annualised return on equity was 19.9%.

Group revenue of $2,211 million was $183 million or 9% above that of the corresponding quarter in 2007. Revenue from Infrastructure Division increased two-fold to $505 million. Revenue generated from the cogen power plant in Singapore and the EPC contract in Qatar contributed to the significant increase in revenue. This increase was partially offset by lower revenue from Offshore & Marine and Property Divisions. Revenue from Offshore & Marine Division of $1,400 million was $136 million or 9% lower. The lower revenue was because of timing differences in recognition of revenue from the outstanding order book. Revenue from Property Division of $300 million was 6% lower. The decrease was due to completion of residential projects in Singapore and China in the last financial year coupled with no significant launches in the current year. Rental income from investment properties increased due to higher rental rates and occupancy.

At the pre-tax level, Group profit of $366 million was 2% higher than the first quarter last year with increased contribution from Property, Infrastructure and Investments partially offset by lower contribution from Offshore & Marine. Notwithstanding lower contribution from Keppel Land, profit from Property Division increased by 15% to $105 million due to the recognition of profit from Reflections at Keppel Bay. Keppel Corporation owns 70% of Keppel Bay with Keppel Land owning the balance 30%. In the previous first quarter, no significant profit was recognised by Keppel Bay. Profit from Keppel Land was lower because of the lower revenue and share of profit from associated companies. In the first quarter of 2007, maiden contribution from Marina Bay Residences was reported. Infrastructure Division continued to make encouraging progress, contributing $16 million to Group pre-tax profit. Profit from Investments was higher because of lower interest cost. Offshore & Marine Division reported lower profit of $170 million, 9% below the previous year. This was because of lower revenue and net investment and interest income.

The income tax expenses of the Group included a write-back of $6.2 million for over provision of taxation in respect of prior years. After taking into account higher minority share of profit, the attributable profit to shareholders of $262 million was $10 million or 4% higher than the corresponding period in 2007. Offshore & Marine Division remains the largest contributor to attributable earnings with 50%, followed by Investments with 26%, Property Division with 19% and Infrastructure Division with 5%.

In the opinion of the Directors, no factor has arisen between 31 March 2008 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

Offshore & Marine Division secured a modest $664 million of new orders in first quarter 2008. The net order book of $11.8 billion will keep our yards busy for several years with deliveries into 2011. Offshore & Marine Division will continue to be the largest contributor to the profit of the Group. The fundamentals of the industry remain robust underpinned by high crude oil prices and projected higher E&P capital expenditure. Based on potential prospects and enquiries, the order flow outlook is positive.

Market sentiments for property had been affected by the global market uncertainties and credit crunch, triggered by the sub-prime crisis and recessionary concerns over the US economy. Sales of Singapore private residential properties in the first quarter of this year have been subdued although prices posted a 4.2% increase. The Group will monitor the market closely and launch the second phase of Reflections at Keppel Bay and Marina Bay Suites when market conditions are more favourable. Despite the global financial turmoil, Asia is expected to continue to grow albeit at a slower pace. Sales of residential township projects in the region for first quarter 2008 were encouraging. The Group will continue to selectively launch more projects in the region. The supply of prime office space in Singapore remains tight with further increase in office rental rates. The Property Division is expected to benefit from positive rent revision and high occupancy rate.

In the Infrastructure Division, the Keppel Merlimau cogen power plant, the NEWater plant and Keppel Gas are expected to contribute more meaningfully with a full year of operation. EPC contracts in Qatar, Europe and other countries are proceeding on schedule and are expected to increase Infrastructure Division's contribution to Group's profitability.

The Group will leverage on its portfolio of key businesses during this period of volatile operating environment to deliver earnings growth and enhance shareholder value.

12. DIVIDEND

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 has been declared for the quarter ended 31 March 2008.

For the year ended 31 December 2007, Directors had recommended a tax exempt one-tier final dividend of 10 cents per share and a tax exempt one-tier special dividend of 45 cents per share for approval by shareholders at the Annual General Meeting to be held on 25 April 2008. If approved, the final and special dividend will be payable on 13 May 2008.

13. SEGMENT ANALYSIS

First Quarter ended 31 March 2008

BUSINESS SEGMENT

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	1,399,727	299,677	505,446	6,519	-	2,211,369
Inter-segment sales	-	8,634	39,943	21,611	(70,188)	-
Total	1,399,727	308,311	545,389	28,130	(70,188)	2,211,369
Results						
Operating profit	137,420	99,695	13,361	11,778	-	262,254
Net investment income & interest income	17,905	(8,401)	(4,019)	(3,230)	-	2,255
Share of results of associated companies	14,912	13,456	6,527	66,728	-	101,623
Profit before taxation	170,237	104,750	15,869	75,276	-	366,132
Taxation	(31,065)	(16,634)	(2,808)	(5,272)	-	(55,779)
Profit for the period	139,172	88,116	13,061	70,004	-	310,353
Attributable to:						
Shareholders of Company	131,351	50,434	12,170	67,769	-	261,724
Minority interests	7,821	37,682	891	2,235	-	48,629
	139,172	88,116	13,061	70,004	-	310,353
Other information						
Segment assets	5,991,801	6,908,810	1,847,235	5,048,614	(6,519,041)	13,277,419
Investment in associated companies	101,970	1,733,537	146,868	1,150,038	-	3,132,413
Total	6,093,771	8,642,347	1,994,103	6,198,652	(6,519,041)	16,409,832
Segment liabilities	4,379,266	5,135,021	1,551,915	3,873,174	(6,519,041)	8,420,335
Net tax provision & deferred taxation	246,743	400,557	47,374	32,630	-	727,304
Total	4,626,009	5,535,578	1,599,289	3,905,804	(6,519,041)	9,147,639
Net assets	1,467,762	3,106,769	394,814	2,292,848	-	7,262,193
Capital expenditure	47,944	4,363	10,695	142	-	63,144
Depreciation and amortisation	21,916	2,538	7,827	97	-	32,378

GEOGRAPHICAL SEGMENT

	Singapore $'000	Far East & Other ASEAN Countries $'000	America $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	1,664,742	204,476	182,232	159,919	-	2,211,369
Segment assets	9,813,391	3,054,915	950,245	578,083	(1,119,215)	13,277,419
Capital expenditure	51,529	7,647	3,968	-	-	63,144

First Quarter ended 31 March 2007

BUSINESS SEGMENT

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimina-tion $'000	Total $'000
Revenue						
External sales	1,536,074	317,536	163,106	11,501	-	2,028,217
Inter-segment sales	-	5,828	28,613	14,722	(49,163)	-
Total	1,536,074	323,364	191,719	26,223	(49,163)	2,028,217
Results						
Operating profit	157,850	66,681	3,945	13,056	-	241,532
Net investment income & interest income	23,861	(11,302)	296	(7,656)	-	5,199
Share of results of associated companies	4,219	35,402	8,261	65,069	-	112,951
Profit before taxation	185,930	90,781	12,502	70,469	-	359,682
Taxation	(33,719)	(14,135)	(2,168)	(15,236)	-	(65,258)
Profit for the period	152,211	76,646	10,334	55,233	-	294,424
Attributable to:						
Shareholders of Company	151,104	37,536	9,469	53,510	-	251,619
Minority interests	1,107	39,110	865	1,723	-	42,805
	152,211	76,646	10,334	55,233	-	294,424
Other information						
Segment assets	5,248,227	6,337,482	1,516,459	4,646,458	(6,040,326)	11,708,300
Investment in associated companies	64,450	1,539,302	152,980	1,060,710	-	2,817,442
Total	5,312,677	7,876,784	1,669,439	5,707,168	(6,040,326)	14,525,742
Segment liabilities	3,707,775	5,465,929	1,104,872	3,896,004	(6,040,326)	8,134,254
Net tax provision & deferred taxation	265,267	125,299	(207)	46,611	-	436,970
Total	3,973,042	5,591,228	1,104,665	3,942,615	(6,040,326)	8,571,224
Net assets	1,339,635	2,285,556	564,774	1,764,553	-	5,954,518
Capital expenditure	36,370	3,006	2,767	15	-	42,158
Depreciation and amortisation	17,891	3,449	5,412	106	-	26,858

GEOGRAPHICAL SEGMENT

	Singapore $'000	Far East & Other ASEAN Countries $'000	America $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	1,461,809	157,386	307,424	101,598	-	2,028,217
Segment assets	8,265,065	2,853,968	944,464	286,830	(642,027)	11,708,300
Capital expenditure	28,556	8,756	4,846	-	-	42,158

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, 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 34 countries. Secondary segment information is provided by geographical segment in accordance to the above table.

14. REVIEW OF SEGMENT PERFORMANCE

14a. Revenue by Segments

Group revenue of $2,211 million was $183 million or 9% higher than that of the previous year. Revenue from Offshore & Marine Division was $1,400 million or 9% lower because of timing differences in recognition of revenue from the outstanding order book. Revenue from Property Division was $300 million or 6% lower due largely to the completion of residential projects in Singapore (Urbana and The Belvedere) and China (The Waterfront) in the last financial year, coupled with no significant launches in the current year. Revenue from Infrastructure Division of $505 million was more than double that of the previous year due to revenue from the cogen power plant, the NEWater plant and the EPC contract in Qatar.

14b. PATMI (before exceptional items) by Segments

Group PATMI of $262 million was $10 million or 4% higher than that of the previous year. Profit from Offshore & Marine Division was $131 million or 13% lower because of lower revenue and net investment and interest income. The division remains the largest contributor to Group PATMI with 50% share. Profit from Property Division was $51 million or 34% higher due mainly to profit recognition from Reflections at Keppel Bay. This was partially offset by lower profit from Keppel Land due to the completion of several projects in Singapore and China in 2007. In addition, contribution from associated companies were lower. Profit from Infrastructure Division was $12 million or 33% higher due to contribution from the cogen power plant and the EPC contract in Qatar. Earnings from Investments were higher because of lower interest cost and over provision of tax in respect of prior years.

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)	
	3 months 31.3.2008 $'000	3 months 31.3.2007 $'000	**3 months 31.3.2008 $'000**	3 months 31.3.2007 $'000
Transaction for the Sale of Goods and Services				
PSA Corporation Group	**-**	-	**4,379**	-
Power Gas Pte Ltd	**-**	-	**25,000**	28,000
SembCorp Industries Group	**-**	-	**-**	874
Gas Supply Pte Ltd	**-**	-	**650**	-
Transaction for the Purchase of Goods and Services				
Gas Supply Pte Ltd	**-**	-	**45,000**	180,000
Mapletree Investments Pte Ltd	**-**	-	**114**	77
Total Interested Person Transactions	**-**	-	**75,143**	208,951

BY ORDER OF THE BOARD

CAROLINE CHANG
Company Secretary

24 April 2008

CONFIRMATION BY THE BOARD

We, LIM CHEE ONN and TEO SOON HOE, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the 1Q 2008 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

LIM CHEE ONN
Executive Chairman

TEO SOON HOE
Group Finance Director

Singapore, 24 April 2008