

KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N

(Incorporated in the Republic of Singapore)

THIRD QUARTER 2008 FINANCIAL STATEMENTS**TABLE OF CONTENTS**

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KEPPEL CORPORATION LIMITED
Executive Chairman's Remarks
THIRD QUARTER ENDED 30 SEPTEMBER 2008

Welcome to this web-cast presentation of our third quarter 2008 results.

Sturdy performance in challenging times

The subprime problem which originated in the U.S. initially snowballed into a financial crisis. It has since spread globally to threaten the wider economy. As a result major economies in the U.S., Europe and parts of Asia are now experiencing a sharp slowdown. Indeed the operational landscape for businesses has changed dramatically even compared with that of only a few months ago. Against this backdrop, I am pleased to announce that our 3Q'08 PATMI has remained on track, rising 10% to \$273m. This brings our year-to-date PATMI to \$834m which is also an increase of 10% over 3Q '07. With the measures we have put in place in the recent past we expect to stay on course for the rest of the year.

Prudent and measured approach

Given the uncertainties and likelihood of further deterioration in the global economies, we have taken the prudent step to consolidate our resources for the time being. Our focus now is to execute our orderbook well and deliver value to our customers. We shall keep our powder dry until the current volatile conditions stabilise. Let me now examine each of our core businesses.

We believe that the fundamentals underpinning rig and FPSO demand are still intact although in the foreseeable future, some rig owners' ability to expand their fleet could be constrained by tight credit. A slowdown in rig orders over the next 12-15 months should not have too significant an impact on us as Keppel O&M has about \$13bn in orders stretching up to 2012. Moreover we have already received a total of 50% payment for all KOM's existing contracts. Our orderbook is robust and well-diversified, comprising national oil companies such as Petrobras and PetroVietnam and large oil services companies. Our business philosophy has always been to grow prudently even in good times. For this reason we have been and shall continue to be selective in securing projects. As a rule we do not bid aggressively and where possible we avoid deferred payment contracts. I believe this approach will continue to serve us well as it has done in the past.

Crude oil and refined products prices have been extremely volatile, causing sharp swings in refining margins. It is in anticipation of this volatility that has prompted SPC to intensify its efforts over the past few years to grow its upstream activities to partially mitigate weaker refining profits. We shall continue to move in this direction whenever the opportunity presents itself.

Property markets will continue to undergo consolidation. In Singapore, our two key residential projects are the *Marina Bay Residences*, coupled with the yet to launch *Marina Bay Suites*, and *Keppel Bay* development. Notably, we did not acquire the land to develop *Keppel Bay* - it was the site of our old Keppel shipyard. TOP (Temporary Occupation Permit) for both our *Marina Bay Residences* and the *Reflections at Keppel Bay* will be obtained in end 2010 and 2013 respectively. Payments on units sold on deferred payment schemes would only be due then. In the office sector, our achieved and committed rentals have started from a relatively low base compared to prevailing market rates. This would help buffer us from potential declines in market rentals. Most of the leases committed for *Marina Bay Financial Centre* (MBFC) are long term leases, varying from 6-12 years. Phase 1 has been 66% pre-committed ahead of completion in 2010 whilst pre-commitment is 55% for Phase 2 which will enter the market only in 2012. Our portfolio of premium office space will be a key competitive factor in riding out the slowdown in this segment of the real estate market. Regionally, we believe the markets in China, the Middle East and to some extent Vietnam, would be underpinned by their domestic fundamentals and are expected to hold up at a reasonable level in the medium term during this financial turmoil.

Our key infrastructure projects are making satisfactory progress in Qatar and Singapore. Given that these are sovereign projects we do not expect any payment problems. Meanwhile, inflationary pressures have eased slightly as evidenced by some construction material prices.

Our businesses will face a myriad of uncertainties and challenges ahead but we shall continue to stay focused in our execution and proactively manage the situation. Our gearing is budgeted to reach 20% at year end 2008. Coupled with our positive free cashflow this should help us retain our competitiveness. Cash flow management will continue to be a key focus for the group.

Overall, I am pleased with the Group's ability to continue to perform despite challenging conditions. We shall continue to build up our resources and capabilities to ride out the coming rough patch as well as to capture opportunities that will surely arise when the dismal conditions eventually improve.

I now hand over to our Group Finance Director, Mr Teo Soon Hoe, to update you on the Group's third quarter financial and business performance.

KEPPEL CORPORATION LIMITED

Third Quarter 2008 Financial Statements

UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2008

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2008.

1. GROUP PROFIT AND LOSS ACCOUNT for the third quarter and nine months ended 30 September 2008

	Note	Third Quarter			Nine Months		
		30.9.2008 \$'000	30.9.2007 \$'000	+/(-) %	30.9.2008 \$'000	30.9.2007 \$'000	+/(-) %
Revenue		3,216,461	2,591,422	+24.1	8,070,405	7,073,287	+14.1
Materials & subcontract costs	(i)	(2,362,139)	(1,973,751)	+19.7	(5,925,363)	(5,377,080)	+10.2
Staff costs	(ii)	(382,165)	(276,228)	+38.4	(975,670)	(782,054)	+24.8
Depreciation & amortisation	(iii)	(35,143)	(32,485)	+8.2	(101,604)	(90,449)	+12.3
Other operating expenses	(iv)	(112,003)	(19,175)	+484.1	(219,945)	(40,239)	+446.6
Operating profit		325,011	289,783	+12.2	847,823	783,465	+8.2
Investment income		4,700	3,839	+22.4	6,168	5,229	+18.0
Interest income	(v)	17,162	22,650	-24.2	53,443	67,625	-21.0
Interest expenses		(18,385)	(14,187)	+29.6	(51,168)	(47,017)	+8.8
Share of results of associated companies		70,918	91,443	-22.4	343,580	325,343	+5.6
Profit before taxation		399,406	393,528	+1.5	1,199,846	1,134,645	+5.7
Taxation		(68,168)	(80,332)	-15.1	(212,950)	(222,932)	-4.5
Profit for the period		331,238	313,196	+5.8	986,896	911,713	+8.2
Attributable to:							
Shareholders of the Company		272,860	247,691	+10.2	833,880	757,703	+10.1
Minority interests		58,378	65,505	-10.9	153,016	154,010	-0.6
		331,238	313,196	+5.8	986,896	911,713	+8.2
Earnings per ordinary share							
- basic		17.1 cts	15.7 cts	+8.9	52.4 cts	47.9 cts	+9.4
- diluted		17.0 cts	15.4 cts	+10.4	52.1 cts	47.5 cts	+9.7
Return on equity		n.a.	n.a.	n.a.	21.5%	21.1%	+1.9
Economic value added		218,000	222,000	-1.8	614,000	587,000	+4.6

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Third Quarter			Nine Months		
		30.9.2008 \$'000	30.9.2007 \$'000	+ /(-) %	30.9.2008 \$'000	30.9.2007 \$'000	+ /(-) %
Share-based payment expenses		6,758	5,439	+24.3	19,906	15,784	+26.1
Profit on sale of fixed assets		(6,964)	(2,130)	+226.9	(8,097)	(7,370)	+9.9
Profit on sale of investments	(vi)	(627)	(17,099)	-96.3	(20,025)	(43,863)	-54.3
(Write-back)/provision							
- stocks & work-in-progress	(vii)	(276)	(43,224)	-99.4	(24,411)	(68,226)	-64.2
- doubtful debts		1,731	(2,360)	NM	(2,121)	(5,377)	-60.6
Bad debts (recovered)/written off		(145)	(3)	>500.0	138	(356)	NM
Stocks written off/(recovered)		-	8	NM	(4)	25	NM
Fair value loss/(gain)							
- Assets at fair value through P&L	(viii)	7,747	(2,870)	NM	23,867	(18,456)	NM
- Forward contracts	(ix)	13,950	14,336	-2.7	47,383	18,311	+158.8
- Financial derivatives		1,190	(294)	NM	(9)	5,371	NM
Foreign exchange loss	(x)	48,060	29,521	+62.8	76,038	19,482	+290.3

NM - Not Meaningful

Note:

- (i) Materials & subcontract costs rose mainly as a result of increased activities in the Offshore & Marine Division and Infrastructure Division.
- (ii) Staff costs increased mainly due to rise in manpower cost and headcount in the Offshore & Marine Division.
- (iii) Higher depreciation charges mainly arose from Offshore & Marine Division.
- (iv) Increased other operating expenses was mainly due to higher overheads e.g. yard rentals and maintenance, lower write-back of provision for stocks & work-in-progress [note (vii)], fair value loss on investments [note (viii)] and higher foreign exchange loss [note (x)].
- (v) Fall in interest income was a result of lower interest rates in the current period.
- (vi) Decrease in profit on sale of investments was mainly due to lower investment trading activities.
- (vii) Write-back of provision for stocks & work-in-progress comprised mainly reversal of cost provisions no longer required for Singapore trading property projects. In the prior period, write-back of provision was higher mainly arising from higher property sales.
- (viii) Fair value loss was recorded during the current period because of the fall in stock prices of our security portfolio as a result of the weaker stock market.
- (ix) Higher hedging cost on forward contracts was mainly due to increase in the amount of contracts and fluctuations in interest rate differentials.
- (x) Higher foreign exchange loss for the current period was mainly due to revaluation of United States dollars and Euro cash balances at period-end rates which were lower than project rates. The cash balances will be utilised over time for the procurement of Offshore & Marine project equipment and materials.

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1b. The Group's tax charge included write-back of over-provision of tax in respect of prior years of \$6.2 million. Taxation expense for the previous nine months ended 30 September 2007 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

	Third Quarter			Nine Months		
	30.9.2008	30.9.2007	+/(-)%	30.9.2008	30.9.2007	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	17.1 cts	15.7 cts	+8.9	52.4 cts	47.9 cts	+9.4
- Weighted average number of shares ('000)	1,590,353	1,580,694	+0.6	1,590,353	1,580,694	+0.6
(ii) On a fully diluted basis	17.0 cts	15.4 cts	+10.4	52.1 cts	47.5 cts	+9.7
- Adjusted weighted average number of shares ('000)	1,599,351	1,590,861	+0.5	1,599,351	1,590,861	+0.5

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

2. BALANCE SHEETS as at 30 September 2008

	Group		Company	
	30.9.2008	31.12.2007	30.9.2008	31.12.2007
	\$'000	\$'000	\$'000	\$'000
Share capital	824,571	790,407	824,571	790,407
Reserves	3,815,595	4,414,326	2,306,312	2,557,968
Share capital & reserves	4,640,166	5,204,733	3,130,883	3,348,375
Minority interests	2,038,759	1,830,459	-	-
Capital employed	6,678,925	7,035,192	3,130,883	3,348,375
Represented by:				
Fixed assets	1,803,797	1,698,231	5,956	5,668
Investment properties	2,996,669	2,960,347	-	-
Development properties	178,425	172,758	-	-
Subsidiaries	-	-	2,884,962	2,876,962
Associated companies	3,221,307	3,140,594	3,074	3,074
Investments	264,238	335,849	-	-
Long term receivables	213,740	134,857	301,061	301,099
Intangibles	78,408	67,823	-	-
	8,756,584	8,510,459	3,195,053	3,186,803
Current assets				
Stocks & work-in-progress in excess of related billings	2,909,241	2,790,649	-	-
Amounts due from:				
- subsidiaries	-	-	559,564	958,507
- associated companies	735,938	594,353	74	284
Debtors	2,601,186	1,753,434	75,290	157,054
Short term investments	378,725	547,437	-	-
Bank balances, deposits & cash	1,838,669	1,600,850	127,413	3,884
	8,463,759	7,286,723	762,341	1,119,729
Current liabilities				
Creditors	3,916,901	3,072,012	140,775	75,657
Billings on work-in-progress in excess of related costs	3,544,466	2,542,517	-	-
Provisions	44,775	37,900	-	-
Amounts due to:				
- subsidiaries	-	-	343,476	418,887
- associated companies	323,765	134,331	-	2
Term loans	193,169	499,104	19,447	134,820
Taxation	342,102	351,864	9,285	15,305
Bank overdrafts	36,349	3,767	-	-
	8,401,527	6,641,495	512,983	644,671
Net current assets	62,232	645,228	249,358	475,058
Non-current liabilities				
Term loans	1,776,131	1,731,526	300,000	300,000
Deferred taxation	363,760	388,969	13,528	13,486
	2,139,891	2,120,495	313,528	313,486
Net assets	6,678,925	7,035,192	3,130,883	3,348,375
<i>Group net borrowings</i>	166,980	633,547	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing (times)</i>	0.03x	0.09x	<i>n.a.</i>	<i>n.a.</i>

NOTES TO BALANCE SHEETS

2a. Group's borrowings and debt securities

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

As at 30.9.2008		As at 31.12.2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
30,605	198,913	14,112	488,759

(ii) Amount repayable after one year

As at 30.9.2008		As at 31.12.2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
556,344	1,219,787	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 \$2,730,537,000 (31 December 2007: \$1,834,575,000).

2b. Net asset value

	Group			Company		
	30.9.2008	31.12.2007	+/(-)%	30.9.2008	31.12.2007	+/(-)%
Net asset value per ordinary share *	\$2.91	\$3.28	-11.3	\$1.97	\$2.11	-6.6
Net tangible asset per ordinary share *	\$2.86	\$3.24	-11.7	\$1.97	\$2.11	-6.6

* Based on share capital of 1,593,134,180 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 decreased from \$5.20 billion at 31 December 2007 to \$4.64 billion at 30 September 2008. The decrease was mainly attributable to total payout of \$1,098 million comprising final and special dividends in respect of financial year 2007 and interim dividend in respect of the first half year ended 30 June 2008 and reduction in fair value reserves, partly offset by retained profits for the period. Minority interests were higher because of share of profits and proceeds from the rights issue of K-REIT Asia and Evergro Properties Limited.

Group total assets of \$17.22 billion at 30 September 2008 were \$1.42 billion or 9.0% higher than the previous year-end. Increase in debtors was due to higher billings in Offshore & Marine Division and Infrastructure Division. Amount due from associated companies was higher arising from increased advances to SPC. Stocks & work-in-progress was higher due to expenditure on trading properties and increased activities in Offshore & Marine Division. Fixed assets rose as a result of capital expenditure. Increase in associated companies was attributable to equity accounting for share of profits and further investment in Marina Bay Financial Centre. Increase in long term receivables arose from construction expenditure on the waste-to-energy plant at Tuas. 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 \$10.54 billion at 30 September 2008 were \$1.78 billion or 20.3% higher than the previous year-end. Higher billings on work-in-progress in excess of related costs was mainly attributable to deposits received for new jobs and milestone billings for contracts in Offshore & Marine Division. Increase in creditors was due to higher operating activities in Offshore & Marine Division and Infrastructure Division. Amounts due to associated companies were higher because of increased advances.

Group net borrowings at \$167 million were a reduction of \$467 million from \$634 million at the previous year-end because of strong operational cash flow.

3. CONSOLIDATED CASHFLOW STATEMENT
for the third quarter and nine months ended 30 September 2008

	Third Quarter		Nine Months	
	30.9.2008	30.9.2007	30.9.2008	30.9.2007
Note	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Operating profit	325,011	289,783	847,823	783,465
Adjustments:				
Depreciation and amortisation	35,143	32,485	101,604	90,449
Share-based payment expenses	6,758	5,439	19,906	15,784
Profit on sale of fixed assets	(6,964)	(2,130)	(8,097)	(7,370)
Others	(42)	-	282	-
Operational cash flow before changes in working capital	359,906	325,577	961,518	882,328
Working capital changes:				
Stocks & work-in-progress	474,598	210,662	896,206	330,231
Debtors	(637,006)	(89,750)	(1,083,791)	(104,443)
Creditors	362,514	404,679	837,549	765,082
Investments in bonds and shares	(13,764)	68,506	47,024	(23,851)
Advances to associated companies	(188,231)	(241,121)	47,849	(7,779)
Translation of foreign subsidiaries	46,818	8,523	20,530	6,462
	404,835	687,076	1,726,885	1,848,030
Interest received	17,162	22,650	53,443	67,625
Interest paid	(18,385)	(14,187)	(51,168)	(47,017)
Income taxes paid	(48,291)	(25,963)	(177,284)	(121,017)
Net cash from operating activities	355,321	669,576	1,551,876	1,747,621
INVESTING ACTIVITIES				
Acquisition of subsidiaries	3a	-	-	180
Acquisition of further shares in subsidiaries		(1,095)	(23,252)	-
Acquisition and further investment in associated companies		(7,063)	(79,255)	(495,799)
Acquisition of fixed assets and investment properties		(109,291)	(281,541)	(182,133)
Expenditure on development properties		(507)	(7,328)	(25,924)
Proceeds from disposal of associated companies		-	-	14,266
Proceeds from disposal of fixed assets		11,685	18,114	16,056
Dividends received from investments and associated companies		74,704	282,956	218,083
Net cash used in investing activities		(31,567)	(90,306)	(455,271)
FINANCING ACTIVITIES				
Proceeds from share issues		9,456	34,164	32,865
Proceeds from minority shareholders of subsidiaries		15,983	167,450	7,704
Proceeds from term loans		62,181	124,019	286,985
Capital distribution		-	-	(221,213)
Repayment of term loans		(28,848)	(269,976)	(984,312)
Net proceeds from/(repayment of) short-term loans		12,016	(115,373)	-
Dividend paid to shareholders of the Company		(222,884)	(1,097,743)	(241,754)
Dividend paid to minority shareholders of subsidiaries		(2,361)	(98,874)	(38,662)
Net cash used in financing activities		(154,457)	(1,256,333)	(1,158,387)
Net increase in cash and cash equivalents		169,297	205,237	133,963
Cash and cash equivalents as at beginning of period		1,633,023	1,597,083	1,615,207
Cash and cash equivalents as at end of period	3b	1,802,320	1,802,320	1,749,170
<i>Free cashflow</i>		323,754	1,461,570	1,292,350

NOTES TO CONSOLIDATED CASHFLOW STATEMENT

	Third Quarter		Nine Months	
	30.9.2008 \$'000	30.9.2007 \$'000	30.9.2008 \$'000	30.9.2007 \$'000
3a. Acquisition of subsidiaries				
The fair values of net assets and liabilities of subsidiaries acquired were as follows:				
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:

Bank balances, deposits and cash	1,838,669	1,764,513	1,838,669	1,764,513
Bank overdrafts	(36,349)	(15,343)	(36,349)	(15,343)
	1,802,320	1,749,170	1,802,320	1,749,170

3c. Cashflow analysis

(i) Third Quarter

Net cash from operating activities was \$355 million compared to \$670 million for the corresponding quarter last year. Higher operational cash flow before changes in working capital of \$360 million was partly offset by lower positive working capital changes of \$45 million, resulting in a lower net cash from operating activities. Net cash used in investing activities for the quarter was \$32 million. The Group spent \$118 million on acquisitions and operational capex. Dividend received and disposals amounted to \$86 million. As a result, free cashflow for the quarter was \$324 million compared to \$596 million for the corresponding quarter last year.

(ii) Nine Months

Net cash from operating activities was \$1,552 million compared to \$1,748 million for the corresponding period last year. Higher operational cash flow before changes in working capital of \$962 million was partly offset by lower positive working capital changes of \$765 million, resulting in a lower net cash from operating activities. Net cash used in investing activities for the nine months was \$90 million. The Group spent \$391 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. Dividend income and disposals totaled \$301 million. Free cashflow for the nine months of \$1,462 million was \$169 million higher than that of the corresponding period last year.

**4. STATEMENTS OF CHANGES IN EQUITY
for the third quarter and nine months ended 30 September 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	-	(126,614)	-	-	(126,614)	(551)	(127,165)
Fair value loss on available-for-sale assets realised and transferred to profit & loss account	-	1,228	-	-	1,228	300	1,528
Fair value changes on cashflow hedges	-	33,263	-	-	33,263	(646)	32,617
Fair value gain on cashflow hedges realised and transferred to profit & loss account	-	(5,221)	-	-	(5,221)	-	(5,221)
Currency translation loss	-	-	-	(81,501)	(81,501)	(14,960)	(96,461)
Currency translation loss transferred to profit & loss account	-	-	-	1,578	1,578	1,415	2,993
Net expense recognised directly in equity	-	(97,344)	-	(79,923)	(177,267)	(14,442)	(191,709)
Net profit for the 1 st half	-	-	561,020	-	561,020	94,638	655,658
Total (expense)/income recognised for the 1 st half	-	(97,344)	561,020	(79,923)	383,753	80,196	463,949
Dividend paid	-	-	(874,859)	-	(874,859)	-	(874,859)
Share-based payment	-	10,606	-	-	10,606	815	11,421
Transfer of statutory, capital and other reserves to revenue reserves	-	(307)	(455)	762	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(96,513)	(96,513)
Cash subscribed by minority shareholders	-	-	-	-	-	151,467	151,467
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(26,525)	(26,525)
Other adjustments	-	-	1,983	-	1,983	-	1,983
Shares issued	24,708	-	-	-	24,708	-	24,708
As at 30 June	815,115	740,526	3,331,853	(136,570)	4,750,924	1,939,899	6,690,823
Fair value changes on available-for-sale assets	-	(66,864)	-	-	(66,864)	1,954	(64,910)
Fair value loss on available-for-sale assets realised and transferred to profit & loss account	-	46	-	-	46	12	58
Fair value changes on cashflow hedges	-	(192,155)	-	-	(192,155)	448	(191,707)
Fair value loss on cashflow hedges realised and transferred to profit & loss account	-	6,934	-	-	6,934	-	6,934
Currency translation gain	-	-	-	79,223	79,223	24,222	103,445
Currency translation (gain)/loss transferred to profit & loss account	-	-	-	(5,808)	(5,808)	36	(5,772)
Net (expense)/income recognised directly in equity	-	(252,039)	-	73,415	(178,624)	26,672	(151,952)
Net profit for the 3 rd quarter	-	-	272,860	-	272,860	58,378	331,238
Total (expense)/income recognised for the 3 rd quarter	-	(252,039)	272,860	73,415	94,236	85,050	179,286
Dividend paid	-	-	(222,884)	-	(222,884)	-	(222,884)
Share-based payment	-	8,747	-	-	8,747	375	9,122
Transfer of statutory, capital and other reserves to revenue reserves	-	163	(163)	-	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(2,361)	(2,361)
Cash subscribed by minority shareholders	-	-	-	-	-	15,983	15,983
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(187)	(187)
Other adjustments	-	-	(313)	-	(313)	-	(313)
Shares issued	9,456	-	-	-	9,456	-	9,456
As at 30 September	824,571	497,397	3,381,353	(63,155)	4,640,166	2,038,759	6,678,925

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	-	-	-	-
Deferred tax adjustment for investment properties	-	-	(55,235)	-	(55,235)	(60,566)	(115,801)
As restated	972,926	481,255	2,754,636	(58,956)	4,149,861	1,332,025	5,481,886
Fair value changes on available-for-sale assets	-	173,640	-	-	173,640	2,711	176,351
Fair value gain on available-for-sale assets realised and transferred to profit & loss account	-	(2,940)	-	-	(2,940)	-	(2,940)
Fair value changes on cashflow hedges	-	(63,984)	-	-	(63,984)	(222)	(64,206)
Fair value gain on cashflow hedges realised and transferred to profit & loss account	-	(1,222)	-	-	(1,222)	-	(1,222)
Currency translation gain	-	-	-	10,890	10,890	15,438	26,328
Currency translation loss transferred to profit & loss account	-	-	-	728	728	-	728
Net income recognised directly in equity	-	105,494	-	11,618	117,112	17,927	135,039
Net profit for the 1 st half	-	-	510,012	-	510,012	88,505	598,517
Total income recognised for the 1 st half	-	105,494	510,012	11,618	627,124	106,432	733,556
Dividend paid	-	-	(103,640)	-	(103,640)	-	(103,640)
Share-based payment	-	7,868	-	-	7,868	647	8,515
Deferred tax adjustment for equity component of convertible bond issued by a subsidiary	-	394	-	-	394	351	745
Transfer of statutory, capital and other reserves to revenue reserves	-	314	(655)	341	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(29,564)	(29,564)
Cash subscribed by minority shareholders	-	-	-	-	-	6,861	6,861
Acquisition of subsidiaries	-	-	-	-	-	4,490	4,490
Other adjustments	-	-	248	-	248	-	248
Shares issued	17,296	-	-	-	17,296	-	17,296
Capital distribution	(221,213)	-	-	-	(221,213)	-	(221,213)
As at 30 June	769,009	595,325	3,160,601	(46,997)	4,477,938	1,421,242	5,899,180
Fair value changes on available-for-sale assets	-	(5,401)	-	-	(5,401)	441	(4,960)
Fair value gain on available-for-sale assets realised and transferred to profit & loss account	-	(653)	-	-	(653)	-	(653)
Fair value changes on cashflow hedges	-	46,588	-	-	46,588	(1,293)	45,295
Fair value loss on cashflow hedges realised and transferred to profit & loss account	-	1,250	-	-	1,250	-	1,250
Currency translation loss	-	-	-	(17,429)	(17,429)	(10,858)	(28,287)
Currency translation loss transferred to profit & loss account	-	-	-	89	89	-	89
Net income/(expense) recognised directly in equity	-	41,784	-	(17,340)	24,444	(11,710)	12,734
Net profit for the 3 rd quarter	-	-	247,691	-	247,691	65,505	313,196
Total income/(expense) recognised for the 3 rd quarter	-	41,784	247,691	(17,340)	272,135	53,795	325,930
Dividend paid	-	-	(138,114)	-	(138,114)	-	(138,114)
Share-based payment	-	6,228	-	-	6,228	360	6,588
Transfer of statutory, capital and other reserves to revenue reserves	-	(7,230)	7,230	-	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(9,098)	(9,098)
Cash subscribed by minority shareholders	-	-	-	-	-	843	843
Other adjustments	-	-	(617)	-	(617)	(445)	(1,062)
Shares issued	15,569	-	-	-	15,569	-	15,569
As at 30 September	784,578	636,107	3,276,791	(64,337)	4,633,139	1,466,697	6,099,836

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 1 st half	-	-	665,097	665,097
Dividend paid	-	-	(874,859)	(874,859)
Share-based payment	-	11,070	-	11,070
Shares issued	24,708	-	-	24,708
As at 30 June	815,115	58,526	2,300,750	3,174,391
Net profit for the 3 rd quarter	-	-	164,050	164,050
Dividend paid	-	-	(222,884)	(222,884)
Share-based payment	-	5,870	-	5,870
Shares issued	9,456	-	-	9,456
As at 30 September	824,571	64,396	2,241,916	3,130,883
2007				
As at 1 January	972,926	29,577	2,302,655	3,305,158
Net profit for the 1 st half	-	-	252,012	252,012
Dividend paid	-	-	(103,640)	(103,640)
Share-based payment	-	8,885	-	8,885
Shares issued	17,296	-	-	17,296
Capital distribution	(221,213)	-	-	(221,213)
As at 30 June	769,009	38,462	2,451,027	3,258,498
Net loss for the 3 rd quarter	-	-	169,667	169,667
Dividend paid	-	-	(138,114)	(138,114)
Share-based payment	-	4,524	-	4,524
Shares issued	15,569	-	-	15,569
As at 30 September	784,578	42,986	2,482,580	3,310,144

4c. Share capital

Since 30 June 2008, the Company issued 2,035,000 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 1,593,134,180 ordinary shares.

As at 30 September 2008, there were unexercised options for 46,201,000 of unissued ordinary shares (30 September 2007: 39,057,000 ordinary shares) under the KCL Share Options Scheme.

As at 30 September 2008, the Company is not holding any treasury shares.

4d. Capital reserves

	Group		Company	
	30.9.2008 \$'000	30.9.2007 \$'000	30.9.2008 \$'000	30.9.2007 \$'000
Share option reserve	79,232	52,462	64,396	42,986
Fair value reserve	245,803	389,610	-	-
Hedging reserve	98,126	123,309	-	-
Bonus issue by subsidiaries	40,000	40,000	-	-
Others	34,236	30,726	-	-
	<u>497,397</u>	<u>636,107</u>	<u>64,396</u>	<u>42,986</u>

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

The Group achieved a record attributable profit of \$834 million for the first nine months of this year. Earnings per share were 52.4 cents and annualised return on equity remained above 20% at 21.5%. Economic Value Added of \$614 million was \$27 million higher than that of the corresponding period in the previous year.

Group revenue in the third quarter of \$3,216 million was 24% above that of the corresponding quarter in 2007. Higher revenues were reported by all divisions except for Property Division which was affected by the softer market condition. Group attributable profit of \$273 million was 10% above the same quarter in the previous year. Higher profits were reported by Offshore & Marine and Infrastructure Divisions. However, profits from Property Division and SPC were lower.

For the nine months to-date, Group revenue of \$8,071 million was \$998 million or 14% above that of the corresponding period in 2007. Revenue from Offshore & Marine Division of \$5,581 million was 11% higher. The division completed and delivered 29 vessels on schedule for its customers. Revenue from Property Division of \$722 million was 47% lower. The decrease was due to the absence of significant launches in the current year. Rental income from investment properties increased due to higher rental rates and occupancy. Revenue from Infrastructure Division increased by almost two-fold to \$1,742 million. Revenue generated from the cogen power plant in Singapore and environmental EPC contracts contributed to the significant increase in revenue.

At the pre-tax level, Group profit of \$1,200 million was 6% higher than the first nine months with increased contribution from Offshore & Marine, Infrastructure and Investments, partially offset by lower contribution from Property. Earnings from Offshore & Marine Division of \$646 million were 18% above the previous year. Operating profit and contribution from associated companies were higher. The Property Division posted profit of \$268 million, \$73 million or 21% lower than the previous year. The decrease was due to the lower sales of residential properties and share of profit from associated companies. Infrastructure Division continued to make encouraging progress, contributing \$52 million to Group pre-tax profit. Profit from Investments was higher because of lower interest cost and higher investment gains, partially offset by lower profit from SPC.

The income tax expenses of the Group included a write-back of \$6.2 million for tax provision in respect of prior years. After minority share of profit, the attributable profit to shareholders of \$834 million was \$76 million or 10% higher than the corresponding period in 2007. Offshore & Marine Division remains the largest contributor to attributable earnings with 58%, followed by Investments with 23%, Property Division with 14% and Infrastructure Division with 5%.

In the opinion of the Directors, no factor has arisen between 30 September 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

Outlook for the global economy has deteriorated and the world is grappling with the prospect of slower economic growth. Nonetheless, this is not expected to have a significant impact on the overall performance of the Group for the full year 2008.

Keppel Offshore & Marine has secured \$5.2 billion of new contracts for the nine months to-date. The outstanding net order book of \$13.0 billion with deliveries into 2012 are expected to keep our yards busy. The Offshore & Marine Division will continue to be the largest contributor to the profit of the Group. Our outstanding contracts are cashflow positive and progressing on schedule. We continue to receive active enquiries on new orders. Our track record of on-time delivery and our suite of proprietary rig design will put us in good stead in competing for these orders.

The slower economic growth in the world is expected to result in the softening of the property market. Sales of Singapore and regional private residential properties in the first nine months of this year have been subdued. The progressive recognition of revenue and profit of residential properties sold in the past two years is expected to provide a good base for the Property Division, until confidence returns to the market. Our Property Division is in a position to ride through the current market gyrations and seize opportunity as the market stabilises.

In the Infrastructure Division, our portfolio of sovereign sponsored projects in energy and environmental engineering will provide the division with a core base of revenue and profits. The division will continue to seek out opportunities for more projects as valuations moderate and the market consolidates.

The Group is virtually debt free and the balance sheet is strong. We will brace ourselves to meet the challenges in this difficult market and seize opportunities as the financial turmoil unfolds.

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 is declared for the quarter ended 30 September 2008.

Total cash distribution paid to shareholders in 2008 amounted to 69 cents per share. 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 in respect of the year ended 31 December 2007 were paid on 13 May 2008 and a tax exempt one-tier interim dividend of 14 cents per share in respect of the first half year ended 30 June 2008 was paid on 26 August 2008.

13. SEGMENT ANALYSIS

Nine months ended 30 September 2008

BUSINESS SEGMENT

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
Revenue						
External sales	5,580,662	722,191	1,741,922	25,630	-	8,070,405
Inter-segment sales	-	22,052	149,468	49,444	(220,964)	-
Total	5,580,662	744,243	1,891,390	75,074	(220,964)	8,070,405
Results						
Operating profit	558,784	249,283	27,502	12,254	-	847,823
Net investment income & interest income	46,828	(25,011)	(1,761)	(11,613)	-	8,443
Share of results of associated companies	40,474	43,884	25,390	233,832	-	343,580
Profit before taxation	646,086	268,156	51,131	234,473	-	1,199,846
Taxation	(134,206)	(36,602)	(5,220)	(36,922)	-	(212,950)
Profit for the period	511,880	231,554	45,911	197,551	-	986,896
Attributable to:						
Shareholders of Company	483,926	116,175	41,383	192,396	-	833,880
Minority interests	27,954	115,379	4,528	5,155	-	153,016
	511,880	231,554	45,911	197,551	-	986,896
Other information						
Segment assets	7,029,765	7,097,206	1,973,416	5,314,849	(7,416,200)	13,999,036
Investment in associated companies	109,091	1,789,551	169,038	1,153,627	-	3,221,307
Total	7,138,856	8,886,757	2,142,454	6,468,476	(7,416,200)	17,220,343
Segment liabilities	5,795,258	5,176,955	1,707,920	4,571,623	(7,416,200)	9,835,556
Net tax provision & deferred taxation	268,075	376,845	38,284	22,658	-	705,862
Total	6,063,333	5,553,800	1,746,204	4,594,281	(7,416,200)	10,541,418
Net assets	1,075,523	3,332,957	396,250	1,874,195	-	6,678,925
Capital expenditure	189,346	64,276	27,396	523	-	281,541
Depreciation and amortisation	69,405	7,754	24,141	304	-	101,604

GEOGRAPHICAL SEGMENT

	Singapore \$'000	Far East & Other ASEAN Countries \$'000	America \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	5,993,212	788,954	757,837	530,402	-	8,070,405
Segment assets	9,715,772	3,419,711	1,257,985	519,497	(913,929)	13,999,036
Capital expenditure	229,644	28,914	22,983	-	-	281,541

Nine months ended 30 September 2007

BUSINESS SEGMENT

	<u>Offshore & Marine</u> \$'000	<u>Property</u> \$'000	<u>Infra- structure</u> \$'000	<u>Invest- ments</u> \$'000	<u>Elimina- tion</u> \$'000	<u>Total</u> \$'000
Revenue						
External sales	5,047,760	1,350,328	633,535	41,664	-	7,073,287
Inter-segment sales	-	28,135	76,426	39,862	(144,423)	-
Total	5,047,760	1,378,463	709,961	81,526	(144,423)	7,073,287
Results						
Operating profit	456,002	314,029	1,985	11,449	-	783,465
Net investment income & interest income	73,009	(26,667)	(4,217)	(16,288)	-	25,837
Share of results of associated companies	18,910	53,480	33,414	219,539	-	325,343
Profit before taxation	547,921	340,842	31,182	214,700	-	1,134,645
Taxation	(117,214)	(58,560)	(8,880)	(38,278)	-	(222,932)
Profit for the period	430,707	282,282	22,302	176,422	-	911,713
Attributable to:						
Shareholders of Company	408,949	159,038	18,046	171,670	-	757,703
Minority interests	21,758	123,244	4,256	4,752	-	154,010
	430,707	282,282	22,302	176,422	-	911,713
Other information						
Segment assets	5,954,283	6,240,142	1,537,494	4,814,540	(6,855,423)	11,691,036
Investment in associated companies	80,067	1,553,008	196,917	1,089,115	-	2,919,107
Total	6,034,350	7,793,150	1,734,411	5,903,655	(6,855,423)	14,610,143
Segment liabilities	4,465,869	5,222,711	1,178,847	3,917,499	(6,855,423)	7,929,503
Net tax provision & deferred taxation	279,739	258,635	2,812	39,618	-	580,804
Total	4,745,608	5,481,346	1,181,659	3,957,117	(6,855,423)	8,510,307
Net assets	1,288,742	2,311,804	552,752	1,946,538	-	6,099,836
Capital expenditure	129,558	15,323	37,005	247	-	182,133
Depreciation and amortisation	55,964	10,088	24,051	346	-	90,449

GEOGRAPHICAL SEGMENT

	<u>Singapore</u> \$'000	<u>Far East & Other ASEAN Countries</u> \$'000	<u>America</u> \$'000	<u>Other Countries</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
External sales	4,988,636	710,547	961,668	412,436	-	7,073,287
Segment assets	8,345,749	2,867,991	1,096,400	506,763	(1,125,867)	11,691,036
Capital expenditure	114,828	38,925	28,380	-	-	182,133

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 \$8,071 million was \$998 million or 14% higher than the corresponding period last year. Revenue from Offshore & Marine Division of \$5,581 million was \$533 million or 11% above that of 9M 2007 and accounted for 69% of Group revenue. The increased revenue was due to healthy order book of the division. Revenue from Property Division was \$628 million or 47% 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 launch in the current year other than The Estella in Vietnam. Revenue from Infrastructure Division of \$1,742 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 by Segments

Group PATMI of \$834 million was \$76 million or 10% higher than the corresponding period last year. PATMI from Offshore & Marine Division of \$484 million was \$75 million or 18% above that of 9M 2007 and remains the largest contributor to Group PATMI with 58% share. Profit from Property Division was \$43 million or 27% below that of previous year due to lower profit recognition from Reflections at Keppel Bay and lower profit from Keppel Land as a result of the completion of several projects in Singapore and China in 2007 and lower contributions from associated companies. Profit from Infrastructure Division was \$23 million or 128% higher due to contributions from KIE and Keppel Energy. PATMI from Investments was \$193 million, an increase of \$21 million from 9M 2007. This was mainly due to increased contribution from k1 Ventures, 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.	
	Nine months 30.9.2008 \$'000	Nine months 30.9.2007 \$'000	Nine months 30.9.2008 \$'000	Nine months 30.9.2007 \$'000
Transaction for the Sale of Goods and Services				
Keppel Corporation Limited Directors and their associates	-	17,447	-	-
Gas Supply Pte Ltd	-	-	59,650	-
PSA Corporation Group	-	-	4,379	5,150
Mount Faber Leisure Group	-	-	108	108
SembCorp Marine Group	-	-	681	2,273
Singapore Airlines Group	-	-	15,900	7,000
Singapore Power/PowerSeraya/Senoko Power/Tuas Power Group	-	-	25,321	28,296
Singapore Telecommunications Group	-	-	-	4,633
Transaction for the Purchase of Goods and Services				
CapitaLand Group	-	-	4,532	-
Gas Supply Pte Ltd	-	-	90,000	380,000
Mapletree Investments Pte Ltd	-	-	2,364	297
Total Interested Person Transactions	-	17,447	202,935	427,757

BY ORDER OF THE BOARD

CAROLINE CHANG
Company Secretary

23 October 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 third quarter 2008 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LIM CHEE ONN
Executive Chairman

Singapore, 23 October 2008



TEO SOON HOE
Group Finance Director